

ENDEAVOUR
SILVER



2014 ANNUAL REVIEW AND
SUSTAINABILITY REPORT



2014

GROWTH WITH INTEGRITY
THE WAY WE DO BUSINESS

MISSION AND VISION

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

Overview of
El Cubo Mine, Mexico



INSIDE THIS REPORT

2014

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Bradford Cooke
Chief Executive Officer

Our positive ethics and philosophy of continuous improvement are key principles on which Endeavour was founded.

LETTER FROM THE CEO

DEAR STAKEHOLDERS,

Our motto, *Growth with Integrity*, reflects the commitment of our board and management team to creating value with honesty and integrity. We were thrown some curve balls last year but handled them with aplomb thanks in part to our pursuit of excellence throughout the organization. Our positive ethics and philosophy of continuous improvement are key principles on which Endeavour was founded.

The health and safety of our people has always been a top priority for us. Sadly, we experienced two fatal accidents at our mining operations in early 2014. In addition to immediately closing the two affected mine areas, and conducting investigations to ascertain the causes of these two accidents, we also put every employee through our rigorous safety training program once again at each mine.

We then brought in external safety experts to complete a company-wide independent assessment of our safety risks and provide more intensive safety training at each mine site. As a result, our safety performance improved significantly over the course of 2014 resulting in a 22% reduction in the reportable injury frequency rate.

Endeavour became a leader in the silver mining sector by repeatedly executing a challenging but rewarding business strategy of acquiring, modernizing and expanding old silver mines in historic mining districts. The Company once again rose to the challenge in 2014, meeting our annual silver production and cost guidance and delivering our 10th consecutive year of record silver production. We are focused on building a sustainable business and creating short- and long-term value for stakeholders.

Last year we produced a record 7.2 million ounces of silver, led by the performance of the Guanaceví mine, which produced one million ounces above plan. The marked improvement of our El Cubo mine in the fourth quarter allowed us to meet our goal of ramping up mine output to fill the El Cubo plant to capacity by year-end. The Bolañitos mine operated steadily at capacity throughout the year and readily met its operating guidance.

Falling precious metal prices continued to beset the mining industry in 2014, and were primarily responsible for our weaker financial performance. Lower metal prices resulted in lower revenue, operating cash flow and earnings. Although cash costs crept 6% higher to \$8.36 per ounce of silver, net of gold credits, we were able to reduce all-in sustaining costs (AISC), net of gold credits, by 8% to \$16.79 per ounce in 2014.

2014 HIGHLIGHTS

We continue to optimize our mining operations in 2015 in order to ensure that each mine generates positive operating cash flow through this current metal price downturn. An aggressive new mine plan was recently developed for our higher cost El Cubo mine in order to once again reduce unit operating costs. As a result, we raised our production guidance to 6.3-7.0 million oz silver and 60,000-66,000 oz gold for 2015.

Our exploration team successfully replaced silver reserves and grew silver resources in 2014 - quite a feat given the lower metal prices and shorter estimation period. The emerging new high-grade silver-gold discovery at the Terronera project (formerly known as San Sebastián) appears to represent the next phase of growth for the company.

Terronera is well located near Puerto Vallarta, close to infrastructure, readily accessible by road, and lies within an historic mining district that has substantial exploration upside. We made the initial discovery in 2012 and last year, we completed a major infill drilling program, upgraded the resources, and initiated the mine engineering. We also received government approval of our environmental impact assessment, which allows us to apply for the mine development permits. In 2015, we will complete a pre-feasibility study, seek development permits, and evaluate financing alternatives to build a 1,000 tonne per day, high-grade, underground mine within a 2,000 tonne per day footprint to allow for potential future expansion.

We continued to expand and improve our social and environmental programs last year. All three of our mines were awarded the distinction of Socially Responsible Company (*Empresa Socialmente Responsable*), an annual certification by the Mexican Philanthropy Centre (CEMEFI) and the Alliance for Social Responsibility in Mexico. Additionally in 2014, Bolañitos and El Cubo received a *Promoting Environmental Culture* award from the Institute of Ecology of the state of Guanajuato.

A renewed focus was placed on the management of waste at all our sites, including the auditing of credentials within the waste management supply chain, revision of standards, and increased integrity in the evaluation in waste management suppliers. In 2014, we rehabilitated over twenty-one hectares of land across our operations as part of our ongoing environmental remediation program, including the planting of nearly 40,000 trees!

We remain committed to making a positive difference in peoples' lives and creating lasting benefits in the communities where we work. The heart and soul of any company lies with its dedicated employees, and I would personally like to thank each and every member of our team for their loyalty and commitment to continue making our company a success.

Bradford Cooke
Chief Executive Officer
May 6, 2015



- Recorded 10th consecutive year of growth in silver production
- Outperformed our silver production and operating cost guidance
- Replaced silver reserves and grew silver resources after depletion
- Completed mine expansion at El Cubo to fill the plant to capacity
- Delineated new discoveries at all three mines
- Received government approval of our environmental impact assessment at Terronera
- Completed a company-wide independent assessment of our safety risks and provided more intensive safety training at each mine site
- Continued to expand and improve our social and environmental programs
- Received "Socially Responsible Company" award for all three mines



ABOUT ENDEAVOUR SILVER

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

Founded in 2003, Endeavour has recorded 10 consecutive years of growth in silver production. Our business strategy has focused on acquiring distressed mines in historic districts that are fully built and permitted, but under-performing, starved for ore and available for acquisition. In each case, management recognized opportunity and brought the technical and financial expertise needed to modernize the infrastructure, turn around the operations, find new orebodies and develop new mines. We have successfully rebuilt and expanded all three of our mining operations to unfold their full potential. However, looking forward, Endeavour anticipates its corporate strategies will include the more traditional “find and build” and “buy and build” business models.

Endeavour’s board of directors and management team collectively have more than 400 years of experience in the mining industry. The company’s common shares trade on the NYSE (EXK) and the TSX (EDR) with combined daily volume of more than 2 million shares a day. Endeavour is strong financially with cash and equivalents of \$31 million at December 31, 2014.

3

OPERATING MINES

4

EXPLORATION PROJECTS

10

CONSECUTIVE YEARS OF GROWTH IN SILVER PRODUCTION

1,660

EMPLOYEES

EXK

NYSE

EDR

TSX



COMBINED DAILY VOLUME OF MORE THAN 2 MILLION SHARES A DAY

PROPERTY LOCATIONS

- PRODUCTION
- EXPLORATION



VANCOUVER CANADA
HEAD OFFICE

Guadalupe Y Calvo

Parral

Lourdes

Bolañitos Mine

Guanaceví Mine

Terronera
(formerly San Sebastián)

El Cubo Mine

MEXICO

LEÓN
OFFICE

MEXICO CITY

2014 HIGHLIGHTS

OPERATING RESULTS AND ACHIEVEMENTS

- Silver production of 7,212,074 ounces - a 6% increase over the previous year and our 10th consecutive year of record silver production
- Gold production of 62,895 ounces
- Silver equivalent production of 11.6 million ounces⁽¹⁾
- Exceeded silver production and cost guidance
- Replaced silver reserves and grew silver resources by 14%
- Completed mine expansion at El Cubo to fill the plant to capacity
- Delineated new discoveries at all three mines
- Delineated new high-grade discovery at and received mine development approval for Terronera
- Received "Socially Responsible Company" award for all three mines

⁽¹⁾ 2013 silver equivalents are calculated using a 60:1 ratio and 2014 silver equivalents are calculated using a 70:1 ratio.

⁽²⁾ Adjusted earnings, mine operating cash flow, EBITDA and cash costs are non-IFRS measures. Please refer to the definitions in the company's Management Discussion & Analysis.

FINANCIAL RESULTS

The lower metal prices and impairment charge on El Cubo weighed on Endeavour's financial performance in 2014. However, with \$196.9 million of revenue, we generated mine operating cash flow of \$70.5 million, cash flow from operations, before working capital changes, of \$29.3 million and earnings before interest, taxes and depreciation (EBITDA) of \$42.6 million.

- Net loss of \$74.5 million (\$0.74 per share) which includes an \$83 million impairment of the El Cubo mine
- Adjusted loss⁽²⁾ of \$17.2 million (\$0.17 loss per share)
- EBITDA⁽²⁾ of \$42.6 million
- Cash flow from operations before working capital changes of \$29.3 million
- Mine operating cash flow⁽²⁾ of \$70.5 million
- Revenue of \$196.9 million
- Realized silver price of \$18.76 per ounce sold
- Realized gold price of \$1,273 per ounce sold
- Cash costs⁽²⁾ of \$8.31 per ounce of silver payable (net of gold credits)
- All-in sustaining costs of \$16.79 per ounce of silver payable (net of gold credits)
- Bullion inventory at year-end of 418,564 ounces silver and 1,052 ounces gold, up year-on-year
- Concentrate inventory at year-end of 88,518 ounces silver and 1,326 ounces gold, also up
- Cash and equivalents of \$31.0 million
- No long-term debt

Lower precious metals prices continued to beset the mining industry in 2014. Endeavour's average realized price on silver and gold sales were 19% and 7% lower than the previous year, at \$18.76 and \$1,273 per ounce sold respectively.

2014 OPERATING RESULTS

7,212,074 oz

SILVER PRODUCTION

62,895 oz

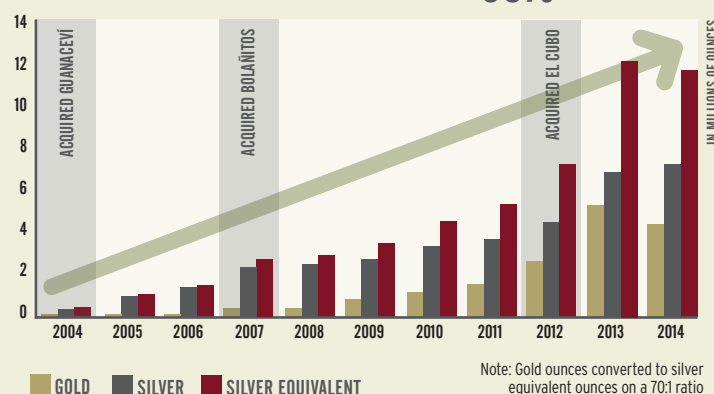
GOLD PRODUCTION

11.6 million oz

SILVER EQUIVALENT PRODUCTION

ANNUAL PRODUCTION

38% COMPOUND ANNUAL GROWTH RATE



2015 OUTLOOK

Within the challenging environment of continued lower precious metals prices, a focus on optimization and operational excellence resulted in an 8% drop in all-in sustaining costs in 2014, which totaled \$16.79 per ounce of silver, net of gold credits. Cash costs increased 5% to \$8.31 per ounce of silver, net of gold credits, due to lower consolidated gold credits and lower contribution from Bolañitos.

EXPLORATION RESULTS

Exploration drilling programs in Mexico continued to deliver success in 2014. Approximately 80,000 metres of drilling was completed in 230 holes, testing multiple exploration targets, in addition to the underground mine drilling. Exploration programs focused on brownfields exploration at the three operating mines in order to replenish reserves and grow resources, extending the mine-lives. In addition, our greenfields exploration expanded the emerging new high-grade silver-gold discovery at the Terronera property in Jalisco State. As a result, silver resources grew by 14% in 2014 after depletion.

Through mine development, we replaced proven and probable silver reserves in 2014, notwithstanding the shorter estimation period (10 months vs 12 months) and lower metal price assumptions (\$18 per ounce silver vs \$22 per ounce) compared to the previous year.

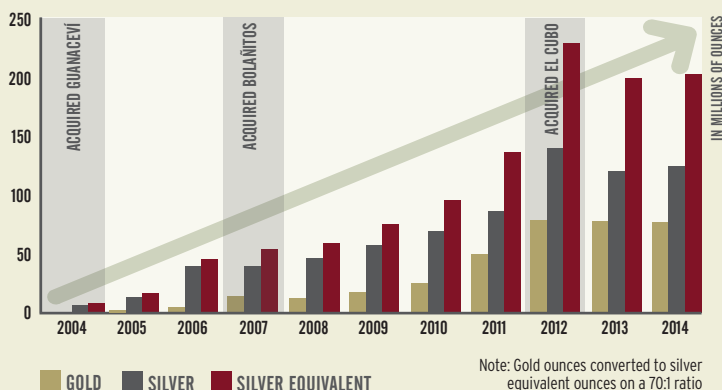
RESERVES AND RESOURCES ^[3]

- 12.0 million ounces of proven and probable silver reserves
- 65.0 million ounces of measured and indicated silver resources
- 50.7 million ounces of inferred silver resources
- 113,300 ounces of proven and probable gold reserves
- 665,700 ounces of measured and indicated gold resources
- 336,900 ounces of inferred gold resources

^[3] For details refer to the complete Reserves and Resources table on page 60

RESERVES AND RESOURCES

43% COMPOUND ANNUAL GROWTH RATE



Production in 2015 is expected to be relatively flat compared to 2014, with consolidated production forecast in the range of 6.3 to 7.0 million ounces of silver and 60,000 to 66,000 ounces of gold, for silver equivalent production of 10.4 to 11.6 million ounces.

2015 PRODUCTION GUIDANCE

MINE	Ag (M oz)	Au (K oz)	Ag Eq. (M oz)	TONNES/DAY (tpd)
Guanaceví	3.1 – 3.3	6.0 – 7.0	3.5 – 3.8	1,200 – 1,300
Bolañitos	1.1 – 1.3	22.0 – 24.0	2.6 – 3.0	1,100 – 1,200
El Cubo	2.1 – 2.4	32.0 – 35.0	4.3 – 4.8	1,350 – 2,200
Total	6.3 – 7.0	60.0 – 66.0	10.4 – 11.6	3,650 – 4,700

Cash costs are expected to be in the range of \$9 – \$10 per ounce of silver in 2015, net of gold credits. All-in sustaining costs (AISC) are estimated to be \$16.00 – \$17.50 per ounce of silver in 2015 (also net of gold credits). When non-cash items such as stock based compensation are excluded, AISC is forecast in the \$15.50 – \$17.00 range.

Capital investments in 2015 are planned at \$36.5 million, which includes \$30.0 million on mine development, infrastructure and exploration, \$4.3 million on plant infrastructure, equipment and tailings, and \$2.2 million on miscellaneous items. We have budgeted \$18.7 million at El Cubo, \$4.9 million at Bolañitos, \$12.5 million at Guanaceví and \$0.4 million for corporate items, all of which are expected to be covered by the company's anticipated 2015 cash flow.

Exploration spending in 2015 is forecast at \$6.9 million, including \$0.9 million for property payments. A total of 26,000 metres of drilling in approximately 150 holes are planned to test multiple exploration targets, in addition to underground mine drilling. Exploration will focus on brownfields exploration around the three operating mines in order to replenish resources, as well as infill and condemnation drilling at the emerging new high-grade silver-gold discovery at Terronera in Jalisco State.

OPERATIONS

GUANACEVÍ

Guanaceví is Endeavour's first and richest silver mine, located 260 kilometres northwest of the city of Durango in the state of Durango. Access is by state highway and infrastructure includes the state power grid, local labour, supplies and services in the town of Guanaceví, and a company camp. Our property covers approximately 4,100 hectares in the fifth largest historic silver mining district in Mexico. The district is characterized by low-sulphidation epithermal veins, typically thousands of metres long, up to 700 metres deep, and ranging from 1 to 10 metres thick.

Guanaceví is our highest grade, but deepest, silver mine. Since acquisition, we have discovered seven high-grade silver-gold ore bodies along a six kilometre length of the Santa Cruz vein, opened new mines, and completed plant modernization and expansion programs. Today three underground mines feed the central, 1,200 tonne-per-day plant that produces doré bars, with a total work force of about 540 employees and 100 contractors.

In 2014, the Guanaceví mine produced 3.6 million ounces of silver and 7,641 ounces of gold, totaling 4.1 million ounces of silver equivalent. Record silver production was almost 1 million ounces above guidance, while gold production met guidance. Higher recoveries and higher grades, mainly from the Porvenir Cuatro and Santa Cruz orebodies, helped the mine achieve record quarterly and annual production.

Cash costs at Guanaceví in 2014 were \$9.73 per ounce of silver, while all-in sustaining costs were \$14.51 per ounce of silver (both net of gold credits). Exploration drilling totaled 8,892 metres in 23 holes and successfully delineated new zones of high grade silver-gold mineralization in the Porvenir Centro area between the Porvenir Norte and Santa Cruz mines and the Santa Cruz Sur area south of the Santa Cruz mine.

Production at Guanaceví in 2015 will continue primarily from the Porvenir Cuatro, Porvenir Norte, and Santa Cruz deposits. Underground development of the new Santa Cruz Sur and Milache discoveries is awaiting permitting for development to commence in 2015 and production to potentially start in 2016. Production in 2015 is forecast at 3.1 to 3.3 million ounces of silver and 6,000 to 7,000 ounces of gold, for 3.5 to 3.8 million ounces of silver equivalents.



RESERVES AND RESOURCES⁽¹⁾

- 5.6 million ounces of proven and probable silver reserves
- 15.6 million ounces of measured and indicated silver resources
- 18.9 million ounces of inferred silver resources
- 11,500 ounces of proven and probable gold reserves
- 36,300 ounces of measured and indicated gold resources
- 38,100 ounces of inferred gold resources

⁽¹⁾ For details refer to the complete Reserves and Resources table on page 60

	Plant throughput (tonnes/day)	Grades (grams/tonne)		Production (ounces)		Recoveries (%)		Cash cost (\$/oz Ag)	Direct costs (\$/tonne)
		Silver	Gold	Silver	Gold	Silver	Gold		
2013	1,194	253	0.60	2,772,227	6,784	78.2	80.7	\$14.32	\$110.93
2014	1,160	314	0.65	3,587,639	7,641	84.0	86.4	\$9.73	\$104.06

BOLAÑITOS

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

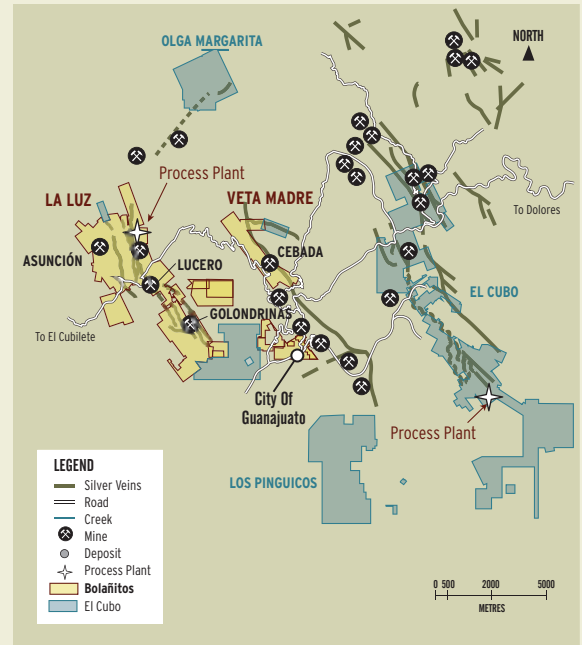
The Bolañitos sub-district is characterized by low-sulphidation epithermal veins typically thousands of metres long, up to 250 metres deep, and ranging from 1 to 15 metres thick. Since acquisition we have discovered seven high-grade silver-gold ore-bodies, opened one new mine and completed three plant expansions. Today Bolañitos comprises two underground mining operations feeding a central, 1,600 tonne-per-day plant to produce bulk silver-gold concentrates, employing 400 people and 300 contractors.

