

# RECOGNIZING OF MINE PRODUCTION





# OUR MISSION

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



# WELCOME TO OUR 2019 ANNUAL REVIEW & SUSTAINABILITY REPORT

We at Endeavour Silver strive to create social, environmental and economic value for all our stakeholders. This report highlights our progress in 2019.

## Annual Review

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# ABOUT THIS REPORT

## Content and Scope

In this 2019 Annual Review and Sustainability Report, we discuss our goals and performance last year related to the operational and sustainability topics that matter most to our stakeholders. Our material topics shape the content of the report. We view material topics as those that have a direct or indirect impact on our business, including the ability to create and preserve economic, social and environmental value; and have the potential to influence the perception of stakeholders who make decisions or assessments regarding our significant economic, environmental and social impacts.

This report encompasses:

- Four producing precious metal mines – the Guanaceví mine in the state of Durango, the Bolañitos and El Cubo mines in the state of Guanajuato, and the El Compas mine in the state of Zacatecas
- Exploration office in the state of Durango
- Head office in Vancouver, Canada and administrative office in León, Mexico

In addition, we report relevant disclosures for the Terronera development project (located in Jalisco) and a narrative of the exploration projects. Throughout this document, “Endeavour”, “we”, “our” and “us” refers to Endeavour Silver and its major subsidiaries. All monetary amounts are reported in U.S. dollars, unless otherwise noted.\*

## Structure

This report is structured into four sections:

1. **Annual Review:** Presents a corporate overview of our operating and financial highlights along with a snapshot of each of our mining operations.
2. **Sustainability Overview:** Outlines our approach to sustainability and how we do business.
3. **Sustainability Performance:** Presents the five pillars of our sustainable business framework along with our management approach and performance related to each of our material topics.
4. **Performance Data Tables and Global Reporting Initiative (GRI) Index:** Provides detailed data tables and information for analysts.

## Sustainability Reporting Framework and Process

2019 marks our seventh consecutive year of sustainability reporting using the GRI as our reporting framework. We place a high priority on the quality control of our management and data collection systems to accurately benchmark and report our sustainability performance. To ensure accuracy and adequate coverage of material topics, this report was prepared by management with the assistance of independent sustainability consultants, and included an extensive review process by various departments and Endeavour’s Board.

For a complete picture of our business activities, this report should be read in conjunction with our Annual Information Form, Management’s Discussion and Analysis, and Financial Statements. Also view our sustainability website at [csr.edrsilver.com](http://csr.edrsilver.com), where you can find sustainability reports from previous years as well.

Reporting Period	Jan. 1–Dec. 31, 2019 (fiscal year)
Reporting Cycle	Annual
Date of Last Report	Published May 2019
Reporting Framework	Global Reporting Initiative (GRI Standards & Metals Sector Disclosures)
In Accordance Option (GRI)	Core



**We welcome your feedback.**  
Please email Galina Meleger, Director of Investor Relations at [gmeleger@edrsilver.com](mailto:gmeleger@edrsilver.com).

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

# ANNUAL REVIEW 2019





# MESSAGE FROM CEO BRADFORD COOKE



## Dear Stakeholders

**"In 2003, we started out with an idea to acquire strategic silver projects in Mexico. We only had \$300,000 and no assets or employees. Today, Endeavour Silver is a diversified mid-tier silver mining company with three operating mines and more than 2,000 employees and contractors. 2019 marked our 15th year as a producing company, an achievement worthy of recognition!"**

2019 marked our 15th year of mining operations. For most of the past decade and a half, Endeavour was a productive and profitable company, setting standards for mining with corporate social integrity in Mexico. The past year, however, was our toughest year operationally. While the financial results were disappointing for all stakeholders, we tackled the challenges head-on, learned from our mistakes and made sweeping changes to turn around the operations and ensure the long-term viability of our business. Our operating results in the first few months of 2020 are encouraging, including higher production and lower operating costs, and we expect this trend to continue as we complete the turnaround from losses to profits.

From a global macro perspective, precious metals prices continued to strengthen during the year as monetary

conditions deteriorated world-wide. Interest rates are near all-time lows and still falling, global debt is near all-time highs and still rising, and governments have no choice but to print money to stimulate sluggish economies. Silver continues to lag gold as the Au:Ag ratio recently reached a cyclic high of more than 110, indicating that we are still early in the precious metal cycle. In the meantime, silver fundamentals look like they are setting up for a perfect storm with three consecutive years of declining supply and several years of rising industrial demand. Additionally, silver is a "green" metal, essential for green technologies such as solar power and electric vehicles. Given the recent sharp correction in metal prices due to the stock market panic and major COVID-19 health concerns, we initiated several health and business precautions to reduce risks to both employees and the business.

## Consolidated Operating and Financial Performance

During the year, our consolidated mining operations generated revenue of \$121.7 million from the sale of 4.1 million oz of silver and 39,151 oz gold at average realized prices of \$16.29 per oz silver and \$1,422 per oz gold. We withdrew our production and cost guidance in Q4 due to our operating underperformance and uncertainty on the timing of suspending operations at the El Cubo mine. Our consolidated financial performance was negatively impacted by the operating issues and significantly higher costs at each of our mines, which resulted in a net loss of \$48.1 million (\$0.36/ share).

The bottom line included several extraordinary items, including increased employee severance costs, one time inventory write downs, higher depreciation and depletion due to short mine lives, elevated contractor

mobilization costs, expensing capital development due to exhaustion of reserves, and closure costs associated with the suspension of operations at El Cubo. We invested over \$12 million into new equipment during the year to resolve issues at the mines and accelerated development to access new ore bodies.

At Guanaceví, the changes we made in Q2, 2019 have steadily gained traction, with plant throughputs, ore grades and ounces produced all rising and operating costs falling quarter-on-quarter. We expect to complete the operational turn around at Guanaceví in Q2, 2020. At Bolañitos, the changes we made in Q3, 2019 are still taking effect and we foresee this turn around completed over the next two quarters. At El Compas, the mine and plant achieved commercial production at the end of Q1, 2019 and are now

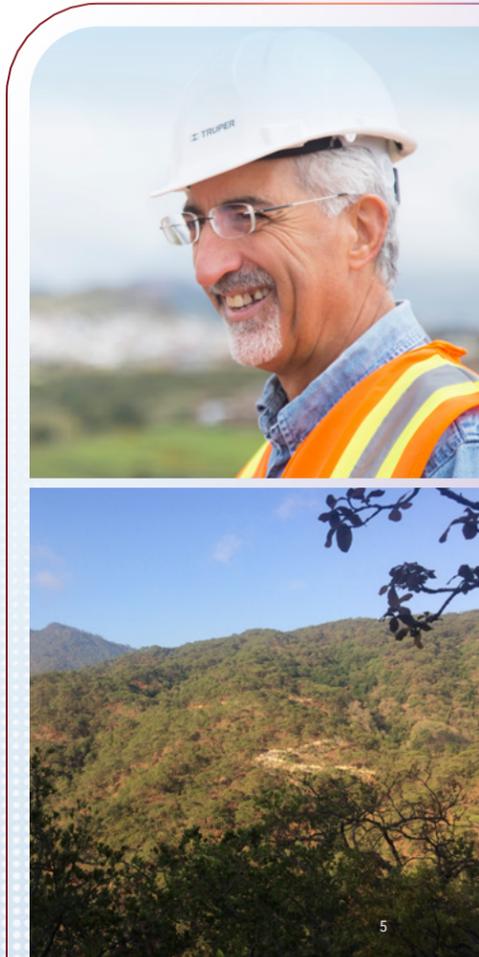
running smoothly, although we continue to look for opportunities to reduce operating costs. At El Cubo, we guided in late 2018 that mine reserves were rapidly depleting, so we slowed down the production rate in 2019 to buy time for exploration. Unfortunately, no new reserves were found last year so we made the difficult decision to suspend mine and plant operations at the end of November 2019. Management continues to evaluate alternatives to final closure, including relocating the assets to our development projects and/or acquiring other ore bodies in the area. We collaborated with the local community to ensure a smooth transition from operations to care and maintenance and we continue to manage the impacts of potentially closing the mine.

## Exploration and Development Projects

On a positive note, we made good progress last year at Terronera and Parral, and these two projects represent the future of Endeavour. Terronera has the potential to become our next core asset, our largest and lowest cost mine, and once in production, could effectively double our metal production and halve our operating costs. Being our first newly built mine, we will strive to use modern technologies, everything from semi automated equipment to data collection and analysis to alternative power sources. We're doing everything we can to ensure we get this operation right from the ground up, so it can be a model for our future mines. We recently hired a new Director of Project Development, who has experience building mines all over Latin America, to lead our development team. He will conduct a complete review of previous and current engineering prefeasibility studies in order to assess

all assumptions and optimize the project design and economics. Next steps include preparing an internally updated prefeasibility study prior to proceeding to a full independent feasibility study, which will help us complete final de-risking of the project and set the stage for a development decision. Additionally, in 2019 we continued to deliver positive exploration drill results at Guanaceví, Bolañitos and Parral.

In recent years, Endeavour acquired and explored three very large and highly prospective alteration zones in northern Chile. All three projects have large "bull's-eye" targets based on geological mapping, geochemical sampling, geophysical surveying, clay studies and age determinations. Drilling of our multi-million oz high sulfidation gold target on the Paloma property is planned for the 2nd half of 2020.



## Sustainability Performance

We are acutely aware that our values and culture, as reflected by our philosophy of Corporate Social Integrity and Sustainability, are central to our past and future success. Endeavour is an important stakeholder in Mexico, where mining represents a significant part of the national economy. Specifically, we have been reporting for 8 years now on the 5 pillars of our sustainability strategy, health and safety, our people, the environment, local communities and our economic impacts. In 2019, as

with our operations, our sustainability struggled in several areas. We recorded a substantial net loss, which is not economically sustainable, so we made sweeping changes to how we operate. We experienced a fatality, so we took multiple steps to improve our safety procedures and culture. We recorded some minor tailings spills, which had minimal impact, but we can do better so we beefed up our environmental monitoring and reclamation.

In each area of sustainability, we initiated programs to improve our performance. We carried out several impact assessments and audits, devoted \$1.6 million for environmental protection and responsibly managed our tailings, which we know are a major concern in the global mining industry. Our operations in Guanaceví, Bolañitos and El Cubo received the annual "Socially Responsible Company" distinction from CEMEFI (Mexican Philanthropy Centre).

## 2020 Outlook and Beyond

Looking ahead, Endeavour plans to create shareholder value in four ways this year and beyond:

- Complete sustainable turnarounds at both Guanaceví and Bolañitos to return to generating mine operating free cash flow.
- Advance the Terronera project through the completion of a feasibility study to reduce the cost of capital and further de-risk the project and advance the Parral project by expanding resources and completing a bulk sample and processing at a local toll mill.

- Drill the Paloma and Aida projects in an effort to make a material new bulk tonnage gold discovery and break out of the small mine mold.
- Grow through strategic brownfield land acquisitions adjacent to our existing properties to extend mine lives and improve production.

I would like to thank our operations group for turning around what was one of our toughest years ever. We're in a bumpy transition phase from old mines to new mines and this is neither easy nor quick. I also greatly appreciate the patience and support of our shareholders and other stakeholders through this

time. Management is fully committed to returning the company to profitability. I'm confident that, over the next 15 years, Endeavour will live up to our reputation as a sector leader once again for productive, profitable and responsible mining.

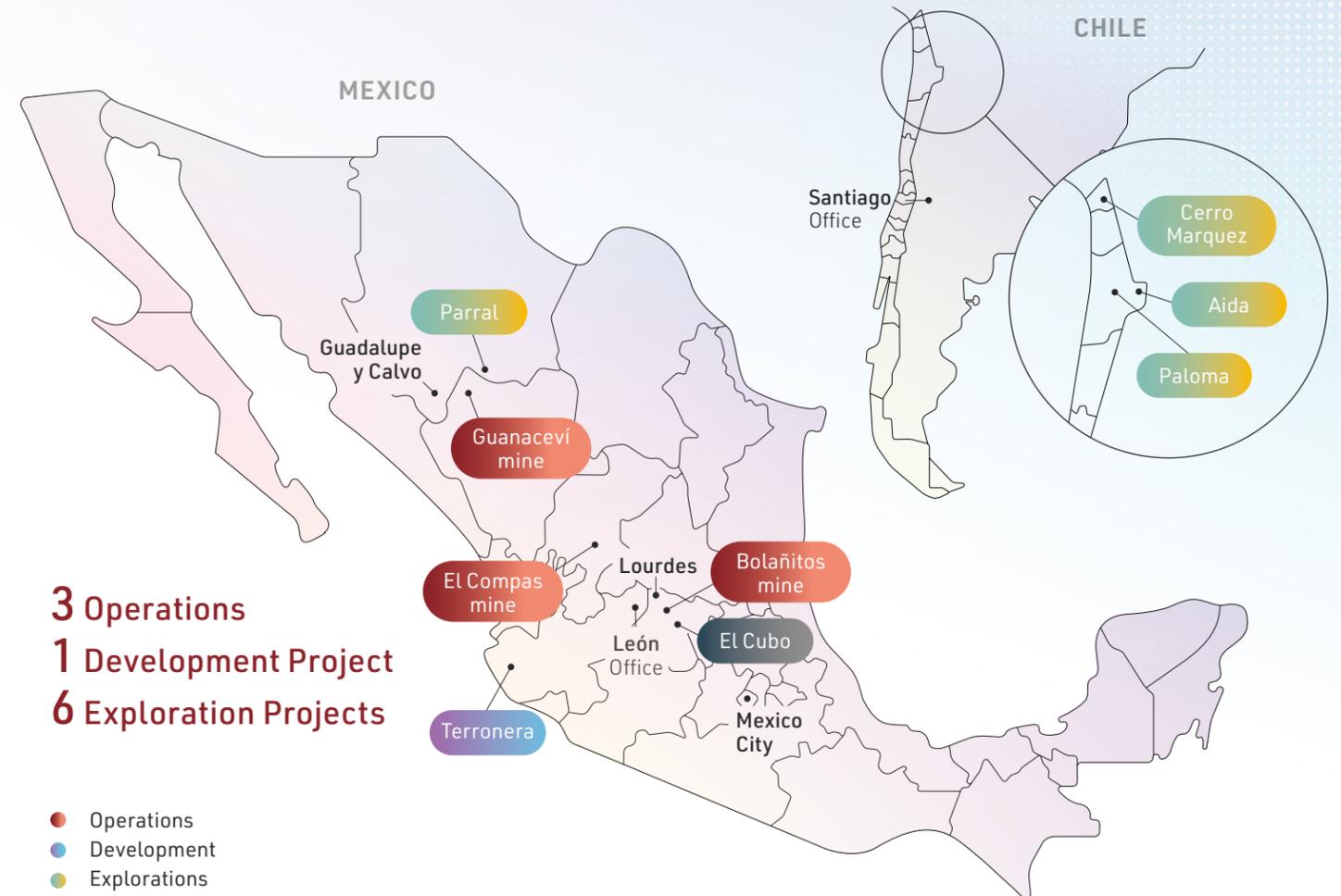
Sincerely,



Bradford Cooke,  
Chief Executive Officer & Director  
May 2020

# ABOUT ENDEAVOUR

2,000  
Employees &  
Contractors



3 Operations  
1 Development Project  
6 Exploration Projects

## About The Company

Endeavour Silver Corp. is a mid-tier precious metals mining company listed on the NYSE:EXK and TSX:EDR. The company is headquartered in Vancouver, Canada, and is engaged in the evaluation, acquisition, exploration, development and exploitation of precious metals properties in Latin America. Our philosophy of Corporate Social Integrity creates value for all stakeholders.

## Operations

We own three high-grade, underground, silver-gold mines in Mexico; the Guanaceví mine in Durango, the Bolañitos mine in Guanajuato and the El Compas mine in Zacatecas. This year, we placed the El Cubo mine on care and maintenance\* while management continues to conduct evaluation of value creation alternatives including final closure.

## Development & Exploration

We own one development project in Mexico, the Terronera project in Jalisco, which is now fully permitting and awaiting the completion of a final pre-feasibility study to warrant a decision to proceed to a full feasibility study in 2020; and the prospective Parral project in Chihuahua state, which is targeting an initial PEA in 2020. In addition, we hold several other exploration properties in Mexico and Chile.

\*See EDR news release dated November 21, 2019 regarding placing the El Cubo mine to care and maintenance effective November 30, 2019, while Management conducts evaluation of alternatives including final closure



Management is fully committed to returning the company to profitability.



# REFLECTING ON OUR 15 YEAR JOURNEY

We asked the management team to share their thoughts on Endeavour's 15-year journey. The four "originals" – which include the two Canadian founders, Brad Cooke and Godfrey Walton, and the two Mexican leaders who have been with the company from the beginning – reflect on their journey to date. Other members who joined along the way highlight what they hope to achieve in the next chapter of Endeavour's story.

**1 Brad Cooke**  
Chief Executive Officer & Director

"Seventeen years ago, I had the idea to start a new company and acquire strategic, high grade, precious metal mining properties in Mexico before the price of silver took off. Last year was Endeavour's 15th as an operating mining company, and what a journey this has been! I am proud of what our group has accomplished, literally building a mid-tier silver mining company from the ground up. We have survived market crashes, low metal prices, operating challenges and now a global pandemic. But we are not half done, our best is yet to come, and we have a great pipeline of development projects to fuel our future growth and take Endeavour to senior status in the silver mining sector."

