



Condensed Consolidated Interim Financial Statements

PREPARED BY MANAGEMENT

Three and Six Months Ended June 30, 2023 and 2022

ENDEAVOUR SILVER CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited – prepared by management)

(expressed in thousands of US dollars)

	Notes	June 30, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		\$ 43,504	\$ 83,391
Other investments	4	8,136	8,647
Accounts and other receivables	5	17,567	13,136
Income tax receivable		166	4,024
Inventories	6	30,531	19,184
Prepaid expenses		25,524	16,951
Loans receivable	8 (c)	1,250	1,000
Total current assets		126,678	146,333
Non-current deposits		660	565
Non-current income tax receivable		3,570	3,570
Non-current other investments	4	-	1,388
Non-current IVA receivable	5	14,695	10,154
Non-current loans receivable	8 (c)	2,186	2,729
Right-of-use leased assets		914	806
Mineral properties, plant and equipment	8, 9	256,307	233,892
Total assets		\$ 405,010	\$ 399,437
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 35,719	\$ 39,831
Income taxes payable		7,289	6,616
Loans payable	9	5,000	6,041
Lease liabilities		431	261
Total current liabilities		48,439	52,749
Loans payable	9	6,361	8,469
Lease liabilities		810	812
Provision for reclamation and rehabilitation		9,574	7,601
Deferred income tax liability		15,386	12,944
Other non-current liabilities		1,063	968
Total liabilities		81,633	83,543
Shareholders' equity			
Common shares, unlimited shares authorized, no par value, issued, issuable and outstanding 191,505,299 shares (Dec 31, 2022 - 189,995,563 shares)	Page 4	662,029	657,866
Contributed surplus	Page 4	3,793	6,115
Retained earnings (deficit)	Page 4	(342,445)	(348,087)
Total shareholders' equity		323,377	315,894
Total liabilities and shareholders' equity		\$ 405,010	\$ 399,437

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

Approved on behalf of the Board:

/s/ Margaret Beck

Director

/s/ Daniel Dickson

Director

ENDEAVOUR SILVER CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

(unaudited – prepared by management)

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

	Notes	Three months ended		Six months ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenue	11	\$ 50,071	\$ 30,782	\$ 105,532	\$ 88,522
Cost of sales:					
Direct production costs		25,478	19,828	51,994	46,549
Royalties		5,749	2,194	12,284	6,511
Share-based payments	10 (b)(c)	(294)	113	(162)	240
Depreciation, depletion and amortization		6,596	4,175	12,849	10,481
		37,529	26,310	76,965	63,781
Mine operating earnings		12,542	4,472	28,567	24,741
Expenses:					
Exploration and evaluation	12	4,359	3,784	8,523	7,000
General and administrative	13	2,358	1,348	7,275	5,645
Care and maintenance costs		-	189	-	379
Write off of mineral properties	8 (e)	435	500	435	500
		7,152	5,821	16,233	13,524
Operating earnings (loss)		5,390	(1,349)	12,334	11,217
Finance costs		374	336	774	634
Other income (expense):					
Foreign exchange gain (loss)		1,855	(289)	3,744	522
Gain on asset disposal		5	-	67	-
Investment and other		(2,722)	(6,872)	1,360	(1,052)
		(862)	(7,161)	5,171	(530)
Earnings (loss) before income taxes		4,154	(8,846)	16,731	10,053
Income tax expense:					
Current income tax expense		4,442	1,325	8,887	2,340
Deferred income tax expense		766	1,752	2,442	7,974
		5,208	3,077	11,329	10,314
Net earnings (loss) and comprehensive earnings for the period		\$ (1,054)	\$ (11,923)	\$ 5,402	\$ (261)
Basic earnings (loss) per share based on net earnings		\$ (0.01)	\$ (0.07)	\$ 0.03	(0.00)
Diluted earnings (loss) per share based on net earnings	10(f)	\$ (0.01)	\$ (0.07)	\$ 0.03	(0.00)
Basic weighted average number of shares outstanding		191,446,597	180,974,609	190,867,192	176,291,929
Diluted weighted average number of shares outstanding	10(f)	191,446,597	184,569,970	192,811,731	179,018,499

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

ENDEAVOUR SILVER CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited – prepared by management)

(expressed in thousands of US dollars, except share amounts)

	Notes	Number of shares	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance at December 31, 2021		170,537,307	\$ 585,406	\$ 6,331	\$ (354,330)	\$ 237,407
Public equity offerings, net of issuance costs	10 (a)	9,293,150	43,189	-	-	43,189
Exercise of options	10 (b)	553,200	2,333	(755)	-	1,578
Settlement of performance and deferred share units	10 (c)	664,170	806	(2,703)	-	(1,897)
Issued for deferred share units	10 (c)	3,527	17	(17)	-	-
Share-based compensation	10 (b)(c)	-	-	2,499	-	2,499
Settlement of deferred share units	10 (c)	-	-	(6)	-	(6)
Loss for the period		-	-	-	(261)	(261)
Balance at June 30, 2022		181,051,354	\$ 631,751	\$ 5,349	\$ (354,591)	\$ 282,509
Public equity offerings, net of issuance costs	10 (a)	-	(73)	-	-	(73)
Issued on acquisition of mineral properties	8 (b)	8,577,380	25,589	-	-	25,589
Exercise of options	10 (b)	16,000	44	(15)	-	29
Issued and issuable for performance share units	10 (c)	350,829	555	(555)	-	-
Share-based compensation	10 (b)(c)	-	-	1,378	-	1,378
Canceled options	10 (b)	-	-	(42)	42	-
Earnings for the period		-	-	-	6,462	6,462
Balance at December 31, 2022		189,995,563	\$ 657,866	\$ 6,115	\$ (348,087)	\$ 315,894
Exercise of options	10 (b)	1,097,900	3,758	(1,305)	-	2,453
Settlement of performance and deferred share units	10 (c)	411,836	405	(2,817)	-	(2,412)
Share-based compensation	10 (b)(c)	-	-	2,040	-	2,040
Canceled options	10 (b)	-	-	(240)	240	-
Earnings for the period		-	-	-	5,402	5,402
Balance at June 30, 2023		191,505,299	\$ 662,029	\$ 3,793	\$ (342,445)	\$ 323,377