In 2014, Bolañitos produced 2.4 million ounces of silver and 37,108 ounces of gold, totaling 5.0 million ounces of silver equivalents. Cash costs at Bolañitos in 2014 were \$1.94 per ounce of silver, while all-in sustaining costs were \$8.70 per ounce of silver (both net of gold credits). For several years, Bolañitos has been our lowest cost mine for three reasons: the ore-bodies are thick and therefore amenable to long-hole mining; they are parallel and so were developed by one new mine access at Lucero; and the gold credit nearly meets the cost to run the entire operation.

Exploration drilling at Bolañitos totaled 28,165 metres in 87 holes to test four high priority brownfield targets northwest and southeast of the

mine at La Luz Norte, La Luz-Asunción (L-Asunción), Deep Daniela, and La Joya Sur. High grade, silver-gold mineralization in the L-Asunción area was expanded into three discrete zones over an 800 metre length by 250 metres vertical by up to five metres thick, still open to some extent at depth. A new mine ramp commenced in October 2014 in order to access and develop L-Asunción for production in the second half of 2015.

At Bolañitos, production in 2015 is scheduled to temporarily dip due to the anticipated closure of some ore-bodies and the time needed to develop the new L-Asunción deposit. Ore will continue to be derived primarily from the Daniela, Karina, Lana and Bolañitos veins, as well as the new L-Asunción deposit. Production is forecast at 1.1 to 1.3 million ounces of silver and 22,000 to 24,000 ounces of gold, for 2.6 to 3.0 million ounces of silver equivalents. Due to the availability of capacity in the Bolañitos plant, a major mine expansion is underway at the El Cubo mine, also located in the Guanajuato district, in order to provide an additional 650 tonnes per day to the Bolañitos plant.



RESERVES AND RESOURCES⁽¹⁾

- 2.9 million ounces of proven and probable silver reserves
- 4.0 million ounces of measured and indicated silver resources
- 8.6 million ounces of inferred silver resources
- 54,500 ounces of proven and probable gold reserves
- 69,600 ounces of measured and indicated gold resources
- 90,400 ounces of inferred gold resources

⁽¹⁾ For details refer to the complete Reserves and Resources table on page 60

	Plant throughput (tonnes/day)	Grades (grams/tonne)		Production (ounces)		Recoveries (%)		Cash cost (\$/oz Ag)	Direct costs (\$/tonne)
		Silver	Gold	Silver	Gold	Silver	Gold		
2013	1,947	149	2.63	2,881,816	51,652	84.6	86.0	(\$2.87)	\$78.47
2014	1,556	148	2.36	2,396,179	37,108	88.7	86.1	\$1.94	\$87.44

EL CUBO

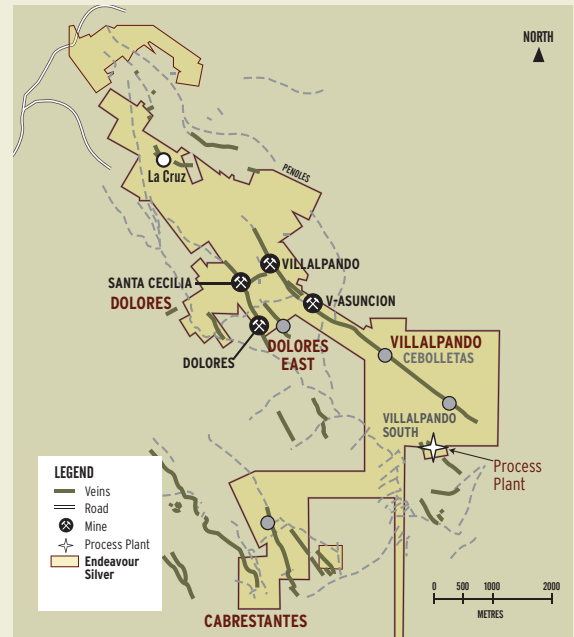
El Cubo is Endeavour's third and potentially largest mine, located six kilometres southeast of the city of Guanajuato in the state of Guanajuato. Access is by municipal road and infrastructure includes the state power grid, and local labour, supplies and services in the city of Guanajuato. Our property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

The El Cubo sub-district is characterized by low-sulphidation epithermal veins typically thousands of metres long, up to 400 metres deep, and ranging up to 15 metres thick. Today El Cubo comprises four underground mining operations feeding a central, 1,550 tonne-per-day plant to produce high-grade silver-gold concentrates, providing employment for 620 employees and 420 contractors.

In 2014, El Cubo produced 1.2 million ounces of silver and 18,146 ounces of gold, totaling 2.5 million ounces of silver equivalent. Cash costs at El Cubo in 2014 were \$16.40 per ounce of silver, while all-in sustaining costs were \$39.49 per ounce of silver (both net of gold credits). Endeavour's main objective at El Cubo in 2014 was focused on increasing throughput to 1,500 tpd by year end and increasing production grades by opening up new higher grade areas and reducing ore dilution.

At El Cubo, exploration drilling in 2014 totaled 27,932 metres in 69 holes, testing three high priority brownfield targets northwest and southeast of the mine: Villalpando-Asunción (V-Asunción), Villalpando Sur, and San Nicolas. High-grade, silver-gold mineralization at V-Asunción was expanded to 1,200 metres long by 450 vertical metres by up to 14 metres thick, still open at depth and to the southeast. Accelerated mine development of the V-Asunción zone helped facilitate the expanded mine output in Q4, 2014, to fill the plant to capacity and drive cash costs down by year-end.

Production at El Cubo in 2015 will continue primarily from the new V-Asunción, Dolores, Villalpando, San Nicolas and Santa Cecilia veins with mine production ramping up to 2,200 tpd in the second quarter. Mine production in excess of the El Cubo plant capacity will be processed at the Bolañitos plant. Production is forecast at 2.1 to 2.4 million ounces of silver and 32,000 to 35,000 ounces of gold, for 4.3 to 4.8 million ounces of silver equivalents.



RESERVES AND RESOURCES⁽¹⁾

- 3.5 million ounces of proven and probable silver reserves
- 13.7 million ounces of measured and indicated silver resources
- 7.7 million ounces of inferred silver resources
- 47,300 ounces of proven and probable gold reserves
- 200,900 ounces of measured and indicated gold resources
- 104,900 ounces of inferred gold resources

⁽¹⁾ For details refer to the complete Reserves and Resources table on page 60

	Plant throughput (tonnes/day)	Grades (grams/tonne)		Production (ounces)		Recoveries (%)		Cash cost (\$/oz Ag)	Direct costs (\$/tonne)
		Silver	Gold	Silver	Gold	Silver	Gold		
2013	1,089	107	1.57	1,159,026	17,142	86.1	86.8	\$18.77	\$113.31
2014	1,132	105	1.59	1,228,256	18,146	88.0	85.9	\$16.40	\$99.89

EXPLORATION PROJECTS

TERRONERA

In addition to three operating mines, Endeavour has exploration properties in Mexico and Chile that are expected to fuel the next phase of growth for the company. The most advanced project is Terronera, located in Jalisco state, Mexico, about 40 km northeast of Puerto Vallarta. Access is by a paved highway and infrastructure includes state power, local labour, supplies and services, and a company camp. Our property covers approximately 6,100 hectares in the historic silver mining district of San Sebastián.

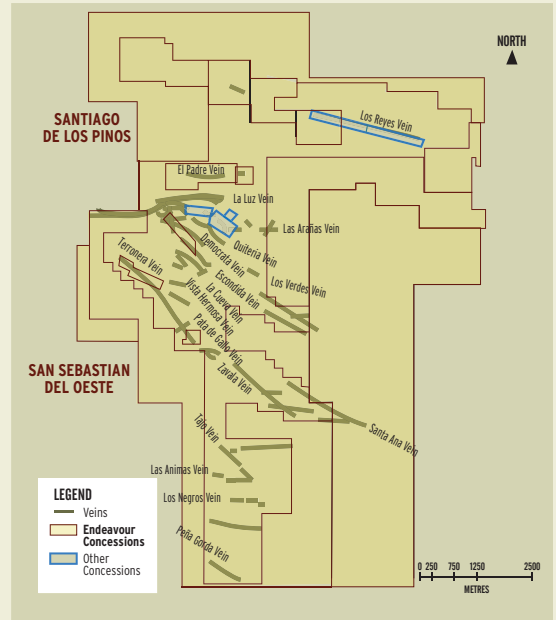
Terronera is characterized by multiple low-sulphidation epithermal veins up to five kilometres long by 300-500 metres deep by 1-30 metres thick. We optioned a 100% interest in the property in 2010, commenced exploration drilling in 2011, discovered a new high-grade, silver-gold mineralized zone in 2012, and exercised our option to purchase the property for \$2.75 million in 2013.

In 2014 we continued drilling to extend the high-grade silver-gold mineralization in the Terronera vein, which is now 1,400 metres long, up to 350 metres deep, up to 15 metres thick, and still open along strike to the southeast and down dip.

We drilled 15,098 metres in 49 holes in 2014 to upgrade much of the previous inferred resource to the indicated category. In November 2014 we received

government approval of the *Manifestacion de Impacto Ambiental*, or MIA (the environmental impact assessment), which is a pre-requisite over all the other permits required to operate a mine in Mexico.

In addition, an updated resource estimate was released in January 2015. Infill drilling will continue with one drill rig until additional drill permits are received. We are now working on the individual change of soil use permits, an initial mine plan, project engineering, economic evaluation, and financing alternatives. A preliminary economic assessment is expected in the second quarter of 2015 and a pre-feasibility study is scheduled for the fourth quarter of 2015.



Government approval of the Terronera environmental impact assessment was received in 2014 and a pre-feasibility study is planned for 2015.

OTHER EXPLORATION PROJECTS

In addition to the advanced stage Terronera project, Endeavour's portfolio of exploration projects includes the following early stage properties. None of these properties received any work in 2014:

Guadalupe y Calvo is located 300 kilometres southwest of the city of Chihuahua and covers 54,856 hectares in the historic Guadalupe y Calvo mining district. It was acquired with El Cubo in 2012 and is characterized by low sulphidation epithermal veins with potential for bulk-tonnage and high-

grade silver and gold deposits. Guadalupe y Calvo hosts an indicated resource of 7.1 million ounces of silver and 142,500 ounces of gold, plus an inferred resource of 0.5 million ounces of silver and 10,600 ounces of gold.

The Parral property covers 37 hectares and is located 210 kilometres south of the city of Chihuahua. Parral hosts medium-grade polymetallic epithermal veins with potential for silver and gold. It was optioned by Endeavour in 2006 and purchased outright in 2011. Parral hosts

an indicated resource of 2.6 million ounces of silver and 47,200 ounces of gold, plus an inferred resource of 2.7 million ounces of silver and 36,900 ounces of gold.

Lourdes is located 40 kilometres northeast of the city of Guanajuato in the state of Guanajuato. The property was optioned by Endeavour in 2012 and covers 509 hectares in the historic El Tigre district. It is characterized by low-sulphidation epithermal veins with potential for bulk-tonnage and high-grade silver and gold.



SUSTAINABILITY APPROACH

Corporate integrity and our sustainability performance at Endeavour play a significant role in achieving our business strategy. Corporate integrity means more than just conducting our business in an ethical manner. In the workplace, it means rigorous safety standards, procedures and training to ensure our employees work in a safe and healthy manner. In the environment, it means taking extra measures to maintain and improve local ecosystems. In the communities, it means supporting local people and governments to build capacity and enhance their standard of living.

In mid-2014, Endeavour conducted a sustainability analysis consisting of interviews with senior executives, an employee survey (from which we received 150 responses), and a review of existing relevant policies and strategic planning documents to benchmark both the strengths and gaps with respect to practices that Endeavour can build upon to manifest its commitment to continuous improvement in sustainability performance.

Strong engagement in workshops at corporate head office and all three operations resulted in staff-driven and distinct site and corporate level sustainability priorities and target-setting for 2015, as well as a series of longer-term goals.

In early 2015 the Sustainability Strategy was finalized, and work commenced to incorporate the plan into our management systems. Going forward, Human Resources will work to integrate sustainability targets and actions into individual performance plans.

The key areas of focus that form the basis of the Sustainability Strategy track closely with the material issues raised for sustainability reporting purposes - all of which received coverage in our 2014 report. These include governance, economic, health and safety, labour relations, natural resources (land, water, biodiversity), waste, energy, and social (community) metrics.

LETTER FROM THE CHAIRMAN OF THE SUSTAINABILITY COMMITTEE

TO OUR STAKEHOLDERS,

Welcome to Endeavour's third Sustainability Report, and our second using the Global Reporting Initiative G4 Sustainability Reporting Guidelines. Increasingly, people want to know what value an organization creates for all of its stakeholders. These increased expectations lead to an increased need to disclose not only the economic value we provide, but our strategy and progress surrounding social and environmental contributions as well. We want to demonstrate that we understand how the world is changing and how it can affect our business. Our Sustainability Report covers our areas of importance and impact as identified by our universe of stakeholders, as well as how we are responding to, and communicating, on these salient issues.

In our Report, we highlight not only our sustainability strategy, but how this aligns with our stakeholder's interests. We describe how our intentions manifest into actions in the areas which we believe are fundamental to 'the way we do business' in the short and longer-term nature of our operations.

Some of the topics contained within our Report represent a longstanding commitment to our business culture, such as our safety protocols and priority in attracting and retaining quality employees, while others are new and reflect the dynamic and ongoing nature of engagement with our stakeholders and an evolving sustainability strategy - such as the inclusion of biodiversity and its relevance at our Terronera exploration project.

In mid-2014, Endeavour embarked on a path to strengthen its Sustainability Strategy, including a sustainability analysis consisting of a review of existing relevant policies and strategic planning documents, interviews with senior executives, and an employee survey, while promoting an understanding about what sustainability means and how it translates to people's daily jobs. This analysis complemented a previously conducted external stakeholder engagement and resulted in the benchmarking of challenges and opportunities with respect to governance, sustainability culture, and practices that Endeavour can build upon in 2015 and beyond to manifest its commitment to continuous improvement in sustainability performance.

We either achieved (or partially achieved), the bulk of our sustainability priorities for 2014, and in light of our updated Sustainability Strategy, adjusted or redefined our 2015 targets accordingly. These goals are listed on page 18.



Kenneth Pickering
Director and Chairman of the
Sustainability Committee

Unfortunately, we did not achieve our health and safety target of zero fatalities, and as a result, a significant portion of our sustainability strategy for 2015 and going forward is focused on increasing and improving workplace safety culture, and ensuring that everyone goes home safe at the end of every shift. In 2014 Endeavour retained an international safety consultancy to investigate the incidents which led to casualties and conducted an assessment of our biggest areas of risk and opportunity with respect to workplace safety. They also implemented a full safety retraining program at all three mines, providing intensive safety training to all management, staff, and supervisors. Concurrent with this effort, a Safety Manager (with oversight for all operations) was hired to lead the efforts and continue to improve the corporate safety culture beyond the assessment phase. Later in the year, a Safety Training Coordinator was hired to provide continued safety training at all sites. We began development of a new five Point Safety Inspection Program for all operations, implementation of which is planned for Q1 2015. There have already been major procedural changes with respect to safety throughout the year, which resulted in a 22% reduction in reportable injury rate in 2014. In what the company believes to be a major achievement, El Cubo embraced the “Yes, We Can” campaign and championed the goal of ramped-up mine production to plant capacity, increasing both grade and production by year end.

Corporate changes with respect to cost-efficiencies in relation to personnel is a topic we remain highly sensitive to. In 2013, El Cubo experienced the highest degree of cost-cutting, including employee layoffs, to reduce redundancy. Although there was an approximate 40% reduction in the workforce, in 2014 productivity increased as planned with a more efficient workforce. We also made modifications to shift lengths in response to feedback regarding fatigue, which we believe also contributes to overall productivity and increased morale. Similarly, Bolañitos responded more favourably to budget and staff cuts than

anticipated; understanding the necessity of the changes and appreciating its intended effect.

With respect to our environmental commitments, Endeavour implemented a company-wide garbage separation program in 2014, which reduces overall waste and associated costs, increases efficiency, and enables us to recycle a range of materials that can either be sold or donated to communities for their further use. Additionally, all sites now have water monitoring programs in place, which exceed regulatory expectations.

Contributions to education and employability remain one of our top community investment priorities. At Guanaceví, Endeavour signed an agreement with one of the top Mexican private universities to provide access to online education for people in the community. The self employment initiatives at Bolañitos continue to grow; the local women who have participated remain active, learning and benefiting from their small businesses. You can read more about all of the above environmental and community activities and initiatives and more in the following pages.

Continuous improvement requires continuous effort, and while there is still much to be done, we have committed to communicate how our responsive engagement and sustainability initiatives will make a contribution for a more prosperous future for us all, and we encourage your feedback regarding these efforts and our reporting.

Sincerely,

Kenneth Pickering
Director and Chairman of the Sustainability Committee
May 6, 2015

Our Sustainability Report covers our areas of importance and impact as identified by our universe of stakeholders, as well as how we are responding to, and communicating, on these salient issues.



VISION AND MISSION

Endeavour's long-term goals and objectives are guided by our mission statement:

We find, build, and operate quality silver mines in a sustainable way to create real value for stakeholders.

Our vision is to become the next senior producer in the silver mining sector. By continually improving what we do and how we do it, we aim to make a positive difference in people's lives.

ABOUT OUR COMPANY

Headquartered in Vancouver, Canada, Endeavour Silver Corp. ('Endeavour') is a mid-tier silver mining company focused on growing production, reserves, and resources in Mexico. Our core assets include three producing silver mines in Mexico: the Guanaceví mine in the state of Durango, and the Bolañitos and El Cubo mines in the state of Guanajuato and Terronera (formerly known as San Sebastián) - an advanced-stage exploration/pre-development project located in the state of Jalisco, which could become our fourth Mexican mine. Our three silver-gold mines combined with strategic acquisition and exploration programs should facilitate Endeavour's goal to become a premier senior silver producer.

