



## NEWS RELEASE

### **Endeavour Silver Reports Financial Results for Second Quarter, 2016; Conference Call at 10am PDT (1pm EDT) Today**

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*Vancouver, Canada – August 3, 2016 - Endeavour Silver Corp. (NYSE: EXK; TSX: EDR)* released today its financial results for the second quarter ended June 30, 2016. Endeavour owns and operates three underground silver-gold mines in Mexico: the Guanaceví mine in Durango state, and the Bolañitos and El Cubo mines in Guanajuato state.

(Please click [here](#) for an audio review of Q2 highlights).

The Company's financial performance in the Second Quarter, 2016 improved compared to the Second Quarter, 2015. Revenues were down due to lower silver production and lower silver prices, but earnings were up as a result of lower operating costs. Management successfully strengthened the balance sheet over the past six months through two ATM equity offerings and improved free cash flow.

#### **Highlights of Second Quarter 2016 (Compared to Second Quarter 2015)**

##### **Financial**

- Net earnings of \$1.7 million<sup>(1)</sup> (\$0.01 per share) compared to a net loss of \$1.0 million (loss of \$0.01 per share)
- EBITDA<sup>(2)</sup> decreased 7% to \$10.1 million
- Cash flow from operations before working capital changes decreased 15% to \$9.4 million
- Mine operating cash flow before taxes<sup>(1)</sup> increased 5% to \$17.3 million
- Revenue decreased 7% to \$44.5 million
- Realized silver price increased 1% to \$16.54 per ounce (oz) sold
- Realized gold price increased 8% to \$1,289 per oz sold
- Cash costs<sup>(2)</sup> decreased 38% to \$5.37 per oz silver payable (net of gold credits)
- All-in sustaining costs (AISC)<sup>(2)</sup> decreased 38% to \$10.53 per oz silver payable (net of gold credits)
- Raised net proceeds of \$30.8 million in Q2, 2016 through two At-the-Market (ATM) equity financings. Endeavour completed its second ATM equity offering subsequent to quarter end, raising an additional \$13.9 million in net proceeds
- Cash increased 178% to \$56.8 million and working capital increased 318% to \$72.1 million from year end

##### **Operations**

- Silver production decreased 14% to 1,551,851 oz
- Gold production increased 17% to 15,649 oz
- Silver equivalent production was 2.7 million oz (at a 75:1 silver: gold ratio)
- Silver oz sold down 22% to 1,493,790 oz
- Gold oz sold up 11% to 15,364 oz
- Bullion inventory at quarter-end included 113,064 oz silver and 221 oz gold
- Concentrate inventory at quarter-end included 41,209 oz silver and 903 oz gold
- Acquired the El Compas gold-silver mine project in Zacatecas, Mexico
- Outlined several prospective veins over a seven km by seven km area at the Terronera project
- Raised 2016 production guidance to 9.0 million to 9.8 million oz silver equivalent, increased capital budget to \$17.4 million and exploration budget to \$10.1 million to accelerate growth projects, including 23,000 metres extra drilling

- (1) The Consolidated Interim Financial Statements and Management's Discussion & Analysis can be viewed on the Company's website at [www.edrsilver.com](http://www.edrsilver.com), on SEDAR at [www.sedar.com](http://www.sedar.com) and EDGAR at [www.sec.gov](http://www.sec.gov). All amounts are reported in US\$
- (2) Mine operating cash flow, EBITDA, cash costs and all-in sustaining costs are non-IFRS measures. Please refer to the definitions in the Company's Management Discussion & Analysis

Endeavour CEO Bradford Cooke commented, "Having successfully minimized our all-in sustaining costs and boosted our free cash flows in recent quarters, management returned its attention to optimizing near-term production and long-term growth in Q2, 2016. Our production is well ahead of plan for the year and as a result, we revised our operating plan and raised our production guidance by about 13% for 2016.

"Thanks to the turn-around in precious metal prices, we were able to substantially boost our cash and working capital and return some of our focus to exploration, development and acquisitions. Endeavour made its first acquisition in four years with the purchase of Oro Silver and its high quality El Compas gold-silver project in Zacatecas. We also sampled several new high grade veins at Terronera.