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

ENDEAVOUR SILVER CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(unaudited – prepared by management)

(expressed in thousands of US dollars)

	Notes	Three months ended		Six months ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Operating activities					
Net earnings (loss) for the period		\$ (1,054)	\$ (11,923)	\$ 5,402	\$ (261)
Items not affecting cash:					
Share-based compensation	10 (b)(c)	415	972	2,040	2,499
Depreciation, depletion and amortization	8	6,973	4,324	13,592	10,786
Write off of exploration properties	8	435	500	435	500
Deferred income tax expense		766	1,752	2,442	7,974
Unrealized foreign exchange loss (gain)		519	(84)	1,614	(220)
Finance costs		374	336	774	634
Accretion of loans receivable		(114)	-	(207)	-
Loss (gain) on asset disposal		(5)	105	(67)	46
Loss on other investments	4	3,150	7,626	53	2,269
Performance and deferred share units settled in cash		-	-	(2,118)	-
Net changes in non-cash working capital	14	(6,606)	(22,156)	(19,508)	(21,042)
Cash from (used in) operating activities		4,853	(18,548)	4,452	3,185
Investing activities					
Proceeds on disposal of property, plant and equipment		-	48	-	82
Mineral properties, plant and equipment	8	(23,864)	(15,451)	(44,581)	(28,448)
Purchase of other investments		-	(748)	-	(2,119)
Proceeds from disposal of other investments	4	1,846	-	1,846	-
Redemption of (investment in) non-current deposits		(163)	2	(95)	4
Cash used in investing activities		(22,181)	(16,149)	(42,830)	(30,481)
Financing activities					
Repayment of loans payable	9	(1,575)	(1,214)	(3,149)	(2,297)
Repayment of lease liabilities		(86)	(54)	(149)	(106)
Interest paid	9	(214)	(204)	(453)	(381)
Public equity offerings	10 (a)	-	-	-	46,001
Exercise of options	10 (b)	641	1,448	2,453	1,578
Proceeds from loans receivable		400	-	500	-
Share issuance costs	10 (a)	-	(15)	-	(2,812)
Performance and deferred share units withholding tax settlement		-	(6)	(294)	(1,903)
Cash from (used in) financing activities		(834)	(45)	(1,092)	40,080
Effect of exchange rate change on cash and cash equivalents		16	(46)	(417)	139
Increase (decrease) in cash and cash equivalents		(18,162)	(34,742)	(39,470)	12,784
Cash and cash equivalents, beginning of the period		61,650	151,014	83,391	103,303
Cash and cash equivalents, end of the period		\$ 43,504	\$ 116,226	\$ 43,504	\$ 116,226

Supplemental cash flow information (Note 14)

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

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

1. CORPORATE INFORMATION

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

2. BASIS OF PRESENTATION

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s consolidated financial statements as at and for the year ended December 31, 2022.

The Board of Directors approved the consolidated financial statements for issue on August 3, 2023.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual audited consolidated financial statements as at and for the year ended December 31, 2022.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual audited consolidated financial statements for the year ended December 31, 2022 and should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended December 31, 2022.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

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4. OTHER INVESTMENTS

	Note	June 30, 2023	December 31, 2022
Balance at beginning of the period		\$ 10,035	\$ 11,200
Investment in marketable securities, at cost		-	2,305
Proceeds from disposals		(1,846)	-
Loss on marketable securities		(53)	(3,470)
Balance at end of the period		8,136	10,035
Less: Non-Current portion		-	1,388
Current other investments		\$ 8,136	\$ 8,647

As at June 30, 2023 the Company held \$8,114 in marketable securities that are classified as Level 1 and \$22 in marketable securities that are classified as Level 3 in the fair value hierarchy (Note 17). Marketable securities classified as Level 3 in the fair value hierarchy are share purchase warrants and the fair value of the warrants at each period end has been estimated using the Black-Scholes Option Pricing Model.

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

5. ACCOUNTS AND OTHER RECEIVABLES

	Note	June 30, 2023	December 31, 2022
Trade receivables ⁽¹⁾		\$ 4,008	\$ 4,385
IVA receivable ⁽²⁾	16	12,679	8,062
Other receivables		880	689
		\$ 17,567	\$ 13,136

(1) The trade receivables consist of receivables from provisional silver and gold sales from the Bolañitos mine. The fair value of receivables arising from concentrate sales contracts that contain provisional pricing mechanisms is determined using the appropriate period end closing prices on the measurement date from the exchange that is the principal active market for the particular metal. As such, these receivables, which meet the definition of an embedded derivative, are classified within Level 2 of the fair value hierarchy (Note 17).

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

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

These delays and denials have occurred in Refinadora Plata Guanaceví S.A. de C.V. ("Guanaceví,"). At June 30, 2023, Guanaceví holds \$11,360 in IVA receivables which the Company and its advisors have determined to be recoverable from tax authorities (December 31, 2022 \$6,402 respectively).

As at June 30, 2023, the total IVA receivable of \$27,374 (December 31, 2022 - \$18,216) has been allocated between the current portion of \$12,679, which is included in accounts receivable, and a non-current portion of \$14,695 (December 31, 2022 - \$8,062 and \$10,154 respectively). The non-current portion is composed of Guanaceví of \$1,715, which is currently under appeal and are unlikely to be received in the next 12 months. The remaining \$12,980 is IVA receivable for Terronera, which may not become recoverable until Terronera recognizes revenue for tax purposes.

The Company is in regular contact with the tax authorities in respect of its IVA filings and believes the full amount of its IVA receivables will ultimately be received; however, the timing of recovery of these amounts and the nature and extent of any adjustments to the Company's IVA receivables remains uncertain.