OUR CUSTOMERS AND MARKETS

Endeavour generates silver-gold concentrates and silver-gold doré bars from our operations. Doré bars produced from Guanaceví are shipped to a refinery in Torreon and then sold to end users through the London Metals Exchange. Bolañitos and El Cubo concentrates are transported by truck to a port in Manzanillo and sold to metals traders, who then resell to international smelters. Markets for both our doré and our concentrates are global. In 2014, approximately 50% of our silver ounces produced and approximately 12% of our gold ounces produced were in doré bars versus concentrate.

OUR SUPPLY CHAIN

Our operating mines and exploration sites are supplied by a comprehensive network of contractors and subcontractors. We maintain several Mexican companies, as well as a number of international distributors within our supply chain, which provide a range of mining-related supplies and services, and facilitate the ultimate production and sale of our products. Our contractors and subcontractors provide a variety of diverse services from underground development (COMINVI/MGA) and security, to refining (Peñoles), and metals sales (Auramet) to transportation and trucking, fuel supply, equipment and parts, aviation, food services, and telecommunications. Our agreements with our contractors include the expectation of adherence to all Endeavour's policies and procedures, including our Code of Business Conduct and Ethics.



COMMITMENTS TO EXTERNAL INITIATIVES

Endeavour is committed to international best practices and standards and the achievement of certain industry certifications. In 2014, Endeavour endorsed or adopted the following voluntary external initiatives and/or achieved the following certifications:

Gender Equity Model Certification	All sites received gender equity certification in 2013 from the National Institute for Women for adoption and adherence to policies and practices which value and support gender impartiality and fairness in the workplace. The certification is valid for three years.
Global Reporting Initiative (G4) Sustainability Reporting Guidelines	Adopted as the framework for Endeavour's Sustainability Reporting.
Greenhouse Gas (GHG) Protocol for Calculating Emissions	Endeavour has adopted the GHG Protocol for emissions calculations as per the World Business Council for Sustainable Development (WBCSD) and the World Resource Institute (WRI).
Healthy Environment (<i>Entorno Saludable</i>) Certificate	Guanaceví received this certification (valid for 3 years) from the Ministry of Health of the State of Durango in 2012. A renewal process will take place at site in 2015.
ISO9001	Our mines with labs are ISO 9001 certified (Guanaceví in 2012 and Bolañitos in 2013) and participate in annual certification audits.
Socially Responsible Company (<i>Empresa Socialmente Responsable</i>) Distinction	This distinction is provided by the Mexican Philanthropy Centre (CEMEFI) and the Alliance for Social Responsibility in Mexico in recognition of organizations that have committed to implementing a socially responsible management approach with continuous improvement as part of their business culture and strategy. Bolañitos and El Cubo received this distinction in 2013; and Guanaceví in 2014. This certification is renewed annually.

MEMBERSHIPS AND ASSOCIATIONS

Involvement in industry associations enables our employees at all levels to build and maintain relationships with key organizations and peers, and also provides a venue for keeping current with matters of public policy, sector trends, and the sharing of industry best practices. In 2014, Endeavour was a member or participant in the following industry associations:

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



ABOUT THIS SUSTAINABILITY REPORT

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

Our report includes sustainability performance data from our three producing silver mines in Mexico: the Guanaceví mine in the state of Durango, and the Bolañitos and El Cubo mines in the state of Guanajuato, as well as relevant performance data from our exploration group. Our human resources indicators cover all operations and exploration sites, as well as our corporate head office in Vancouver, Canada, and the administrative office in Leon, Mexico.

This report should be read in conjunction with our Annual Information Form, Management's Discussion and Analysis, and Financial Statements filed on the System for Electronic Document Analysis and Retrieval ([SEDAR](#)) and on the Electronic Data Gathering Analysis and Retrieval system ([EDGAR](#)), for a more comprehensive picture of Endeavour (including consolidated financial statements and technical information containing resources, reserves, and exploration projects).

REPORTING PERIOD

January 1, 2014 - December 31, 2014

DATE OF LAST REPORT

December 31, 2013

REPORTING CYCLE

Annually

REPORTING FRAMEWORK

Global Reporting Initiative (G4)

IN ACCORDANCE OPTION

Core

DATA VERIFICATION & ASSURANCE

We do not currently have a policy in place regarding sustainability report assurance; however, accuracy and quality control to maintain trust with our reading audience and key stakeholder groups are a reporting priority. Independent assurance and/or verification of certain data sets can lead to process improvements and increased credibility, and we are considering this for future reporting cycles.

In the interim, our sustainability report content is prepared by management with the assistance of independent sustainability consultants, and is reviewed by our Board for internal data verification and quality control, as well as thorough representation and coverage of our material issues and their integration with our governance protocols, procedures, and practices, which guide our sustainability performance. The Board believes that the measures taken at various levels to review the sustainability information provide a suitable level of confidence. Certain financial figures contained within the report were audited, however it should be noted that non-financial performance figures and certain financial figures (indicated) are unaudited.

SUSTAINABILITY REPORTING FRAMEWORK AND CYCLE

This report also includes nine 'comprehensive' General Standard Disclosures relating to our governance and sustainability stewardship. General standard disclosures and performance indicators included in this report and their respective locations are included in our Content Index located on pages 56 – 59.

MATERIAL ISSUES

As a result of our materiality assessment, the material issues and topics that form the content of our 2014 Report are depicted on the matrix wheel on the right.



DEFINING REPORT CONTENT – OUR MATERIAL SUSTAINABILITY TOPICS

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

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

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

Our materiality assessment protocol is guided by the GRI (G4) Reporting Principles to identify the key sustainability topics that present both risks and opportunities to Endeavour. Stakeholder inclusiveness is an integral component of our materiality process, which serves to inform us of external risks and priorities, as is consideration of topics in an overall sustainability context.

We conduct our materiality assessments bi-annually (every two years). The 2013 materiality process conducted for Endeavour consisted of the identification of material sustainability topics, the prioritization of these topics, and verification of our analysis. Quantitative and qualitative data was gathered through employee interviews and workshops, and also included the following external stakeholders: community members, government authorities, union leaders, land owners, contractors, suppliers, artisanal miners, lenders, financial analysts, and shareholders. Internal leadership and operational management workshops combined with interviews and ranking exercises formed the basis to guide the consensus on, and prioritization of material issues to be managed, measured, and disclosed through our sustainability reporting process. Other sources included internal corporate standards and governance documentation, industry peer reports, international best practices frameworks and policy developments, and the media. In 2014 we conducted a separate assessment with stakeholders within the exploration group (specifically relating to the Terronera project), and integrated their results into the overall assessment.

Our material sustainability issues for 2014 are illustrated in the matrix above and provide a visual representation of the results documenting stakeholder concerns and business impacts as ranked by our stakeholders and updated in 2014 to include input from stakeholders of the exploration group.

These issues define our report content and are the aspects receiving coverage in this report.

In 2015, our aim is to expand the materiality process to include a wider group of internal and external stakeholders. We also intend to design a more structured and consistent feedback mechanism for our 2015 report, to better inform our report content, readability, and presentation of our sustainability disclosure.

ASPECT BOUNDARIES – WHERE IMPACTS OCCUR

Our material issues may impact or affect stakeholders inside our organization (Endeavour and its subsidiaries, as defined by our financial reporting), outside our organization, or both. For each of our key material aspects listed above, we have described whether the impacts occur within our organization, and/or whether significant impacts are believed to affect or extend to stakeholders outside the organization. Our aspect boundaries are included in both the narrative of the report and are also coded by material aspect in the G4 Content Index (pages 56-59).

OUR PRIORITIES AND TARGETS

● ACHIEVED ◐ PARTIALLY ACHIEVED ○ NOT ACHIEVED

SUSTAINABILITY PRIORITIES: 2014

GOVERNANCE	PROGRESS
Develop and implement an assurance program among exploration and operations activities	◐
SHEC performance metrics to be developed and implemented	◐
Update of Anti-Bribery and Anti-Corruption Policy to include the Corruption of Foreign Public Officials Act (Canada)	●
ECONOMIC	
Remain a low-cost producer	◐
Continue to improve our cost structure	●
Remain on budget and on schedule for capital and exploration programs	●
Advance the Terronera project	●
Use cash flow to strengthen the balance sheet and reduce debt	●
OUR PEOPLE	
Safety	
Zero fatalities	○
Achieve 25% reduction in the Group Recordable Injury Rate	◐
Conduct compliance baseline audits at operation sites	●
Health	
Roll out the Endeavour Health Surveillance and Monitoring standard	◐
ENVIRONMENT	
Roll out the Endeavour Environmental Accidents report and investigation standard	●
Establish a verified baseline for operation sites	●
Conduct compliance baseline audits at operation sites	●
Develop performance standards for tailings management	●
SOCIAL	
Develop community feedback mechanisms as part of stakeholder engagement plans.	◐
Document complaints received and response/action taken for both operations and exploration activities.	◐
Develop and implement a formalized Community Investment Policy	◐

SUSTAINABILITY TARGETS: 2015

GOVERNANCE
Update and translate the Corporate Safety Policy and the Corporate Social Responsibility Policy, include in training and integrate throughout the organization
ECONOMIC
Improve free cash flow per share
OUR PEOPLE
Safety
Zero fatalities
Achieve minimum 18% reduction in the Reportable Injury Frequency Rate
Establish an Operator training program at all mines
Re-establish a Women's Mine Training program at all sites
Health
Standardize Health Monitoring systems across the operations
Improve ventilation (1,000 m through three new raise bore holes)
Achieve zero lost time accidents related to ventilation
Labour
Reduce turnover rate by at least 20%
Provide an average of 30 hours of training per year per employee
ENVIRONMENT
Standardize waste and water monitoring systems across the operations
Zero spills
Maintain the recycling water percentage above 80%
Reduce energy consumption by at least 4%
SOCIAL
Document complaints/comments/requests received and response/action taken for both operations and exploration activities.
Identify potential economic diversity projects at one of the sites and develop at least one social closure action plan



IN THIS SECTION

Approach
Business Ethics
Governance and Management
Stakeholder Engagement

GOVERNANCE

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



GOVERNANCE

APPROACH

At Endeavour, our most important shared values are honesty, integrity, and accountability.

We are committed to this corporate culture: We do what we say we are going to do, and we strive to ensure our policies and practices extend beyond regulations and laws.

BUSINESS ETHICS

VALUES AND ETHICS

Ethical conduct is a fundamental value at Endeavour. We have adopted a Code of Business Conduct and Ethics ('the Code') to promote honest and ethical conduct, full, fair, accurate, timely and understandable disclosure, and compliance with applicable governmental rules and regulations. To ensure and monitor compliance with the Code and the high standards we expect, the company provides a copy of the Code to each new employee, who is requested to sign, acknowledging they have read and understood its content. We share the Code with our contractors, suppliers, and service providers so they also understand and can act and behave in accordance with these standards. The Code was last revised and updated in late 2013 and is available on our [corporate website](#).

CONFLICTS OF INTEREST

Embedded within our Code of Business Conduct and Ethics are definitions and expectations relating to the avoidance of conflicts of interest. Employees, officers, and directors are expected to avoid all situations where personal interests or activities interfere, or appear to interfere, with the interests of the company. Activities that could give rise to a conflict of interest, or the appearance of a conflict of interest, are prohibited unless specifically approved in advance by the Board of Directors or, in the case of an employee, a member of senior management. Where a potential conflict involves a Board member

(i.e. where a Board member has an interest in a material contract or material transaction involving the company), the Board member involved will be required to disclose his or her interest to the Board and refrain from voting at the Board meeting of the company considering such contract or transaction in accordance with applicable laws.

WHISTLEBLOWER POLICY

Our Whistleblower Policy provides for open communication and the anonymous reporting (without fear of reprisal) of any unethical or illegal activity, or behaviour, which violates the company's Code of Business Conduct and Ethics. The Policy is contained within our Code of Business Conduct and Ethics and its existence and access is included in the induction training of every new employee and displayed in common areas of all sites. Concerns can be reported by mail, email, or by telephone in both English and Spanish. Reports are directed to the Chairman of the Audit Committee to handle concerns on a confidential and anonymous basis. Details are outlined in the company's [Whistleblower Policy](#).

DISCLOSURE POLICY

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



We continuously work with all of our key stakeholders groups to incorporate their feedback and concerns, and to share ideas on making our operations of mutual benefit.

ANTI-CORRUPTION & ANTI-BRIBERY

Endeavour adheres to best practices with respect to anti-corruption behaviour, and therefore it has a zero tolerance policy for bribery and corruption by employees, officers, directors, agents, consultants, and contractors of the company. We conduct risk assessments at the management level, and have thorough internal financial controls in place for oversight with respect to the financial aspects of operations that could be affected by corruption.

In early 2014, we updated our Code to include specific language relating to Payments to Domestic and Foreign Officials and incorporated the specific expectation that employees and officers of the company must comply with all applicable laws prohibiting improper payments to domestic and foreign officials, in accordance with the *Corruption of Foreign Public Officials Act* (Canada). We also created and implemented a separate and distinct Anti-Bribery and Anti-Corruption Policy - the sign-off of which is required for all existing employees and new personnel. The policy, includes key definitions and examples of situations that may constitute bribery and corruption, as well as internal contact points (or reference to the Whistle Blower mechanism) for reporting any corruption or bribery related concerns.

HUMAN RIGHTS

We value human rights; the respect for and protection of which are embedded in our Code of Ethics. While the overall protection of human rights is the responsibility of national governments, we are committed to respecting the human rights of people related to, or affected by, our operations. We foster a work environment free from discrimination against gender, race or ethnicity, 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 2014 there were two cases of sexual harassment, both of which were fully investigated and resolved.

A worker was terminated at Guanaceví, and discrimination and harassment protocols and expectations were reviewed with the individuals involved at Bolañitos.

Child labour exists as a general country risk within Mexico, however Endeavour has strict proof of age policies and hiring procedures in place at all sites, preventing anyone under the legal working age of 18 from obtaining employment. This proof of age requirement extends to our contractors. Local prevailing attitudes are also not supportive of under-aged persons working in industrial positions.

GOVERNANCE AND MANAGEMENT OF SUSTAINABILITY ISSUES

BOARD OF DIRECTORS

Endeavour's Board of Directors oversees our business conduct and strategic planning by the company; ensures appropriate governance mechanisms are in place, including the integrity of our internal controls and management information systems; and supervises the senior management team, including identification and management of the principal risks associated with our business and management succession planning.

Our policies and Code guide the Boards oversight, including accountability to stakeholders through policies communications with our shareholders and others and its relationship with management - who are responsible for setting long-term goals and objectives for the company, formulating plans and strategies necessary to achieve those objectives, as well as the day-to-day management of the company.

The Endeavour Board is composed of seven male members; five of whom are independent, non-executive Directors, including the Chairman of the Board. Members of our Board achieve their

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

The company has a Diversity Policy in place, which recognizes the benefits arising from board, management and employee diversity.

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

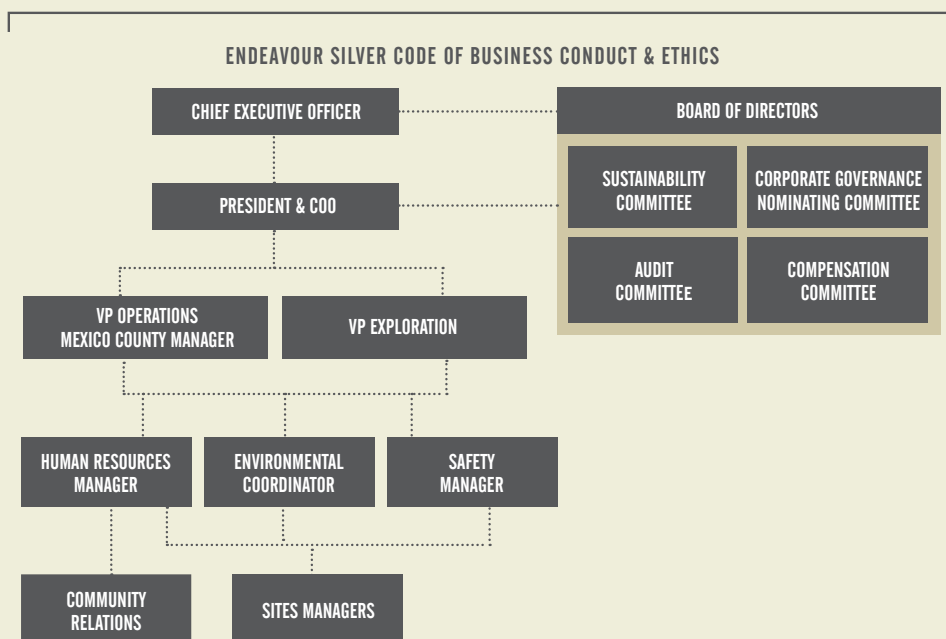
MANAGEMENT OF SUSTAINABILITY ISSUES

Two tiers of governance - the Sustainability Committee and to a lesser extent, the Corporate Governance and Nominating Committees - are the Board Committees with primary oversight for our sustainability strategy and decision-making regarding the economic, environmental, and social impacts of our company. Guided by our Corporate Social Responsibility Policy, the Sustainability Committee meets at least three times per year and promotes sustainability as a core company value, encourages a corporate culture that takes responsibility for sustainable development, and approves and implements policies, standards, systems, and responsible work practices that guide the performance and expectations of our employees, contractors, and other key stakeholders.

The chart (right) depicts the specific governance structure, as well as the multi-directional communication flow with respect to the assessment, identification, and ongoing management of sustainability issues within our company.

In addition to the Sustainability Committee, the senior people, who formally review and approve Endeavour's Sustainability Report and have ensured all identified priority material aspects receive coverage in the report include the company's Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer, and Vice President Corporate Development.

GOVERNANCE STRUCTURE AND COMMUNICATION FLOW FOR THE MANAGEMENT OF SUSTAINABILITY PERFORMANCE



STAKEHOLDER ENGAGEMENT

Our ongoing objective is to operate with integrity as a responsible mining company; to minimize and mitigate any negative impacts and to provide beneficial impacts to society throughout the entire mining cycle. We identify our stakeholders as those who may be impacted or affected by our operations, and to what extent they are interested or influenced over time. We prioritize the groups and individuals who we believe are impacted the most - an ongoing process requiring continuous monitoring and updating.

We continuously work with all of our key stakeholder groups to incorporate their feedback and concerns, and to share ideas on making our operations of mutual benefit. This committed, continuous approach to stakeholder engagement contributes to trust and credibility and to our ability to communicate effectively with our stakeholders in order to maintain our long-term social license to operate.