**2 Luis R Castro Valdez**  
Vice President, Exploration

"It has been a tremendous honour to be part of Endeavour's history. As I reflect back on this incredible journey 15 years later, it is remarkable to see how far we've come. We started a very junior company and jumped very quickly, as we explored new areas and expanded our mining projects. We have always kept pushing to advance the company in all respects including how to develop each mine responsibly, in ways that respect the people and communities where we operate. If we continuously do the right thing inside and outside our mines, our stakeholders will see us for what we always aspire to be: an honest, caring and principled company committed to creating real value."

**3 Miguel Ordaz**  
Mexico Projects Director & Legal Representative, Mexico

"Since Endeavour's inception, I have been in charge of managing the Company's relationships in Mexico and internationally. Our belief right from the beginning has been that relationships with people are the most important part of the mining business. I'm very proud of the many relationships we've been able to build with local communities surrounding the mines, federal and local authorities, municipalities, the 'ejidos'\* and partners in other countries. 'Juntos lo hacemos mejor', which means together we do it better. And that's been a powerful motivator for myself, the management team and our entire organization."

\*Communal land organization

**4 Godfrey Walton**  
President & Chief Operating Officer

"It was the early 2000s when Brad Cooke asked me to join him to start a new mining company in Mexico. I had no idea at the time how much this endeavour would change the trajectory of our own lives, as well as the lives of so many Mexicans where we found and constructed our mines. That's a real source of pride for me. I've seen that our company's efforts have allowed people to make a legitimate living, and helped the broader communities improve and prosper. We learned early on that it's essential to engage and make a difference in the community at the beginning. We've applied that lesson to each new project. It's about maintaining and strengthening our social licenses to operate."

From left to right, in numerical order



Continued from left to right beginning with back row, in numerical order

**5 Dan Dickson** Chief Financial Officer

"Endeavour was established with a vision, passion and pursuit of continuous improvement for the last 15 years from its founders. We're focused on continuing these qualities to take the company to new heights. Terronera is a big part of these new heights, the flagship asset that will fuel our long-term growth. The opportunity to bring a project from initial discovery to production allows us to use the latest and best mining practices to take us to the next level."

**6 Nicholas Shakesby** Vice President, Operations

"The founders of the company recognized that people are our biggest asset. Our employees value that. They want to work and improve with us into the future. This foundation is a great opportunity to build on the positive workplace changes we've recently made. An important priority for ensuring Endeavour's future success is creating a more diverse and inclusive workforce, inspiring up-and-coming and recruiting young talent as well as continuing to promote more women into leadership roles."

**7 Ernesto Lima** Director, Project Development

"I recently joined Endeavour because I saw a great opportunity to work for a respected company with a strong history and a sustainable future. Developing mining projects is always about sustainability, both from a business point of view and a community perspective. That's why I am most excited about developing Terronera into a full-fledged operation. My goal is to add value to the company through this project, ensuring that we have responsible processes in place that protect our people, communities and the environment."

**8 Dale Mah** Vice President, Corporate Development

"Mines have a finite life, so my job is to look for new assets anywhere in the world, but we are focused in Mexico and the Americas. It's a challenging but critical effort. This is about ensuring Endeavour's future. We take a holistic view of each potential asset, considering things like safety, geology, environmental impact and the political stability of the region."

**9 Christine West** Vice President, Controller

"The finance team is playing an ever-increasing role in helping achieve the sustainability goals of the company. Our current and future economic viability relies on being a socially and environmentally responsible company. Managing risks and impacts is essential to that. We are committed to providing the best practices to continuously monitor and reduce emerging risks."

**10 Lorena Aguilar** Director, Human Resources

When I contemplate Endeavour's future, my overriding thoughts are our people. We have done a lot of good things at Endeavour in that regard, but at times we have missed the mark. Our goal is to find the balance between an employee-oriented and a high-performance culture. Our commitment is to keep moving forward leading efforts to create the type of experiences that will ensure our people are engaged."

**11 Galina Meleger** Director, Investor Relations

"Endeavour Silver has long held ESG performance as a core part of business. Investors recognize this, as it applies to business ethics in leadership, governance, social capital and our environmental footprint. Looking forward, we expect traditional sources of capital to increasingly incorporate ESG considerations into the portfolio allocation process, so Endeavour is well positioned."



# RECOGNIZING 15 YEARS OF SUSTAINABLE MINING

2019 was Endeavour's 15th year operating mines in Mexico. During that time, our Corporate Social Integrity guided our desire and ability to create real value for all stakeholders. As a result, Endeavour has been a sector leader in developing and reporting our sustainability programs to keep our people safe and healthy, protect and enhance the environment, support culture and education in the local communities, create jobs, training and business opportunities, and generate prosperity throughout our supply chain.

2003  
-  
2004

- Bradford Cooke **founded the company** as CEO and Godfrey Walton joined as President and co-founder
- Miguel Ordaz was hired to identify Mexican mining projects with potential to become core assets
- Endeavour closed its first acquisition, the **Guanaceví mine**, in May 2004
- Luis Castro was hired to grow the exploration portfolio, drilling revealed the North Porvenir discovery
- Endeavour developed its first mine to production within six months of its first discovery

2005  
-  
2006

- Entered a period of **rapid growth**
- Developed philosophy of "Corporate Social Integrity"
- Implemented initial corporate governance policies
- **Collaborated with local municipal government and ejido to commence** local community support

2007  
-  
2011

- **Formalized sustainable development policies** covering corporate governance, safety and health, environmental protection, community enrichment and economic benefits
- **Sponsored community services** at Guanaceví including doctor, nurse, medical clinic, ambulance, ATM bank machine, garbage truck, road upgrades, etc.
- Became a two-mine company with **acquisition of Bolañitos mine**
- **Received "Outstanding Service Award for Social Responsibility" at The Silver Summit conference**

2012  
-  
2013

- **Acquired third Mexican mine, El Cubo**
- Published first annual Sustainability Report using the GRI framework and conducted first Materiality Assessment, one of only 12 Canadian mining companies to report at this highest level at that time
- Guanaceví and Bolañitos received Casco de Plata safety award from Mexican Chamber of Mines
- Upgraded tailings facilities by implementing dry stack filter press system at Guanaceví
- **Made new greenfields silver-gold discovery on Terronera property**
- Opened Santiago office in Chile to acquire and explore world class prospects

2014  
-  
2017

- Acquired two new properties, El Compas and Parral
- **Aided rescue efforts after Mexican earthquake with donation and volunteer mine rescue teams**
- Launched student scholarship programs
- Launched first Endeavour Silver Mining Race to raise funds for local charities
- **Received award from Ecology Institute of Guanajuato for environmental protection**
- Launched skills training and certification program with Guanajuato Ministry of Labour

2018  
-  
2019

- **Developed 4th mine** at El Compas to commercial production
- Received **2nd Casco de Plata safety award** for Guanaceví from CAMIMEX
- Named one of *Future Top 40 Responsible Corporate Leaders in Canada*
- Appointed **first woman to Board**
- Achieved **1 million hours without lost-time accident** at Guanaceví
- **Planted 250,000th tree/bush/cactus** thanks to reforestation program





# OUR VALUE CHAIN

Silver is a "green metal" since it contributes to a sustainable future by producing key materials for renewable energy, electric vehicles, and anti-bacterial uses. From below ground to above ground, the silver and gold we mine is transformed from raw materials into consumer products and specialty products as well as precious metals investments.

## INPUTS → PROCESS → APPLICATIONS



People

Capital

Equipment

Energy

Water

Services



Exploration & Discovery



Feasibility & Permitting



Financing & Construction



Mining & Processing Operations



Tailings Storage



Dore



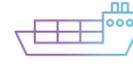
Concentrate



Reclamation & Closure



Transport



Transport



Refineries



Smelter



Lasting Positive Legacy



Global Precious Metals Markets

### BENEFITS DISTRIBUTED

Direct & Indirect Jobs



Social & Community Investments



Taxes & Duties



Suppliers & Contractors



Shareholder Returns



Solar Panels



Health Care



Water Purifier



Electric Vehicles



Electronics



Batteries



Bars & Coins



ETF's



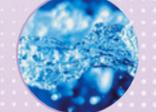
Jewelry



Silverware



Semi-conductors



Hydrogen Fuel Cells



# OUR GROWTH STRATEGY



Exploring to extend mine lives

## OPERATING MINES

- Guanaceví: Transitioned to new higher grade ore bodies
- Bolañitos: Developing new higher grade ore bodies
- El Compas: Recently commissioned new mine



Developing to expand production

## DEVELOPMENT PROJECTS

### Terronera, Jalisco:

- Complete updated Pre-feasibility Study (PFS)
- Consider feasibility study and project financing



Advancing to development

### Parral, Chihuahua:

- Complete initial Preliminary Economic Assessment (PEA)
- Evaluate near term small scale production
- Evaluate longer term large scale production



High impact discovery potential

## CHILE ASSETS

- Aida: Bulk tonnage low sulfidation epithermal silver
- Cerro Marquez: Bulk tonnage porphyry copper
- Paloma: Bulk tonnage high sulfidation epithermal gold



# 2019 OPERATIONAL HIGHLIGHTS

## Financial

- Revenue of \$121.7 million
- Full year mine operating cash flow before taxes\* was \$14.9 million
- Net loss of \$48.1 million (loss of \$0.36 per share)
- Cash costs\* and all-in sustaining costs\* of \$12.85 and \$21.19 per oz silver payable (net of gold credits)
- Working capital\* of \$38.4 million, cash of \$23.4 million
- EBITDA\* of negative \$11.1 million
- 2019 financial performance was negatively impacted by operating issues and higher costs. The company made significant changes to improve performance in 2020

## Operations

- Silver equivalent production totalled 7.1 million oz (80:1 silver:gold ratio) from 4 million oz silver & 38,907 oz of gold
- Completed an accretive land acquisition of two adjacent properties to the Guanacevi mine that covered extensions of known ore bodies
- Guanacevi showed operational improvement over the year as operating costs declined and productivity improved quarter on quarter with rising production, tonnes and grades
- Attained commercial production at El Compas in Q1
- Injected significant capital into Bolañitos to improve performance by purchasing new equipment, accelerating development and improving process plant maintenance
- Closed the El Cubo mine in a collaborative manner with the community and the workforce

## Development & Exploration

- Drilled 29,600 metres and spent \$10.3 million on brownfields and greensfield exploration, development, engineering, and land payments across our portfolio of properties
- Continued to de-risk Terronera by obtaining final government permits and advancing economic studies, project evaluation, regional mapping and sampling
- Drilled initial 10 holes on the newly acquired high-grade El Curso property and successfully extended mineralization to the northwest, near existing infrastructure for integration into the mine plan. Highlight intercept includes 1,182 grams per tonne (gpt) silver and 3.07 gpt gold over 5.1 metre true width
- Positive drill results at Bolañitos, extended mine life by finding extensions in the Plateros, San Miguel and Bolañitos Norte veins. The high grade San Miguel discovery from 2019 was incorporated into the 2020 mine plan.
- Positive results at Parral focused on the Sierra Plata area of the Veta Colorada vein, intersecting significant mineralized zones and upgrading resources from inferred to indicated
- A preliminary economic assessment was initiated for small scale development of the project to evaluate if local toll mills in the area could facilitate early cash flow.
- Drilled Cerro Marquez in Chile, confirmed large porphyry copper system and prepared Paloma for drilling
- Updated 2019 Mineral Reserves and Resources: Proven and Probable increased at Bolañitos and El Compas; Measured and Indicated increased at Guanaceví and Parral; inferred increased at Guanaceví, Bolañitos and Parral

\*These items are examples of non-IFRS measures. Please refer to the definitions set out in our Management Discussion and Analysis.

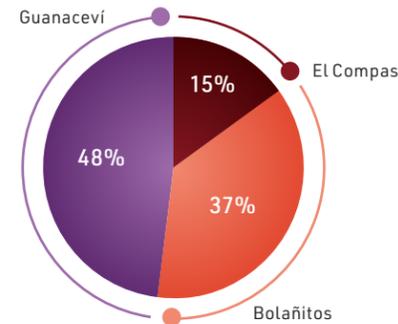


# 2020 OUTLOOK

Prior to the suspension of operations in April 2020, Endeavour Silver released its 2020 Outlook as outlined below. However, due to the COVID-19 pandemic, the Mexican government declared a National Health Emergency on March 31st, which included the temporary shutdown of non-essential industries. Endeavour Silver suspended mining operations and 2020 guidance on April 1. We will revise guidance once the suspension period is determined.

- Silver equivalent production to decrease 9% Y-o-Y, due to closure of El Cubo
- Improved performance at all three mines, lower operating costs
- Guanaceví responding well to changes, Q-o-Q improvement
- Bolañitos turning around, profitable in H2, 2020
- Terronera updated PFS will facilitate next steps
- Chile drill program has strong discovery potential

2020 Breakdown by Mine



	Guanaceví	Bolañitos	El Compas	Consolidated <sup>(3)</sup>
Tonnes/ Day (TPD)	1,000 – 1,200	1,000 – 1,250	200 – 250	2,200 – 2,250
Silver Production (M oz)	2.4 – 2.7	0.5 – 0.6	0.1 – 0.2	3.0 – 3.5
Gold Production (K oz)	6.0 – 7.0	22.0 – 25.0	10.0 – 12.0	38.0 – 44.0
Silver Eq Production (M oz) <sup>(1)</sup>	2.9 – 3.2	2.2 – 2.6	0.9 – 1.2	6.0 – 7.0
Cash Costs, net of gold by-product credits (US\$/oz) <sup>(2)</sup>				\$6.00 – \$7.00
AISC, net of gold by-product credits (US\$/ oz) <sup>(2)</sup>				\$17.00 – \$18.00
Capital Budget (US\$M)				\$32.6
Exploration Budget (US\$M)				\$5.4

The following footnotes relate to the information page 16 to 22:

1. Gold ounces converted to silver equivalent ounces on a 80:1 ratio
2. Cash costs per ounce and AISC per ounce are examples of Non-IFRS measures. See disclosure in quarterly MD&A for information on "Non-GAAP" measures found on the company website.
3. See EDR News Release dated January 31, 2020 for full disclosure on 2020 Guidance; Costs forecasts reflect an 20:1 5.
4. For full details, refer to the complete Reserves and Resources table in the appendix.



# OPERATIONS

2019 was a major turn-around year



## Guanaceví

Guanaceví is located 260 kilometres northwest of the city of Durango, in Mexico's fifth-largest silver mining district, and the mining properties cover approximately 4,200 hectares. Guanaceví is accessible by state highway and municipal roads, and features good local infrastructure, including power from the state power grid and skilled local labour readily available in the nearby town of Guanaceví. The mining district is characterized by multiple low-sulphidation epithermal veins, typically thousands of metres long, up to 700 metres deep, ranging from one to five metres thick.

Since acquiring the property, we have discovered seven high-grade silver-

gold ore bodies, developed several new mines, and modernized and expanded the 1,200 tpd processing plant that produces doré bars. The mine provides steady employment for 475 people and engages 400 contractors.

In 2019, silver production was 2,202,592 oz and gold production was 6,087 oz for total silver equivalent production of 2.7 million oz (using a 80:1 silver: gold ratio). Production was below plan due to systemic operating issues. As a result, Guanaceví sustained significant operating losses in 2019. Management made sweeping changes in Q2 after which, Guanaceví showed significant operational improvement as operating costs declined and productivity improved with rising

quarterly production, tonnes and grades. By Q4, the mine achieved positive mine operating earnings and break-even free cash flow. In addition to the operational turnaround, the development of two new higher grade ore bodies, Milache and SCS, and the newly acquired high grade El Curso property, allowed for the original deep, low grade mines to close.

**2019 Achievement:**  
Completed the transition from mining deep, low grade ore bodies to opening new, higher grade mines

## 2019 Results

Production <sup>2</sup>	Ore Tonnes Processed	Grades	Recoveries	Cash Costs per Ounce <sup>2</sup>	All In Sustaining Costs per Ounce <sup>2</sup>
2.2 million oz Ag and 6,087 oz Au for 2.7 million oz Ag Eq (using 80:1 silver gold ratio)	322,988 or 885 tpd	Silver 234 gpt Gold 0.65 gpt	Silver 90.6% Gold 90.2%	\$15.87	\$22.86

Reserves & Resources	Proven & Probable Reserves <sup>4</sup>	Measured & Indicated Resources <sup>4</sup>	Inferred Resources <sup>4</sup>
Silver	5.7 million oz	14.7 million oz	12.3 million oz
Gold	15,300 oz	33,800 oz	27,400 oz

Refer to page 16 for descriptions of the referenced footnotes.

## 2019 had its operating challenges

### Bolañitos

Bolañitos is located 10 kilometres northwest of the city of Guanajuato, in Guanajuato state, Mexico's second-largest historic silver mining district, and covers approximately 2,500 hectares. Bolañitos is accessible by municipal roads, and has good local infrastructure, including power from the state power

grid, and readily available supplies, services, and local labour in the nearby city of Guanajuato. The Bolañitos sub-district is characterized by multiple subparallel low sulphidation epithermal veins typically thousands of metres long, up to 250 metres deep, and ranging from one to 10 metres thick.

Since acquisition, we have discovered seven high-grade silver-gold ore bodies, opened two new mines and completed three plant expansions. There are now two underground mines feeding a central, 1,600 tonne-per-day plant to produce bulk silver-gold concentrates. Bolañitos provides steady employment for 330 people and engages 180 contractors.