6. INVENTORIES

	June 30, 2023	December 31, 2022
Warehouse inventory ⁽¹⁾	\$ 12,651	\$ 9,682
Stockpile inventory	2,993	2,389
Finished goods inventory	13,825	6,138
Work in process inventory	1,062	975
	\$ 30,531	\$ 19,184

- (1) The warehouse inventory balances at June 30, 2023 and December 31, 2022 are net of a write down to net realizable value of \$1,179 at the Guanaceví mine and \$1,038 at the Bolañitos mine.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

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7. RELATED PARTY TRANSACTIONS

The Company previously shared common administrative services and office space with a company related by virtue of a former common director and from time to time incurred third party costs on behalf of related parties on a full cost recovery basis. The agreement for sharing office space and administrative services ended in May 2022. The charges for these costs totaled \$nil for the three and six months ended June 30, 2023 (June 30, 2022 - \$3 and \$9 respectively). The Company has a \$nil net receivable related to these costs as of June 30, 2023 (December 31, 2022 – \$nil).

The Company was charged \$218 and \$286 for legal services for the three and six months ended June 30, 2023 by a legal firm in which the Company's corporate secretary is a partner (June 2022 - \$72 and \$342 respectively). The Company has \$131 payable to the legal firm as at June 30, 2023 (December 31, 2022 - \$10).

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

(a) Mineral properties, plant and equipment comprise:

	Mineral properties	Plant	Machinery & equipment	Building	Transport & office equipment	Total
Cost						
Balance at December 31, 2021	\$ 511,399	\$ 98,185	\$ 87,140	\$ 13,445	\$ 12,045	\$ 722,214
Additions	103,635	5,217	19,877	7,573	1,978	138,280
Disposals	(14,966)	(6,542)	(757)	(662)	(746)	(23,673)
Balance at December 31, 2022	\$ 600,068	\$ 96,860	\$ 106,260	\$ 20,356	\$ 13,277	\$ 836,821
Additions	31,460	1,508	3,143	1,244	1,248	38,603
Disposals	(435)	-	(417)	-	(176)	(1,028)
Balance at June 30, 2023	\$ 631,093	\$ 98,368	\$ 108,986	\$ 21,600	\$ 14,349	\$ 874,396
Accumulated amortization and impairment						
Balance at December 31, 2021	\$ 444,769	\$ 88,208	\$ 49,445	\$ 9,194	\$ 8,401	\$ 600,017
Amortization	14,786	2,268	5,301	346	1,205	23,906
Disposals	(13,574)	(6,442)	(326)	(159)	(493)	(20,994)
Balance at December 31, 2022	\$ 445,981	\$ 84,034	\$ 54,420	\$ 9,381	\$ 9,113	\$ 602,929
Amortization	10,659	902	2,923	197	801	15,482
Disposals	-	-	(177)	-	(145)	(322)
Balance at June 30, 2023	\$ 456,640	\$ 84,936	\$ 57,166	\$ 9,578	\$ 9,769	\$ 618,089
Net book value						
At December 31, 2022	\$ 154,087	\$ 12,826	\$ 51,840	\$ 10,975	\$ 4,164	\$ 233,892
At June 30, 2023	\$ 174,453	\$ 13,432	\$ 51,820	\$ 12,022	\$ 4,580	\$ 256,307

Included in mineral properties is \$80,039 in acquisition costs for exploration properties and \$44,839 for acquisition and development costs for development properties (December 31, 2022 – \$80,155 and \$26,669 respectively).

As of June 30, 2023, the Company has \$24,275 committed for capital equipment purchases.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

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(b) Acquisition of the Pitarrilla Project

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

The acquisition was completed on July 6, 2022. Total consideration included 8,577,380 shares of the Company issued on July 6, 2022 and a \$35.1 million cash payment. Fair value of the 8,577,380 common shares issued on July 6, 2022 was \$25,589 at CAN\$3.89 per share. The deemed value of the common shares issued, at the time of agreement, was \$34.9 million. The shares are subject to a hold period of four months and one day following the date of closing.

The 4,950-hectares Pitarrilla exploration project is located in northern Mexico, consists of five concessions, has significant infrastructure in place and has access to utilities.

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

Pitarrilla Project purchase consideration:

Common shares issued	\$	25,589
Consideration paid in cash		35,067
Acquisition costs		881
Total consideration	\$	61,537

Fair value summary of assets acquired and liabilities assumed:

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

(c) El Compas, Mexico

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

Pursuant to the agreement, Grupo ROSGO assumed the Minera Oro Silver loan payable to the Company, in the amount of \$5,000 payable in cash payments over a five year period with an initial payment of \$250 and subsequent Instalment payments of \$500 every six months other than the third payment, which will be \$750. The payments are secured by a pledge of the shares of MOS. As of June 30, 2023, the carrying value of the loan receivable is \$3,436, consisting of the current portion of \$1,250 and non-current portion of \$2,186 (December 31, 2022 - \$1,000 and \$2,729 respectively).

ENDEAVOUR SILVER CORP.

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The carrying value of the net Minera Oro Silver's net assets at the date of the sale was \$1,149 resulting in the Company recording a \$2,733 gain on sale.

(d) Baxter Gold

On July 18, 2023 the Company entered into a definitive agreement with Bravada Gold Corporation which grants the Company an option to earn an 85% interest in the Baxter gold and silver property ("Baxter"), by incurring \$4,000 in exploration and development expenditures and paying \$500 in option payments over a five-year period from the date of the agreement. Baxter is located directly north of the Company's Bruner project in Nevada's Walker Lane Gold trend. Baxter consists of 114 unpatented lode claims (approximately 920 hectares). Upon completion of the exploration and development expenditures and payment of the option payments, the Company can exercise the option and would have the right to form a joint venture with 85% of the interest belonging to the Company.

(e) Write-off of Paloma exploration property

In December 2018, the Company signed an option agreement to acquire up to a 70% interest in the Paloma project in Antofagasta Province, Chile. Agreement granted the Company the right to acquire its initial 51% interest by paying \$750 and spending \$5,000 over five years with the final payment due in 2023, followed by a second option to acquire 70% by completing a Preliminary Economic Assessment and a Preliminary Feasibility Study. In June 2023, the Company elected to not proceed with the final payment and the carrying value of \$435 has been written off during the six months period ended June 30, 2023.