"Upcoming catalysts for the second half of 2016 include permitting a new mine at Guanaceví, developing a new ore-body at Bolañitos, evaluating a production ramp-up at El Cubo, exploration results across all projects, advancing updated resource estimates and engineering studies at Terronera and El Compas, and adding to our land position in Zacatecas."

### **Operations Update, Revised Operating Plan**

At Guanaceví, throughput of 1,085 tonnes per day (tpd) in Q2, 2016 lagged behind plan as the new mining contractor focused on mine development in order to provide better stope access in H2, 2016. Ore grades were lower and metal recoveries were higher compared to Q1, 2016. Management expects production to meet the low range of 2016 production guidance.

The Company plans to invest \$2.8 million in H2, 2016, part of a three-year, \$8.4 million capital investment, to commence mine development and ramp down into the Santa Cruz Sur ore-body to access an indicated resource of over 650,000 tonnes grading 250 g/t silver and 0.70 g/t gold. The currently defined ore-body is open to the south and at depth. Underground drilling is planned to continue exploring the mineralized zone once underground access is available.

At Bolañitos, throughput averaging 1,498 tpd exceeded plan as mining at LL-Asunción uncovered new extensions of the ore-body beyond the resource blocks and also in and around historic mine workings. Ore grades were lower and metal recoveries were higher compared to Q1, 2016. Management has revised 2016 production guidance higher to 900,000-1,000,000 oz silver and 24,000-26,000 oz gold, with throughput decreasing to 800 tpd in H2, 2016 as originally guided.

On July 11, 2016, the Company announced plans to invest \$1.7 million capital in H2, 2016 to develop the Plateros orebody located only 50 metres from the existing LL-Asunción mine workings. The development will access an indicated resource of over 130,000 tonnes grading 116 g/t silver and 1.61 g/t gold, still open at depth. Underground drilling is planned to continue exploring the mineralized zone once underground access is available.

At El Cubo, throughput was above plan at 1,562 tpd as management elected to continue mine development sufficient to sustain 1,500 tpd in Q2, 2016 and 1,000 tpd in H2, 2016 given the rising precious metal prices. Endeavour has also made a decision not to ramp down production to care and maintenance by year-end as previously guided, and various operating plans are under evaluation for production to return to 1,500 tpd with additional mine development. Management has revised the 2016 production guidance higher to 1,700,000-1,900,000 silver ounces and 19,000-21,000 gold ounces.

On July 11, 2016, the Company announced plans to invest \$1.6 million in H2, 2016 to extend the V-Asunción ramp an additional 1.6 km in order to access an indicated resource of more than 300,000 tonnes grading 141 g/t silver and 1.55 g/t gold. The V-Asunción ore-body extends well south of the current mine plan, but further evaluation work is needed before Endeavour can commit to any additional development.

## **Financial Results**

For the second quarter ended June 30, 2016, the Company generated revenue totaling \$44.5 million (2015 - \$47.7 million). During the quarter, the Company sold 1,493,790 silver oz and 15,364 gold oz at realized prices of \$16.54 and \$1,289 per oz respectively, compared to sales of 1,912,595 silver oz and 13,797 gold oz at realized prices of \$16.34 and \$1,191 per oz respectively in Q2, 2015.

After cost of sales of \$31.6 million (2015 - \$40.9 million), mine operating earnings amounted to \$12.9 million (2015 - \$6.8 million) from mining and milling operations in Mexico. Excluding depreciation and depletion of \$4.1 million (2015 - \$9.3 million), and share-based compensation of \$0.2 million (2015 - \$0.2 million), mine operating cash flow before taxes was \$17.3 million (2015 - \$16.4 million) in Q2, 2016. Net earnings were \$1.7 million (2015 - net loss of \$1.0 million) after exploration expense of \$3.2 million (2015 - \$2.6 million) and corporate general and administrative costs of \$1.9 million (2015 - \$2.5 million).