In 2019, Bolañitos produced 624,942 oz of silver and 14,779oz of gold for total silver equivalent production of 1.8 million oz (using a 80:1 silver: gold ratio). Bolañitos also underperformed plan in 2019 and mine output declined year-on-year because the mine plan had to be re-sequenced to allow for blending of high and low arsenic ores, equipment availability issues and delayed mine development. During the year, management initiated a number of remedial measures to improve future performance including purchasing new equipment, accelerating development and improving process plant maintenance.

### 2019 Results

Production <sup>2</sup>	Ore Tonnes Processed	Grades	Recoveries	Cash Costs per Ounce <sup>2</sup>	All In Sustaining Costs per Ounce <sup>2</sup>
624,942 oz Ag and 14,779 oz Au for 1.8 million oz Ag Eq (using 80:1 silver gold ratio)	316,708 or 868 tpd	Silver 73 gpt Gold 1.69 gpt	Silver 84.1% Gold 85.9%	\$6.72	\$25.11

Reserves & Resources	Proven & Probable Reserves <sup>5</sup>	Measured & Indicated Resources <sup>5</sup>	Inferred Resources <sup>5</sup>
Silver	541,000 oz	2.7 million oz	3.0 million oz
Gold	29,000 oz	33,400 oz	61,700 oz

Refer to page 16 for descriptions of the referenced footnotes.



**2019 Achievement:**  
Made the necessary changes to improve in 2020 - quarterly progress underway

## El Compas is a high-grade Ag-Au ore body with potential to expand resources and scale up production

### El Compas

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

The El Compas operation is a small but high grade, permitted gold-silver mine with a small leased flotation plant, with good exploration potential to expand resources and scale up production. There is also potential for the company to acquire other properties in the area to



consolidate resources and exploration targets in the district. El Compas currently employs over 100 people and engages over 180 contractors and achieved commercial production during Q1, 2019.

In 2019, El Compas produced 104,377 oz silver and 7,577 oz gold for total silver equivalent production of 710,537 oz (using a 80:1 silver: gold ratio). The mine achieved commercial production at the end of Q1, 2019 and total production was on plan. During the first three quarters of commercial production, throughput was 95% of plan, while gold grades exceeded plan by 7% and silver grades were below plan by 10%. Silver recoveries over this period exceeded plan by 8%, while gold recoveries fell short of plan by 3%. Management is focused now on improving grades and recoveries to reduce costs.

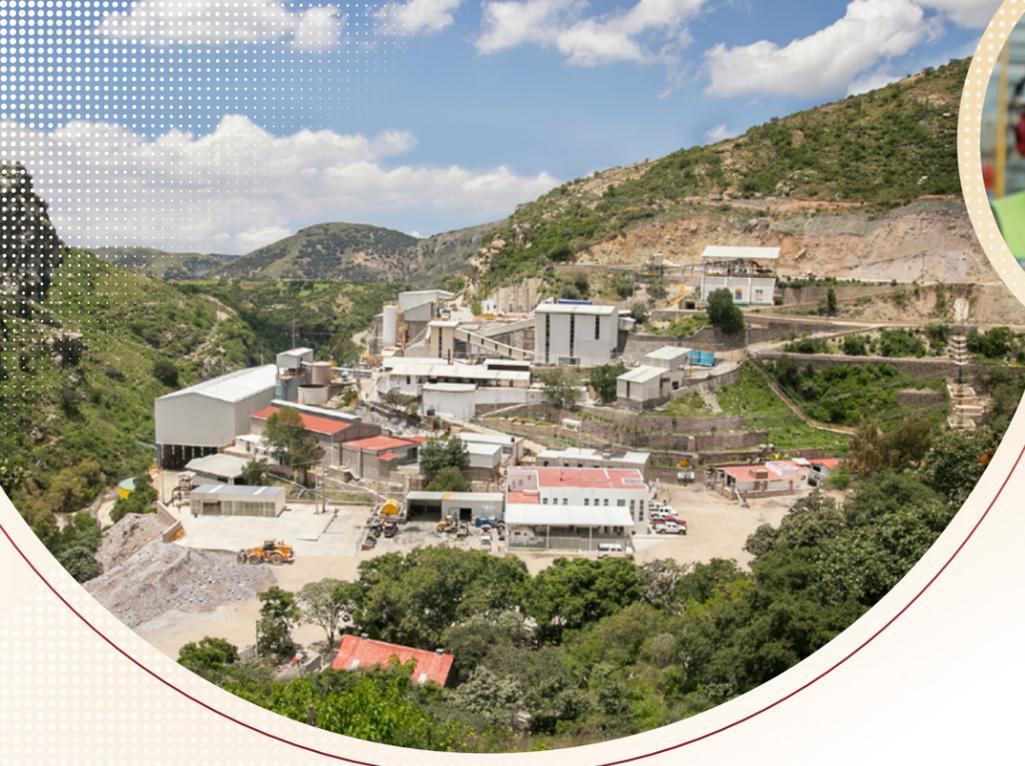
**2019 Achievement:**  
El Compas attained commercial production at the end of Q1 2019

### 2019 Results

Production <sup>2</sup>	Ore Tonnes Processed	Grades	Recoveries	Cash Costs per Ounce <sup>2</sup>	All In Sustaining Costs per Ounce <sup>2</sup>
104,377 oz Ag and 7,577 oz Au for 710,537 oz Ag Eq (using 80:1 silver gold ratio)	69,772 or 241 tpd	Silver 75 gpt Gold 4.37 gpt	Silver 62.0% Gold 77.3%	(\$7.74)	\$27.49

Reserves & Resources	Proven & Probable Reserves <sup>5</sup>	Measured & Indicated Resources <sup>5</sup>	Inferred Resources <sup>5</sup>
Silver	228,000 oz	73,000 oz	232,000 oz
Gold	13,500 oz	6,900 oz	17,500 oz

Refer to page 16 for descriptions of the referenced footnotes.



Operations were suspended due to exhaustion of reserves

## El Cubo

El Cubo covers approximately 8,150 hectares in the same district as Bolañitos, six kilometres southeast of the city of Guanajuato. Access is by municipal road and infrastructure includes the state power grid, and local labour, supplies and services in the city of Guanajuato.

Similar to Bolañitos, the El Cubo subdistrict is characterized by multiple low-sulphidation epithermal veins typically thousands of metres long, up to 400 metres deep, and ranging up to 15 metres thick. The El Cubo mine was comprised of four underground mining operations feeding a 1,500 tonne-per-day plant, which produced high-grade silver-

gold concentrates. The mine provided employment for 500 employees and 252 contractors.

In 2019, El Cubo produced 1.1 million oz of silver and 10,464 oz of gold for silver equivalent production of 1.9 million oz (using a 80:1 silver: gold ratio). As forecasted in late 2018, the remaining mine life declined to less than one year, so the mine ramped down its production to half the plant capacity. Grades and throughput declined throughout the year, which resulted in declining economics. Operations were suspended as of November 30 and the mine, plant and tailings facilities were placed on

short term care and maintenance. Going forward alternatives include relocating the plant facilities to development projects such as Terronera and Parral, the mining equipment to other operating mines, and management is evaluating possible acquisitions within the district.

**2019 Achievement:**  
The mine generated free cash flow until Q4, 2019

## 2019 Results

Production <sup>2</sup>	Ore Tonnes Processed	Grades	Recoveries	Cash Costs per Ounce <sup>2</sup>	All In Sustaining Costs per Ounce <sup>2</sup>
1.1 million oz Ag and 10,464 oz Au for 1.9 million oz Ag Eq (using 80:1 silver gold ratio)	245,418 or 672 tpd	Silver 155 gpt Gold 1.54 gpt	Silver 88.9% Gold 86.1%	\$12.02	\$14.85

Refer to page 16 for descriptions of the referenced footnotes.



## DEVELOPMENT

### Terronera

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

electrical power, local labour, supplies and services, and a company camp.

The Terronera property is characterized by multiple low sulphidation epithermal veins up to five kilometres long, 500 metres deep and up to 30 metres thick, averaging 5 meters thick. The average grade of the deposit is approximately 400 grams per tonne silver equivalent, which drives robust project economics (based on the 2018 technical report).

During the year, the company continued to de-risk Terronera by advancing economic studies and project evaluation, regional mapping and sampling. The final government permit required for construction was obtained. To date, Endeavour has published three technical reports on the project, however the latest

2018 prefeasibility study recommended a number of activities to further optimize the project and improve the economics.

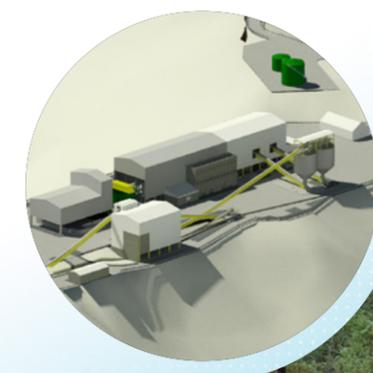
The company plans to complete a final optimized prefeasibility study in 2020. The company may also consider to proceed to a full feasibility study in order to reduce the cost of capital and expand project-financing alternatives. Currently, Endeavour is re-conceptualizing the project in-house, working with an independent engineering group, and assessing all assumptions to optimize all aspects of the project.

Opportunity for further optimization to generate more robust economics

### 2019 Results

Reserves & Resources	Probable Reserves <sup>4</sup>	Inferred Resources <sup>4</sup>
Silver	37.4 million oz	7.2 million oz
Gold	419,000 oz	79,000 oz

Refer to page 16 for descriptions of the referenced footnotes.



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



# ADVANCED EXPLORATIONS

## Parral

Parral is an attractive advanced exploration project, located in Chihuahua state, Mexico, about five kilometres north of the city of Hidalgo de Parral in the historic silver mining district of the same name. Parral has abundant, high-grade exploration targets and the potential to grow through exploration, consolidation, and development. Endeavour controls the largest land package in the silver mining district, totally 3,450 hectares and comprised of four distinct mineralized silver vein systems, some of which were past producers. IMMSA mined the Veta Colorada at Parral until 1990 and left behind an estimated 32 million ounce

historic silver resource adjacent to their old mines. Additionally, since the district has a long silver mining history, there is extensive local infrastructure including small toll plants, which could facilitate early production.

Since acquiring the property in 2016, three mineralized areas have been explored, of which the largest and central zone now measures 600 metres long by 250 metres vertical by 1-3 metres true thickness, open to the south and at depth. Management views Parral as a key asset in our growth pipeline. The 2019 exploration spend of \$2 million was the

largest commitment in the company, and was successful at extending historic and new resource areas. Drilling focused on the Sierra Plata area of the Veta Colorada vein and intersected mineralized zones, adding almost 4 million silver ounces to indicated resources and upgrading from inferred to indicated categories. The company has initiated a preliminary economic assessment for small scale development of the project to evaluate if local toll mills in the area could facilitate early cash flow. A mine bulk sample is ready for processing at a local toll mill and initial mine permitting is underway.

## 2019 Results

Reserves & Resources	Probable Reserves <sup>4</sup>	Inferred Resources <sup>4</sup>
Silver	4.0 million oz	35.0 million oz
Gold	6,800 oz	62,800 oz

Refer to page 16 for descriptions of the referenced footnotes.

Potential to become a core asset



Four historic silver mines on a large land package

# SUSTAINABILITY REPORT

2019





# SUSTAINABILITY AT ENDEAVOUR



**Ken Pickering,**  
Independent Board Director &  
Sustainability Committee Chair

## Q&A with Ken Pickering

### Q What were some of the year's big achievements?

One was the recovery of Guanaceví, which had fallen back in recent years. We extended the reserves there and revamped the operation, so it's in better health now. It's a great example of sustainability in action. Two, we made headway in advancing the new projects at Terronera and Parral, with the former in final stages of permitting. And three, the company successfully suspended the El Cubo mine. Ceasing operations is never an easy task – it's the first time in our history we've had to do that – and we did so in a safe, orderly and supportive manner, working with employees, the union and the community.



### Q Were there any setbacks?

Unfortunately, safety issues afflicted operations last year. This is disappointing. We recognize the company fell short here. We took immediate actions to address incidents when they occurred. More importantly, we're taking broader steps to rectify systemic issues. There have been different safety programs over the years, but we recently approved a major new safety initiative that will be a positive step forward. We're devoting a significant amount of money and time to dramatically improve our safety culture and performance. This is our ticket to becoming a better company.



### Q What do you look forward to in the coming years?

Over the past 15 years, the company's founders have proven their success in finding and buying old mining areas and injecting new life into them.

What's most exciting about the future is that Endeavour is on the verge of building its own mines from the outset, starting with Terronera. It will be our flagship for years to come.



## Our Sustainability Framework

For Endeavour, sustainability is part of our corporate identity and central to our business success.



Since our inception, we have recognized that sustainable development contributes to the long-term viability of our company and our host communities in Mexico. For us, that means responsibly exploring and managing our mining properties, while contributing to the well-being of our workforce and local Mexican communities.

To prioritize our efforts, our sustainability strategy has five core areas on which we focus: safety and health; people; community; environment; and economic value. These areas are underpinned by an ongoing emphasis on good corporate governance. Our sustainability agenda is driven by our executive team and is ingrained in our governance structure, various policies and how we define risk and long-term value.

## Listening to Our Stakeholders

As a mining company with operations in several communities, we have many stakeholders who have an interest or direct stake in what we do, how we work and, ultimately, how we perform. That means we have a responsibility to ensure we have a clear understanding of their needs and perspectives.

Through various communication channels, we listen to and seek feedback from stakeholders most impacted by our business. We use these insights to guide our business and make a positive impact on society. Open, ongoing dialogue – direct and through a third-party – is key to learning and improving, helping us build trust as a responsible corporate citizen.





## Our Material Topics

Every two years, we undertake a formal materiality assessment to determine the most relevant sustainability issues to our company. Informed by stakeholder interviews, industry trends and other research, this process is done in collaboration with an external consultant. The insights gained help us focus our sustainability efforts, set goals and metrics, and allocate resources.

This past year, we conducted a new materiality assessment. The material topics presented in the matrix below are those that can reasonably be considered important for reflecting the organization's economic, environmental, and social impacts, or influencing the decisions of stakeholders. In this context, 'impact' refers to the effect an organization has on the economy, the environment, and/or society (positive or negative). The results of the assessment found that:

- For external stakeholders, the issues that matter most were environmental compliance (including tailings), local procurement, local employment and water.
- For internal stakeholders, the issues of most significance were safety, employee satisfaction, training and development, profitability, mine life and environmental compliance (including tailings).

Based on the findings, we have updated and prioritized our most significant material topics – nine in total – and this report is centered on those topics.

## Our Materiality Assessment Process



### Which of today's sustainability topics matter most to our stakeholders and our business?

To find out, this past year we once again completed a full materiality assessment. We used the three-step process recommended by the Global Reporting Initiative (GRI) Standards. A third-party consultant facilitated the process and captured a range of stakeholder perspectives to assess evolving expectations and our company's impacts.

In addition to 10 interviews with the management team and 198 employee surveys (137 online and 61 paper-based), there were 44 external interviews with representatives from stakeholder groups in the following locations: Vancouver (5), Guanaceví (14), Guanajuato (9), El Compas (8) and Terronera (8). External stakeholders were selected based on their relationship with Endeavour.



## Materiality Results 2019



## Stakeholder Interviews

### Employees and Contractors

- Employees and management
- Union representatives
- Contractors

### Community Stakeholders

- Community members
- Neighbourhood associations
- Educational institutions/groups
- 'Ejido'\* members

\*Communal land organization

### Governments/Regulators

- Municipal and state authorities for our Mexican host communities
- Industry groups
- Mining chambers

### Suppliers

### Analysts

### Investors & Shareholders

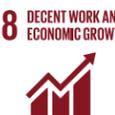
# Supporting the SDGs

Endeavour supports the United Nations Sustainable Development Goals (SDGs). The SDGs are a call to action for countries, corporations and organizations to work collectively to address the most pressing challenges facing the world. We know that companies like ours, as well

as the broader mining sector, have the potential to advance the 17 ambitious aims represented by the SDGs.

The chart below highlights the SDGs we have determined most relevant to our business and how we're working in

support of them through our activities, initiatives and partnerships. Additionally, through the Silver Institute we have participated in a collaborative project – the Silver Sustainability Initiative – to illustrate how mining companies contribute to the SDGs and a better society.

SDGs	DESCRIPTION	ENDEAVOUR'S CONTRIBUTION	
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Ensure healthy lives and promote well-being for all, at all ages	<ul style="list-style-type: none"> <li>Occupational Safety</li> <li>Water Management</li> </ul>	
 <p>4 QUALITY EDUCATION</p>	Ensure inclusive and quality education for all and promote lifelong learning	<ul style="list-style-type: none"> <li>Employee Satisfaction</li> <li>Training and Development</li> <li>Financial Performance</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Safety</li> <li>Community Investment</li> <li>Community Engagement and Impact</li> </ul>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote inclusive and sustainable economic growth, full and productive employment, and decent work for all	<ul style="list-style-type: none"> <li>Training and Development</li> <li>Community Investment</li> <li>Occupational Safety</li> <li>Employee Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Financial Performance</li> <li>Job Creation and Local Procurement</li> </ul>
 <p>15 LIFE ON LAND</p>	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	<ul style="list-style-type: none"> <li>Environmental Compliance and Tailings</li> <li>Water Management</li> <li>Other Environmental Impacts</li> </ul>	

# Corporate Governance

Running our business to the highest standards of responsible conduct is imperative to earn the trust of our stakeholders and become a premier silver mining company.