(f) Sale of Cozamin Royalty

On July 31, 2023, Minera Plata Adelante SA de CV ("MPA") entered into an agreement with Gold Royalty Corp. to sell all of MPA's interest in the 1% Cozamin royalty ("Royalty") for total consideration of US\$7,500,000, payable in cash. The Royalty applies to two concessions (Calicanto and Vicochea) on Capstone's Cozamin copper-silver mine, located 3.6 kilometres north-northwest of Zacatecas City in state of Zacatecas, Mexico. The Company obtained the Royalty through a concession division agreement signed in 2017 on seven wholly owned concessions which were acquired for \$445 The Cozamin Mine, a copper-silver mine owned and operated by Capstone Copper in Zacatecas, Mexico, is located on two of the seven Concessions. The sale agreement includes an option granted to Gold Royalty Corp to purchase any additional royalties which may be granted on the five remaining concessions under the 2017 concession division agreement. The definitive agreement is subject to standard closing conditions.

9. LOANS PAYABLE

	June 30, 2023	December 31, 2022
Balance at the beginning of the period	\$ 14,510	\$ 10,494
Net proceeds from software and equipment financing	-	9,070
Finance cost	406	726
Repayments of principal	(3,149)	(5,054)
Repayments of finance costs	(406)	(726)
Balance at the end of the period	\$ 11,361	\$ 14,510
Statements of Financial Position presentation		
Current loans payable	\$ 5,000	\$ 6,041
Non-current loans payable	6,361	8,469
Total	\$ 11,361	\$ 14,510

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

The Company currently has \$26,612 in financing arrangements for equipment, with terms ranging from one to four years. The agreements require either monthly or quarterly payments of principal and interest with a weighted-average interest rate of 6.0%.

The equipment financing is secured by the underlying equipment purchased and is subject to various non-financial covenants. As at June 30, 2023 the Company was in compliance with these covenants. As at June 30, 2023, the net book value of equipment includes \$22,534 (December 31, 2022 - \$24,379) of equipment pledged as security for the equipment financing.

10. SHARE CAPITAL

(a) Public Offerings

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

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

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

(b) Stock Options

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

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

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

Expressed in Canadian dollars	Six months ended		Year ended	
	June 30, 2023		December 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of the period	3,899,630	\$4.09	3,848,200	\$3.68
Granted	1,079,000	\$4.12	736,986	\$6.24
Exercised	(1,097,900)	\$3.05	(569,200)	\$3.57
Expired and forfeited	(227,839)	\$5.54	(116,356)	\$6.63
Outstanding, end of the period	3,652,891	\$4.32	3,899,630	\$4.09
Options exercisable at the end of the period	2,655,777	\$4.21	3,374,459	\$3.74

During the six months ended June 30, 2023, the weighted-average share price at the date of exercise was CAN\$4.49 (December 31, 2022 - CAN\$6.77).

The following table summarizes the information about stock options outstanding at June 30, 2023:

Expressed in Canadian dollars	Options Outstanding			Options Exercisable	
	Price Intervals	Number Outstanding as at June 30, 2023	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Price	Number Exercisable as at June 30, 2023
\$2.00 - \$2.99	960,600	1.7	\$2.14	960,600	\$2.14
\$3.00 - \$3.99	442,400	0.7	\$3.23	442,400	\$3.23
\$4.00 - \$4.99	976,600	4.7	\$4.12	213,400	\$4.12
\$5.00 - \$5.99	60,000	2.2	\$5.60	60,000	\$5.60
\$6.00 - \$6.99	1,213,291	3.2	\$6.55	979,377	\$6.63
	3,652,891	2.9	\$4.32	2,655,777	\$4.21

During the three and six months ended June 30, 2023, the Company recognized share-based compensation expense of \$331 and \$946 respectively (June 30, 2022 - \$495 and \$1,105 respectively) based on the fair value of the vested portion of options granted in the current and prior years.

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

	Six months ended	
	June 30, 2023	June 30, 2022
Weighted-average fair value of options in CAN\$	\$2.21	\$3.17
Risk-free interest rate	3.84%	2.19%
Expected dividend yield	0%	0%
Expected stock price volatility	70%	67%
Expected options life in years	3.79	3.80

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

(c) Share Units Plan

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

Performance Share Units

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

	Six months ended June 30, 2023	Year ended December 31, 2022
	Number of units	Number of units
Outstanding, beginning of period	1,158,000	1,639,000
Granted	471,000	316,000
Cancelled	(140,000)	-
Settled	(611,000)	(797,000)
Outstanding, end of period	878,000	1,158,000

There were 471,000 PSUs granted during the six months ended June 30, 2023 (June 30, 2022 – 316,000) under the SUP. The PSUs vest at the end of a three-year period if certain pre-determined performance and vesting criteria are achieved. Performance criteria are based on the Company’s share price performance relative to a representative group of other mining companies. 194,000 PSUs vest on March 4, 2024, 215,000 PSUs vest on March 24, 2025, 60,000 PSUs vest on or before June 30, 2024, and 409,000 PSUs vest on March 7, 2026.

On March 2, 2023, PSUs granted in 2020 vested with a payout multiplier of 200% based on the Company’s shareholder return, relative to the total shareholder return of the Company’s peer group over the three-year period and 205,918 PSUs were settled, through the issuance of 411,836 common shares and 405,082 PSUs were settled for \$2,413 cash.

On August 16, 2022, vesting was accelerated on a pro-rata basis for 195,000 PSUs granted in 2020 and 67,000 PSUs granted in 2021. During the six months ended June 30, 2023, 350,829 shares were issued for the settlement of these PSUs.

During the three and six months ended June 30, 2023, the Company recognized share-based compensation expense of \$67 and \$462 respectively related to the PSUs (June 30, 2022 – \$466 and 893 respectively).

Deferred Share Units

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

	Six months ended June 30, 2023	Year ended December 31, 2022
	Number of units	Number of units
Outstanding, beginning of period	104,596	-
Granted	209,237	109,634
Settled for shares	-	(5,038)
Outstanding, end of period	313,833	104,596

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

There were 209,237 DSUs granted during the six months ended June 30, 2023 (June 30, 2022 – 101,862) under the SUP. During the three and six months ended June 30, 2023, the Company recognized share-based compensation expense of \$16 and \$632 respectively related to the DSUs (June 30, 2022 – \$488 and \$12 respectively).