The table on the right depicts our most important stakeholder groups we engaged with in 2014 (in alphabetical order) and lists some of their topics of shared interest.

STAKEHOLDER GROUP	TYPE AND FREQUENCY OF ENGAGEMENT AND SPECIFIC FEEDBACK (WHERE APPLICABLE)
Church Leaders	Workplace safety, support of local projects, preservation of religious and traditional activities
Community Members	Employment opportunities, workplace safety, transportation/air quality (dust), shared water sources
Contractors	Working conditions/workplace safety, employment stability, food services
Ejidos (Land Owners)	Land use and fair compensation
Employees	Working conditions and workplace safety, employment stability, the role of the union, access to training and development opportunities, and wages, food services
Government Agencies (municipal, regulatory)	Water usage, environmental concerns - spills, tailings and waste management and associated compliance
Media	New mining royalty, illegal mining, labour unions
Shareholders	Investment returns (shareholder value), impact of union relationships on operations, open and transparent communication by the company
Small Scale Miners	Continuity of business relationship, commodities pricing
Suppliers	Continuity of business relationship with operations, increased compliance expectations
Union Leaders	Working conditions/workplace safety, wages and benefits



IN THIS SECTION

Approach
Economic Contributions and Impacts
Community Investment
Local Procurement

ECONOMIC

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



Endeavour Silver's business operations stimulate economic activity and contribute to the national and local economies of Mexico.

APPROACH

Our economic performance affects all of our stakeholders. We regularly monitor our economic performance goals and objectives, conduct risk assessments, and integrate findings into our economic strategy. We continually revisit or alter our direction in light of changing circumstances affecting the company.

Firstly, we ensure safety is never compromised. Our operations strive to remain on budget and on schedule for capital and exploration programs to ensure our capital is efficiently deployed. One of our economic goals is to be a low-cost producer, and to do this we must continually train and challenge ourselves to innovate and improve. In 2015, the company hopes to minimize losses, maximize cashflows, strengthen its balance sheet, and invest in the long term viability of the company.

The company's consolidated financial statements are prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and within the framework of the significant accounting policies disclosed in the accompanying notes to the consolidated financial statements. The company measures and reviews its internal economic success on a per-share basis, including net earnings, operating cash flow, EBITDA, silver production, and mineral resources.

Our business practices aim to create real economic activity and wealth over both the short and long term, at both the local and national levels of our operations. Our business strategy embodies our economic approach: We evaluate historic mining districts and acquire under-performing silver mines in need of capital and expertise to operate, we explore to make new discoveries and then fast-track them to production, and finally, drive organic growth and replenish our depleted reserves and resources.

ECONOMIC CONTRIBUTIONS AND IMPACTS

Endeavour's business operations stimulate economic activity beyond wages and salaries to contribute to the national and local economies of Mexico through business opportunities with local suppliers, and through infrastructure investments that we make. Our taxes and royalties paid to the Mexican government further support regional socio-economic development. We also create opportunities for social development through training and community initiatives.

Despite higher production in 2014, revenue fell \$79.9 million as the precious metal prices continued to slide. During 2014, the average price of silver was \$19.08 per ounce, with silver trading between a range of \$15.28 and \$22.05 per ounce based on the London Fix silver price. This compares to an average of \$23.79 per ounce during 2013, with a low of \$19.05 and a high of \$32.23 per ounce. During 2014, the average price of gold was \$1,266 per ounce, with gold trading between a range of \$1,142 and \$1,385 per ounce based on the London Fix PM gold price. This compares to an average of \$1,411 per ounce during 2013, with a low of \$1,192 and a high of \$1,694 per ounce.

The Mexican Fiscal Reform Act went into effect on January 1, 2014 and introduced new mining taxes, including a 7.5% special mining duty on earnings before interest, taxes, depreciation, and amortization (EBITDA) and a 0.5% gross royalty on sales of precious metals. Endeavour recognized a special mining duty expense of \$4.6 million as at December 31, 2014 and a \$1.0 million royalty expense.

Our total economic value generated was approximately \$196 million and total economic value distributed was approximately \$179 million (as defined by the Global Reporting Initiative), the breakdown of which is provided on the next page.

ECONOMIC VALUE GENERATED	2014 (000S)	2013 (000S)
Revenue ^[4]	196,928	276,783
Total economic value generated	196,928	\$276,783

ECONOMIC VALUE DISTRIBUTED	2014 (000S)	2013 (000S)
Operating Costs (excluding salaries)	102,991	186,006
Employee wages and benefits	46,800	58,636
Payments to Providers of Capital	1,343	1,474
Payments to Governments (Mexico - taxes) ^[1]	13,166	15,516
Payments to Governments (Canada - taxes) ^[1]	533 ^[2]	Nil ^[2]
Payments to Governments - (payroll taxes) ^[1]	13,404 ^[3]	13,108 ^[3]
Land Use Payments	585	149
Community Investment	515	480
Total Economic Value Distributed	\$179,337	\$270,370
Total Economic Value Retained	\$17,591	\$1,413

^[1] Payments to Governments - As a publicly-traded company listed on the New York Stock Exchange, we are compliant with the financial reporting provisions of Section 1504 of the 2010 U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, which prescribes mandatory disclosure of payments to governments. A more comprehensive level of detail regarding payments to governments may be located in our quarterly and annual financial statements.

^[2] Canadian payroll taxes were Nil in 2013 due to a loss carry-forward. No such carry-forward existed for 2014 and therefore represents the total amount of Canadian taxes paid.

^[3] Payments to Governments (Payroll Taxes) - In 2013, site level data collection did not include a social service fee (IMSS) paid to the government for access to the health care system and was updated to reflect this amount in 2013 (amended from 8,224) and 2014.

^[4] As per 2014 audited financial statements

COMMUNITY INVESTMENT

At Endeavour, we aim to make a positive difference in the lives of the people in the communities in which we operate. We make every attempt to align our selection and support criteria for community investments with the needs of our community stakeholders, which include: health, education and employability, community infrastructure, environment, sports, and the preservation of culture and tradition. We also prioritize specific vulnerable groups such as women and children.

In 2014 Endeavour spent a total of \$515,436 on community investment, which does not account for staff time (paid or volunteer), devoted to these activities. Of this amount, we made approximately \$243,000 infrastructure investments, the bulk of which included the pavement of five kilometres of gravel road near Bolañitos (as a dust control measure between a main

stretch of road and a university observatory). Also included in this amount were expenditures relating to water utilities at both Bolañitos and El Cubo and the donation of a garbage collection truck at Guanaceví. The exploration group also rehabilitated certain disturbed ground and roadways.

Our corporate office contributed approximately \$199,933 in 2014 in support of education, health, and environment-related charities. Our existing university scholarship commitments to Canadian mining education programs are complete in 2015, at which time we will review our community investment strategy to focus the bulk of our funding on education and capacity building initiatives in the communities in Mexico most impacted by our operations. The company is in the process of drafting

\$196 MILLION
2014 REVENUE

\$179 MILLION
APPROXIMATE TOTAL OF
ECONOMIC VALUE DISTRIBUTED IN 2014



Photo: Main church at the community of Mineral de la Luz, Guanajuato

a Community Investment Policy to ensure consistent application and communication of the selection and support criteria, as well as the creation of documentation processes for community investment requests, follow-up, and tracking.

Further details regarding our community investment expenditures are located in the Social section on pages 47.

In Mexico, the vast majority of our mining-related supplies and equipment are sourced locally.

LOCAL PROCUREMENT

Purchasing goods and services from nearby sources wherever possible not only makes good business sense, but it is one of the most significant positive contributions we can make to the national and local economies. In Mexico, the vast majority of our mining-related supplies and equipment can be sourced locally. Only certain specialty heavy equipment and mineral processing chemicals must be obtained from international suppliers.

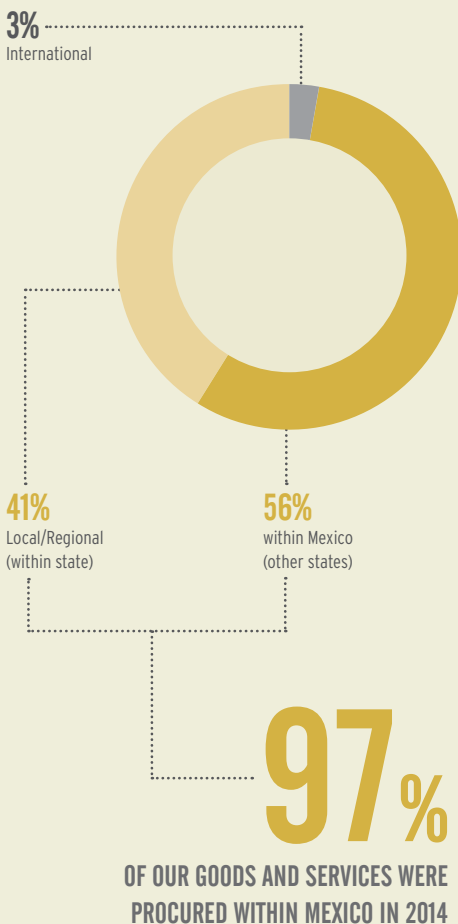
All purchase decisions must be made in compliance with Endeavour's *Contracting Services and Working with Third Parties Policy*, a local procurement protocol in place at all three of our operations. The Policy specifies the expected supplier evaluation and qualification process, including the ability of service providers conducting activities at our operating and

exploration sites to meet Endeavour's expectations regarding health, safety, as well as environment for those services which could impact the environment. The Policy also contains the provision that, all other factors being equal, preference be awarded to local suppliers and/or contractors in the competitive bidding process.

In 2014, we procured a total of approximately \$75.6 million in goods and services company-wide. Of this total, over \$30 million (41%) was spent within the local districts/states of our mining operations, and approximately \$73 million (97%) was spent in-country.

Our total procurement figure for 2014 represents an approximate 45% reduction over 2013 due to a focused and concerted effort to reduce overall operational costs, including excessive costs and/or redundancy in our suppliers and supply chain.

PROCUREMENT PRACTICES



RAMON AVILA Plant Manager, Bolañitos

Ramon was originally hired at Bolañitos by Peñoles in 1998 and has worked his way through two changes

in ownership - from various supervisory roles, including manager of the tailings dam, to Plant Manager in January 2012.

Ramon considers himself a critical thinker and enjoys the challenges his position sometimes calls for. "On the ground, you have to orchestrate the results: controls, people, the plant, the equipment, costs - everything must work together for the desired output." When, between 2012 and 2013, corporate objectives required plant output increase from 1,200 tpd to 1,600 tpd, Ramon found,

EMPLOYEE PROFILE

in addition to the above factors, that managing expectations and honest communication with his staff to engender trust and teamwork was essential to achieve what was expected from them, and that they all valued this learning experience.

Ramon is both a hard-working professional and a family man. He admits that Plant Manager is a demanding job and it can be difficult to balance between family, work, and education, however he is motivated by growth and opportunities in the workplace and also hopes to pass his ethic of hard work and achievement on to his children. Ramon has found some of this balance and has taken advantage of Endeavour's training and leadership courses, and also dreams of a diploma in Metallurgy one day.



IN THIS SECTION

- Approach
- Our Employees
- Health and Safety
- Training and Education
- Labour Relations - Unions
- Security
- Compliance

OUR PEOPLE

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



OUR EMPLOYEES

APPROACH

OUR PEOPLE – OUR MOST VALUABLE RESOURCE

Every business is a people business and for this reason we consider our employees our most valuable resource. We prioritize and safeguard the health and wellness of our employees, respect them as individuals, and provide opportunities for professional and personal development to fulfill their potential. We foster a work culture that respects the principles of human rights and equality, and we value diversity. We believe an inclusive workforce fosters a progressive work environment.

OUR EMPLOYEES

Endeavour's business generates many full and part time positions, as well as contract employment opportunities, at our exploration and mine sites. We place particular emphasis on hiring people from nearby communities to ensure the community shares in the economic benefits of the operation and that both company and community enjoy long-term success together. Our commitment to local hiring contributes to the local and national economies of Mexico, fosters community involvement, and reduces the environmental footprint and impact of a commuter population.

Our human resources policies dictate that we hire from the closest communities first. Only upon exhausting all possibilities of acquiring qualified local and regional candidates (or offering training for suitable candidates to match job opportunities), will we seek experienced applicants from outside the country.

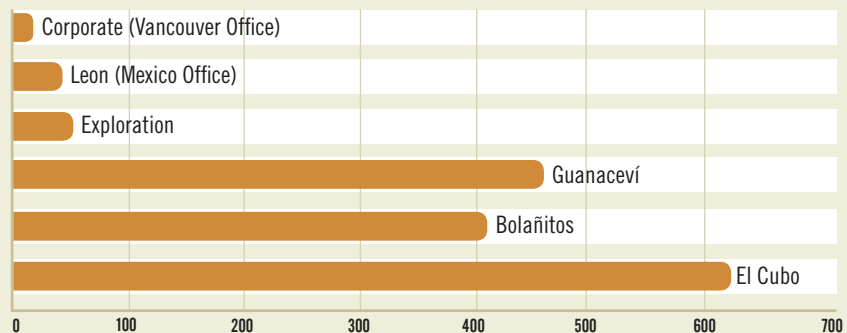
At December 31, 2014, Endeavour employed 1,660 people on a full-time basis (2,498 including contractors) across our three operating mines, our exploration group, the Leon administrative office in Mexico, and our corporate head office in Vancouver, Canada.

In 2014, nearly all (over 99%) of our on-site personnel in operations, exploration, and administration, and approximately 60% of our on-site senior management were from Mexico. The primary reason we seek candidates from outside of Mexico is to compensate for an absence of technical or highly specialized skills for certain positions. We make best efforts to hire qualified expatriates fluent in both English and Spanish to effectively communicate with all employees across the company.

Historically, mining has been a male-dominated industry. We promote equal opportunity and fairness between men and women in the workplace at Endeavour and we are slowly attracting more women into the industry, however progress is contingent upon both interest and qualified female candidates. Our overall ratio of women to men in the workplace was slightly higher in 2014 than the previous year. Our current ratio remains lower than international average for a mining operation, however is not out of the ordinary when compared to other underground operations globally. The majority of women who work at Endeavour hold positions in administrative and surface operations areas.

Women are paid the same wages as men for the same jobs. Any difference in wages over time would be due to differences in seniority or performance.

FULL TIME EMPLOYEES 2014



Endeavour Silver employs more than 1,660 people in offices and operations in Mexico and Canada, and serves precious metals markets around the globe.

All three of our mines have received Gender Equity Model Certification from the Mexican National Institute for Women, which recognizes organizations that support a culture of equality, are free from discrimination, and enable equitable participation for women.

ATTRACTING AND RETAINING QUALIFIED TALENT

Attracting and retaining qualified employees is key to the operational stability and the sustainability of our company. We understand both the importance of motivating existing talent as well as attracting new talent.

We offer competitive wages (which are significantly above the local minimum wage) and benefits, as well as generous safety and production bonuses. We also offer 'remote location' salary premiums where applicable. Endeavour participates in the annual salary survey organized by CAMIMEX to ensure (by law) that compensation packages are both competitive and administered according to industry standards. Salaries are reviewed annually as per union collective bargaining agreements. We also conduct ongoing analyses to ensure employees are being paid according to the job performed and level of responsibility, and that average salary increases are above inflation.

Approximately 23% of our employees company-wide received individual performance reviews in 2014, comprised mostly of those in supervisory and leadership roles with higher degrees of responsibility and ability to affect change.

All workers at site level received a team evaluation and bonuses based on performance in relation to corporate goals.



CASE STUDY

ENDEAVOUR SILVER MINING RACE AN EMPLOYEE-DRIVEN COMMUNITY EVENT

In July 2014 Endeavour hosted the first mining race in the state of Guanajuato in partnership with the Municipal Sports Commission of the State of Guanajuato (COMUDAJ). This inaugural employee-driven, road-running event took place on the panoramic Cata-Presa de la Olla Road in Guanajuato and attracted over 1,000 local entrants, as well as those from far and wide, including some well-known Mexican athletes.

There were over 200,000 pesos in cash and prizes to be won in the following distance and age categories: 5k adult, 10k adult, a number of youth categories (with bicycles awarded to winners), and Endeavour employees (approximately 50 employees participated in the race).

Endeavour's level of support included contributions to the event costs (allowing for free registration), prize packages, as well as transport for people from neighbouring communities of the mine sites to attend the race. In addition, approximately 70 Bolañitos, El Cubo, and Leon Office employees volunteered before and during the event with organization and logistics.

In addition to the formal distance and prize categories, and in special recognition to the athletes with disabilities who gathered, an impromptu race was organized for children in attendance with disabilities and their families. A local group of cyclists also supported the event by riding the race circuit in tandem with the runners for fun.

"The community and employee participation in our first race was remarkable. It is our hope that we continue our involvement, which supports health and family life as essential values, and that this event will become an annual tradition for the state of Guanajuato."

Jesus Ordorica, Director of Human Resources for Endeavour Silver Mexico commenting on the extraordinary success of the event.



All three of our mines have received Gender Equity Model Certification from the Mexican National Institute for Women, which recognizes organizations that support a culture of equality.

Our professional development program involves specialized on-site training in each worker's area of expertise, as well as training in other mining practices. Interested employees are able to grow professionally – and personally – by expanding their skill sets. We consider relocation opportunities at each operation whenever possible before layoffs of employees or, if desirable to the employee, as part of their personal and professional development.

With the exception of Bolañitos, we continue to experience a relatively high turnover rate across our operations, which reduced only fractionally in 2014 over 2013 to 29% from 31%. Guanaceví has the most difficult attraction and retention conditions; it is the most remote of our sites, meaning rotational shifts and longer commute times. El Cubo continues to identify areas of redundancy and low performance and therefore some of their 2014 turnover rate is related to new lay-offs. In 2014, nine female employees took maternity leave, eight of whom returned to work.

While our cumulative absentee rate in 2014 was 3.23% (slightly lower than 2013) a unique challenge we face at El Cubo is a higher than normal absenteeism rate. El Cubo management will be placing focus in 2015 on workplace culture change surrounding this site-specific human resources issue.

We pay particular attention to recruiting trends in each region in which we operate and setting appropriate strategies to attract new employees. For example, recruiting talent remains a challenge

at Guanaceví. In 2014 Endeavour partnered with a local university in Guanajuato to provide a small number of internships for students in mining studies, assisting them with the achievement of a practical component of their education, and depending upon vacancies and availability, these students may be offered a position at the end of the program.