## Leadership and Governance

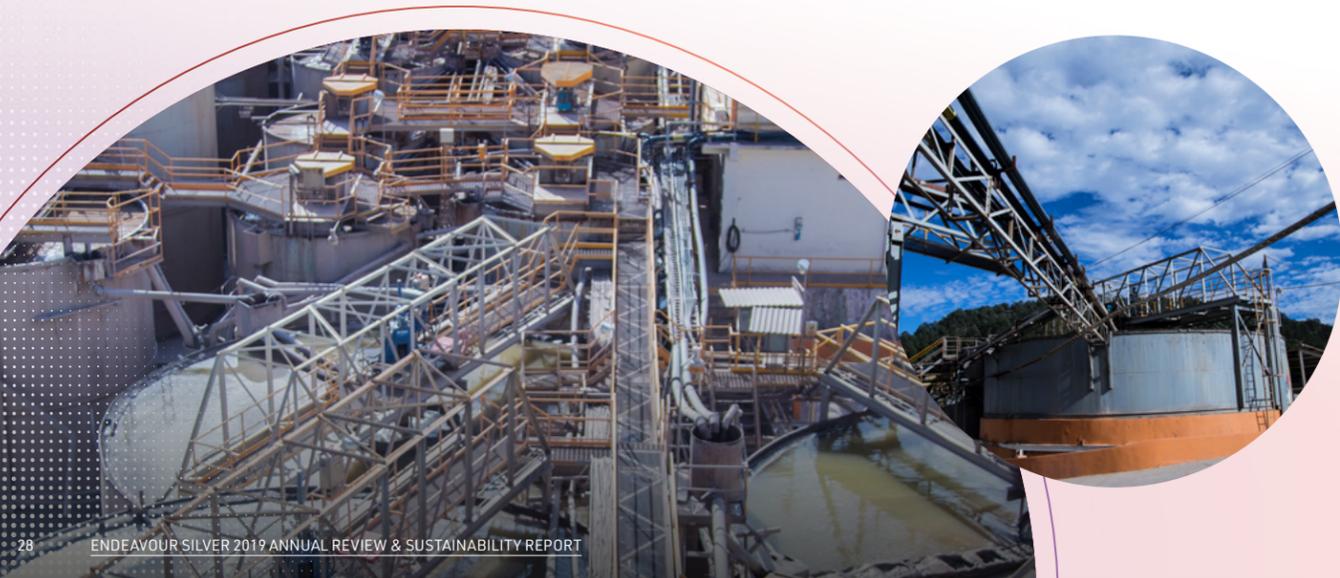
Our Board of Directors oversees the company's business conduct and strategic planning. The Board ensures that appropriate governance mechanisms, policies and procedures are in place, including the integrity of our internal controls and management information systems.

- Our Code of Business Conduct and Ethics and several other policies guide the Board's oversight and communications with shareholders. Management is responsible for setting long-term goals, objectives, plans and strategies.
- The Board has four standing committees: Audit Committee, Compensation Committee, Corporate Governance and Nomination Committee, and Sustainability Committee.
- We have a Diversity Policy, which recognizes the benefits arising from Board, management and employee diversity, such as broader perspectives and experience. For the first time in the company's history, in 2019 a woman – Margaret M. Beck – was elected to the Board.

## ENDEAVOUR'S BOARD OF DIRECTORS 2019

Number of members	7	Code of Conduct for Directors	Yes
Number of independent members	5	Board Oversight of Sustainability	Yes
Number of female members	1		

<b>BOARD OF DIRECTORS</b>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Nominating Committee</li> <li>Sustainability Committee</li> </ul>	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Compensation Committee</li> </ul>
<b>MANAGEMENT</b>	<ul style="list-style-type: none"> <li>Operations</li> <li>Exploration</li> <li>New Projects</li> </ul>	<ul style="list-style-type: none"> <li>Human Resources</li> <li>Finance</li> </ul>
<b>REGIONAL</b>	<ul style="list-style-type: none"> <li>Safety</li> <li>Community Relations</li> <li>Environment</li> </ul>	<ul style="list-style-type: none"> <li>Human Resources</li> <li>Finance</li> <li>Legal</li> </ul>
<b>AT SITES</b>	<ul style="list-style-type: none"> <li>Safety</li> <li>Community Relations</li> <li>Environment</li> </ul>	<ul style="list-style-type: none"> <li>Human Resources</li> <li>Finance</li> </ul>



## It's been a journey of ups and downs; a typical mining story in many respects

"You try to work through the tough times including market downturns, which we've faced aplenty, to maintain operations, contain costs and secure financing. I think Endeavour has done an admirable job on all these fronts, proving its resilience while investing in its future by continuing to mark out new mining areas. I think exploration success has been an important factor driving the company ahead. It's given Endeavour life. And there's much more to come as we acquire more properties and extend the lives of existing mines."

**Geoff Handley**, Independent Director, Chair of the Board and Chair of the Corporate Governance and Nominating Committee



## Sustainability Governance

Sustainability is ingrained in the highest levels of Endeavour. The Board's clear emphasis on sustainability issues, through dedicated committees and oversight, is an important demonstration of that. Two of the Board committees oversee our sustainability strategy and decision-making: the Sustainability Committee and, to a lesser extent, the Corporate Governance and Nominating Committee.

Guided by our [Sustainability Policy](#) and the Sustainability Committee Charter, the Sustainability Committee meets at least three times per year to review reports from key departments of our operations. The Committee promotes a sustainability

mindset, encourages a corporate culture that takes responsibility for sustainable development, and approves policies, standards and responsible work practices that guide the performance and expectations of our employees, contractors and other partners.

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

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

**DIG DEEPER ONLINE**  
[Governance Documents](#)  
[Risk Assessment and Management](#)

Guided by our [Sustainability Policy](#) and the Sustainability Committee Charter, the Sustainability Committee meets at least three times per year to review reports from key departments of our operations.

## Risk Assessment and Management

Effectively managing risks is an important element of business sustainability. Identifying, evaluating and managing risks, including social and environmental issues that can materially impact our business, are critical to our long-term viability and the interests of our stakeholders. Risk management is embedded in our organizational structure and responsibilities, our risk management methodology and resulting matrix includes scales of assessing and ranking risk severity and probability.

We believe our people all have a role to play in helping manage the company's risks, such as adhering to safe behaviours on the job, and we train and communicate to support employees in fulfilling their role. We also encourage our people to report any operational risks and hazards they see.



## Human Rights

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

We foster a work environment free from discrimination against gender, race, national origin, marital status, sexual orientation, or political/religious beliefs, and we do not tolerate any form of harassment. Employees are encouraged to speak out if a co-worker's conduct makes them uncomfortable, and to report harassment or discrimination if it occurs.

In 2019, we had one reported incident of sexual harassment, at our Terronera site. Following an internal investigation, the worker was transferred to another location and subsequently terminated.

Child labour exists as a general country risk within Mexico, however we maintain strict proof-of-age policies and hiring procedures at all sites, preventing anyone under the legal working age of 18 from obtaining employment. This proof-of-age requirement extends to our contractors through our Contracting Services and Working with Third Parties Protocol, which specify that no contractor will employ persons under the working age permitted by law. There were no reported incidents of child labour at any of our operations in 2019.

## Business Conduct

Our [Code of Business Conduct and Ethics](#) (the Code) reflects our commitment to a culture of honesty, integrity and accountability. Reviewed and updated regularly, the Code establishes the essential standards we expect all employees and those doing business with us to uphold. We distribute a copy of the Code to our employees during the

orientation process and post it at key locations across our sites.

Adherence to the Code is a mandatory condition of employment. Individuals who fail to comply with the Code and all applicable laws are subject to disciplinary measures, up to and including discharge from the company or termination of the business relationship.



## Topics covered in our Code include

- Compliance with laws, rules and regulations
- Conflicts of interest
- Confidentiality
- Protection and proper use of company assets
- Insider trading
- Gifts and entertainment
- Improper payments
- Environmental responsibility
- Health and safety
- Equal opportunity, discrimination and harassment
- Human rights
- Reporting of illegal or unethical behaviour

## Anti-Corruption and Anti-Bribery

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

Corruption-related risks are evaluated at the management level as part of the company risk assessment process, supplemented by our thorough internal financial controls, which are in place to monitor aspects of operations that could be affected by bribery or corruption. Both risk management and internal controls are reviewed and evaluated annually by the Board of Directors. In 2019, there were no reported incidents of corruption.

## Whistleblower Policy

Our Whistleblower Policy provides a company-wide protocol for reporting – without fear of reprisal – any apparent fraudulent, unethical or illegal activity or behaviour related to financial matters (concerns related to non-financial matters go through our Internal Grievance Mechanism). Concerns can be raised on a confidential and anonymous basis. Reports are directed to the Chairman of the Audit Committee, and we investigate and document all concerns. In 2019, no concerns or complaints were received.



### DIG DEEPER ONLINE

[Code of Business Conduct and Ethics](#)

[Anti-Bribery and Anti-Corruption Policy](#)

[Corporate Disclosure Policy](#)

[Whistleblower Policy](#)



## Commitments to External Initiatives

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

## Key Memberships



Association for Mineral Exploration British Columbia



[The Silver Institute](#)



Mexican Mining Chamber



Mining Task Force of the Canadian Chamber of Commerce in Mexico



Confederation of Industry Chambers



Canadian Investor Relations Institute



I've been a member of the board since July 25, 2002, and it's been amazing to see how far the Endeavour family has come over the last 15 years.

It started with an idea and a shell company that transformed into something great. I think it's because we took careful steps to assemble a good team, work in partnership with the community and make sustainability a significant part of what we do. Even though we may not always talk about the many things Brad and Godfrey do to support sustainable development, I have seen the many positive impacts we've had on our workforce, our communities and our partners."

Mario Szotlender, Independent Director



# SUSTAINABILITY SCORECARD

The following tables summarize our sustainability performance against our 2019 priorities. For more results, refer to the relevant section in this report.

- Achieved
- ◐ Partially achieved / More work needed
- Not achieved

## Safety & Health

2019 Priorities	2019 Results
Zero fatalities	○ One fatality
Reduce reportable injury frequency rate by 10%	○ Not achieved - 18% increase
Pass the first level of the Self-Management Safety Program (Programa de Autogestión) from the Ministry of Labour in Bolañitos and Guanaceví	○ Not achieved
Apply the integrated induction, operating and reporting formats at all sites	● Achieved
Strengthen the cross-over audit process among the operating mines	○ Not achieved

## Our People

2019 Priorities	2019 Results
Reduce turnover rate by 10%	○ Not achieved as turnover rate increased
Attract and recruit the necessary talent on time for Terronera and other operations	● Hired seven people for Terronera but had to let them go due to delays in getting operating permits
Implement and deploy the values and competencies developed by the company	○ Postponed due to operational challenges that required urgent management focus
Implement and deploy the HR software (E-Talent)	◐ Software developed and launched, but not fully operational due to technical glitches, which will be addressed in early 2020
Provide an average of 50 hours of training per year per employee, particularly focused on supervisor program and leadership skills	◐ 47 hours

## Community

2019 Priorities	2019 Results
Address and solve community complaints in a reasonable timeframe, which should not exceed six months in any situation	● Achieved
Ensure that at least 50% of investments support our community investment priorities: education and employability	◐ Not achieved - 31%
Implement the funding for education programs in Mexico (Endowment fund)	○ Postponed until operations perform better financially
Implement the following initiatives in Terronera: Support education facilities and material at local schools, promote access to university education, provide skills workshops and support income generating projects	◐ Partially achieved
Execute the actions identified in the social post-mining sustainability plan, which includes transitioning public services (water, electricity and garbage collection) to the community or the government, supporting workers in the transition to new jobs or other sources of employment, providing education to prevent addictions and illnesses (especially around drugs and alcohol) and promoting education and employability	◐ Partially achieved

## Environment

2019 Priorities	2019 Results
Participate in the Environmental Audit Program carried out by PROFEPA, in order to apply for the Clean Industry Certification for Guanaceví	● Achieved
Develop and execute the post-mining sustainability plan for El Cubo	● Developed plan and its implementation is ongoing while the mine is under care and maintenance
Zero spills	○ One spill involving plant tailings
Reduce the amount of hazardous waste per tonne processed by 10%	○ Not achieved - 20% increase
Follow up on the action items identified in the audit for Bolañitos (tailings capacity and hazardous waste management)	● Achieved
Maintain fresh water intensity in the range of 0.2 and 0.25 m <sup>3</sup> (intensity is amount of m <sup>3</sup> used per tonne processed)	● Achieved - 0.15 m <sup>3</sup>

## Economic Value

2019 Priorities	2019 Results
All-in sustaining costs (AISC) measure in the range of \$15-\$16/oz	○ Not achieved - \$21.19
Consolidated direct costs in the range of \$85-90/tonne	○ Not achieved - \$110.00
Cash costs, net of gold by-product credits in the range of \$8.50 - \$9.50 per ounce of silver	○ Not achieved - \$12.85
Obtain permits and financing for Terronera	◐ Obtained final government permit need for construction, project financing postponed
Identify the key elements and actions to establish an integrated supply management system	○ Postponed due to other priorities



Our sustainability strategy has five core areas on which we focus: safety and health; people; community; environment; and economic value.

# SAFETY & HEALTH

MATERIAL TOPIC

Occupational Safety

38



# OCCUPATIONAL SAFETY

Alignment with SDGs



“A common trait of the people who work at Endeavour is their teamwork and the responsibility they take for their work and the safety of others.”

Juan Carlos Partida Hernandez, Human Resources Superintendent (Bolañitos)  
Tenure with Endeavour: 12 years

## Why It Matters

The safety of our employees and contractors is critically important to Endeavour. Constant attention to safety is particularly important in the mining industry, especially underground operations, which pose numerous safety hazards. Eliminating these hazards and minimizing risks of accidents and injuries make our employees and contractors act in a more safe, confident and productive manner in their workplace.



Constant attention to safety is particularly important in the mining industry, especially underground operations, which pose numerous safety hazards.

## Management Approach

### Safety Management System

Our goal is a workplace free from lost-time accidents and high risk incidents. Through our Safety Management System, we work to ensure our safety practices are both effective and continuously improving. Among our initiatives, we:

- Maintain rigorous safety procedures, controls and standards, outlined in the Endeavour Health and Safety Policy.
- Employ safety managers, coordinators and superintendents at each operating mine. They are supported by management, the trade union, safety committees and other organized groups dedicated to activities such as risk reviews, audits, emergency response and mine rescue.

- Deliver the Visible Leadership Program to enhance the safety skills of leaders and supervisors at each site. Through the program, they learn to lead by example, set top safety standards and expectations for their teams, and take accountability for providing safety coaching as part of their job.

- Provide personal protective equipment and safety signage, continuously monitor air quality for good ventilation and, to prevent rock falls, we banned work in unstable ground and we use applicable ground support techniques including rock bolts, cables, mesh and shotcrete to make underground work places safe.

- Prohibit the use of alcohol and drugs at all sites, and monitor workers' blood levels to ensure compliance.

### Onsite Medical Professionals

At each mine, we have a doctor and trained paramedics located onsite as part of the safety team. The doctor's role is to conduct medical exams, monitor workers' health and check work and living conditions from the occupational health perspective. Examples include conducting examinations using bio-markers to measure and monitor lead-in-blood and other blood characteristics of our employees who work in laboratories or smelting facilities (twice per year). They also monitor specific health indicators for all employees relating

to organ function or other aspects of work-related health, such as lower back testing. Doctors and paramedics participate in incident, accident and emergency response actions. Additionally, our medical professionals work with our community relations team providing support through medical campaigns, health education and offsite medical emergencies when required. Each operation is equipped with a first aid clinic and ambulance for any required medical or illness evacuation.



Top: Safety training at El Compas, as part of Safety Week

Above: Rescue training





Employees at our El Compas mine created a safety mural by printing their hands to commemorate the importance of safety. All of our operations have a similar safety wall, with the slogan "I work in a safe way for my family and their future."



## 2019 Performance

### Risk Assessment

We conduct daily risk assessments and inspections across our mining sites to identify and eliminate potential hazards.

Our Safety and Hygiene Commission, mandated by Mexican law, meets regularly to audit facilities for safety and health compliance and to identify areas of opportunity or concern. The committee then recommends timely and appropriate actions and plans.

Employees must complete a Job Safety Analysis and 5 point checklist before entering their workplace to verify that safe conditions exist before initiating work activities. In the event of an incident or accident, caring for any injured employees is our first priority. In addition, we investigate and evaluate every incident to identify root causes, and implement corrective or preventative actions to address any problems. Management is tasked with an individual monthly inspection program administered by the safety department. Senior management regularly follow up with these inspections to ensure compliance to internal policy.

**All of our employees and contractors receive basic first aid training as part of the new hire/induction process.**

### Building a Safety Culture

We believe that safety is everyone's responsibility. We continually engage with our employees, contractors and stakeholders to ensure the priority of working safely is understood and policy and procedures are adhered to. We also empower our workforce and contractors to take the necessary steps to assure safe measures, including speaking up when they see an unsafe condition or action. Approximately one-third of our workforce participates in the safety groups, committees and mine rescue programs.

Prior to joining Endeavour, all employees and contractors participate in a three-day induction program, which focuses on workplace safety. We also have a "re-induction program" at the start of each calendar year, to ensure that all workers get an annual induction refresher. Additionally, technical and safety skills training is received by each employee on an annual basis. We provide continuous safety education and interactive discussions about safety equipment, activities and recognizing and resolving hazardous situations.

We also care about the overall wellbeing of our employees and contractors and continuously work to promote better hygiene and healthy living. For example, we run health campaigns including flu vaccinations, prostate screening and cholesterol checks.