The falling Mexican peso and continued focus on cost reductions resulted in lower consolidated operating costs, which fell 12% to \$73.01 per tonne in Q2, 2016. This resulted in lower cash costs per oz, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), which decreased 38% to \$5.37 per oz of payable silver compared to \$8.60 per oz in Q2, 2015. Similarly the lower operating costs and lower exploration and development expenditures resulted in all in sustaining costs (also a non-IFRS measure) decreasing 38% to \$10.53 per oz compared to Q2, 2015. Resuming mine development and exploration programs will increase all in sustaining costs for the second half of the year.

Cash holdings grew to \$56.8 million and working capital at the end of Q2, 2016 rose to \$71.2 million which is sufficient for the Company to meet its short and medium term growth goals.

## **Conference Call**

A conference call to discuss the results will be held on Wednesday, August 3 at 10am PDT (1pm EDT). To participate in the conference call, please dial the following:

Toll-free in Canada and the US: 1-800-319-4610

Local Vancouver: 604-638-5340

Outside of Canada and the US: 1-604-638-5340

No pass-code is necessary to participate in the conference call.

A replay of the conference call will be available by dialing 1-800-319-6413 in Canada and the US (toll-free) or 1-604-638-9010 outside of Canada and the US. The required pass-code is 00647 followed by the # sign. The audio replay and a written transcript will also be made available on the Company's website at [www.edrsilver.com](http://www.edrsilver.com).

**About Endeavour** – Endeavour is a mid-tier silver mining company focused on growing production, reserves and resources in Mexico. Since start-up in 2004, Endeavour has posted nine consecutive years of accretive growth of its silver mining operations. Endeavour's three silver-gold mines in Mexico combined with its strategic acquisition and exploration programs should facilitate Endeavour's goal to become a premier senior silver producer.

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### **Cautionary Note Regarding Forward-Looking Statements**

*This news release 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 forward-looking statements and information herein include but are not limited to statements regarding Endeavour's anticipated performance in 2014 and the timing and results of exploration drill programs. 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, performance or achievements of Endeavour and its operations to be materially different from those expressed or implied by such statements. Such factors include, among others, changes in national and local governments, legislation, taxation, controls, regulations and political or economic developments in Canada and Mexico; operating or technical difficulties in mineral exploration, development and mining activities; risks and hazards of mineral exploration, development and mining; the speculative nature of mineral exploration and development, risks in obtaining necessary licenses and permits, and challenges to the Company's title to properties; fluctuations in the prices of commodities and their impact on reserves and resources 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.*

**ENDEAVOUR SILVER CORP.**  
**COMPARATIVE HIGHLIGHTS**

Three Months Ended June 30			Q2 2016 Highlights	Six Months Ended June 30		
2016	2015	% Change		2016	2015	% Change
<b>Production</b>						
1,551,851	1,805,569	(14%)	Silver ounces produced	3,061,916	3,625,619	(16%)
15,649	13,430	17%	Gold ounces produced	31,609	29,238	8%
1,511,109	1,761,926	(14%)	Payable silver ounces produced	2,984,791	3,531,850	(15%)
15,200	13,122	16%	Payable gold ounces produced	30,718	28,551	8%
2,725,526	2,745,669	(1%)	Silver equivalent ounces produced <sup>(1)</sup>	5,432,591	5,672,279	(4%)
5.37	8.60	(38%)	Cash costs per silver ounce <sup>(2)</sup>	6.49	7.88	(18%)
8.30	13.88	(40%)	Total production costs per ounce <sup>(2)</sup>	9.61	13.43	(28%)
10.53	16.86	(38%)	All-in sustaining costs per ounce <sup>(2)</sup>	10.82	15.09	(28%)
377,198	371,745	1%	Processed tonnes	785,751	752,537	4%
73.01	82.80	(12%)	Direct production costs per tonne <sup>(2)</sup>	73.66	82.73	(11%)
9.94	11.05	(10%)	Silver co-product cash costs <sup>(2)</sup>	10.41	10.85	(4%)
774	806	(4%)	Gold co-product cash costs <sup>(2)</sup>	823	784	5%
<b>Financial</b>						
44.5	47.7	(7%)	Revenue (\$ millions)	86.0	98.8	(13%)
1,493,790	1,912,595	(22%)	Silver ounces sold	3,005,109	3,774,570	(20%)
15,364	13,797	11%	Gold ounces sold	30,619	29,596	3%
16.54	16.34	1%	Realized silver price per ounce	15.86	16.72	(5%)
1,289	1,191	8%	Realized gold price per ounce	1,254	1,207	4%
1.7	(1.0)	274%	Net earnings (loss) (\$ millions)	3.5	0.4	(821%)
12.9	6.8	88%	Mine operating earnings (loss) (\$ millions)	19.2	15.9	21%
17.3	16.4	5%	Mine operating cash flow <sup>(2)</sup> (\$ millions)	28.7	36.0	(20%)
9.4	11.0	(15%)	Operating cash flow before working capital changes <sup>(2)</sup>	16.9	24.8	(32%)
10.1	10.9	(7%)	Earnings before ITDA <sup>(2)</sup>	18.8	27.2	(31%)
72.1	26.7	170%	Working capital (\$ millions)	72.1	26.7	170%
<b>Shareholders</b>						
0.01	(0.01)	200%	Earnings (loss) per share – basic	0.03	0.00	100%
0.08	0.11	(23%)	Operating cash flow before working capital changes per share <sup>(2)</sup>	0.15	0.24	(36%)
113,236,504	101,976,901	11%	Weighted average shares outstanding	108,941,454	101,976,901	7%