Endeavour offers a competitive and attractive package of benefits to both full time and temporary employees. Benefits include vacation days, life insurance, private medical insurance, and savings fund contributions. There are some differences, which vary by site, between the benefits offered to union workers and non-union employees. Both union and non-union employees in Guanaceví receive travel support to and from their hometowns to site.



EMPLOYEE PROFILE

DIANA PÉREZ
Mine Operations Assistant, Guanaceví

Diana began working at the Guanaceví Mine with one of its contractors

in 2005, and moved to a full time position with Endeavour when they acquired the mine in 2007. Diana enjoys her job, and although she has been in the same position for eight years, her role is dynamic and varied and she feels that she is always learning and growing. "Staying in the same job might sound boring, but mine operations covers everything from day-to-day operational coordination and oversight of personnel, contractors, and supply requisitions,

to very specialized tasks like communicating with the Ministry of Defense regarding the permitting and use of explosives."

In her time at Guanaceví, and particularly with the ownership change, Diana has had the opportunity to witness a transformation in the company's systems and controls to become more and more organized and managed through the implementation of policies, protocols, and procedures over the years. She also feels a sense of pride surrounding her position, as it is a rather unconventional role for a woman.

"You'd think being the only woman in mine operations would be uncomfortable, but it has been great. Everyone is treated very well here."



HEALTH AND SAFETY

HEALTH AND SAFETY

We recognize we work in an environment that can present real hazards. Protecting the health and safety of our workers is our highest priority. Our approach of continuous safety training empowers employees to be responsible custodians of their own health and safety, as well as others, in the workplace, it rewards them for being proactive and remains a consistent component of our health and safety program.

Endeavour sets rigorous safety standards. Our safety policies are supported by daily training, pre-shift safety reviews, clear procedures, and regular audits. Every employee is trained in first aid and participates in a three-day safety training induction program, prior to his or her first shift. Every employee is responsible for maintaining safe conditions and practices in their department.

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

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

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

Our Corporate Industrial Safety Policy can be located on the [Endeavour website](#) and summarizes our safety responsibilities and guidelines.

SAFETY PERFORMANCE

We are particularly saddened to report the occurrence of two employee workplace fatalities in the spring of 2014; one at El Cubo and one at Guanaceví. The company moved swiftly to retain an international safety consultancy to investigate the incidents and conduct an assessment of our biggest areas of risk and opportunity with respect to workplace safety. They also implemented a full safety retraining program at all three mines, providing thorough safety training to all employees, contractors, management, staff, and supervisors. Concurrent with this effort, a Safety Manager (with oversight for all operations) was hired to lead the efforts and continue to improve the corporate safety culture beyond the assessment phase. Somewhat later in the year, continued safety training was identified as one of the most important strategies to address, and in this regard a Safety Training Coordinator was also hired. We began development of a new five Point Safety Inspection Program for all operations, implementation of which is planned for Q1 2015.

A significant portion of our sustainability strategy for 2015 and going forward is focused on increasing and improving workplace safety culture and ensuring that everyone goes home safe every shift. There

have already been major procedural changes with respect to safety throughout the year, which resulted in a 22% reduction in reportable injury rate in 2014; very close to our goal of a 25% reduction.

We are committed to continue to work diligently, spending the necessary time and resource, with respect to this critical change in safety culture.

2014 HEALTH AND SAFETY HIGHLIGHTS

- Independent safety assessment conducted at all three sites
- Approximately 750 hours of safety-specific training conducted during the assessment - more than 19,000 hours in total in 2014
- New position of Safety Manager hired - oversight on all three sites
- New position of Safety Training Coordinator hired - oversight on all three sites
- 100% of site employees trained/retrained in workplace safety
- 100% increase in number of employees on worker health and safety committees
- 22% improvement in reportable injury frequency rate



Our safety targets for 2015 are zero fatalities, an 18% reduction in the Reportable and Lost time Injury Frequency Rate, and a 25% reduction in the Severity Rate.

SAFETY PERFORMANCE 2014

In 2014 we standardized our safety performance indicators across operations to standard North American reporting metrics. Currently we are tracking and reporting safety performance with respect to three main key performance indicators: Reportable Injury Frequency Rate, Lost time Injury Frequency Rate, and Lost Time Severity Rate. The numbers presented were calculated based on our revised definitions. The 2013 safety metrics have been adjusted to align with the reporting definitions we adopted in 2014.

Our safety targets for 2015 are zero fatalities, an 18% reduction in the Reportable and Lost time Injury Frequency Rate, and a 25% reduction in the Severity Rate.

	2014	2013
Recordable Injury Frequency Rate ^[1]	5.46	7.01
Lost Time Injury Frequency Rate ^[2]	3.19	4.43
Lost Time Severity Rate ^[3]	578.14	752.53
Fatalities	2	4

^[1] Reportable Injury rate is calculated as (total number of recordable injuries (including fatalities, lost time injury, restricted work and medical treatment injury) x 200,000 hours)/ total worked hours. Safety performance figures are submitted to the Mining Chamber in Mexico using a factor of 1,000,000 hours

^[2] Lost time injury rate is calculated as (total lost time injuries x 200,000 hours)/ total worked hours

^[3] Lost time severity rate is calculated as (total lost time days x 200,000 hours)/ total worked hours

Note: Our safety performance figures include both employees and contractors

PREVENTING OCCUPATIONAL ILLNESSES

Endeavour's occupational health systems are designed to avoid or limit our workers' exposure to harmful substances or situations that could lead to occupational illnesses or disease. There were no cases of occupational illnesses or disease at any of our operations in 2014.

Our procedures comply with local health and safety regulations. We conduct regular risk assessments and implement risk-control programs, and we provide education and prevention training. Our health and safety committees assist with the management

and minimization of these potential occupational exposures. We conduct monitoring at each site to prevent exposure to chemical and physical hazards inherent to the work environment. Additionally, we have special procedures for handling hazardous materials such as cyanide.

We monitor relevant workforce bio-markers (lead-in-blood and other blood chemistry) and specific health indicators relating to organ function or other aspects of work-related health, such as lower back testing, as part of the occupational health and safety strategy implemented by each of our sites. In 2014, we conducted simulation exercises regarding emergency procedures in the event of a hazardous material or chemical spill.

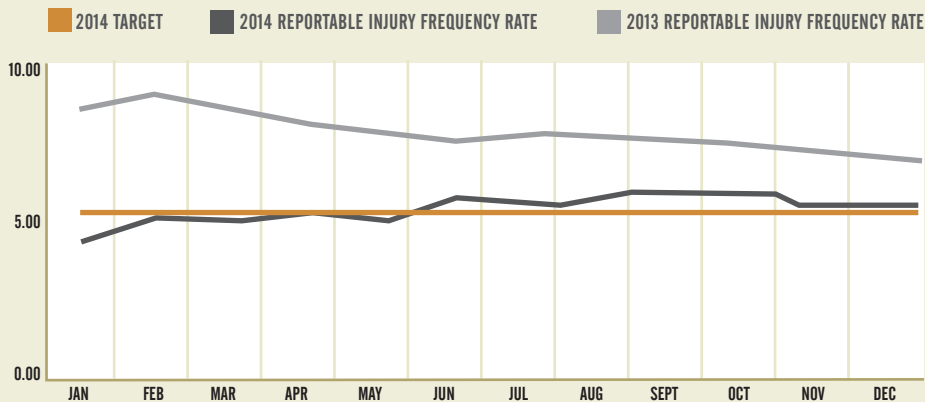
Our health programs also consider risks related to the demographics of our workplace. Support for employees regarding general health awareness and healthier lifestyle choices, inside and outside of the workplace, is also included in our programs.

For example, alongside the increase in economic prosperity, there has been a corresponding reported increase in community alcohol consumption at Guanaceví. The mine has responded by offering educational campaigns on alcohol and addiction in schools, and random alcohol testing at the beginning of shifts was implemented years ago to prevent alcohol-related accidents from occurring on site, for which we have zero tolerance.

HEALTH AND SAFETY COMMITTEES

In 2014 approximately 13% of our workforce participated on committees that monitor and advise on health and safety conditions, procedures, and programs. This represents an increase over 2013 by 100% as a result of the safety assessment and resulting pro-active campaign to motivate increased involvement in safety

REPORTABLE INJURY FREQUENCY RATE 2014





In 2014, every single employee and contractor across all three sites was re-trained in safety procedures in conjunction with the independent safety assessment.

efforts. All three of our operations have the following committees or safety groups:

- **Mine Rescue Group:** A group of volunteer employees who receive training primarily focused on emergencies that could occur underground/inside the mine. Training takes place once per week for eight hours and new employees are invited to participate on a quarterly basis.
- **Rescue Brigade:** This is a group of volunteer employees who receive training once per week for a full day on emergencies that could occur anywhere on site. This brigade is also prepared to respond to general emergencies in nearby communities or other mine sites if required.
- **Emergency Brigade:** A group of volunteer employees receiving one to two hours of training once per week focused on surface emergencies - predominantly for the Plant.
- **Safety and Health Commission:** Mandatory by law, this committee meets monthly at Cubo and Bolañitos and quarterly at Guanaceví. The commission is comprised of a group of employees and union representatives, normally with 50/50 representation. The role of this body is to audit the facilities, identify areas of opportunity or concern, and devise a timely and appropriate follow-up plan for any issues to be reviewed at the next meeting.
- **Management Audit Committee:** The managers of each unit conduct a health and safety audit

and review at the beginning of each month for the mine and plant facilities, documenting observations and defining a work plan to address any issues, which are reviewed monthly.

- **Safety Monitors:** Are comprised of a mixed group from all departments who work mostly underground. Safety monitors receive training once per week for one hour and are responsible for identifying and reporting any and all high risk situations.

Other specific 2014 safety training or initiatives included:

- At Bolañitos, safety training is constantly reinforced with the workforce. Throughout 2014, four Training Days (*Jornadas de Capacitación*) were conducted in cooperation with the Ministry of Labour, covering a variety of different health

and safety topics in each installment. There has been a major drive to promote an improved safety culture through safety-themed campaigns and signage at site.

- El Cubo promoted "Safe Supervisor 2014" - a training program designed to develop communication and leadership skills amongst the supervisors of the operation, helping them identify personal strengths and developing concrete actions to improve best practices in safety leadership.
- Community safety training took place in elementary and middle schools in Guanaceví in 2014. Sessions were focused on basic first aid, emergency response, road safety and risk awareness campaigns, helping students and teachers identify risks in the community and at school.



JORGE COSS
Mine Manager, Bolañitos

EMPLOYEE PROFILE

stories. He was originally a part of the Bolañitos contracting team and was offered a full time position as Mine Captain. Hailing from Guanajuato, this offer was attractive as he could stay in his hometown. In 2008, he was promoted to Mine Superintendent and in 2011 he was promoted to his current position of Mine Manager.

Throughout Jorge's tenure with Endeavour, he has been given several professional development opportunities - the most recent being Strategic Training for High Performance Managers, provided by one of the top private universities

in Mexico (ITESM Monterrey Campus, Leon). The training has provided Jorge with both personal and professional learning outcomes including three specific factors he now considers key to his leadership style: listening and communication with workers, the internal promotion of learning opportunities, and thoroughly engaging with his team to motivate success.

"I enjoy working with Endeavour because I feel supported; that the company really cares about the employees at all levels. Now more than ever, I feel a part of the team that is learning how to work better together and how to support each other in their learning and growing paths. I hope to grow even more within the company and to continue contributing to its success."



TRAINING AND EDUCATION

We believe having highly-motivated people with the right skills is fundamental to a successful business. We regularly implement training and education programs directed towards professional development; we want our employees to work safely, feel part of the team, take pride in their work, and have the opportunity to advance through personal performance.

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

Upon joining the company, a new employee or contractor participates in a three-day induction program where they learn about our vision, mission, and values and in which key policies and procedures are addressed, including the Code of Business Conduct and Ethics and specific modules on human resources protocols, union relationships and representation, human rights, and discrimination. We want them to feel part of the Endeavour team and to understand the significance of safety, communication, and social and environmental responsibility in relation to our business activities. Specific environmental safety training was added to the induction program in 2014 to include safe handling of hazardous materials, (including cyanide) as well as emergency drills on hazardous or chemical spills, and breaches of tailings ponds or dams.

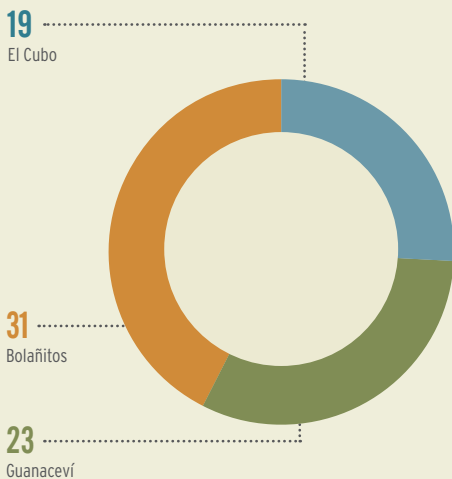
Best practices in safety, meeting country regulations, as well as specific technical skills required to perform certain tasks are factored into the annual safety training program modules conducted for employees and contractors at each mine. In 2014, every single employee and contractor across all three sites was re-trained in safety procedures in conjunction with the independent safety assessment.

We continuously encourage our people to become a member of our mine rescue group and emergency brigade teams. Training to our rescue and emergency teams is conducted on an ongoing basis. Emergency drills are conducted at all of our sites and we evaluate the emergency protocol performance of our teams frequently.

Our training is also focused on developing, improving, and certifying job skills (see Case Study on skills training and certification on page 35). Our ongoing commitment to social development and education is exemplified through partnerships with various local technical institutes, through which we provide a number of scholarships for employees to continue their education, ranging from a more basic primary or secondary school level to degrees or postgraduate degrees (See Community Training Case Study on page 45 and Employee Profile on page 33)

In 2014, employees at our operations received a total of 48,604 hours of training* in the previously noted categories of induction, human resources and safety training, which equates to approximately 24 hours per employee.

AVERAGE HOURS OF TRAINING PER EMPLOYEE



48,604
TOTAL HOURS OF TRAINING*
IN 2014

* Due to inconsistency of defining and tracking what constituted training hours in 2013, it is difficult to compare this figure year over year. Although we made the commitment to do so in 2013, training hours were not tracked by gender for 2014. We have implemented a consistent definition and documentation system in 2014 for training hours - which can now be confidently relied upon as a more accurate depiction of average hours of training per employee. We are also confident that the total number of training hours did not decrease as dramatically as the data appears to show - it was likely very similar in 2013, had consistent tracking methods been applied in previous years.

LABOUR RELATIONSHIPS - UNIONS

Endeavour supports the right to freedom of association and collective bargaining. All three of our mines have union representation and at December 31, 2014, 76% of our employees were covered under collective bargaining agreements.

We engage with union leaders regularly and our approach to labour relations is centered on cooperation, respectful dialogue and constructive, peaceful resolution of concerns. The relationships between the unions, the company, and employees are distinct at each of our sites.

We continue to work on improving the historically challenging relationship with one of the longest-standing unions in the country at El Cubo. To date we have succeeded in transforming a rather contentious relationship into one based on open and honest communication. In 2014, the annual union contract was successfully renegotiated and included a salary increase.

The union relationship at Bolañitos has been, and continues to be, strong due to both the general cooperative nature of the workforce at site combined with mutual ongoing cooperation and communication.

While there were no strikes or lock-outs in 2014, in April Guanaceví experienced an illegal, two day, work-stoppage due to a communication gap regarding safety and production goals and bonus payments after the occurrence of two lost-time accidents. This situation was quickly rectified, with management and the union working closely together to redefine performance metrics and expectations relating to the bonus structure.

SECURITY

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

Having said that, none of our three mines are considered to be located in areas of high security risks. Guanaceví is an area with a history of drug-related activities, however the company was not aware of, or impacted by, any such activities in 2014. Endeavour maintains heightened security awareness in Guanaceví to be safe. Neither Bolañitos nor El Cubo have any

history of or specific concerns about drug-related security issues.

We regularly conduct security risk assessments at all of our operations to identify, assess, and plan for short and longer term potential risks to human life and company assets. We have company-wide, strictly enforced, personal security practices for transportation to and from mine sites on certain routes, depending on prevailing external security conditions. Durango had been a geographic area of specific personal security concern in past years, however the situation has improved over time and at present, there are no travel restrictions on routes going in and coming out of our mine located in the state.

In 2014 we experienced a decrease in theft incidents (particularly warehouse materials and supplies), and internal feedback helped verify an improvement in the overall feeling of safety and security of our employees. We believe these improvements are

linked to the improved general security in the region, combined with our preventative actions taken, including the addition of security staff, improved procedures and protocols relating to preventative and surveillance techniques, and the addition of barriers and other controls at all operations to deter and limit unauthorized entry.

COMPLIANCE

In 2014, there were a total of twelve fines paid for past issues related to minor errors in reporting to the Ministry of Finance and lack of implementation of corrective measures identified in safety inspections by the Ministry of Labour (environmental fines are addressed separately in the environmental section). These infractions occurred between 2011- 2013, however had been in dispute and were resolved and paid in 2014.

CASE STUDY

SKILLS TRAINING AND CERTIFICATION

BOLAÑITOS & EL CUBO



In partnership with the Ministry of Labour of the State of Guanajuato, three regional mines began promoting a new skills training and certification program in 2014. Employees and contractors with specific operations skills can now be tested and issued a Labour Competency Certificate (*Certificado de Competencia Laboral*) for these skills. The program represents the formalization of training acquired on-the-job with a Ministry sponsored certificate.

Open to all employees and contractors at both Bolañitos and El Cubo, six male employees participated in the program in 2014, and received certificates for competency as scoop tram and heavy equipment operators as well as drillers. Participants underwent an initial evaluation, a week of in-house training (including extra training

regarding safety and labour norms and legal frameworks), and then participated in a full evaluation, including a practical and theoretical exam with the Ministry.

This simple, yet important certification process provides validation, and the corresponding paperwork for these individuals, who have been trained for these positions, despite not having formal education. The skills certification program provides both personal and professional growth; by validating operational experience, and certifying specific labour skills for portability and mobility. This education and skills training initiative provides the long-lasting benefit of building capacity and increasing employability in preparation for mine closure, or if employees need to change locations or industries.



IN THIS SECTION

- Approach
- Water
- Waste Management
- Energy and Emissions
- Biodiversity
- Mine Closure Planning
- Environmental Compliance

ENVIRONMENT

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



We identify and assess potential environmental impacts during all phases of mineral exploration, development, and production, including mine closure.