### Emergency Preparedness

Emergency response plans and teams are active at each of our mine sites, process plant, construction and exploration operations. All of our employees and contractors receive basic first aid training as part of the new hire/induction process. We also have emergency readiness plans for handling hazardous incidents such as spills of hazardous substances. In certain cases, employees are trained as responders for emergency situations in nearby communities.



### Injury Performance Metrics

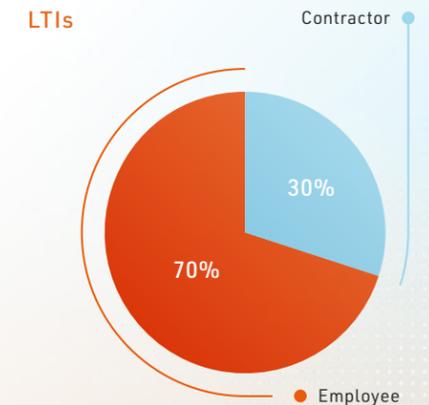
After five consecutive years of improvements in overall safety performance at our operations and projects, we experienced an 18% year-over-year increase in our reportable injury frequency rate (RIR), for employees and contractors combined. This result is disappointing since keeping our people safe remains our first priority. Putting our 2019 performance into longer-term perspective though, last year's results (2.77 RIR) are still 49% lower than our 2014 performance (5.46 RIR).

Our 2019 results reflect a total of 447 accidents, which resulted in 72 reported lost-time injuries (where the employee couldn't return to work immediately). Approximately 64% of accidents occurred within the mines. The most common injuries involved workers being struck by moving objects (e.g., falling rocks, moving vehicles) and mishaps relating to workers striking or bumping into equipment.

In June 2019, we were deeply saddened by a fatality that occurred at the Bolañitos mine. A young and talented employee, José de Jesus Morales Yebra, aged 22, was working as a driller's helper installing roof bolts in the Plateros section of the mine, when a fall of ground occurred. José Morales was killed instantly by the rock fall. Our personnel immediately implemented mine rescue protocols, closing the mine, and rescuing a second injured worker, informed the family and authorities, and conducted a detailed investigation led by senior operational management.

Following the investigation, we reviewed the results with management, staff, our trade union, workers and contractors defining the root cause and communicating the actions determined in the investigation. So as to better understand what more can be done to improve safety performance and prevent reoccurrences, senior and site management have revisited the investigation, meeting with the workforce and contractors so as to remain conscious and vigilant to risk mitigation and safe work practices in the workplace.

The tragedy in Bolañitos underscored a number of safety issues we faced in 2019, and Bolañitos experienced the poorest safety performance. There were 30 lost-time injuries in 2019, compared to 14 the previous year, and in addition one fatality. We have identified through a third party audit and gap analysis the lack of a mature and developing safety culture. We have identified a professional safety culture and change management organization who will implement a 15 month "Safety Culture Change" project across all mine sites.



### Reportable Injury Frequency Rate (RIR)



Bolañitos



El Cubo



Guanaceví



El Compas

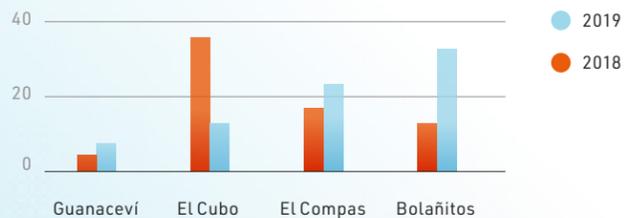


- El Cubo was the only site where safety performance improved over the 2018 statistic results, with a 38% drop in lost-time injuries and a 43% decrease in the severity rate of injuries. This achievement is laudable, given that employees and contractors here were winding down production with immanent retrenchments toward the impending cessation of operations.

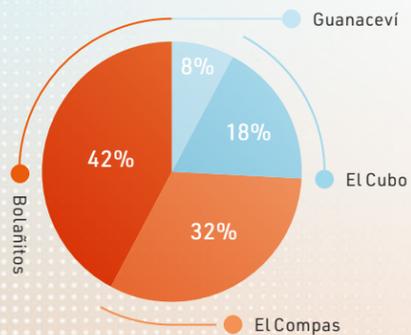
- Despite the year-over-year increase in accidents, our best safety performance was achieved at the Guanaceví mine, where there were six lost-time injuries recorded. The mine received the Silver Helmet award, the highest recognition from the Mexican Mining Chamber, for demonstrating a strong safety performance in 2018 when the mine realized more than 1 million hours worked without a lost-time accident.

- Injuries also increased by 25% at El Compas, with a concerning 114% increase in severity rate. There was also one case of occupational illness at El Compas last year.

LTIs per Site per Year



LTIs per Site



Key Initiatives

- We provided an average of 27 hours of safety training per worker, including contractors, representing a total of 60,457 training hours. This is down from an average of 34 hours in 2018. The training covered three areas: safety monitoring, rescue training and regulatory technical training. The reduced training hours occurred as a function of the reorganization of training and leadership personnel within the company. As a result of the 2019 safety audit, the training program will be revised and implemented in 2020.
- We engaged a safety consulting firm to conduct a comprehensive safety audit at each mine – see *In Focus* below.
- Our Bolañitos and Guanaceví mines registered in the first level of the Self-Management Safety Program (Programa de Autogestión), a three-year program offered by the Mexican Ministry of Labour. Guanaceví completed all of the program requirements. An accident at the Guanaceví mine led to a government inspection resulting in recommendations. We have since addressed all of the inspector's observations and are waiting for clearance to continue the program. Bolañitos had started the program however, as a result of the fatality, the mine was suspended from the program for one year and will have to register again.



IN FOCUS

Safety Audit Aims to Improve Poor Performance

Maintaining a safe working environment is an ongoing and vital process: safety problems can arise at any time. Following five consecutive years of successful advances in our safety performance metrics, we encountered a number of safety-specific challenges in 2019.

To help us overcome these issues in an immediate and ongoing way, we engaged a safety consulting firm to conduct a comprehensive safety audit at each mine. The consultant spent two weeks in Mexico, visiting our four operating mines. The process included reviewing eight different aspects: management systems; leadership; evaluation and risk control; safe work practices and rules; training and communication; monitoring

and investigations; emergency preparedness; statistics, legislation and top management reviews.

The firm prepared a report of its findings along with a work plan for implementing its recommendations. The recommendations focus on four areas for improvement:

- training and building competencies for frontline supervisors;
- ensuring mine stability; increasing ventilation;
- enhancing emergency response;
- and monitoring air quality more frequently.

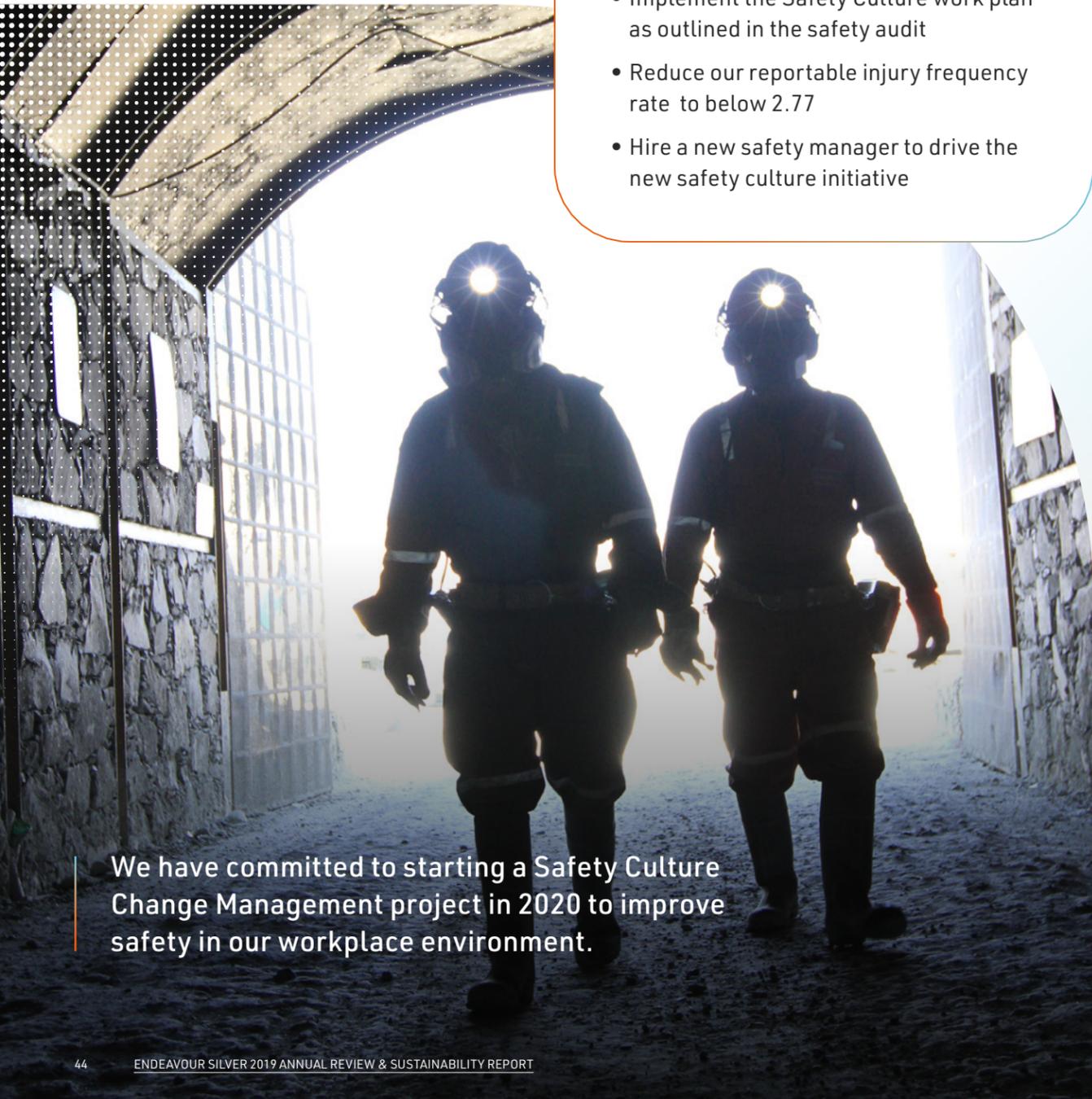
Endeavour will execute the work plan throughout 2020.



The 2019 occupational health and safety performance was very disappointing and management has engaged a new safety program to make sure our safety culture improves. Third party safety audit and gap analysis helped management identify the changes and improvements that must be made. We have committed to starting the Safety Culture Change Management project in 2020 to improve and make safe our workplace environment.

### 🎯 2020 Priorities

- Zero fatalities
- Implement the Safety Culture work plan as outlined in the safety audit
- Reduce our reportable injury frequency rate to below 2.77
- Hire a new safety manager to drive the new safety culture initiative



We have committed to starting a Safety Culture Change Management project in 2020 to improve safety in our workplace environment.



## OUR PEOPLE

### MATERIAL TOPICS

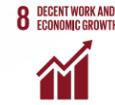
Employee Satisfaction

46

Training & Development

50

# EMPLOYEE SATISFACTION



## Why It Matters

We want a workforce that is motivated, ethical and accountable. It is essential that we recruit and retain talented and motivated people who propagate our culture and share and reflect our values in the Mexican communities where we operate.



We believe a diverse workforce provides a broader range of skills, experiences and ideas to keep our company strong and progressive.

## Management Approach

### Listening to Our People

We are committed to helping our people create and maintain a positive work culture. Management is encouraged and trained to receive and address work-related suggestions or concerns informally through regular open and transparent dialog and formally through our Internal Grievance Mechanism for employees and contractors.

### Respecting Freedom of Association

We respect our employees' right to freedom of association and collective bargaining. In 2019, we had collective bargaining contracts with two unions: one at El Cubo and the other representing the miners at Guanaceví, Bolañitos and El Compas. We strive to maintain positive relationships with both unions and have been able to negotiate contract renewals through effective collaboration.

### Embracing Diversity and Inclusion

Diversity, inclusion and equal opportunity are important principles to us. We believe a diverse workforce provides a broader range of skills, experiences and ideas to keep our company strong and progressive. Our commitment to gender equality includes equal pay for

equal work. Our men and women should receive the same remuneration for the same position at all of our operations, subject to their training, experience and performance.

### Fostering Good Working Conditions

We respect national and international labour standards that protect and guarantee basic rights for all. This includes our commitment to provide good working conditions, including adequate facilities and competitive benefits. We believe that rewarding people through a well-designed compensation and benefits program enhances our ability to attract, retain and motivate talented and loyal employees. This is especially relevant in a country such as Mexico, which has a large, active mining sector, thereby making the labour market for qualified workers very competitive. We significantly exceed legal minimum wage at all of our work sites in Mexico.

Three of our mines are within or near communities, so workers are able to return to their homes following their shifts. Because Guanaceví is in a remote location, some workers live in a camp on-site, which includes living accommodations, lunch and dining rooms, and cleaning services. We recognize we can improve these camp facilities and intend to do so.

"I have always liked my job at Endeavour. I enjoy the pleasant work environment and the ability to work in teams. There are always positive changes."

Juan Bernabe Mendoza Pérez, Driver  
Tenure with Endeavour: 8 years





## 2019 Performance

- From a human capital standpoint, we experienced a tough year in 2019, which is also reflective of our operational performance. The labour market in Mexico is becoming more challenging, and that was visible in our own operations.
  - There were significant personnel changes in our Mexican operations, within both management and our front-line staff. Our total turnover rate (voluntary and involuntary), at 40.1%, was up significantly from 2018. There were two key reasons for this: in Q2, we implemented considerable changes across our operations to improve performance,

- including changes to mine site management, supervisors and contractors - particularly at Guanaceví where we streamlined the workforce by almost 100 people to reduce operating costs; and at El Cubo various job functions were no longer needed due to the gradual wind down of operations as output from the mine decreased.
  - We also experienced a year-over-year increase in absenteeism, from 2.3% to 2.6%.
  - We faced two short work stoppages at El Compas (lasting five hours and 12 hours in duration, respectively).

- As a result of compensation issues, some El Compas employees decided to leave the company.
  - At El Cubo, we also faced a blockade from the union to the contractors that lasted 3 days until the contractors agreement was reviewed. As a result, management decided to stop operations for those 3 days.
  - In Bolañitos we had union elections as some of the workers wanted to have a different representation from a different union. The current union won the elections and we have a collaborative relationship.



1,116  
Employees



Contractors  
876



11%  
Female Employees



Unionized Employees  
68%

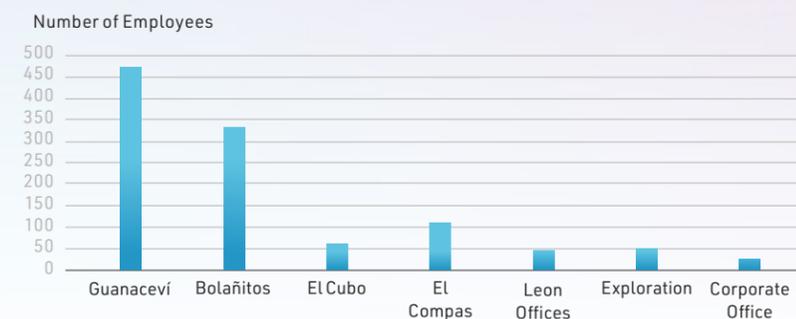


99%  
On-Site Personnel  
from Mexico

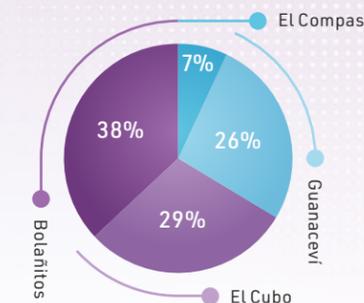


Senior Management  
from Mexico  
90%

## Workforce by Site



## Number of Grievances



- We maintained our representation of women at approximately 11%. Our ratio of women to men remains lower than international averages for mining operations, although this is not unusual in Latin America or for underground mines. The majority of our female employees work in surface operations and administration positions.
- A notable achievement in terms of employee relations at El Cubo was the fairly smooth suspension of operations and transition to care and maintenance in late November. We did so in a collaborative manner with the employees and were able to keep 40% of our professional people (non-unionized) by transferring them to other jobs within the company.
- To improve employee satisfaction at the Guanaceví and Bolañitos mines, we adopted a new shift schedule to offer employees more and longer time off. This change is working very well. We also hired a professional caterer at Guanaceví to improve the quality of the camp meals. We continue to monitor food and service quality to ensure continuous improvement.
- During the year, our human resources (HR) department received 94 grievances from employees and contractors through our Internal Grievance Mechanism, down from 123 the previous year. The number one complaint, accounting for 36% of all grievances, were payment-related issues, which included adjustments of categories and bonus to compensate operational issues. Ventilation, safety concerns and inappropriate staff behaviours were among other top issues raised.
- After significant preparation and investment, we completed the development and launch of our new enterprise-wide HR software platform, called e-talent. It is designed to help us better manage and track our HR activities in key areas, including recruitment, training, compensation and individual performance. Relevant personnel were trained to use the system for different functions such as capturing performance objectives and personnel requirements. In 2020, we will continue training so we can complete integration of this platform.

## 2020 Priorities

- Implement and deploy the new core values and competencies
- Complete deployment of new e-talent HR software system
- Implement new legislation in Mexico regarding employee well-being (NOM 035)





# TRAINING & DEVELOPMENT

Alignment with SDGs



## Why It Matters

A highly skilled and motivated workforce is fundamental to our business success, emphasizing the importance of finding the right people and investing in their training and development.