- 1) Silver equivalent ounces calculated using 75:1 ratio in 2016 and 70:1 in 2015  
2) Cost metrics, EBITDA, mine operating cash flow, operating cash flow before working capital changes are non-IFRS measures. Please refer to the definitions in the Company's Management Discussion & Analysis.

**ENDEAVOUR SILVER CORP.**  
**CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(expressed in thousands of U.S. dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30 2015	June 30, 2016	June 30 2015
<b>Operating activities</b>				
Net earnings (loss) for the period	\$ 1,699	\$ (974)	\$ 3,528	\$ 383
Items not affecting cash:				
Share-based compensation	1,404	1,114	1,861	1,594
Depreciation and depletion	4,211	9,457	9,433	19,975
Deferred income tax expense (recovery)	46	1,075	(57)	2,078
Unrealized foreign exchange loss (gain)	108	8	(134)	148
Loss on available for sale assets	-	-	269	-
Loss on derivative liability	1,372	-	1,372	-
Finance costs	518	306	581	612
Net changes in non-cash working capital	828	8,078	(9,496)	(1,441)
Cash from (used in) operating activities	10,186	19,064	7,357	23,349
<b>Investing activities</b>				
Property, plant and equipment expenditures	(4,122)	(9,352)	(7,209)	(18,017)
Proceeds from disposition of available for sale assets	-	-	448	-
Investment in long term deposits	-	-	133	-
Cash used in investing activities	(4,122)	(9,352)	(6,628)	(18,017)
<b>Financing activities</b>				
Repayment of revolving credit facility	(5,000)	(4,000)	(8,000)	(4,000)
Repayment of obligation under finance lease	(163)	-	(389)	-
Debt issuance costs	(170)	-	(474)	-
Interest paid	(215)	-	(389)	-
Public equity offerings	32,026	-	41,124	-
Exercise of options and warrants	5,254	(224)	5,285	(449)
Share issuance costs	(1,168)	-	(1,446)	-
Cash from (used in) financing activities	30,564	(4,224)	35,711	(4,449)
Increase (decrease) in cash and cash equivalents	36,628	5,488	36,440	883
Effect of exchange rate change on cash and cash equivalents	(165)	(8)	(5)	(148)
Cash and cash equivalents, beginning of period	20,385	26,300	20,413	31,045
<b>Cash and cash equivalents, end of period</b>	<b>\$ 56,848</b>	<b>\$ 31,780</b>	<b>\$ 56,848</b>	<b>\$ 31,780</b>

*This statement should be read in conjunction with the condensed consolidated interim financial statements for the period ended June 30, 2016 and the related notes contained therein.*