(d) Deferred Share Units – Cash Settled

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

Expressed in Canadian dollars	Six months ended June 30, 2023		Year ended December 31, 2022	
	Number of Units	Weighted Average Grant Price	Number of Units	Weighted Average Grant Price
Outstanding, beginning of period	1,044,204	\$3.19	1,348,765	\$3.24
Redeemed	-	\$0.00	(304,561)	\$3.41
Outstanding, end of period	1,044,204	\$3.19	1,044,204	\$3.19
Fair value at period end	1,044,204	\$3.85	1,044,204	\$4.38

During the three and six months ended June 30, 2023, the Company recognized a mark to market recovery on director’s compensation related to these DSUs, which is included in general and administrative salaries, wages and benefits, of \$994 and \$341 respectively (June 30, 2022 – a mark to market recovery of \$1,614 and \$989 respectively) based on the fair value of new grants and the change in the fair value of the DSUs granted in the current and prior years. As of June 30, 2023, there are 1,044,204 deferred share units outstanding (December 31, 2022 – 1,044,204) with a fair market value of \$3,034 (December 31, 2022 – \$3,375) recognized in accounts payable and accrued liabilities.

(e) Share Appreciation Rights

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

	Six months ended June 30, 2023		Year ended December 31, 2022	
	Number of Units	Weighted Average Grant Price	Number of Units	Weighted Average Grant Price
Outstanding, beginning of period	181,739	\$5.12	113,670	\$5.40
Granted	-	\$0.00	148,030	\$4.62
Exercised	-	\$0.00	(5,726)	\$3.17
Cancelled	(51,405)	\$5.15	(74,235)	\$4.72
Outstanding, end of period	130,334	\$5.10	181,739	\$5.12
Exercisable at the end of the period	96,823	\$5.15	101,066	\$5.18

During the three and six months ended June 30, 2023, the Company recognized a recovery related to SARs, which is included in operation and exploration salaries, wages and benefits, of \$15 and \$10 respectively (June 30, 2022 – expense of \$30 and \$4 respectively) based on the change in the fair value of the SARs granted in prior years. As of June 30, 2023, there are 130,334 SARs outstanding (December 31, 2022 – 181,739) with a fair market value of \$97 (December 31, 2022 – \$111) recognized in accounts payable and accrued liabilities.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

(f) Diluted Earnings per Share

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net earnings	\$ (1,634)	\$ (11,923)	\$ 4,822	\$ (261)
Basic weighted average number of shares outstanding	191,446,597	180,974,609	190,867,192	176,291,929
Effect of dilutive securities:				
Stock options	-	-	752,706	-
Equity settled deferred share units	-	-	878,000	-
Performance share units	-	-	313,833	-
Diluted weighted average number of share outstanding	191,446,597	180,974,609	192,811,731	176,291,929
Diluted earnings per share	\$ (0.01)	\$ (0.07)	\$ 0.03	\$ (0.00)

As of June 30, 2023, there are 2,900,185 anti-dilutive stock options (June 30, 2022 – 2,822,240).

11. REVENUE

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Silver sales ⁽¹⁾	\$ 31,544	\$ 13,698	\$ 70,164	\$ 55,582
Gold sales ⁽¹⁾	19,322	18,021	36,819	34,531
Less: smelting and refining costs	(795)	(937)	(1,451)	(1,591)
Revenue	\$ 50,071	\$ 30,782	\$ 105,532	\$ 88,522

(1) Changes in fair value from provisional pricing in the period are included in silver and gold sales.

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenue by product				
Concentrate sales	\$ 13,960	\$ 16,117	\$ 25,745	\$ 30,578
Provisional pricing adjustments	(342)	(587)	(589)	43
Total revenue from concentrate sales	13,618	15,530	25,156	30,621
Refined metal sales	36,453	15,252	80,376	57,901
Total revenue	\$ 50,071	\$ 30,782	\$ 105,532	\$ 88,522

Provisional pricing adjustments on sales of concentrate consist of provisional and final pricing adjustments made prior to the finalization of the sales contract. The Company's sales contracts are provisionally priced with provisional pricing periods lasting typically one to three months with provisional pricing adjustments recorded to revenue as market prices vary.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

12. EXPLORATION AND EVALUATION

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Depreciation and depletion	\$ 317	\$ 98	\$ 595	\$ 205
Share-based compensation	112	117	243	211
Exploration salaries, wages and benefits	991	401	1,420	1,093
Direct exploration expenditures	1,508	1,021	3,054	1,812
Evaluation salaries, wages and benefits	561	524	1,006	1,145
Direct evaluation expenditures	870	1,623	2,205	2,534
	\$ 4,359	\$ 3,784	\$ 8,523	\$ 7,000

13. GENERAL AND ADMINISTRATIVE

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Depreciation and depletion	\$ 54	\$ 51	\$ 116	\$ 99
Share-based compensation	599	741	1,960	2,047
Salaries, wages and benefits	993	983	2,160	2,215
Directors' DSU recovery	(994)	(1,614)	(341)	(989)
Direct general and administrative	1,706	1,187	3,380	2,273
	\$ 2,358	\$ 1,348	\$ 7,275	\$ 5,645

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net changes in non-cash working capital:				
Accounts and other receivables	\$ (4,597)	\$ 2,087	\$ (8,972)	\$ 2,296
Income tax receivable	1,695	1,042	3,858	1,042
Inventories	(6,200)	8,718	(9,293)	6,424
Prepaid expenses	(367)	6,024	(1,749)	6,431
Accounts payable and accrued liabilities	251	6,379	(4,025)	5,616
Income taxes payable	2,612	(2,094)	673	(767)
	\$ (6,606)	\$ 22,156	\$ (19,508)	\$ 21,042
Non-cash financing and investing activities:				
Reclamation included in mineral properties, plant and equipment	\$ (209)	\$ -	\$ (645)	\$ -
Fair value of exercised options allocated to share capital	\$ (359)	\$ (706)	\$ (1,305)	\$ (755)
Fair value of performance share units allocated to share capital	\$ -	\$ -	\$ (405)	\$ (806)
Fair value of capital assets acquired under finance leases	\$ -	\$ 1,496	\$ -	\$ 4,374
Other cash disbursements:				
Income taxes paid	\$ 670	\$ 98	\$ 2,529	\$ 451
Special mining duty paid	\$ 139	\$ -	\$ 2,654	\$ 2,272