As part of the annual performance evaluation process, employees and their direct supervisors work together to review performance results.

## Management Approach

We value our people and aim to develop their capabilities. Employees receive ongoing training to do their jobs effectively and safely. Our Regional Training Coordinator in Mexico oversees training programs for all operating sites, with a long-term goal of increasing overall skill sets, certification levels and lifelong employability.

### Induction Program

Every new employee and contractor undergoes a three-day induction program. They are educated on Endeavour's vision, mission and policies, including our Code of Business Conduct and Ethics; our focus on safety in the workplace; union relationships and representation; and social and environmental responsibility. Similar training is provided to consultants or visitors at sites.

### Performance Evaluation

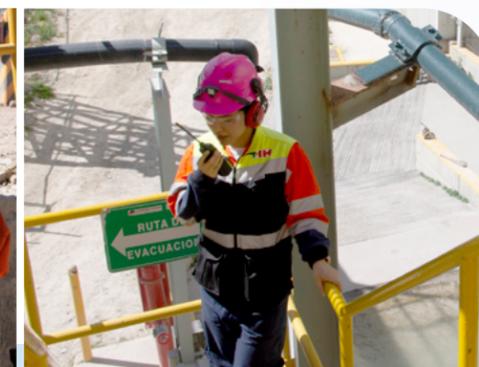
As part of the annual performance evaluation process, employees and their direct supervisors work together to review performance results, which affects employee compensation and sets personal objectives for the year ahead. Top management is also involved in the process to ensure that our objectives are "SMART" (specific, measurable, attainable, relevant and time-bound) and people take ownership of their goals and performance. Bonuses for managers are paid based on three aspects: corporate objectives, site objectives and personal objectives.

### Opportunities for Development

We offer opportunities for professional development, including external training and we work with the government and suppliers to obtain sponsorships for our training programs. Our company-wide training program is based on three strategic themes:

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

Maintenance shop worker at the Guanaceví mine

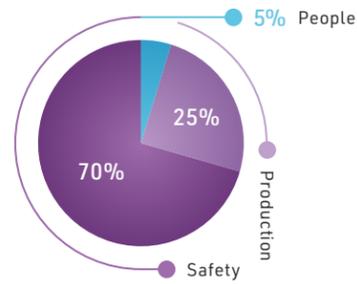


## ✓ 2019 Performance

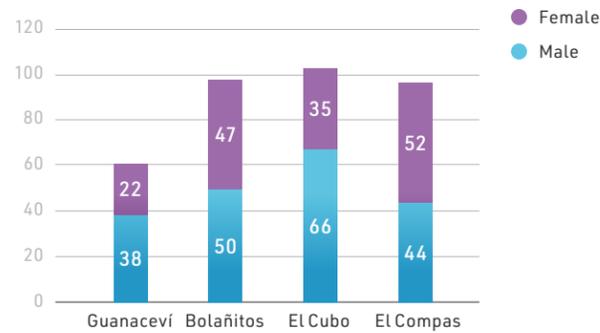
- During the year, we continued to provide a variety of technical and general proficiency training opportunities to our workforce, most of these facilitated onsite by instructors, with a total of 85,447 hours of employee and contractor training. This is down 29% from 2018, which we attribute mainly to the El Cubo mine suspension as well as operational challenges that restricted our training budget. While total training numbers were lower, on average our employees each received 47 hours of training, just shy of our target of 50 hours.

- Our training commitment extends to mining service contractors, and we provide them with training specific to each site. In 2019, we delivered an average of 27 training hours per contractor, comparable to 34 hours in 2018.
- Key Endeavour leaders in Mexico – 21 in total – completed a new, two-day management skills program, gaining additional tools and competencies to improve their leadership and supervisory abilities. In addition, three of our leaders participated in a development program that included individual coaching sessions and a management diploma by a well-recognized university.

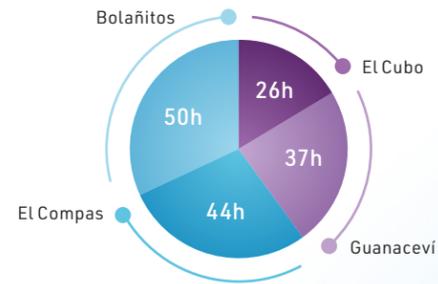
Total Training Hours by Topic



Average Training Hours per Employee by Site and Gender



Average Training Hours per Person (Employees and Contractors)



## 🎯 2020 Priorities

- Improve the technical skills of our operators
- Strengthen the hard and soft skills of the front line supervisors
- Assess areas that require improvements in training based on the required skillset for each position



# COMMUNITY

## MATERIAL TOPICS

Community Engagement and Impacts

54

Community Investments

60

# COMMUNITY ENGAGEMENT & IMPACTS



Alignment with SDGs



"I started as a delivery courier and moved upwards to be a driver, and now an assistant. I like to work at Endeavour because I am encouraged to succeed."

Ruben Velazquez Marrufo, Assistant  
Tenure with Endeavour: 14.5 years

## Why It Matters

The communities nearby any mining company operations may be impacted in positive and negative ways. We recognize that building open, collaborative relationships with local stakeholders and managing our impacts are cornerstones of running a responsible business.

## Management Approach

### Understanding and Engaging Communities

Throughout the mining life cycle, we aim to manage the potential community impacts of our projects. To help achieve this, we communicate our goals and activities and perform regular research and long-term planning, in order to build and maintain positive relationships with local communities.

Our Mexican host communities have a vested interest in how we run our operations, which is why proactive community engagement is a strategic business priority. We have people and feedback systems in place to connect with community stakeholders in an open and transparent manner. We have a dedicated Community Relations Department in Mexico and a community relations coordinator at each site. We also have an external sustainability consultant who gathers community input to help identify and prioritize the issues that matter most to our business and to stakeholders.

### Post-Mining Planning

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

At each site, we have an environmental mine closure plan that outlines how the affected lands will be rehabilitated and the costs associated with doing so. The plans were developed by a Mexican consulting group specializing in this type of work and adhere to applicable Mexican environmental laws, including the requirement that tailings ponds be monitored for a certain period of time after reclamation to mitigate any risks. While not a legal requirement in Mexico, we also take a proactive approach to identify and address the social and economic aspects of closing a mine – so that we consider a broader range of potential community impacts. We are also evaluating which legacy projects would be of most value to each community post-mining.

### External Grievance Mechanism

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



At Terronera we collaborate with local and government associations to advance our community relations efforts.





The El Cubo mine, acquired by Endeavour in 2012, became our largest silver equivalent producer in recent years.



### Suspension of Operations at El Cubo

The El Cubo mine, acquired by Endeavour in 2012, became our largest silver equivalent producer in recent years. We employed more than 500 people and 250 contractors.

In December 2018, we announced we were reducing our production at El Cubo in 2019 to half of our capacity, to allow us time to do more exploration to replace depleted reserves. We had a 2019 mine plan that ran to year-end; however, with the exhaustion of reserves, declining production and rising costs, Endeavour suspended operations at the end of November 2019.

We transitioned the mine from operations to care and maintenance, and worked closely with our employees and the local

community to mitigate the impact of the suspension. Management is continuing to evaluate alternatives to final closure of the mine.

Following suspension of the operations, a key focus was transferring the responsibility of various public services Endeavour had provided in the area to the municipality and/or the community. Such services included water access (for non-drinkable water) and garbage collection. So far, the community is taking responsibility for funding water management, as well as working with the municipal authorities on a long term solution for water sourcing. The municipality also agreed to start providing garbage collection service.

Our local team also worked in conjunction with the Ministry of Rural Development to support aspiring entrepreneurs in starting their own businesses. This has led to a number of success stories, with local citizens launching a small bakery, a uniform-sewing company and a backpack business.

## 2019 Performance

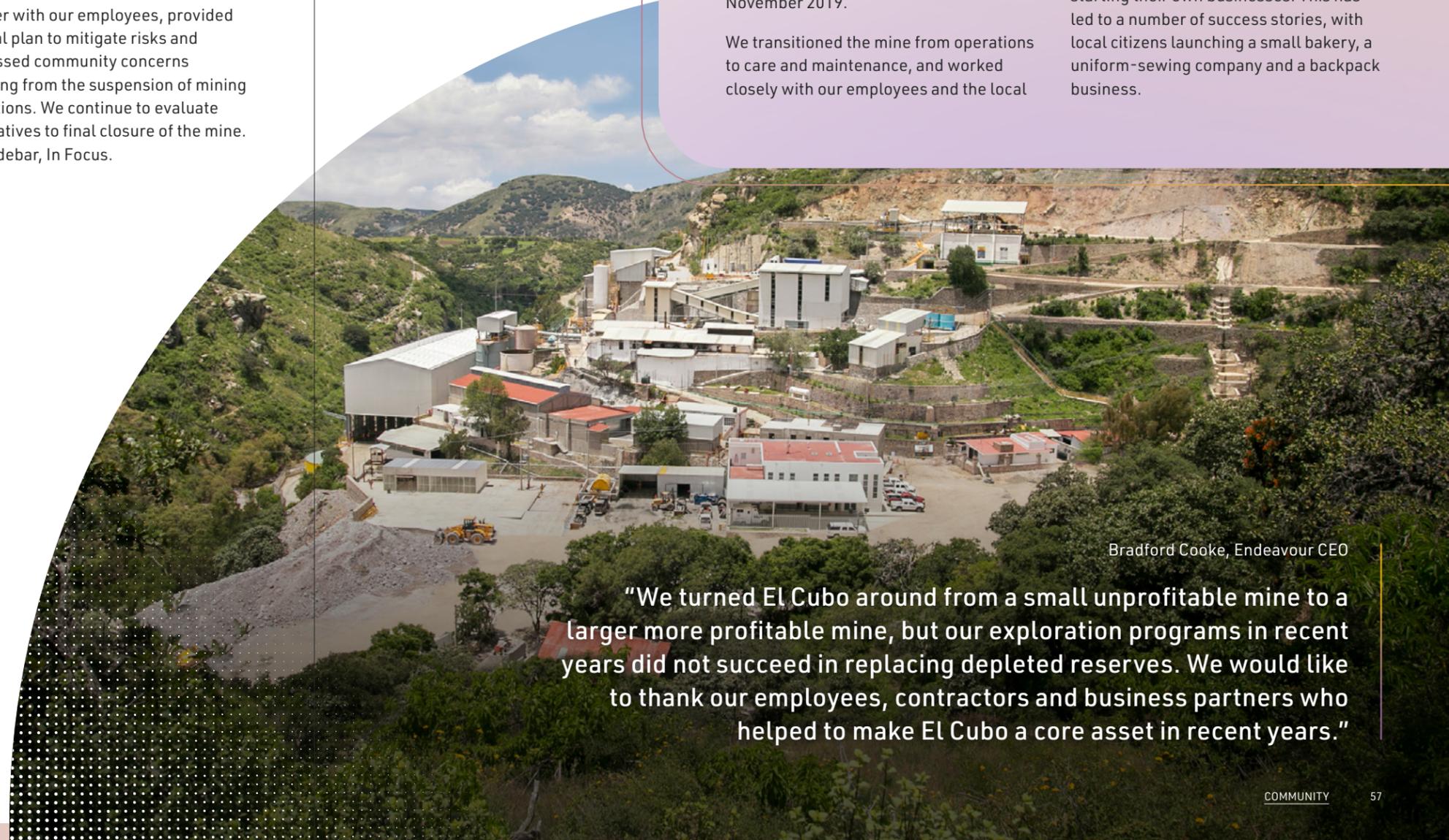


- We began developing a Social Management System, a set of processes and procedures that will enable us to better analyze and control the social impacts of our activities across our full portfolio of assets. As part of this work, we reviewed all existing company policies and procedures related to community relations, including our grievance mechanism and community investment guidelines.

- In late 2019, we suspended operations at the El Cubo mine in a collaborative manner with our employees, provided a social plan to mitigate risks and addressed community concerns resulting from the suspension of mining operations. We continue to evaluate alternatives to final closure of the mine. See sidebar, In Focus.



- At Parral, we commissioned a Social Impact Study to identify and address important issues to the local community. While this particular type of assessment is not a regulatory requirement, we wanted to be proactive to analyze community needs, identify relevant stakeholders and assess potential social consequences, both positive and negative. We commissioned an external consulting firm to conduct the study, and they held meetings with community members to understand their expectations and perspectives on the project. We will use the results to complete our community relations management plan going forward.



Bradford Cooke, Endeavour CEO

**“We turned El Cubo around from a small unprofitable mine to a larger more profitable mine, but our exploration programs in recent years did not succeed in replacing depleted reserves. We would like to thank our employees, contractors and business partners who helped to make El Cubo a core asset in recent years.”**

- We continued to engage with the surrounding communities of the Terronera Project, including San Sebastian Del Oeste, San Felipe De Hajar and Santiago De Pinos, and hosted multiple events and programs during 2019 to which over 1,000 locals attended.

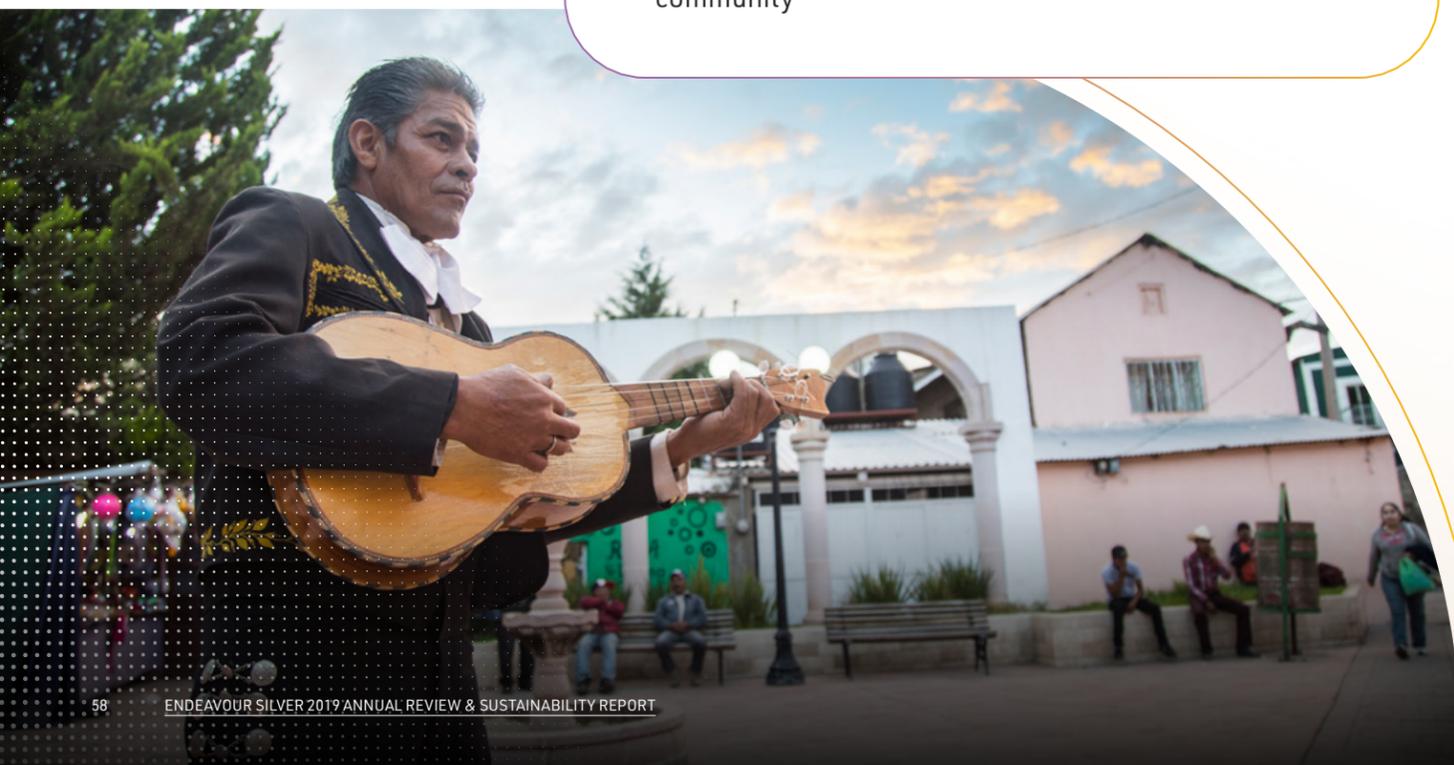
- We hired a consulting group to do baseline studies for the Bolañitos and El Cubo mines. The objective was different in each case: for Bolañitos, we wanted to get a better sense of local societal needs (such as literacy or public services) to strengthen our future community investment activities; for El Cubo, we wanted to flag any concerns and items that require attention before the cessation of mining operations. The consultants went door-to-door to interview local citizens and did other research to gather data to address social concerns.

- Endeavour received 20 formal complaints through our External Grievance Mechanism: seven at Guanaceví, four at Bolañitos, one at Terronera, four at El Compas and four at El Cubo. See chart on following page for a summary of the main concerns and our responses.