## ENDEAVOUR SILVER CORP.

### CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

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

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Revenue	\$ 44,510	\$ 47,719	\$ 86,051	\$ 98,828
Cost of sales:				
Direct production costs	26,975	31,091	56,819	62,360
Royalties	276	243	485	491
Share-based compensation	230	167	286	240
Depreciation and depletion	4,144	9,382	9,298	19,836
	<b>31,625</b>	<b>40,883</b>	<b>66,888</b>	<b>82,927</b>
Mine operating earnings	12,885	6,836	19,163	15,901
Expenses:				
Exploration	1,908	2,479	3,107	3,553
General and administrative	3,155	2,574	5,183	4,403
	<b>5,063</b>	<b>5,053</b>	<b>8,290</b>	<b>7,956</b>
Operating earnings (loss)	7,822	1,783	10,873	7,945
Finance costs	294	354	581	667
Other income (expense):				
Foreign exchange	(1,847)	(704)	(1,333)	(1,371)
Investment and other	(43)	330	(184)	684
	<b>(1,890)</b>	<b>(374)</b>	<b>(1,517)</b>	<b>(687)</b>
Earnings (loss) before income taxes	5,638	1,055	8,775	6,591
Income tax expense (recovery):				
Current income tax	3,480	954	4,891	4,130
Deferred income tax	459	1,075	356	2,078
	<b>3,939</b>	<b>2,029</b>	<b>5,247</b>	<b>6,208</b>
Net earnings (loss) for the period	<b>1,699</b>	<b>(974)</b>	<b>3,528</b>	<b>383</b>
Other comprehensive income (loss), net of tax				
Net change in fair value of available for sale investments	45	256	207	660
<b>Comprehensive income (loss) for the period</b>	<b>\$ 1,744</b>	<b>\$ (718)</b>	<b>\$ 3,735</b>	<b>\$ 1,043</b>
Basic earnings (loss) per share based on net earnings	\$ 0.01	\$ (0.01)	\$ 0.03	\$ 0.00
Diluted earnings (loss) per share based on net earnings	\$ 0.01	\$ (0.01)	\$ 0.03	\$ 0.00
Basic weighted average number of shares outstanding	113,236,504	101,976,901	108,941,454	101,976,901
Diluted weighted average number of shares outstanding	114,661,697	101,976,901	109,969,054	101,976,901

*This statement should be read in conjunction with the condensed consolidated interim financial statements for the period ended June 30, 2016 and the related notes contained therein.*

**ENDEAVOUR SILVER CORP.**  
**CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(expressed in thousands of US dollars)

	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 56,848	\$ 20,413
Investments	104	614
Accounts receivable	30,962	24,343
Inventories	12,608	17,350
Prepaid expenses	1,823	2,510
<b>Total current assets</b>	<b>102,345</b>	<b>65,230</b>
Non-current deposits	874	855
Deferred income tax asset	-	223
Mineral properties, plant and equipment	53,419	47,925
<b>Total assets</b>	<b>\$ 156,638</b>	<b>\$ 114,233</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 14,248	\$ 18,949
Derivative liability	1,372	-
Finance lease obligation	388	1,180
Income taxes payable	4,191	5,844
Credit facility	10,000	22,000
<b>Total current liabilities</b>	<b>30,199</b>	<b>47,973</b>
Credit facility - long term	4,000	-
Provision for reclamation and rehabilitation	7,804	7,762
Deferred income tax liability	7,204	7,623
<b>Total liabilities</b>	<b>49,207</b>	<b>63,358</b>
<b>Shareholders' equity</b>		
Share capital, unlimited common shares authorized, no par value, issued and outstanding 120,983,022 shares (Dec 31, 2015 - 102,776,470 shares)	422,492	368,898
Contributed surplus	8,327	9,465
Accumulated comprehensive income (loss)	62	(145)
Retained earnings (deficit)	(323,450)	(327,343)
<b>Total shareholders' equity</b>	<b>107,431</b>	<b>50,875</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 156,638</b>	<b>\$ 114,233</b>

*This statement should be read in conjunction with the condensed consolidated interim financial statements for the period ended June 30, 2016 and the related notes contained therein.*