APPROACH

Our Environmental Protection Policy articulates our commitment to the protection of the environment for future generations: to prevent, as much as reasonably possible, the impacts of mining on the natural environment, improve the efficiency of our use of natural resources (e.g. land, water, energy, etc), reduce waste and increase waste recycling through effective, efficient improvements to our policies and practices.

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

We maintain ongoing communication with the communities adjacent to our mines, supporting cooperative environmental initiatives, addressing their environmental concerns, and informing them about the impacts and potential impacts of our operations.

We base our commitments to the environment on the following key actions:

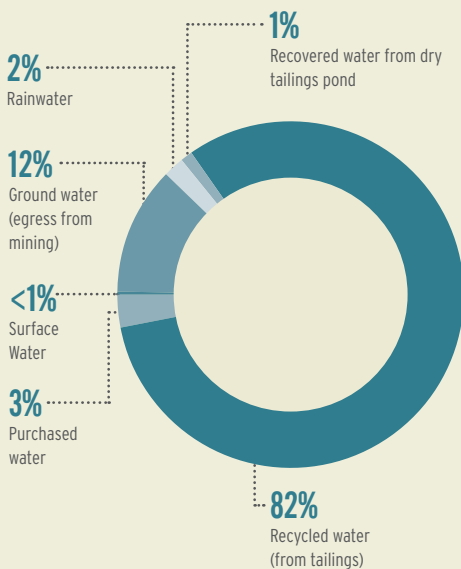
- **We ensure** ongoing compliance with environmental legislation and our corporate commitments and we apply protection measures when there are none
- **We consider** environmental issues in all operational decisions

- **We identify** and assess potential environmental impacts during all phases of mineral exploration, development, and production, including mine closure
- **We promote** the rational and efficient use of natural resources, including the use and implementation of clean technologies and renewable energies
- **We monitor** the generation of solid, liquid and gaseous emissions to the atmosphere, encouraging and promoting the practices of reduction, recovery and reuse
- **We identify** situations presenting potential environmental risks and develop response plans to control or mitigate them effectively



El Cubo and Bolañitos have zero water discharge into the natural environment. All water used in the mining process at these sites is collected and recycled in the system.

WATER WITHDRAWN BY SOURCE



80%
WE RECYCLE OVER 80% OF THE WATER WE USE

WATER

Water is a precious natural resource. Recognizing that access to clean water is a rising concern in Mexico and globally, we carefully consider local water supply with the water requirements for developing, operating, expanding, and rehabilitating our mines. Endeavour operates in regions with significant differences in climatic conditions. Guanaceví has plenty of seasonal rainfall, whereas Bolañitos and El Cubo are located in arid regions where water is more scarce. Reliability of water supply in terms of both quantity and quality is essential for operations and for local communities.

Mining can have adverse effects on the quantity and quality of surface and groundwater unless protective measures are taken. We are constantly seeking opportunities to minimize freshwater use (and prioritize this performance indicator) and we are actively engaged with our local communities surrounding the topic of the availability and optimal, efficient use of water. We have investigated and implemented programs to adapt our practices to reduce our reliance on fresh water supply by recycling or reusing water. To monitor and control water flow at our mine sites, we rely on diversion systems, containment ponds, groundwater pumping systems, subsurface drainage systems, and subsurface barriers.

WATER CONSUMPTION

As a major consumer of water, we have a responsibility to use and plan our water resources accordingly. We consume water used in the mining process as well as water used in facilities such as offices and campsites.

Our water sources include surface water (the Guanaceví River), rainwater collected and stored, water extracted from the mining process, and from wet tailings. The Natural Water Commission (CONAGUA) issues water withdrawal permits based, for surface water, on the flow of the Guanaceví River, ensuring it will not be significantly affected.

In 2014 our total water withdrawal was slightly lower than in 2013 at approximately 3.22 million (m³), and of this total, approximately 2.6 million m³ (81.6%) was water recycled from tailings. Overall, we recycled slightly more water and purchased less water in 2014 due to changes to the tailings ponds at Bolañitos to retain more rainwater, as well as higher rainfall in the Guanajuato area.

At all of our operations, we use modern technology and employ innovative solutions to minimize freshwater intake and maximize water recycling. In 2014, we used 162,092 cubic metres (m³) of new water (fresh and rain water) compared to 158,632 m³ in 2013. The amount of collected rain water at Bolañitos and El Cubo is an estimated number, whereas Guanaceví has the ability to make accurate measurements. We will be working towards the implementation of more accurate systems for consistently measuring rainwater across our operations in 2015.

We have always complied with regulatory monitoring points at all sites and in 2013 we went one step ahead and implemented an upstream and downstream water monitoring system at El Cubo. In 2014 we implemented the same system at Bolañitos and Guanaceví to identify any potential water contamination, and where it might be coming from, not only from our operations but also from activities upstream or downstream from our water sources.



WATER DISCHARGE

Discharge and runoff from mine sites can affect water bodies and therefore careful monitoring is essential to avoid any environmental impacts.

El Cubo and Bolañitos have zero water discharge into the natural environment. Any water used in the mining process at these sites is collected and recycled in the system. Guanaceví operates in a region with abundant water, including excess ground water that must be pumped out of the mines. By pumping inert egress water from the mine and releasing it to the Guanaceví River (after detailed monitoring), we help keep natural waterways flowing, even during the dry season. A total of 10.2 million m³ – was released in 2014, down slightly from 11 million m³ in 2013. The amount of water discharged at Guanaceví depends on rainfall and the areas where mining is taking place, therefore certain increases or decreases are not necessarily a reflection of water management, but prevailing climate conditions. Any discharge goes through quality monitoring to ensure it meets quality standards before releasing into the Guanaceví River.

WASTE MANAGEMENT

Waste management systems across our operations are evaluated on an ongoing basis with the objective of reducing waste to landfill and reducing volumes of waste stockpiled over time. The waste is classified as hazardous, special management, or non-hazardous waste. Hazardous waste is either taken to a landfill or final disposition by an approved supplier or sold for off-site energy recovery. Any materials in the category of special management are recycled or reused on-site or in the community. Non-hazardous waste such as plastic and cardboard are recycled, and urban waste is taken to the municipal landfill.

In 2014, Endeavour updated its waste management system to include tracking of the weight and amount of non-hazardous waste produced or managed onsite. Major improvements were made by new service providers in the hazardous materials warehouse, providing documentation procedures and safety equipment for the proper separation and labeling of hazardous materials.

We implemented and trained our staff on a company-wide recycling program in 2014, including separation of organic and non-organic waste in the dining room, offices, and the exterior of the mine. Paper and plastic is also being separated at the offices. This has resulted in a noticeable improvement: for example, at Guanaceví, the weight of the garbage taken to landfill since September has decreased by approximately 25%, due predominantly to the simple separation of cardboard, which is now being collected for resale.

Community waste collection services for one of the El Cubo communities was improved by installing containers where people can deposit waste to replace an open-air collection-day process.

AWARD

PROMOTING ENVIRONMENTAL CULTURE BOLAÑITOS AND EL CUBO

Bolañitos and El Cubo together received an award in 2014 from the Institute of Ecology of the State of Guanajuato for “Promoting Environmental Culture”. This award is the result of the combined environmental education efforts of the two mines in the communities located from El Cubo to Bolañitos, including El Cubo, Peregrina, Calderones, and Mineral de la Luz. The campaign, called “Cleaning Mexico”, included the collection of batteries, computers, and other electronic devices for drop-off at authorized centres that could properly dispose of them, and participation

in works related to reforestation projects. The mines plan to continue the campaign on a bi-annual basis.



TAILINGS STORAGE FACILITIES

The most prominent global environmental issue relating to mining in 2014 was tailings, or more specifically, the integrity of tailings storage facilities (TSFs). There were well-publicized tailings dam breaches in both Canada and Mexico during the year, heightening awareness and regulatory vigilance surrounding this critical environmental topic. The Mexican environmental regulatory authority PROFEPA is exhibiting their concern surrounding tailings facilities through increased monitoring visits and more rigorous reviews.

We meet local laws and regulations related to tailings management, and we aim to exceed them where possible, focusing on sustainable development and the adoption of best environmental practices. At all three of our mines, we continuously monitor and



At all three of our mines, we continuously monitor and evaluate the stability and conditions of our current and out-of-use tailings storage facilities using water wells.

evaluate the stability and conditions of our current and out-of-use tailings storage facilities using water wells, aerial mapping and satellite imagery - engaging independent expert consultants to advise on any improvements or required works when necessary.

At El Cubo the sludge, which comes from the washing of equipment at the mechanic shop, is collected and removed from site for safe disposal using a hazardous materials protocol on a regular basis by a supplier.

We have implemented several company-wide initiatives in recent years to improve TSF performance:

- The tailings facility at Guanaceví was completely overhauled by fully lining the pond. In addition, we introduced dry stack tailings, which removes up to 85% of moisture from tailings for recycling and significantly reduces the risks of catastrophic failure.
- At Bolañitos, we expanded the tailings dam to avoid leakage during the rainy season. We also completed construction of tunnels to facilitate the dewatering process for the recycling of water from one pond, and in 2015 - once the requisite permits are issued for clearing the site, we will commence work on an expansion of the second pond.
- At El Cubo, we stopped using cyanide in 2012 until further notice and the two active tailings ponds are cyanide free. In the other inactive tailing ponds, an aeration system was installed to degrade the cyanide content in the pond. At present, none of the tailing ponds contain any cyanide residue.

ENERGY AND EMISSIONS

ENERGY CONSUMPTION

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

ENERGY INTENSITY

Energy intensity measures the amount of energy required to process each tonne of material, enables us to more accurately understand the efficiency of our processes, and monitors the significance of any of our reduction efforts in relation to efficiencies in our processes.



Energy represents one of our most significant operating costs and can be divided into transport use and electrical power.

In 2014, our average energy intensity was 0.54 MJ/tonne of material processed compared to 0.43 MJ/tonne in 2013. The increase is predominantly due to the higher consumption of purchased electricity at El Cubo due to the extended ventilation works, as well as higher consumption of diesel, corresponding with an increase in production and heavy-use vehicles.

EMISSIONS

Our total direct and indirect greenhouse gas emissions in 2014 were 81,146 tonnes of CO₂ equivalent (tCO₂e). This represents an approximate 18% increase over 2013 due, as stated above, to the increase of purchased electricity and use of diesel at El Cubo. Our greenhouse gas emission intensity in 2014 was 0.058 tCO₂e per tonne of material processed, compared with 0.044 tCO₂e in 2013.

Purchased electricity remains our biggest source of emissions, followed by diesel used in generators. Diesel used for mobile equipment includes heavy

and light vehicles used for the mining process and for the transport of our personnel. Propane and the use of explosives form a minimal source of emissions across all three operations.

Guanaceví has the highest energy emissions of our three mines due to the fact it purchases more power and consumes more propane than the other sites. The higher consumption of electricity is because of the dry-stack tailings process, the pumping of excess groundwater from underground, and the power for campsite, due to the use of heat in the winter and air conditioning in the summer. The higher consumption of propane is because of kitchen use at the dining facility (which we don't have at other locations) and the heaters for hot water in showers.

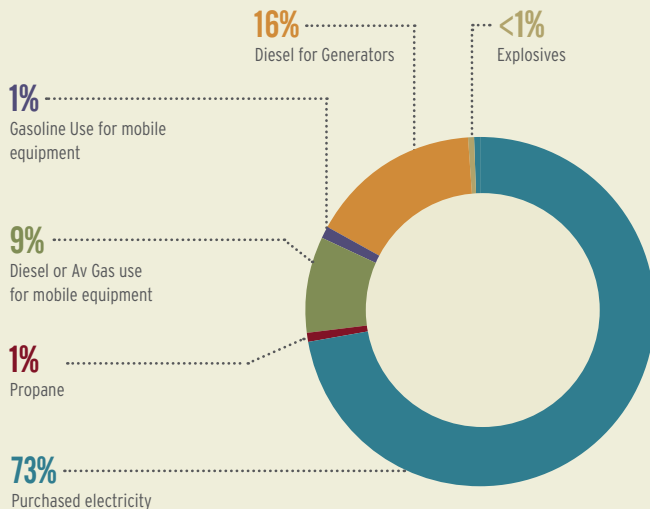
BIODIVERSITY

Endeavour is committed to protecting and preserving local ecosystems and any local species potentially impacted by our activities. All of our sites have conducted environmental impact assessments to identify endangered or at-risk flora or fauna, including our Terronera (formerly known as San Sebastián) exploration project.

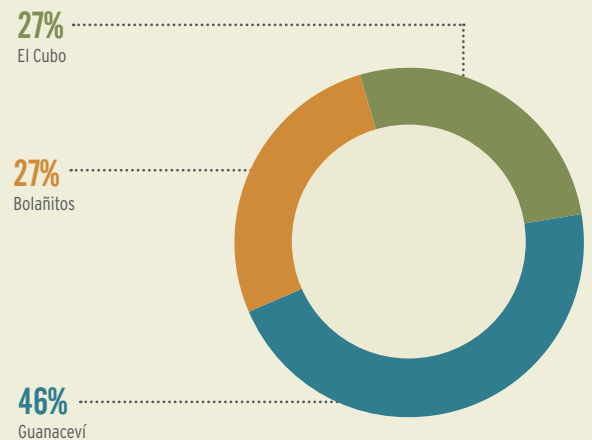
Our only site that has identified endangered flora and fauna species is Terronera. In this regard, the company has recently signed an agreement with the Commission for Natural Protected Areas (CONANP) to work together in ensuring that these species are protected and any potential impact is minimized upon construction and the commencement of operations.

None of our mining licenses are located within, or close, to protected areas. The Terronera exploration project is contained partially in the buffer zone of a proposed Natural Protected Area. The buffer zone will permit mining and other economic activities.

GHG EMISSIONS BY SOURCE



GHG EMISSIONS BY SITE





Endeavour is committed to the reclamation of land disturbed during the mining process.

40,000 TREES
PLANTED IN 2014

REHABILITATION

Endeavour is committed to the reclamation of land disturbed during the mining process. We consider environmental risks and potential impacts of our operations (both inside and outside our concession areas) during planning phases. As most of our operations are still in use, rehabilitation works take place mostly outside our operating facilities. The amounts and timelines for areas to be rehabilitated are proposed to, and agreed with, government authorities, either as a result of issued permits or land use changes.

A total of 96.5 hectares have been disturbed across our mining operations since 2004. In 2014, 33.52 hectares were rehabilitated outside our operating facilities and 2.4 hectares within. Our rehabilitation efforts include a range of activities, depending of the original conditions of the site to be rehabilitated. Activities can include removing entire facilities (offices, warehouses, etc), cleaning up areas contaminated by hydrocarbons, adding topsoil, and reforestation works. In 2014 we planted approximately 40,000 trees, with a survival rate of approximately 95%.

ENVIRONMENTAL PROTECTION EXPENDITURES

Our environmental protection expenditures are classified in five main categories:

- Transportation and final disposition for waste (either hazardous, special, or non-hazardous)
- Environmental studies, which includes environmental impact assessments and/or change of land use
- Monitoring, which includes water, waste, tailings, noise, gases, and dust
- Projects, which includes reforestation, rehabilitation or remediation works, signage and environmental education campaigns
- Tailings ponds projects (capital investments in tailings ponds)

We spent approximately \$1.2 million on environmental protection in 2014.

MINE CLOSURE PLANNING

Our mine closure plans have been developed using guidance provided by the British Columbia Ministry of Energy and Mines. Each of our operations has a closure plan in place, all of which were last updated in 2012 and are due to be updated again in 2015. Updated plans include any changes in the footprint of our operations and corresponding plans and anticipated costs for remediation or reclamation.

The company's environmental standard is to reclaim disturbed land wherever possible during mining operations, well before closure, essentially as soon as an area is no longer in use. Significant

reclamation and closure activities include land rehabilitation, decommissioning of buildings and mine facilities, ongoing care and maintenance, and other costs. Although the ultimate total costs cannot be predicted with complete certainty, the total requirement for Endeavour's estimated obligation is approximately \$7.3 million (up slightly from \$6.3 million in 2013): \$1.9 million for Guanaceví, \$1.1 million for Bolañitos and \$4.2 million for El Cubo mine operations.

ENVIRONMENTAL COMPLIANCE

At Endeavour we place high priority on the protection of the environment. We meet or exceed national laws and regulations and we strive towards international environmental best practices and standards. All of our sites now have stringent and consistent environmental monitoring systems and controls in place. In 2013 we hired an Environmental Manager (oversight for all three sites) and in 2014 we hired an Environmental Coordinator for each site. Additionally, in 2014 our Human Resources induction training introduced a new module in environmental education.

Prior to the implementation of our updated environmental systems and controls, a number of sanctions for environmental non-compliance from past years were applied in 2014. The monetary value of these fines (or the total value of compensatory remediation in lieu of fines), is detailed in our Key Performance Data on pages 49-55.

There were no reportable spills in 2014, however, there were three small cyanide solution incidents at Guanaceví (two of which related to a blocked pipe). None of the incidents resulted in any leakage to external environment and corrective measures have been put in place to prevent recurrence.



IN THIS SECTION

Approach

Community Engagement

Managing Impacts - Community
Feedback

Community Investments

Small-Scale Mining

Social Mine Closure Planning

SOCIAL

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



We believe mining companies cannot succeed unless they fully understand and address local needs and concerns.

APPROACH

Growth with integrity includes acting responsibly, being good corporate citizens, and good neighbours. We use best efforts to maximize the benefits of our activities by building relationships with community leaders, identifying and understanding local needs, and engaging in dialogue to identify the most appropriate method of support to build capacity and enhance social impacts.

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

COMMUNITY ENGAGEMENT

We believe mining companies cannot succeed unless they fully understand and address local needs and concerns. For this reason, our community approach prioritizes two-way stakeholder engagement, particularly engaging with the communities near our mines, to build trust, share and understand perspectives, and ensure our efforts to create value in communities is in line with their most salient needs.

Endeavour has community relations representatives at all three operations who regularly engage with members of the local community to share information about the operation, assess community needs, to listen to feedback and complaints, and support community health and the surrounding environment. In 2015 we plan to finalize and implement a formal complaint and feedback mechanism, which will allow us to document and address community issues in a more consistent and transparent manner.

Our sites engage at different levels with their communities. All sites support sports mostly in elementary and high schools, through summer camps, or providing support for equipment or transportation to competitions. They also all support cultural and religious events that are important for the local communities. And finally, all run different levels of environmental, health, and safety campaigns in the communities.