## 2020 Priorities

- Implement the Social Management System, which includes a review of social policies and procedures
- Address and solve community complaints in a reasonable timeframe
- Oversee that the ongoing transition of public services from Endeavour to the El Cubo community is ongoing and successful
- Maintain environmental monitoring in the El Cubo facilities to ensure there are no negative impacts in the community



## EXTERNAL GRIEVANCE MECHANISM: 2019 SUMMARY OF MAIN CONCERNS

CONCERN	OUR RESPONSE
<b>GUANACEVÍ</b>	
Insufficient local hiring	Committed to make public all vacancies that are open, informing the Ejido and the community first
Cancellation of contract with local food supplier, in favor of a new supplier from outside the region to improve quality of food for employees	Negotiated agreement with the new supplier to purchase food supplies from local shops and suppliers. We have had some challenges with the new food service and we are evaluating other options
The process for small-scale local miners to sell materials to Endeavour is too complicated	Reviewed and simplified the process and we are evaluating if the changes are mutually beneficial
Waste rock fell in the Ejido community from small miners down adjacent river	While this was not a company-caused issue, in good faith we installed pipes to allow water to flow below a bridge
<b>EL CUBO</b>	
Use of town's newly-paved main road by company trucks	Signed agreement with community to guarantee that Endeavour would provide compensation in the event of damage to the road resulting from our operations
Environmental spill in July 2019 (pipe burst, spilling non-hazardous waste into a local river)	Commissioned immediate remediation work
<b>BOLAÑITOS</b>	
Noise and vibrations in homes due to mining activities	Provided information about the distance, time and measures of mining activities, to create awareness among the community where we have been mining since 2007
<b>EL COMPAS</b>	
Complaints related to company trucks (noise at night, dust and speed)	Modified truck schedules to between 10am and noon; limited speed of trucks to a max of 20 km/hr and introduced road watering three times per day to reduce dust
Clarity on criteria to accept mineral from small miners	Criteria clarified through state government as mediators



# COMMUNITY INVESTMENTS

## Why It Matters

We understand the importance of supporting the fabric of community life. Investing in the social and economic development and well-being of our local communities is not just responsible business – it is smart business. These communities are home to many of our employees and their families, and we rely on the local infrastructure and surrounding lands to support our business.

Alignment with SDGs



Our aim is to achieve social and economic results that create real value for host communities, even after mining ceases.

## Management Approach

### Our Commitment

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

### Our Funding Priorities

To guide our community investments in Mexico, we have two priority areas – education and employability. These were identified in consultation with community members. In collaboration with communities and/or government, we also support initiatives related to health and infrastructure for public services, such as drinking water, waste management, road maintenance, recreational spaces and cultural and religious events. Our Community Investment Policy defines the criteria we use when evaluating and selecting initiatives.

### Responsibilities

Each mine and office has an annual budget for community investments, taking into account local needs and requests while balancing market conditions and corporate objectives.



Church at Mineral de la Luz





Last June, students received an Endeavour scholarship to pursue their educational goals.

**Guanaceví, Bolañitos and El Cubo received the annual "Socially Responsible Company" distinction from CEMEFI (Mexican Philanthropy Centre).**

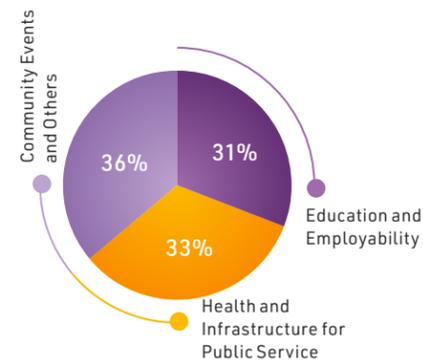
**2019 Performance**

• Despite difficult market conditions in the mining sector and underperformance of our operations, we continued to support our communities. Our total community investment in 2019 was \$123,995, which was the lowest in recent years. The majority of that funding (87%) supported community initiatives in Mexico. Donations dropped from \$387,284 the previous year due to operational challenges, and Endeavour's scholarship funding at the University of Alberta was completed in 2019. The University Scholarship Endowment Fund for the University of Guanajuato was postponed until operations performed better.

• We maintained our focus on supporting education and employability in Mexico, with 31% of our investment to these priorities. Endeavour's scholarship program remained a signature initiative: our scholarships at Guanaceví, Bolañitos and El Cubo benefitted 118 students from high school and university levels last year. In Guanajuato, we provided a cooking skills workshop for local women, and we displayed the baked goods made by the women at Endeavour's booth on Miners Day.

• Our community relations coordinators participated in various local activities around our mine sites, such as planting gardens at schools in Terronera, providing adult health workshops for improved nutrition and pitching in for Earth Day cleanups.

**Community Investment in Mexico**



**"I like Endeavour because it is a serious, responsible company that offers new challenges every year, allowing me to contribute my best work."**

Nelson Alberto Peña León, Planning and Engineering Manager  
Tenure with Endeavour: 12 years



• We also made significant contributions, representing 33% of our community investment in Mexico, to create or support accessible public infrastructure. For example:

• Endeavour fully funded a multi-use, recreational facility for the El Cubo community. In April 2019, we held the opening event to launch the space, which can be used for sports and community gatherings.



• Our Bolañitos mine partnered with the culture and education department of the municipal government to open a new cultural community centre, where families are able to expand their creative abilities through workshops in ballet, singing and other artistic disciplines.



• At Guanaceví, we supported the Centro de Atención Múltiple, a school for children and adults with developmental disabilities, by hosting art workshops. The artwork was auctioned to aid the school's infrastructure and program needs.



**Making a Difference in 2019**



Our Bolañitos mine sponsored 87 youths from the surrounding communities to attend a Sports Summer Camp, which took place at the Sport Commission Centre in Guanajuato.

Our Bolañitos employees participated in the community parade to commemorate the Mexican independence movement of 1810.



## Making a Difference in 2019

We continued our tradition of giving children in our surrounding communities over 1,400 small presents during Christmas. Pictured are local elementary students near Guanaceví.



In Terronera, together with the local San Sebastian Family Ministry we organized a vegetable garden event to promote and support the healthy eating program in the municipality. Over 175 youths attended this educational event.

## 2020 Priorities

- Ensure that at least 50% of investments support our community investment priorities: education and employability
- Standardize the Endeavour scholarship program across all sites
- In partnership with other groups, provide at least two skills workshops at each mine to help people prepare for future career or entrepreneurial opportunities



# ENVIRONMENT

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# ENVIRONMENTAL COMPLIANCE & TAILINGS

Alignment with SDGs



## Why It Matters

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

To support our environmental compliance obligations and objectives, we have a comprehensive environmental framework in place.

## Management Approach

### Environmental Framework

As a mining company, we honour a broad and detailed range of requirements stipulated by environmental agencies and legislation in Mexico and Canada. In recent years, as environmental awareness has increased around the world, environmental permitting for the resource sector has become more stringent. Our Environmental Policy articulates our commitment to environmental protection: to prevent or mitigate, as much as reasonably possible, the impacts of mining on the natural environment by improving the efficiency of our use of land, water and energy, by reducing waste and by increasing recycling.

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

### Tailings Management

The integrity of tailings storage facilities are issues of heightened global environmental concern, following recent tailings dam failures in Brazil, Mexico, Peru and Canada. Surface tailings can

“Endeavour gave me the opportunity to improve myself professionally at the University of Guanajuato, enabling me to study and work at the same time so I could achieve the title of Geology Engineer.”

Jesús Oswaldo Zamarripa, Geological Engineer (Bolañitos)  
Tenure with Endeavour: 13 years



Top: Reforestation campaign in Guanaceví mine  
Below: Bolañitos tailings dam

represent one of the most significant environmental risks of mining operations, leading to potential injury or loss of life and serious water and soil pollution if not properly managed.

Responsible management of tailings is a key priority for Endeavour. All operational mines have surface tailings storage facilities for the waste rock that remains after the ore minerals are extracted in the process plant. In keeping with industry best practice, we have a stringent Tailings Management Facility Protocol that allows us to meet or exceed Canadian and Mexican standards for minimizing tailings risks.

We continuously monitor and evaluate the stability and conditions of our current and closed tailings storage facilities, by conducting regular onsite inspections, using satellite and drone aerial mapping, drilling water wells and bore holes to evaluate the compaction and stability of dam and tailings material and management of water contained in the tailings facilities.

Each year, we engage independent engineering companies to audit our tailings storage facilities for safety, to advise on management practices and to identify opportunities for improvement. We keep all records of the engineering design, construction, and operation of each facility and maintain closure plans for each.



Responsible management of our tailings is a key priority for Endeavour.





## Waste Management System

Our operations generate other types of mineral and non-mineral waste, including waste rock piles, used oils and solid urban waste. We have waste management systems at each site that specify how different types of waste produced by our activities will be handled. These systems are evaluated on an ongoing basis with the objectives to increase recycling rates where possible and reduce both waste to landfill and volumes of waste stockpiled over time. All of our waste is managed onsite or locally. Our efforts include employee and contractor education and awareness campaigns around waste minimization and recycling, as well as safe handling of hazardous waste.

## Oversight and Cooperation

The Regional Environmental Manager oversees environmental matters at our mines. Each mine has an environmental coordinator who monitors day-to-day operations, helps facilitate permitting and reports any matters to management. Our environmental group monitors environmental suppliers to ensure their procedures and standards comply with government regulations.

We strive to engage in a cooperative manner with local governments to ensure we understand and fulfill all environmental requirements and expectations.

## QUICK FACTS ABOUT OUR TAILINGS FACILITIES

Many stakeholders are interested in Endeavour's management of tailings and their environmental impact. All types of mining activity produce tailings. We are committed to responsible tailings management across the entire life cycle and being open and transparent about our tailings facilities. Here are key facts:

- Currently manage four active tailings facilities in Mexico
- Own three of them and lease the fourth (El Compas)
- The dams are constructed with properly consolidated rock and soil that is structurally competent
- Guanaceví is a lined dry stack filtered tailings facility that recovers +95% of the process water
- El Cubo also has several small historic tailings facilities that are stable and dry
- Bolañitos, El Cubo and El Compas are unlined wet tailings facilities with internal drains to recover +80% of the process water (loss due to evaporation) and external drains to keep rain and stream water away from the tailings
- Bolañitos and El Cubo are upstream construction and El Compas is downstream construction
- All of our tailings comply to a 1.5 safety factor



## 2019 Performance

- We spent \$1.6 million in environmental protection expenditures, down slightly from \$1.7 million the previous year due to the cease of operations at El Cubo. These expenditures included environmental studies; transportation and final disposition for waste; monitoring for water, waste, tailings, noise, gases and dust; tailings pond works; and other initiatives including reforestation, rehabilitation and remediation works and environmental education campaigns.
- We achieved zero environmental fines assessed against our 2019 activities. We did pay five fines totalling \$47,261 USD as a result of legal proceedings from previous years, two for changes in land use and three for administrative procedures.
- Hazardous waste intensity, comprised of liquid and solid, increased by 38% as compared to 2018. The increase was mainly due the commencement of accessing and mining new ore bodies in Guanaceví. However, on a positive note, there was a 35% reduction in liquid hazardous waste at Bolañitos due to our investment in new equipment during the year.
- Non-hazardous waste increased by 40%, most of this due to a major effort at Guanacevi to collect all scrap material around the area. This material was sold to an external party for recycling.
- In terms of mineral waste, we recorded 26% less tailings and 8% less waste rock, mainly due to the cease of operations at El Cubo.
- We finalized the process for all Regional Environmental Impact Assessments and submitted the necessary paperwork to the Mexican government. Bolañitos and El Cubo were approved, and we are awaiting approval for Guanaceví.
- In Guanaceví, we completed the pre-audit for the Environmental Industry Program from PROFEPA and began implementing the recommendations that resulted from the audit.



Find out more at *Our Tailings Facilities*



- There was one spill (>1 cubic metre) at our El Cubo operation, which was reported to the local authority. A pipe burst and spilled non-toxic tailings into a local creek. We acted quickly to mitigate the impact by commissioning remediation work. This past year, we implemented new guidelines to report environmental accidents, so we are doing better at reporting even smaller incidents, which will improve our maintenance and prevention program. We reported nine environmental incidents in 2019, which is not comparable to 2018 as the guidelines were not in place.

- As a follow-up to the action items identified in the pre-audit for Bolañitos for the Clean Industry Certification, we expanded the tailings curtain to prevent spills and we presented the Mining Waste Management Plan to the environmental authorities for approval. We also have established better controls with the maintenance area to reduce the generation of hazardous waste. One of the key actions was the impermeabilization of the adjacent patios in the working stations to prevent impact and generation of hazardous waste.

For the seventh consecutive year, our Bolañitos lab received the highest quality control international recognition, the ISO 9001 certification, for their value added and result oriented work using best practices.

- We received the final tailings permit for the Terronera silver-gold mine project located in Jalisco state, Mexico. The ETJ permit, or "Authorization to Change Soil Use on Forest Land", was issued by SEMARNAT, the Mexican Ministry of Environment, and gives Endeavour the right to store tailings from the proposed Terronera high grade, underground, silver-gold mine in a secure, filtered dry stack tailings facility adjacent to the proposed plant site. The receipt of this permit was a milestone for the project path as it represented the final required permit prior to the start of construction.



## 2020 Priorities

- Zero spills
- Implement an environmental management system
- Improve piping and pipeline infrastructure at all sites
- Reduce the amount of hazardous waste per tonne processed by 10%



MATERIAL TOPIC

# WATER MANAGEMENT

Alignment with SDGs



## Why It Matters

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

Our main focus is water recycling, to minimize our impact on local water resources. We recover and reuse more than 90% of water used in the mining process.



“This is a company that has given our town life by providing employment and support. Endeavour meets all safety standards and takes care of its workers, with safety, good wages and benefits.”

Maria Del Carmen Barraza, Guanaceví Mining Services S.A. de C.V.  
Tenure with Endeavour: 15 years



## Management Approach

### Water Consumption

We use water for exploration, development, mining, mineral processing, our offices and campsites. We carefully consider local water supply when we plan the water requirements for developing, operating, expanding and rehabilitating our mines, and in our exploration and pre-development work. Water sources for our operations include surface water, stored rainwater and water extracted from the mining process and wet tailings.

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

### Water Discharge

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

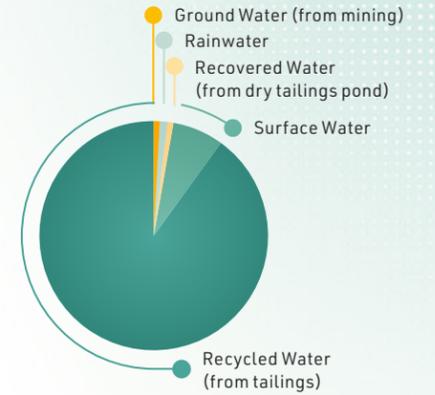
As our Guanaceví mine lies partly below the water table, discharges of water are in accordance with regulatory requirements and corporate standards, which include consideration of aquatic and land-based ecosystem environments, as well as potential downstream community users. Guanaceví operates in a climate with abundant ground water that seeps into the mine. We pump fresh water out of the mine, check for quality and then release it into the Guanaceví River. This water poses no threat and, in fact, helps keep natural waterways flowing and agricultural fields green during the dry season. We also supply water to the town of Guanaceví for non-potable use in the community. Additionally, Guanaceví has a water treatment plant for the campsite.



## 2019 Performance

- Total water consumption for all sites excluding El Compas was 4.04 million cubic metres. At El Compas, a new water meter was installed during the year and full-year data is unavailable.
- Our water recycling and reuse rate remained high last year, over 90%, which allows us to have little reliance on using fresh water for our mining operations. Fresh water intensity decreased from 0.25 to 0.12 cubic metres per tonne processed, primarily because El Cubo used significantly less fresh water as it was ceasing operations.
- With new mining areas opening at Guanaceví (Milache, Porvenir Norte and Santa Cruz Sur), discharges of water are now from three sources, leading to increased discharges.

Source of Water



## 2020 Priorities

- Maintain fresh water intensity in the ranges of 0.20 and 0.25 cubic metres per tonne processed





# OTHER ENVIRONMENTAL IMPACTS

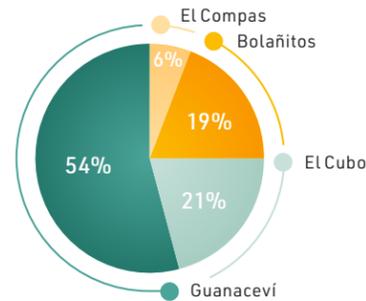
In this section, we report on other environmental impacts that remain a priority to Endeavour Silver, and the broader mining industry, even though our stakeholders did not rate these as highly significant in our 2019 materiality assessment.

## Energy and Emissions

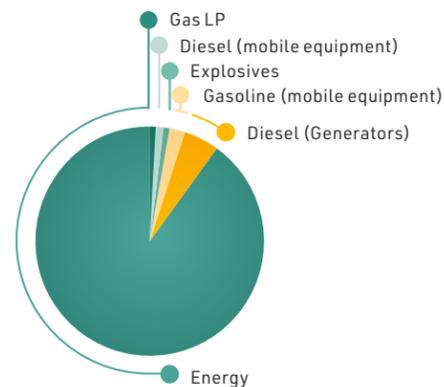
As energy consumption represents one of the largest components of our operating costs, we focus on conservation. This improves our environmental performance while reducing costs. Our two main uses of energy at our operations are electrical power and fuel for transport. Stationary energy is comprised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

Since 2013, we have tracked and reported greenhouse gas (GHG) emissions for all our operations. The Mexican Law on Climate Change, introduced in 2015, mandates mining companies to include reporting of GHG emissions as part of the annual environmental reporting (along with hazardous waste, spills, discharges, etc.). As of 2018, it is mandatory for organizations with emissions exceeding 25,000 tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) to have their previous year's emissions independently audited by an authorized third party.