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

15. SEGMENT DISCLOSURES

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

June 30, 2023							
	Corporate	Exploration	Guanaceví	Bolanitos	Terronera	Total	
Cash and cash equivalents	\$ 21,148	\$ 860	\$ 13,944	\$ 5,140	\$ 2,412	\$ 43,504	
Other investments	8,136	-	-	-	-	8,136	
Accounts and other receivables	1,029	646	10,859	5,022	11	17,567	
Loans receivable	3,436	-	-	-	-	3,436	
Income tax receivable	19	-	97	49	1	166	
Inventories	137	-	24,407	5,959	28	30,531	
Prepaid expenses	3,253	394	1,297	432	20,148	25,524	
Non-current deposits	231	2	334	93	-	660	
Non-current income tax receivable	3,570	-	-	-	-	3,570	
Non-current IVA receivable	-	-	1,715	-	12,980	14,695	
Right-of-use leased assets	461	-	-	220	233	914	
Mineral properties, plant and equipment	529	81,577	70,314	27,155	76,732	256,307	
Total assets	\$ 41,949	\$ 83,479	\$ 122,967	\$ 44,070	\$ 112,545	\$ 405,010	
Accounts payable and accrued liabilities	\$ 6,689	\$ 635	\$ 15,886	\$ 5,072	\$ 7,437	\$ 35,719	
Income taxes payable	-	-	6,246	1,043	-	7,289	
Loans payable	-	-	538	1,114	9,709	11,361	
Lease obligations	736	-	-	258	247	1,241	
Provision for reclamation and rehabilitation	-	44	4,847	3,787	896	9,574	
Deferred income tax liability	-	-	15,089	297	-	15,386	
Other non-current liabilities	-	10	526	514	13	1,063	
Total liabilities	\$ 7,425	\$ 689	\$ 43,132	\$ 12,085	\$ 18,302	\$ 81,633	

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

December 31, 2022							
	Corporate	Exploration	Guanaceví	Bolanitos	Terronera	Total	
Cash and cash equivalents	\$ 38,466	\$ 1,935	\$ 32,997	\$ 7,371	\$ 2,622	\$	\$ 83,391
Other investments	10,035	-	-	-	-	-	10,035
Accounts and other receivables	383	669	5,824	6,246	14	-	13,136
Loans receivable	3,729	-	-	-	-	-	3,729
Income tax receivable	17	-	3,934	73	-	-	4,024
Inventories	120	-	14,094	4,942	28	-	19,184
Prepaid expenses	1,685	144	1,155	536	13,431	-	16,951
Non-current deposits	150	2	321	92	-	-	565
Non-current IVA receivable	-	-	1,505	-	8,649	-	10,154
Non-current income tax receivable	3,570	-	-	-	-	-	3,570
Right-of-use leased assets	512	-	-	294	-	-	806
Mineral properties, plant and equipment	616	81,660	67,261	28,106	56,249	-	233,892
Total assets	\$ 59,283	\$ 84,410	\$ 127,091	\$ 47,660	\$ 80,993	\$	\$ 399,437
Accounts payable and accrued liabilities	\$ 6,837	\$ 743	\$ 19,875	\$ 5,327	\$ 7,049	\$	\$ 39,831
Income taxes payable	65	282	5,539	730	-	-	6,616
Loans payable	-	-	1,025	2,092	11,393	-	14,510
Lease obligations	780	-	293	-	-	-	1,073
Provision for reclamation and rehabilitation	-	44	4,103	3,203	251	-	7,601
Deferred income tax liability	-	-	12,647	297	-	-	12,944
Other non-current liabilities	-	69	443	437	19	-	968
Total liabilities	\$ 7,682	\$ 1,138	\$ 43,925	\$ 12,086	\$ 18,712	\$	\$ 83,543

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

Three months ended June 30, 2023							
	Corporate	Exploration	Guanaceví	Bolanitos	Terronera	Total	
Silver revenue	\$ -	\$ -	\$ 27,983	\$ 3,560	\$ -	\$ -	\$ 31,543
Gold revenue	-	-	8,469	10,853	-	-	19,322
Less: smelting and refining costs	-	-	-	794	-	-	(794)
Total revenue	\$ -	\$ -	\$ 36,452	\$ 13,619	\$ -	\$ -	\$ 50,071
Salaries, wages and benefits:							
mining	\$ -	\$ -	\$ 2,468	\$ 2,554	\$ -	\$ -	\$ 5,022
processing	-	-	1,090	691	-	-	1,781
administrative	-	-	1,879	846	-	-	2,725
share-based compensation	-	-	(147)	(147)	-	-	(294)
change in inventory	-	-	(1,592)	(21)	-	-	(1,613)
Total salaries, wages and benefits	-	-	3,698	3,923	-	-	7,621
Direct costs:							
mining	-	-	7,288	3,364	-	-	10,652
processing	-	-	5,029	1,815	-	-	6,844
administrative	-	-	2,381	1,330	-	-	3,711
change in inventory	-	-	(3,665)	21	-	-	(3,644)
Total direct production costs	-	-	11,033	6,530	-	-	17,563
Depreciation and depletion:							
depreciation and depletion	-	-	4,436	3,186	-	-	7,622
change in inventory	-	-	(1,055)	29	-	-	(1,026)
Total depreciation and depletion	-	-	3,381	3,215	-	-	6,596
Royalties	-	-	5,679	70	-	-	5,749
Total cost of sales	\$ -	\$ -	\$ 23,791	\$ 13,738	\$ -	\$ -	\$ 37,529
Write off of mineral properties	-	(435)	-	-	-	-	(435)
Earnings (loss) before taxes	\$ (3,594)	\$ (3,363)	\$ 12,661	\$ (119)	\$ (1,431)	\$ -	\$ 4,154
Current income tax expense (recovery)	-	-	4,217	225	-	-	4,442
Deferred income tax expense (recovery)	-	-	766	-	-	-	766
Total income tax expense (recovery)	-	-	4,983	225	-	-	5,208
Net earnings (loss)	\$ (3,594)	\$ (3,363)	\$ 7,678	\$ (344)	\$ (1,431)	\$ -	\$ (1,054)

The Exploration segment included \$801 of costs incurred in Chile for the year ended June 30, 2023 (June 30, 2022 - \$353).