At the same time, each of our mines has unique initiatives, to respond in a more customized fashion to the needs specified by their communities, as highlighted below for 2014:

GUANACEVÍ:

- Has become more active with the ejidos; community relations attends their monthly meetings to be able to respond to ejido needs or request in a more informed and structured way
- Has started an initiative to support the creation of small businesses with vulnerable groups, particularly handicapped people. The first business, with approximately 15 participants, makes brooms and mops using local materials
- Runs an ongoing program against addictions in the community including a "Clean Campaign" with local schools.
- Formed a partnership with a private university to provide community training (see Case study below).

BOLAÑITOS:

- The pastry and jewelry making businesses are growing. The pastry group has received extensive training from a professional chef and the jewelry-making group is working with private designers to bring uniqueness to their products.
- The company continues to support small businesses by providing space, as well as training and materials, to conduct work in stone carving, jewelry, and confection items and hopes to expand the reach of local enterprises that it can help launch to independent, sustainable status.

EL CUBO:

- Worked closely with the Economic Development Department of the Municipality of Guanajuato on small business/self-employment to the community. Endeavour provided the training space and materials and the municipality provided instructors. A total of 40 women participated in two workshops (pastry making and sewing). As a result of these workshops, eight women are still working on their small business.
- Signed an agreement with the Universidad Virtual de Guanajuato to provide high school education for the community. In 2014 there were 30 students participating with three rotating teachers who guided the group through the online programs.

Bolañitos and El Cubo, in cooperation with the Leon administrative office, organized the first Endeavour Silver Mining Race. Approximately 70 employees volunteered their time to help organize the event and coordinate logistics on race day, engaging with state and municipal contacts, as well as local community/families (See Case Study on page 29).

CASE STUDY

COMMUNITY TRAINING

GUANACEVÍ



Fundación
BBVA Bancomer



In a commitment to social development and education in the State of Durango, in 2014 Endeavour signed two agreements to provide community training: one with the Monterrey Institute of Technology and Higher Education (*ITESM Instituto Tecnológico de Estudios Superiores de Monterrey*), one of the largest private universities in Mexico, and the second with the Colegio de Bachilleres.

In the agreement, ITESM provides access to their online programs and Endeavour provides the infrastructure (access to a 'classroom' and computer). The programs offered are for high school education as well as other self-employment courses. The cost of the program is covered by ITESM, Endeavour, and *Fundación Bancomer*, a non-profit arm of a Mexican bank. Each course lasts four months allowing the students to complete high school in two years. There are currently 10 women enrolled

in this course. The self employment classes provide introductory computer skills, financial management, empowerment, critical thinking, and learning skills. While the program is not focused on women exclusively, 100% of interested and enrolled participants in computer skills 2014 were women. The program had 35 women who initially registered and in August of 2014, 21 were presented with completion certificates.

The second agreement is with the *Colegio de Bachilleres*, which offers high school technical degrees for the community through Endeavour. Participation can be either online or in person (at the Endeavour community relations office) for those without internet access. There are 20 students registered, again, the majority of whom are women, in courses focused on providing technical mining skills such as geology, metallurgy, mine planning, mining software, etc.



Endeavour Silver's business operations stimulate economic activity and contribute to the national and local economies of Mexico.

MANAGING IMPACTS – COMMUNITY FEEDBACK

Our mines have an impact on the communities residing near our operations. Some of these impacts are positive or can provide opportunities to enhance mutual benefits, while others can be negative and require risk management, mitigation, or remediation.

The following outlines feedback we received in 2014 from community stakeholders regarding issues or impacts related to each of our operations, and the actions we have taken to respond to these issues.

2014 COMMUNITY FEEDBACK

ISSUE	ACTIONS TAKEN
Economic Dependence	Although there is appreciation for the employment and economic growth provided by the mines, there is recognition across all sites, but of particular concern in Guanaceví, that the mine is the main source of employment. All Endeavour operations have specific programs to promote education and employability amongst employees and community members. Examples of current initiatives and activities in this regard are outlined in the Mine Closure Planning section on page 48.
Dust	Guanajuato University expressed concern about the increase in Bolañitos trucking/road traffic on a gravel road passing by their observatory telescopes, causing two problems. Firstly, increased and sustained dust levels were damaging the observatory telescopes and other equipment, and secondly, visibility quality at night was reduced due to increased traffic headlights. Endeavour engaged with the University and agreed to pave the road to eliminate the dust from that source and also phased out the night trucking schedule to reduce interference with the observatories viewing activities. Residents of El Cubo expressed concern that dust from a nearby tailings dam could contaminate a local drinking water source. While not in current use, the tailings area has not been remediated as it may be used for future tailings. Although the dust is inert and never contained cyanide, the company is exploring measures to suppress the dust during the dry season.
Ventilation Duct	A planned mine ventilation raise at Bolañitos was, according to the engineering plan, emerging at surface on private land. There was some local opposition to the positioning of the raise. The company is respecting the concerns of these land owners and is researching the relocation for the raise.
Rise in River Water Table/Water Damage	El Cubo agreed to clear some waste rock in 2014 that had been deposited in the past on a slope near the river, resulting in raised water levels and potential damage to homes after heavy rainfall. Some work was done, however due to an unusually heavy rainy season, more waste rock slipped, exacerbating the problem. One occupant has been relocated from a flooded home to a company house until such time as repairs can be made. The company has agreed to install a barrier in 2015 to more securely prevent any further slippage and will donate materials to repair any other damaged homes, as well as supplies to rehabilitate a water-damaged bridge.



COMMUNITY INVESTMENT

Endeavour has voluntarily contributed to community investment programs and initiatives since start-up, and as our operations grow, we plan to enhance and expand our community commitments.

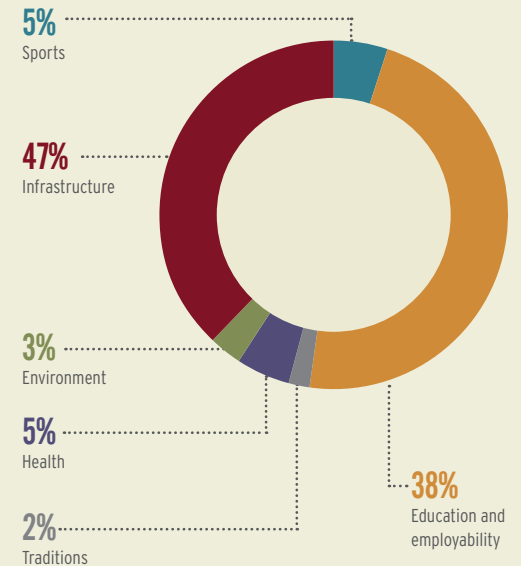
We have an annual budget for each mine site and office site outlining the goals, activities, beneficiaries, and budget for the community investment initiatives planned for the year. Community investment decisions are made in cooperation with the community relations teams - taking into account local needs and requests. All sites have a system in place to track the community investment activities that are conducted throughout the year, the needs addressed by these programs, and the number of beneficiaries of each activity or initiative. Community relations are responsible for the documentation of community investment requests and responses back to the community.

2014 Endeavour spent approximately \$515,000 on community investment initiatives across our three mines, our exploration areas, and our corporate office in Vancouver. This figure does not include staff time allocated to manage these activities. This amount is slightly higher than 2013 due to the inclusion of the community investment expenses incurred by the exploration team. The majority of the 2014 community investment funds were spent on infrastructure projects ranging from the paving of a 5km stretch of road (in response to a stakeholder concern at Bolañitos regarding dust), to the donation of a garbage collection truck in Guanaceví and other support for water infrastructure.

WHAT WE INVEST IN

Our eligible community investment categories include: health, education and employability, sports, environment, infrastructure, and preserving cultural heritage and local traditions.

WHAT WE SPENT



KARINA BURCIAGA, Operations Assistant, Leon Office

EMPLOYEE PROFILE

Karina has been with Endeavour since April 2011. She has a degree in Computer Engineering from the Technological

Institute of Durango and is currently pursuing a Masters in Human Resources Management. Before joining Endeavour, Karina worked in the United States for six years in a variety of insurance sales and finance positions. The opportunity to accept a new challenge in the Leon office - in a new field of work, while having the ability to continue practicing English and return to the town where her family lives was unique and highly attractive. During her tenure at Endeavour over the last four years, she remains challenged in her position through an ongoing variety of learning experiences, and has also had the opportunity to work with, and learn from, people she considers 'amazing'.

"Endeavour is like my second family. I spend a great deal of time at work and with my fellow co-workers. I feel the company truly cares about our safety and well-being and expends much effort on the welfare of its people."

Karina also feels the company is open to new ideas and promotes entrepreneurship among employees. In 2014, she and a group of other employees introduced the idea of hosting the first mining race in Guanajuato - the Endeavour Silver Mining Race. (See Case Study on Page 29) She is very grateful for the incredible amount of internal support they received to make this idea a reality. In addition to it being a success from a cultural, community, and employee morale perspective, it was a very personally rewarding initiative for Karina.



We want to support the acquisition of transferable or transportable skills for both men and women, with the long-term vision of supporting the community in finding other options for work upon mine closure.



SMALL-SCALE MINING

The Guanaceví mine is our only operation affected by small-scale mining activity. In support of an important historical aspect of the local economy, in combination with the extension of a cooperative predecessor agreement, our operating permit requires us to support local mining and accept up to 10% of our feed from small-scale local miners. Guanaveví supports fifteen officially recognized artisanal miners who are registered as small businesses with Mexican authorities and are subject to Mexican small business laws. These small-scale local miners hand sort material from surface dumps within the district for delivery to our site, and are permitted to unload small truckloads of ore at the plant stockpile area, just outside the main gate. Endeavour's plant manager supervises the delivery, the weighing, and sampling of the material, as well as payment arrangements.

SOCIAL MINE CLOSURE PLANNING

While our environmental mine closure obligations remain a top priority, we are also concerned about the social implications and corresponding economic impacts surrounding mine closure. The communities surrounding Guanaceví, Bolañitos and El Cubo all express concern regarding economic dependency on the mine and eventual closure. While Mexico has a strong mining industry and some people may be able to find alternative employment, for those who do not have experience or technical certifications, there are very few other employment opportunities in these regions. We want to support the acquisition of transferable or transportable skills for both men and women, with the long-term vision of supporting the community in finding other options for work upon mine closure.

All of our operations consider sustainable economic initiatives as a priority, in tandem with our community investment activities and eligibility criteria. Details can be found in Our Community Engagement Section in page 44.

KEY PERFORMANCE DATA

ECONOMIC

ECONOMIC PERFORMANCE

EC1. Direct Economic value generated and distributed, including revenues, operating costs, employee wages and benefits, donations and other community investments, retained earnings, and payments to capital providers and payments to governments, by country.

[Thousands USD]

Direct Economic Value:	2014	2013
Revenues	\$ 196,928	\$ 276,783
Indirect economic value:	\$ -	\$ -
Operating costs	\$ 102,991	\$ 186,006
Employee wages and benefits	\$ 46,800	\$ 58,636
Payments to providers of capital	\$ 1,343	\$ 1,474
Payments to Mx governments (taxes)	\$ 13,166	\$ 15,516
Payments to Cdn governments (taxes)	\$ 533	\$ -
Payments to governments (payroll taxes, employer portion only)	\$ 13,404	\$ 13,108
Land use payments	\$ 585	\$ 149
Community investment (including infrastructure)*	\$ 515	\$ 480

* See Breakdown in community investment table

MARKET PRESENCE

EC5. Ratios of standard entry level wage by gender compared to local minimum wage

	2014	2013
Local minimum wage in each region (Mexican pesos/day)	\$ 63.77	\$ 61.38
Percentage of employees receiving minimum wage	0%	0%
Entry level wage at each location (Mexican pesos/day)	\$ 114.91	\$ 115.79
Number of people that entered in that level wage at each location	23	27
Percentage of employees receiving entry level wage at each location	1.38%	1.80%

EC6. Procedures for local hiring and proportion of senior management hired from the local community

	2014		2013	
	M	F	M	F
Total senior management	27		29	
Total senior management by gender	27	0	28	1
Total senior management hired locally (within state)	5		4	
Total senior management hired nationally (within the country)	11		12	
Total senior management hired internationally	11		13	
Percentage of international senior management	41%		45%	

* For the purposes of this indicator, senior management is defined as the leadership team at each Mexican location

INDIRECT ECONOMIC IMPACTS

[Thousands USD]

EC7. Development and impact of infrastructure investments and services supported

	2014		2013	
Total amount spent on infrastructure and services supported	\$	243.13	\$	172.90

PROCUREMENT PRACTICES

[Thousands USD]

EC9. Proportion of spending on locally-based suppliers at significant locations of operation

	2014		2013	
Total procurement	\$	75,662	\$	135,510
Total procurement spent locally (within state)	\$	30,848	\$	57,918
Total procurement spent nationally (within the country)	\$	42,534	\$	66,973
Total procurement spent internationally	\$	2,279	\$	10,619
Percentage spent locally (state and nation wide)		97%		92%

PRODUCTION

Material processed, gold and silver

	2014		2013	
Material processed (tonnes)		1,404,406		1,527,984
Silver (oz)		7,212,074		6,813,152
Gold (oz)		62,895		75,580

LABOUR

G4-10 ORGANIZATIONAL PROFILE

Total workforce by employment contract and gender

	2014		2013	
Total number of employees		1,661		1,501
Total number of permanent employees*	M	F	M	F
	1,354	145	1,311	137
Total number of temporary employees	151	11	50	3
Total number of contractors		837		1,050
Total number of contractors and employees		2,498		2,551
Total number of foreigners hired		22		39
Total number of foreigners hired by gender	M	F	M	F
	19	3	34	5

* All permanent employees are full time

Total management team, includes and equal to: executives, officers, and senior managers

	2014		2013	
Permanent employees		34	Not Available	
Fixed term or temporary		0		
International hires		12		
Local hires (country)		22		
Indigenous hires		0		
Total by gender	M	F		
	31	3		

Total bi-weekly paid employees	2014		2013
Permanent employees	382		Not Available
Fixed term or temporary	0		
Local hires (within state)	261		
Regional hires (within Mexico)	98		
International hires	23		
Indigenous hires	0		
Total by gender	M	F	
	301	81	

Total weekly paid employees (not including management team and bi-weekly team identified above)	2014		2013
Permanent employees	1,278		Not Available
Fixed term or temporary	0		
Local hires (within state)	1,202		
Regional hires (within Mexico)	76		
Indigenous hires	0		
Total by gender	M	F	
	1,204	73	

G4-11. Percentage of total employees covered by collective bargaining agreements	2014	2013
Total Union employees	1,257	1,152
Percentage of Union employees	76%	77%
Non-Union employees	318	349
Percentage of Non-Union employees	19%	23%

LA1. Total number and rate of new employee hires and employee turnover by age group, gender*, and region	2014	2013
Total number of new hires	572	404
Total new hires under 30 years old	256	Not Available
Total new hires between 30 and 50 years old	259	
Total new hires older than 50 years old	29	
Total new hires locally (country wise)	569	
Total new hires internationally	3	
Total number of employees voluntarily leaving employment or dismissed	442	747
Total number of local (Mexican) employees voluntarily leaving employment or dismissed	442	809
Total number of international employees voluntarily leaving employment or dismissed	0	11
Turnover rate for all employees	28.86%	31.36%

* Data not available by gender

LA3. Return to work and retention rates after parental leave, by gender*

	2014	2013
Total number of people that left on parental leave in 2014	9	Not available
Total number of people that came back to work after parental leave	8	
Percentage of people that came back to work after parental leave	89%	

* All were females.

LA9. Average hours of training per year per employee by gender* and by employee category

	2014	2013
Human Resources general training	29,595	23,675
Safety rescue training (including mine rescue)	19,009	222,632
Total number of hours that all employees received	48,604	246,307
Average hours of training per employee per year	24	127**

* Data not available by gender

** Due to inconsistency of defining and tracking what constituted training hours in 2013, it is not comparable year over year.

LA11. Percentage of employees receiving regular performance and career development reviews by gender and by employee category

	2014	2013	
Number of people that receive performance evaluations	382	Not available	
	M		F
Total by gender	301		81
Percentage of employees receiving regular performance	23%		

SAFETY**LA5. Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs**

	2014	2013
Total number of employees represented in formal joint management-worker health and safety committees	213	93
Percentage of the total workforce	12.8%	6.5%

LA6. Type and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender

	2014	2013
Reportable injury frequency rate	5.46	7.01
Lost time injury frequency rate	3.19	4.43
Lost time injury severity rate	578.14	752.53
Total number of occupation diseases	0	N/A
Absentee rate - all employees	3.23%	3.81%

ENVIRONMENT

WATER

EN8. Total water withdrawal by source	2014	2013
Total water withdrawn from (m ³):		
Surface water, including water from wetlands, rivers, lakes, and oceans	14,906	49,405
Ground water (from mining)	387,507	404,713
Rainwater	147,186	109,227
Recovered water from dry tailings pond	32,115	0
Recycled water (from tailings)	2,600,150	3,078,999
Purchased water (pipes)	44,261	145,973
TOTAL	3,226,125	3,788,317

EN10. Percentage of total volume of water recycled and reused	2014	2013
Percentage of water recycled and reused as a percentage of total water withdrawal	82.6%	81.3%

EFFLUENTS AND WASTE

EN22. Total water discharge by quality and destination (not including rainwater and domestic sewage)	2014	2013
Total water discharges to (m ³)		
Surface water	10,196,640	11,048,112

EN23. Total weight of waste by type and disposal method	2014	2013
Hazardous waste: solid (kg) (includes contaminated soil, cleaning cloths, filters, containers, lamps, hoses, and batteries)	50,401	28,720
Hazardous waste: liquid (l) (includes oils and water contaminated with oil)	101,990	80,690
Special management		
Scrap (kgs)	376,948	594,000
Tires (tonnes)	79,000	31,120
Cartridges (piece)	242	Not available
Toners (piece)	278	
Non-hazardous		
Plastic (kgs)	1,040	Not available
Cardboard (kgs)	14,637	
Urban solid waste (kgs)	326,900	

MM3. Total amounts of overburden, rock, tailings, and sludges and their associated risks (tonnes)	2014	2013
Total overburden/waste rock	404,841	750,114*
Overburden/waste rock that is used inside the mine	303,317	459,628
Overburden/waste rock that is taken outside the mine	101,524	290,486
Tailings	1,392,163	1,507,124
Sludge	14	10.74

*This metric was adjusted in 2014 to include waste rock from both surface and underground. The 2013 figure has been corrected to represent this combined total (previously reported in 2013 as 290,486 tons for surface waste rock only).