Emissions by Site



Emissions by Source



### Energy and Emissions 2019 Highlights

- We experienced a 15% decrease in general energy consumption, from 646,867 GJ in 2018 to 555,933 GJ last year, with a corresponding 16% increase in energy intensity. As production was decreasing at El Cubo, the consumption remained constant regardless of lower production, as the same amount of energy is required to maintain the plant.
- Guanaceví remains our largest energy consumer, accounting for more than

half (54%) of our total energy usage – although there was a decrease in intensity from 1.00 to 0.93 GJ per tonne processed. This site purchases more power and consumes more propane, which are needed for the dry-stack tailings process, pumping of excess groundwater, and running the employee campsite, which requires heating in the winter and air conditioning in summer.

- Our total GHG emissions as tCO<sub>2</sub>e dropped 15%, from 86,104 tonnes of tCO<sub>2</sub>e in 2018 to 73,887 last year. We attribute the reduction to the cease of operations at El Cubo.

- Of our total energy consumption, 5% comes from renewable sources, through our contract with the Mexican electrical utility Comision Federal de Electricidad (CFE).
- For the first time, we had an external party verify the GHG emissions at our Guanaceví site for the calendar year 2018. It is the only Endeavour site required to report their emissions, as Mexican law mandates facilities that emit 25,000 tCO<sub>2</sub>e or more per year to verify and report their data. Overall, the verification was successful, with a few minor observations for improvement.

## Biodiversity

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

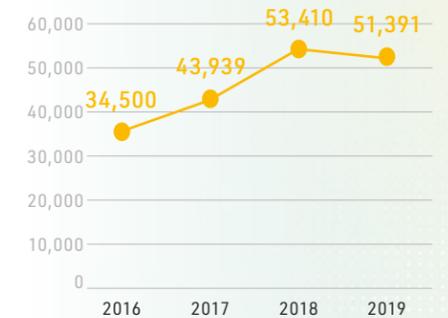
- One species of snake (the Cascabel) has protected status in Mexico and is present at all of our sites. We have trained our people to identify, rescue and relocate Cascabel snakes if found.
- A species of white-tailed deer near Guanaceví, while not endangered, is protected from hunting. We have posted no-hunting signage in the area.



- The only site with identified endangered flora and fauna species is Terronera. To mitigate our exploration activities here, Endeavour established a breeding centre (UMA) for white-tailed deer for future release into the wild.

Mining and stockpiling activities, if not managed responsibly, can also have adverse impacts on soil. We believe that development and conservation can coexist in harmony, which is why we make every effort to reduce and mitigate any possible impacts to soil touched by our operations. This is especially important as we start new projects when land is first disturbed.

Trees Planted



### Biodiversity 2019 Highlights

- We planted 51,391 trees to reclaim disturbed ground from our activities. The vast majority of trees (78%) were planted around our exploration projects and the rest were planted at our operational sites or in the surrounding communities. In partnership with the Guanajuato government, we organized a successful tree planting campaign at our El Cubo mine, with participation from employees, government personnel and local citizens.
- Our mining work on two new ore bodies in Guanaceví (Milache and Santa Cruz Sur) resulted in 0.6 hectares of newly disturbed land within 2019. The main impact was disturbed soil from clearing activity as we created access routes to the mines. In line with our Environmental Impact Assessment, Endeavour will comply with the compensation mechanisms, such as reforestation for all disturbed land.



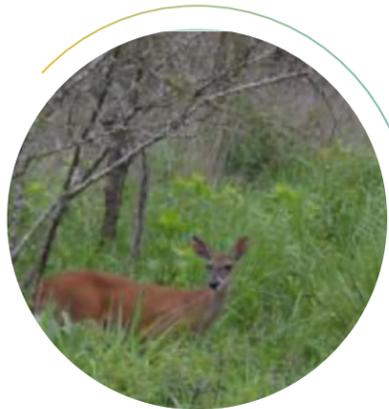
To celebrate Earth Day, our Bolañitos mine donated and planted 240 fruit trees in town and local biologists provided training and information regarding wildlife species in the area.



Employees from our Guanaceví mine, along with volunteers from the community and the local high school, teamed up and dedicated a day to cleaning the green belt along the main road.



Over 350 of our employees volunteered to plant 5,000 trees that were donated by the Forest Commission of Guanajuato (CONAFOR).



Female white-tailed deer in UMA Exploration-Terronera.



For World Environment Day, our team at Terronera partnered with local communities and the Ministry of Children & Family Development to conduct a cleaning campaign to raise funds for the Ministry's Children's Cancer Program.



Male white-tailed deer in UMA Exploration-Terronera.

# ECONOMIC VALUE

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## IN FOCUS

### 5,000 Trees Planted by Endeavour and Community Partners in El Cubo

Demonstrating our commitment to supporting local ecosystems, in June 2019 the Endeavour team in El Cubo spearheaded a major tree planting

campaign with the help of local citizens. A total of 5,000 trees were planted near the community of Mineral del Cubo, and the project was an excellent example of the benefits of collaboration across sectors.

Endeavour organized the initiative in cooperation with local government agencies and had sponsors from the city of Guanajuato to supply water, food and transportation for the volunteers who participated.

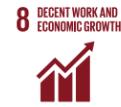
Through social media we invited locals to participate. The response was fantastic, with some 350 volunteers – from the city of Guanajuato, nearby communities, government and Endeavour – all working together to make a major environmental contribution.

The project had other benefits too – it increased awareness of the value of trees and highlighted sustainable development in action.

# FINANCIAL PERFORMANCE



Alignment with SDGs



## Why It Matters

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



We are committed to creating value for shareholders, employees, contractors, communities and society as a whole.

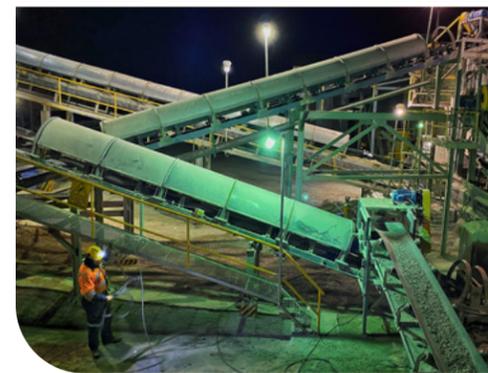
## Management Approach

### Financial Health

We strive to foster the conditions for a financially healthy business that are sustainable. To achieve that, our business strategy balances short-term profitability with long-term investments in exploration and development to extend our existing mine lives and build new mines to fuel future growth.

### Creating Value

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



Top: Guanaceví plant  
Above: El Compas plant

## 2019 Performance

The following provides a brief summary.

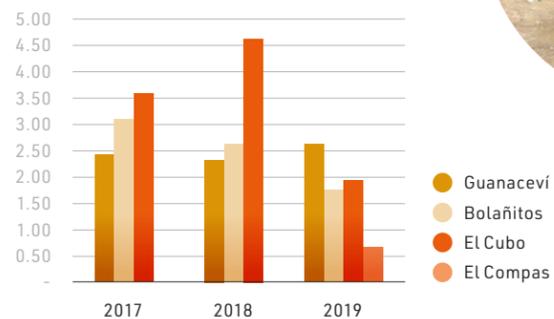
- The company's financial performance last year was negatively impacted by significant operating issues and higher costs at each of our mines. In 2019, revenue decreased 19% to \$121.7 million, due mainly to operating losses at Guanaceví and El Compas combined with the wind down of production at El Cubo, partly offset by higher metal prices compared to 2018.
- Production totalled 4,018,735 oz silver and 38,907 oz gold for 7.1 million oz AgEq using an 80:1 silver:gold ratio, down 27% year on year. During Q4, We withdrew our production and cost guidance due to uncertainty on the timing of transitioning the El Cubo mine to care and maintenance and ongoing challenges.
- During the year, the company sold 4,054,652 silver oz sold and 39,151 oz gold at realized prices of \$16.29 and \$1,422 per oz respectively.
- As a result of the lower production, mine operating cash flows, operating cash flows and EBITDA all decreased compared to 2018. Net earnings decreased to a loss of \$48.1 million (\$0.36/ share) in 2019, which included several extraordinary items, including employee severance costs, inventory write downs, and expensing capital development due to short mine lives.



- We experienced a 5% increase in operating costs as despite the results of a lower output. The increase on a per unit basis is due to several factors including some of the items mentioned before, in addition to increases in power rates, and a higher initial operating cost of the El Compas mine, which had their first full year operationally. As a result, our 2019 cash cost and all in sustaining cost, net of precious metals credits were \$12.85 and \$21.19 respectively.
- Over the course of the year, Guanaceví demonstrated significant operational improvement: Operating costs declined and productivity improved quarter on quarter with rising production, tonnes and grades. Q4 production was the strongest of the year and returned positive mine operating earnings and break-even free cash flow.
- We released positive exploration drill results for Guanaceví, Bolañitos and Parral and commenced drilling on two prospective properties in Chile. We also acquired the final government permits required to commence construction and continued to advance economic studies at Terronera.



Production (Ag eq oz)



## 2020 Priorities

- Endeavour Silver withdrew its 2020 production and cost guidance on April 2, 2020 due to Covid-19 and Mexico's National Health Emergency. We will revise guidance once the suspension period is determined.
- Complete final update of the prefeasibility study to further de-risk the Terronera project and improve certainty of project capital requirements.
- Consider completing a feasibility study to expand financing alternatives for the Terronera project.



MATERIAL TOPIC



# JOB CREATION & LOCAL PROCUREMENT

Alignment with SDGs



## Why It Matters

The mining industry has a history – and a responsibility – to contribute to the economic development of regional communities on which we depend. Stakeholders in our host communities specifically look to Endeavour to create and support jobs, as well as procure goods and services locally to stimulate economic activity.

Through procurement of local goods and services, we stimulate economic activity.



"I've been able to advance from intermediate to more senior roles because I've been surrounded by great co-workers who have been very supportive and ready to help me through the learning process."

Adriana Gomez, Corporate Assistant Controller,  
Tenure with Endeavour: 12 years

## Management Approach

### Job Creation

We prioritize local hiring as much as possible for our projects. Most of our employees originate from neighbouring communities and the state where the mine operates. Please see the Our People section for more details about our workforce.

### Local Procurement

We rely on a comprehensive network of contractors and suppliers to service our operations, as well as exploration and development sites. We use best efforts to buy goods and services from nearby sources whenever possible, not only

for competitive pricing but to ensure local communities benefit from our economic activity. In Mexico, much of our supplies and equipment can be acquired locally or nationally, and we only turn to international suppliers to obtain certain heavy equipment and mineral processing chemicals.

All purchase decisions must be made in compliance with our policy on Contracting Goods and Services and Working with Third Parties, which includes criteria such as location, availability, quality of product or service, experience, and cost. Priority will be given to local suppliers who fulfill these requirements. We expect suppliers to follow Endeavour's safety and health, environmental and labour standards, and

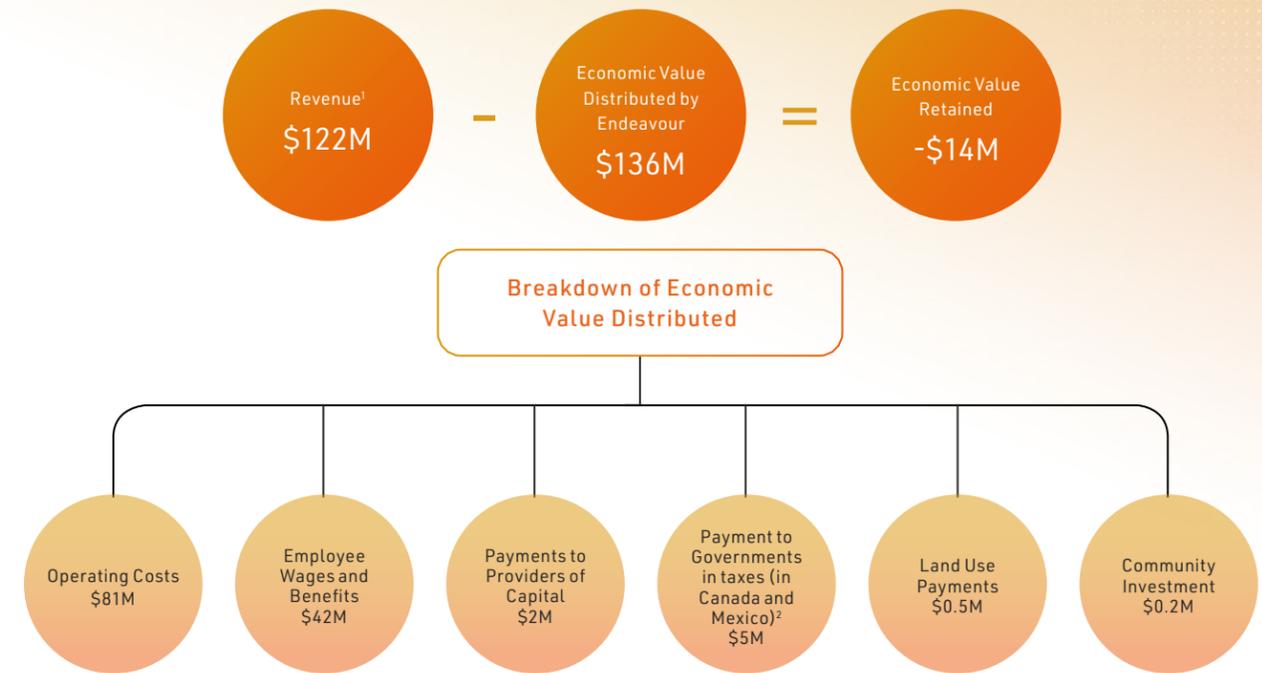
we are working more closely with our supply chain to ensure these policies are adhered to.

### Supporting Local Miners

At Guanaceví, we support and engage with local artisanal miners, who mine their concessions on a small scale or hand-sort material from surface dumps and unload small truckloads of ore at our plant for testing and purchase. Per the terms of our operating permits, each year we accept mill feed from small-scale local miners. Our plant managers supervise the delivery, weighing and sampling of the material, and arrange for payment.



## 2019 Performance



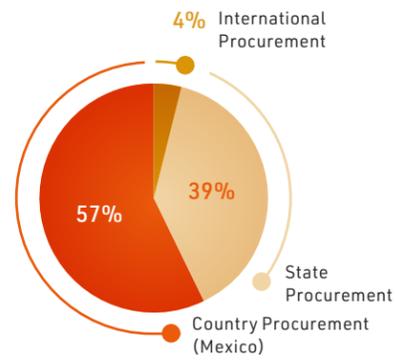
<sup>1</sup> We use the Global Reporting Initiative definition of economic value. <sup>2</sup> Payments to governments: as a Canadian company, we are compliant with the Extractive Sector Transparency Measures Act, which requires Canadian companies to disclose any payments to governments.

- In 2019, Endeavour generated revenue of \$122 million, compared to \$150.5 million the previous year. Of that, we distributed \$136 million to our stakeholders, down from \$142 million in 2018.
- Endeavour contributed 46.6 million pesos to the Mining Fund in Mexico, up from 32.5 million pesos the previous year. Created by the federal government, the fund collects a special tax from operating mines in the country and distributes the money to improve the quality of life in areas impacted by mining extraction. Endeavour, along with other mining companies in Mexico, pays this tax. In Guanajuato, Endeavour participates as a member of the governance committee to ensure these funds are allocated to projects that truly respond to the most urgent needs of the communities.

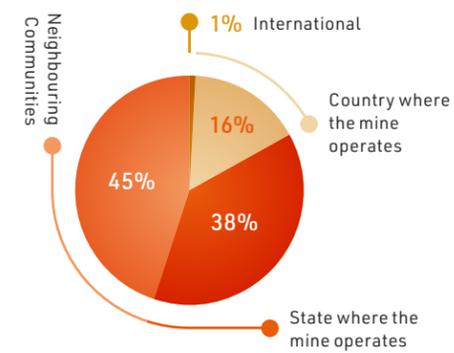


- Reflected in our commitment to local hiring, 83% of our employees last year were from our host communities or nearby.
- We spent \$164 million in procurement, with 74% of that in services and 26% in goods. Roughly 97% of our total procurement came from national or local suppliers within Mexico, in line with prior years. Local supplies included 12 officially-recognized artisanal miners in Guanaceví, who sold us 21,641 tonnes of ore, up from 18,663 tonnes in 2018.

#### Procurement



#### Origin of Employees



Endeavour CEO, Bradford Cooke, discussed opportunities for miners in Mexico at the AIMMG International Mining Convention in Acapulco last year.

### 🎯 2020 Priorities

- Return Guanaceví, Bolañitos and El Compas to profitability as measured by mine operating free cash flow



## FORWARD LOOKING STATEMENTS

This Annual Review and Sustainability Report contains “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 forwardlooking statements and information herein include but are not limited to statements regarding Endeavour’s anticipated performance in 2020 including changes in mining operations and production levels, the timing and results of various activities and the impact of the COVID 19 pandemic on operations. The Company does not intend to and does not assume any obligation to update such forward-looking statements or information, other than as required by applicable law.

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, production levels, performance or achievements of Endeavour and its operations to be materially different from those expressed or implied by such statements. Such factors include but are not limited to the ultimate impact of the COVID 19 pandemic on operations and results, changes in production and costs guidance, national and local governments, legislation, taxation, controls, regulations and political or economic developments in Canada and Mexico; financial risks due to precious metals prices, 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 filed with the S.E.C. and Canadian securities regulatory authorities.

Forward-looking statements 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, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or information, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed or intended. 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. Accordingly, readers should not place undue reliance on forward-looking statements or information.