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

Three months ended June 30, 2022									
	Corporate	Exploration	Guanaceví	Bolanitos	El Compas	Terronera	Total		
Silver revenue	\$ -	\$ -	\$ 9,533	\$ 4,165	\$ -	\$ -	\$ -	\$ -	\$ 13,698
Gold revenue	-	-	5,719	12,302	-	-	-	-	18,021
Less: smelting and refining costs	-	-	-	(937)	-	-	-	-	(937)
Total revenue	\$ -	\$ -	\$ 15,252	\$ 15,530	\$ -	\$ -	\$ -	\$ -	\$ 30,782
Salaries, wages and benefits:									
mining	\$ -	\$ -	\$ 1,745	\$ 2,140	\$ -	\$ -	\$ -	\$ -	\$ 3,885
processing	-	-	793	642	-	-	-	-	1,435
administrative	-	-	1,386	1,127	-	-	-	-	2,513
stock based compensation	-	-	57	56	-	-	-	-	113
change in inventory	-	-	(2,371)	688	-	-	-	-	(1,683)
Total salaries, wages and benefits	-	-	1,610	4,653	-	-	-	-	6,263
Direct costs:									
mining	-	-	8,049	3,237	-	-	-	-	11,286
processing	-	-	3,749	1,542	-	-	-	-	5,291
administrative	-	-	1,905	1,202	-	-	-	-	3,107
change in inventory	-	-	(7,459)	1,453	-	-	-	-	(6,006)
Total direct production costs	-	-	6,244	7,434	-	-	-	-	13,678
Depreciation and depletion:									
depreciation and depletion	-	-	3,507	2,603	-	-	-	-	6,110
change in inventory	-	-	(2,567)	632	-	-	-	-	(1,935)
Total depreciation and depletion	-	-	940	3,235	-	-	-	-	4,175
Royalties	-	-	2,128	66	-	-	-	-	2,194
Total cost of sales	\$ -	\$ -	\$ 10,922	\$ 15,388	\$ -	\$ -	\$ -	\$ -	\$ 26,310
Care and maintenance costs	-	-	-	-	189	-	-	-	189
Write off of exploration properties	-	-	-	-	-	500	-	-	500
Earnings (loss) before taxes	\$ (8,845)	\$ (1,636)	\$ 4,330	\$ 142	\$ (189)	\$ (2,648)	\$ -	\$ -	\$ (8,846)
Current income tax expense	-	-	1,181	144	-	-	-	-	1,325
Deferred income tax expense	-	-	1,752	-	-	-	-	-	1,752
Total income tax expense	-	-	2,933	144	-	-	-	-	3,077
Net earnings (loss)	\$ (8,845)	\$ (1,636)	\$ 1,397	\$ (2)	\$ (189)	\$ (2,648)	\$ -	\$ -	\$ (11,923)

The Exploration segment included \$353 of costs incurred in Chile for the three months ended June 30, 2022 (June 30, 2021 - \$175).

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

Six months ended June 30, 2023												
	Corporate	Exploration	Guanaceví	Bolanitos	Terronera	Total						
Silver revenue	\$	-	\$	63,474	\$	6,689	\$	-	\$	70,163		
Gold revenue		-	-	16,902		19,917		-		36,819		
Less: smelting and refining costs		-	-	-		(1,450)		-		(1,450)		
Total revenue	\$	-	\$	80,376	\$	25,156	\$	-	\$	105,532		
Salaries, wages and benefits:												
mining	\$	-	\$	4,397	\$	4,623	\$	-	\$	9,020		
processing		-	-	2,160		1,268		-		3,428		
administrative		-	-	3,535		1,562		-		5,097		
stock based compensation		-	-	(81)		(81)		-		(162)		
change in inventory		-	-	(1,705)		(315)		-		(2,020)		
Total salaries, wages and benefits		-	-	8,306		7,057		-		15,363		
Direct costs:												
mining		-	-	14,442		6,771		-		21,213		
processing		-	-	9,880		3,265		-		13,145		
administrative		-	-	4,107		2,310		-		6,417		
change in inventory		-	-	(3,793)		(513)		-		(4,306)		
Total direct production costs		-	-	24,636		11,833		-		36,469		
Depreciation and depletion:												
depreciation and depletion		-	-	8,655		6,248		-		14,903		
change in inventory		-	-	(1,800)		(254)		-		(2,054)		
Total depreciation and depletion		-	-	6,855		5,994		-		12,849		
Royalties		-	-	12,150		134		-		12,284		
Total cost of sales	\$	-	\$	51,947	\$	25,018	\$	-	\$	76,965		
Write off of mineral properties		-	(435)	-		-		-		(435)		
Earnings (loss) before taxes	\$	(2,878)	\$	(5,747)	\$	28,429	\$	138	\$	(3,211)	\$	16,731
Current income tax expense		-	-	8,556		331		-		8,887		
Deferred income tax expense		-	-	2,442		-		-		2,442		
Total income tax expense		-	-	10,998		331		-		11,329		
Net earnings (loss)	\$	(2,878)	\$	(5,747)	\$	17,431	\$	(193)	\$	(3,211)	\$	5,402

The Exploration segment included \$496 of costs incurred in Chile for the six months ended June 30, 2023 (June 30, 2022 – \$721).