ENERGY

EN3. Energy consumption within the organization (GJ)	2014	2013
Non-renewable sources		
Purchased electricity	425,055	351,604
Propane	8,424	3,608
Diesel or Av gas use for mobile equipment	103,298	99,462
Gasoline Use for mobile equipment	9,747	11,090
Diesel for generators	194,725	189,763
ANFO (explosives)	10,967	10,916
Emulsions	1,223	1,919
Total energy (GJ)	753,438	668,362

EN5. Energy Intensity	2014	2013
Energy used by tons of material processed (GJ/tonne processed)	0.54	0.43

EN15. Direct Greenhouse Gas (GHG) Emissions (Scope 1) (tCO₂e)	2014	2013
Non-renewable sources (tCO₂e)		
Propane	528	225
Diesel or Av Gas use for mobile equipment	7,211	7,714
Gasoline Use for mobile equipment	684	649
Diesel for Generators	13,159	14,376
ANFO (explosives)	466	464
Emulsions	74	73
Subtotal direct GHG	22,122	23,500

EN16. Energy Indirect Greenhouse Gas (GHG) Emissions (Scope 2) (tCO₂e)	2014	2013
Purchased electricity	59,024	44,437
Subtotal indirect GHG	59,024	44,437
Total GHG (Direct + indirect) (tCO₂e)	81,146	67,937

EN18. Greenhouse Gas (GHG) Emissions Intensity	2014	2013
GHG used by tons of material processed (tCO ₂ e/tonne processed)	0.058	0.044

BIODIVERSITY

MM1. Amount of land disturbed or rehabilitated (ha)	2014		2013
Total land disturbed so far	96.56		Not Available
	within	out	
Total land rehabilitated in 2014 - within/out	2.40	33.52	

EN13. Habitats protected and restored	2014	2013
Total trees planted	39,865	Not available
Survival rate of reforestation projects*	95%	

* Survival rate is only for plantations of 2014

COMPLIANCE

EN29. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

	2014	2013
Total amount of fines	\$ 2.00	Not Available
Monetary sanction	\$ 1,871.84	
Estimated value for non-monetary sanctions	\$ 60,141.78	

OVERALL

EN31. Total environmental protection expenditures and investments by type

	2014	2013
Transportation and final disposition of waste	\$ 355,136.18	Not Available
Environmental studies	\$ 32,175.84	
Monitoring	\$ 34,625.96	
Projects (other than tailings ponds)	\$ 96,694.81	
Tailings ponds projects	\$ 723,333.17	
Total	\$ 1,241,965.9	

SOCIETY

LOCAL COMMUNITIES

S01. Percentage of operations with implemented local community engagement, impact assessments and development programs

	2014	2013
Number of activities	658	111
Number of beneficiaries	39,154	45,002
Community investment (USD)		
Health, education, employability, sports, traditions, culture	\$ 272,286.13	\$ 307,548.00
Local infrastructure	\$ 243,134.75	\$ 172,897.00
Total community investment	\$ 515,420.88	\$ 480,445.00

[Thousands USD]

MM10. Number and percentage of operations with closure plans

	2014	2013
Number of sites that have closure plans	3	3
Financial provision for closure	\$ 7,294	\$ 6,352

COMPLIANCE

S08. Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.

	2014	2013
Number of fines	12	Not Available
Amount paid	\$ 14,229.87	

G4 CONTENT INDEX

- Internal to the organization
- External to the organization

BOUNDARY ASPECT LEGEND

1	Corporate Office
2	Guanaceví Mine
2a	Local/adjacent communities and government agencies
3	Bolañitos Mine
3a	Local/adjacent communities and government agencies
4	El Cubo Mine
4a	Local/adjacent communities and government agencies
5	Terronera
6	Contractors, Subcontractors and Suppliers
7	Shareholders

IN ACCORDANCE WITH THE 'CORE' OPTION

GENERAL STANDARD DISCLOSURES

STRATEGY AND ANALYSIS

		LOCATION
G4-1	Statement of the most senior decision-maker of the organization	Letter from the CEO: Page 2
G4-2	Description of key impacts, risks and opportunities	Letter from the CEO: Page 2 Sustainability Priorities: Page 18 <u>Annual Information Form (AIF)</u> : Pages 10-12

ORGANIZATIONAL PROFILE

G4-3	Name of the organization	About Our Company: Page 14
G4-4	Primary brands, products and/or services	About Our Company: Page 14
G4-5	Location of organization's headquarters	About Our Company: Page 14
G4-6	Number of countries where the organization operates	About Our Company: Page 14
G4-7	Nature of ownership and legal form	<u>AIF</u> : Page 4
G4-8	Markets served	About Our Company: Page 14
G4-9	Scale of the reporting organization	2014 Highlights: Page 6
G4-10	Total number of employees and total workforce by employment type, gender, and region	Our People: Page 28
G4-11	Percentage of total employees covered by collective bargaining agreements	Our People: Page 34
G4-12	Description of the organization's supply chain	About Our Company: Page 14
G4-13	Significant changes during the reporting period	None

Commitments to External Initiatives

G4-14	Whether and how the precautionary approach or principle is addressed by the organization	About Our Company: Page 14 Sustainability Approach: Page 12 Environment: Page 37
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives	About Our Company: Page 15
G4-16	Memberships in associations and national or international advocacy organizations	About Our Company: Page 15

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	Entities included in the organization's consolidated financial statements and any entity is not covered by the report	About this Report: Page 16
G4-18	Process for defining report content and Aspect boundaries	About this Report: Page 17
G4-19	Material Aspects identified in the process of defining report content	About this Report: Page 17
G4-20	Aspect Boundary within the organization for each material aspect	About this Report: Page 17 GRI Content Index: Pages 56-59
G4-21	Aspect Boundary outside the organization for each material aspect	About this Report: Page 17 GRI Content Index: Pages 56-59
G4-22	Effect of any restatements in previous reports and the reasons for such restatements	Economic Page 25 Key Performance Data Page 53
G4-23	Significant changes from previous reporting periods in Scope and Aspect Boundaries	About this Report: Page 17 Terronera advanced exploration project added to materiality assessment

STAKEHOLDER ENGAGEMENT

LOCATION

G4-24	List of stakeholder groups engaged by the organization	Stakeholder Engagement: Page 22
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement: Page 22
G4-26	Organization's approach to stakeholder engagement,	Stakeholder Engagement: Page 22
G4-27	Stakeholder groups that have raised key topics and concerns and how the organization has responded to these concerns including through its reporting.	Stakeholder Engagement: Page 22 Stakeholder Feedback: Page 46

REPORT PROFILE

G4-28	Reporting period for information provided	Calendar 2014 About this Report: Page 16
G4-29	Date of most recent previous report, if any	About this Report: Page 16
G4-30	Reporting cycle	Annual About this Report: Page 16
G4-31	Contact point for questions regarding the report or its contents	Inside Back Cover

GRI Content Index

G4-32	In Accordance option chosen GRI Content Index	Core GRI Content Index: Pages 56-59
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Assurance

G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	About this Report: Page 16
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GOVERNANCE

Governance Structure & Composition

G4-34	Governance structure of the organization including committees under the highest governance body	Governance: Page 20-22 Information Circular: Pages 33-43
G4-38	The composition of the highest governance body and its committees	Governance: Page 22
G4-39	Indication whether chair of the highest governance body is also an executive officer	Governance: Page 21
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Governance: Page 20 Code of Conducts and Ethics

Role in Risk Management

G4-47	Frequency of the highest governance body's review of the economic, environmental and social impacts, risks and opportunities	Governance: Page 21
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Role in Sustainability Reporting

G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures all material Aspects are covered	Governance: Page 21-22
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Remuneration and Incentives

G4-51	Remuneration policies for the highest governance body and senior executives and how remuneration relates to economic, environmental and social objectives	Information Circular: Pages 7-27
G4-52	The process for determining remuneration including whether remuneration consultants are involved and whether they are independent of management.	Information Circular: Pages 7-27

ETHICS AND INTEGRITY

G4-56	The organizations values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Governance: Page 20 Corporate Website
G4-58	Internal and external mechanisms for reporting concerns about ethical and lawful behaviour	Governance: Page 20 Corporate Website

SPECIFIC STANDARD DISCLOSURES

ECONOMIC INDICATORS

Disclosure of Management Approach		OMISSIONS	LOCATION
Aspect: Economic Performance Boundary: 1-7			Economic: Page 24
G4-EC1	Direct economic value generated and distributed		Economic: Page 24 Social: Page 47
G4-EC4	Financial assistance received from government, by country.		None
Aspect: Market Presence Boundary: 2,2a,3,3a,4,4a,5			
G4-EC5	Range of ratios of standard entry-level wage compared to local minimum wage		Our People: Page 29
G4-EC6	Procedures for local hiring and proportion of senior management hired from the local community		Our People: Page 28
G4-EC7	Development and impact of infrastructure investments and services supported		Economic: Page 25
Aspect: Procurement Practices Boundary: 1-7			
G4-EC9	Proportion of spending on local suppliers		Economic: Page 26

ENVIRONMENTAL INDICATORS

Disclosure of Management Approach		OMISSIONS	LOCATION
Aspect: Energy Boundary: 1,2,3,4,5,6,7			Environment: Page 37
G4-EN3	Energy consumption within the organization		Environment: Page 40
G4-EN5	Energy intensity		Environment: Page 40
Aspect: Water Boundary: 1-7			
G4-EN8	Total water withdrawal by source		Environment: Page 38
G4-EN9	Water sources significantly affected by withdrawal of water		Environment: Page 38
G4-EN10	Percentage and total volume of water recycled and reused		Environment: Page 38
Aspect: Biodiversity Boundary: 1,2,2a,3,3a,4,4a,6,7			
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Environment: Page 41
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		Environment: Page 41
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated		Environment: Page 42
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place		Environment: Page 41
Aspect: Emissions Boundary: 2,2a,3,3a,4,4a			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		Environment: Page 40
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)		Environment: Page 41 Key Performance Data: Page 54
G4-EN18	Greenhouse gas (GHG) emissions intensity		Environment: Page 41
Aspect: Effluents and Waste Boundary: 2,2a,3,3a,4,4a,5			
G4-EN22	Total water discharge by quality and destination		Environment: Page 39
G4-EN23	Total weight of waste by type and disposal method		Environment: Page 39
G4-EN24	Total number and volume of significant spills		None
MM3	Total amounts of overburden, rock, tailings, sludges and their associated risk		Environment: Page 39
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III & IV, and percentage of transported waste shipped internationally		None
G4-EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff		None
Aspect: Compliance Boundary: 1-7			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		Environment: Page 42
Aspect: Transport Boundary: 2,2a,3,3a,4,4a,5			
G4-EN30	Significant environmental impacts of transporting products, goods, materials or members of the workforce		Social: Page 46
Aspect: Overall Boundary: 2,2a,3,3a,4,4a,5			
G4-EN31	Total environmental expenditures and investments by type		Environment: Page 42

SOCIAL: LABOUR PRACTICES

		OMISSIONS	LOCATION
Disclosure of Management Approach			Our People: Page 28
Aspect: Employment Boundary: 1-7			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region		Our People: Page 29-30
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Our People: Page 30
G4-LA3	Return to work and retention rates after parental leave, by gender		Our People: Page 30
Aspect: Labour/Management Relations Boundary: 2-6			
G4-LA4	Minimum notice period(s) regarding operational changes, including whether these are specified in collective agreements		
MM4	Number of strikes and lock-outs exceeding one week's duration		Our People: Page 35
Aspect: Occupational Health & Safety Boundary: 1-5			
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees		Health and Safety: Page 32-33
G4-LA6	Types and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender		Health and Safety: Page 30-31
G4-LA8	Health and safety topics covered in formal agreements with trade unions		
Aspect: Training & Education Boundary: 1-5			
G4-LA9	Average hours of training per year per employee by gender and by employee category		Our People: Page 34 Key Performance Data: Page 52
G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category		Our People: Page 28 Key Performance Data: Page 52
Aspect: Equal Remuneration Women & Men Boundary: 1-5			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category		Our People: Page 28 Key Performance Data: Page 52

HUMAN RIGHTS INDICATORS

Disclosure of Management Approach			Governance: Page 21
Aspect: Non Discrimination Boundary: 1-5			
G4-HR3	Total number of incidents of discrimination and actions taken		Governance: Page 21
Aspect: Freedom of Association & Collective Bargaining Boundary: 2-5			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and measures taken to support these rights		Our People : Page 34-35
Aspect: Child Labour Boundary: 2,3,4,5			
G4-HR5	Operations and suppliers identified as having significant risks of child labour		Governance: Page 21

SOCIETY INDICATORS

Disclosure of Management Approach			Community: Page 49
Aspect: Local Communities Boundary: 2-6			
G4-S01	Percentage of operations with implemented local community engagement, impact assessments and development programs		Social: Page 44-45
G4-S02	Operations with significant potential or actual negative impacts on local communities		Social: Page 46
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples	Not applicable	
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples	Not applicable	
MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place		Social: Page 48
MM9	Sites where resettlements took place	Not applicable	
MM10	Number and percentage of operations with closure plans		100% Social: Page 48
Aspect: Compliance Boundary: 1-7			
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations		Our People: Page 35

RESERVES AND RESOURCES

MINERAL RESERVES AND RESOURCE ESTIMATES AT OCTOBER 31, 2014

	Tonnes	Ag g/t	Au g/t	Ag Eq g/t	Ag oz	Au oz	Ag Eq oz
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SILVER-GOLD PROVEN AND PROBABLE RESERVES

Proven

Guanaceví	311,000	322	0.59	364	3,221,600	5,900	3,635,900
Bolañitos	333,800	142	2.13	291	1,521,100	22,800	3,124,100
El Cubo	346,600	145	1.94	281	1,615,400	21,600	3,129,400
Total Proven	991,400	199	1.58	310	6,358,100	50,300	9,889,400

Probable

Guanaceví	268,700	274	0.65	320	2,370,700	5,600	2,763,300
Bolañitos	360,500	119	2.73	310	1,374,500	31,700	3,593,600
El Cubo	446,900	132	1.79	257	1,893,100	25,700	3,689,800
Total Probable	1,076,100	163	1.82	290	5,638,300	63,000	10,046,700
Total P+P	2,067,500	180	1.70	300	11,996,400	113,300	19,936,100

SILVER-GOLD MEASURED AND INDICATED RESOURCES

Measured

Guanaceví	53,300	192	0.28	212	329,400	500	362,500
Bolañitos	66,300	127	1.59	239	271,500	3,300	508,500
El Cubo	737,700	171	2.74	363	4,063,700	65,000	8,616,400
Total Measured	857,300	169	2.50	344	4,664,600	68,800	9,487,400

Indicated

Guanaceví	1,149,300	317	0.85	377	11,719,700	31,400	13,913,400
Bolañitos	1,045,300	112	1.97	250	3,765,700	66,300	8,409,500
El Cubo	1,747,700	172	2.42	341	9,658,200	135,900	19,166,600
Terronera	3,091,400	221	1.70	340	21,931,100	169,200	33,778,600
Guadalupe y Calvo	1,861,000	119	2.38	286	7,147,300	142,500	17,123,800
Total Indicated	8,894,700	190	1.91	323	54,222,000	545,300	92,391,900
Total M+I	9,752,000	188	1.96	325	58,886,600	614,100	101,879,300

SILVER-GOLD INFERRED RESOURCES

Inferred

Guanaceví	1,792,900	281	0.61	324	16,226,200	35,000	18,670,000
Bolañitos	1,936,700	138	1.45	239	8,576,100	90,400	14,903,600
El Cubo	1,782,900	134	1.83	262	7,680,200	104,900	15,017,000
Terronera	1,176,700	189	1.44	290	7,165,200	54,300	10,967,800
Guadalupe y Calvo	154,000	94	2.14	244	464,600	10,600	1,206,500
Total Inferred	6,843,200	182	1.34	276	40,112,300	295,200	60,764,900

	Tonnes	Ag g/t	Au g/t	Ag Eq g/t	Ag oz	Au oz	Ag Eq oz	Pb %
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SILVER-GOLD-LEAD-ZINC RESOURCES

Indicated

Parral	1,631,000	49	0.90	112	2,589,900	47,200	5,893,500	2.87
Noche Buena	655,000	166	0.21	181	3,495,700	4,400	3,805,300	0.61
Total Indicated	2,286,000	83	0.70	132	6,085,600	51,600	9,698,800	2.22

Inferred

Parral	1,303,000	63	0.88	125	2,658,900	36,900	5,239,500	2.55
Arroyo Seco	738,000	220	0.07	225	5,220,000	1,700	5,336,300	0.65
Noche Buena	337,000	149	0.18	162	1,614,400	2,000	1,750,900	0.63
Buena Fe (Ag-Pb-Zn)	309,000	108	0.11	116	1,072,900	1,100	1,149,400	1.64
Total Inferred	2,687,000	122	0.48	156	10,566,200	41,700	13,476,100	1.68

- Reserve cut-off grades are 230 g/t silver equivalent at Guanaceví; 184 g/t silver equivalent at Bolañitos; and 218 g/t silver equivalent at El Cubo
- Measured and Indicated resource cut-off grades are 188 g/t silver equivalent at Guanaceví; 157 g/t silver equivalent at Bolañitos; 179 g/t silver equivalent at El Cubo; and 150 g/t silver equivalent at San Sebastián
- Inferred resource cut-off grades are 100 g/t silver equivalent at Guanaceví, Bolañitos and El Cubo, and 150 g/t silver equivalent at San Sebastián
- Recoveries are 82.7% silver and 85.7% gold at Guanaceví; 86.7% silver and 89.6% gold at Bolañitos; and 86.0% silver and 88.3% gold at El Cubo
- Minimum mining widths are 1.4 metres at Guanaceví, 0.8 metres at Bolañitos, and 0.8 metres at El Cubo
- Dilution factor is 20% at Guanaceví; 18%-25% at Bolañitos; and 30%-50% at El Cubo, depending on width
- Silver equivalents are based on a 70:1 silver:gold ratio
- Price assumptions are \$18 per ounce for silver and \$1,260 per ounce for gold

Godfrey Walton, M.Sc., P.Geo., President and COO of Endeavour, is the Qualified Person who reviewed and approved the technical information contained in this report. The Qualified Person for the Mineral Resource and Reserve Estimates was Mike Munroe, BSc, MSc, SME Registered Member 4151306RM. Technical reports for Guanaceví, Bolañitos, and El Cubo are available on SEDAR. A pre-feasibility study now under way for Terronera is expected to be released and filed on SEDAR in Q3, 2015, and will also include changes to the resources.

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

ANNUAL REVIEW AND SUSTAINABILITY REPORT FEEDBACK

FEEDBACK

We welcome feedback from stakeholders regarding our 2014 Annual Review and Sustainability Report.

For further information or comments, please contact:

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CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

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

Such forward-looking statements include but are not limited to statements regarding Endeavour’s anticipated performance in 2015 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.



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