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

Six months ended June 30, 2022									
	Corporate	Exploration	Guanaceví	Bolanitos	El Compas	Terronera	Total		
Silver revenue	\$ -	\$ -	\$ 47,160	\$ 8,422	\$ -	\$ -	\$ -	\$ -	\$ 55,582
Gold revenue	-	-	10,741	23,790	-	-	-	-	34,531
Less: smelting and refining costs	-	-	-	(1,591)	-	-	-	-	(1,591)
Total revenue	\$ -	\$ -	\$ 57,901	\$ 30,621	\$ -	\$ -	\$ -	\$ -	\$ 88,522
Salaries, wages and benefits:									
mining	\$ -	\$ -	\$ 3,792	\$ 4,091	\$ -	\$ -	\$ -	\$ -	\$ 7,883
processing	-	-	1,701	1,197	-	-	-	-	2,898
administrative	-	-	2,792	2,028	-	-	-	-	4,820
stock based compensation	-	-	120	120	-	-	-	-	240
change in inventory	-	-	(1,052)	650	-	-	-	-	(402)
Total salaries, wages and benefits	-	-	7,353	8,086	-	-	-	-	15,439
Direct costs:									
mining	-	-	14,149	6,367	-	-	-	-	20,516
processing	-	-	6,926	3,038	-	-	-	-	9,964
administrative	-	-	3,350	2,221	-	-	-	-	5,571
change in inventory	-	-	(5,977)	1,276	-	-	-	-	(4,701)
Total direct production costs	-	-	18,448	12,902	-	-	-	-	31,350
Depreciation and depletion:									
depreciation and depletion	-	-	6,936	5,300	-	-	-	-	12,236
change in inventory	-	-	(2,086)	331	-	-	-	-	(1,755)
Total depreciation and depletion	-	-	4,850	5,631	-	-	-	-	10,481
Royalties	-	-	6,362	149	-	-	-	-	6,511
Total cost of sales	\$ -	\$ -	\$ 37,013	\$ 26,768	\$ -	\$ -	\$ -	\$ -	\$ 63,781
Care and maintenance costs	-	-	-	-	379	-	-	-	379
Write of of exploration properties	-	-	-	-	-	500	-	-	500
Earnings (loss) before taxes	\$ (6,808)	\$ (3,321)	\$ 20,888	\$ 3,853	\$ (379)	\$ (4,180)	\$ -	\$ -	\$ 10,053
Current income tax expense	-	-	1,931	409	-	-	-	-	2,340
Deferred income tax expense	-	-	7,038	936	-	-	-	-	7,974
Total income tax expense	-	-	8,969	1,345	-	-	-	-	10,314
Net earnings (loss)	\$ (6,808)	\$ (3,321)	\$ 11,919	\$ 2,508	\$ (379)	\$ (4,180)	\$ -	\$ -	\$ (261)

The Exploration segment included \$721 of costs incurred in Chile for the six months ended June 30, 2022 (June 30, 2021 – \$1,015).

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

16. INCOME TAXES

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

In June 2015, the Superior Court ruled in favour of MSCG on a number of the matters under appeal; however, the Superior Court ruled against MSCG for failure to provide appropriate support for certain deductions taken in MSCG’s 2006 tax return. In June 2016, the Company received an MXN 122.9 million (\$6,800) tax assessment based on the June 2015 ruling. The 2016 tax assessment comprised of MXN 41.8 million owed (\$2,300) in taxes, MXN 17.7 million (\$1,000) in inflationary charges, MXN 40.4 million (\$2,200) in interest and MXN 23.0 million (\$1,300) in penalties. The 2016 tax assessment was issued for failure to provide the appropriate support for certain expense deductions taken in MSCG’s 2006 tax return and failure to provide appropriate support for loans made to MSCG from affiliated companies. The MXN 122.9 million assessment includes interest and penalties. If MSCG agrees to pay the tax assessment, or a lesser settled amount, it is eligible to apply for forgiveness of 100% of the penalties and 50% of the interest.

The Company filed an appeal against the June 2016 tax assessment on the basis certain items rejected by the courts were included in the new tax assessment, and a number of deficiencies exist within the assessment. Since issuance of the assessment interest charges of MXN 17.8 million (\$1.0) and inflationary charges of MXN 26.6 million (\$1,500) have accumulated.

Included in the Company’s consolidated financial statements are net assets of \$964 held by MSCG. Following the Tax Court’s rulings, MSCG is in discussions with the tax authorities with regards to the shortfall of assets within MSCG to settle its estimated tax liability. An alternative settlement option would be to transfer the shares and assets of MSCG to the tax authorities. As of June 30, 2023, the Company’s income tax payable includes an allowance for transferring the shares and assets of MSCG amounting to \$964. The Company is currently assessing MSCG’s settlement options based on ongoing court proceedings and discussion with the tax authorities. The Company has been advised that the appeal filed with the Federal Tax Court, against the June 2016 tax assessment has been rejected. The Company continues to assess MSCG’s settlement options.

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

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

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

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

17. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

(a) Financial assets and liabilities

As at June 30, 2023, the carrying and fair values of the Company's financial instruments by category are as follows:

	Fair value through profit or loss \$	Amortized cost \$	Carrying value \$	Fair value \$
Financial assets:				
Cash and cash equivalents	-	43,504	43,504	43,504
Other investments	8,136	-	8,136	8,136
Trade and other receivables	4,008	175	4,183	4,183
Loans receivable	-	3,436	3,436	3,436
Total financial assets	12,144	47,115	59,259	59,259
Financial liabilities:				
Accounts payable and accrued liabilities	3,131	32,588	35,719	35,719
Loans payable	-	11,360	11,360	11,360
Total financial liabilities	3,131	43,948	47,079	47,079

(b) Fair value hierarchy

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

Level 1:

Other investments are comprised of marketable securities. When there is an active market are determined based on a market approach reflecting the closing price of each particular security at the reporting date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security. As a result, \$8,114 of these financial assets have been included in Level 1 of the fair value hierarchy.

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

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

(unaudited – prepared by management)

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

Level 2:

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

Level 3:

Included in other investments are share purchase warrants. Fair value of the warrants at each period end has been estimated using the Black-Scholes Option Pricing Model. As a result, \$22 of these financial assets have been included in Level 3 of the fair value hierarchy.

Assets and liabilities as at June 30, 2023 measured at fair value on a recurring basis include:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets:				
Accounts and other receivables	-	4,008	-	4,008
Other investments	8,114	-	22	8,136
Total financial assets	8,114	4,008	22	12,144
Financial liabilities:				
Deferred share units	3,034	-	-	3,034
Share appreciation rights	-	97	-	97
Total financial liabilities	3,034	97	-	3,131

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and six months ended June 30, 2023 and 2022

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Donald Gray – Chief Operating Officer
Christine West – Chief Financial Officer
Greg Baylock – Vice-President, Operations
Luis Castro – Vice-President, Exploration
Dale Mah – Vice-President, Corporate Development
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SHARES LISTED

Toronto Stock Exchange
Trading Symbol – EDR

New York Stock Exchange
Trading Symbol – EXK