



## NEWS RELEASE

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

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*Vancouver, Canada – May 5, 2016 - Endeavour Silver Corp. (NYSE: EXK; TSX: EDR - [http://www.commodity-tv.net/c/search\\_adv/?v=296119](http://www.commodity-tv.net/c/search_adv/?v=296119))* released today its financial results for the period ended March 31, 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.

The Company's financial performance in the First Quarter, 2016 improved compared to the First Quarter, 2015. Revenue was down due to lower silver production and lower silver prices but earnings were up as a result of lower operating costs.

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

##### **Financial**

- Net earnings increased 35% to \$1.8 million (\$0.02 per share) compared to \$1.4 million (\$0.01 per share)
- EBITDA<sup>(1)</sup> decreased 47% to \$8.6 million
- Cash flow from operations before working capital changes decreased 46% to \$7.5 million
- Mine operating cash flow before taxes<sup>(1)</sup> decreased 41% to \$11.5 million
- Revenue decreased 19% to \$41.5 million
- Realized silver price fell 11% to \$15.18 per ounce (oz) sold (2% above average spot price)
- Realized gold price was flat at \$1,219 per oz sold (3% above average spot price)
- Cash costs<sup>(1)</sup> rose 6% to \$7.63 per oz silver payable (net of gold credits)
- All-in sustaining costs<sup>(1)</sup> fell 17% to \$11.12 per oz silver payable (net of gold credits)
- Working capital rose 70% to \$29.3 million compared to \$17.3 million at year end
- Cash and cash equivalents of \$20.4 million
- Raised equity financing of \$1.1 million in Q4, 2015, \$9.1 million in Q1, 2016 and \$6.3 million in Q2, 2016 for gross proceeds of \$16.5 million (\$16.0 million net proceeds) through an At-the-Market facility to augment working capital and fund growth projects including Terronera exploration and engineering

##### **Operations**

- Silver production decreased 17% to 1,510,065 oz
- Gold production increased 1% to 15,960 oz
- Silver equivalent production was 2.7 million oz (at a 75:1 silver: gold ratio)
- Silver oz sold down 19% to 1,511,319 oz
- Gold oz sold down 3% to 15,255 oz
- Bullion inventory at quarter-end included 88,609 oz silver and 188 oz gold
- Concentrate inventory at quarter-end included 67,690 oz silver and 1,316 oz gold

(1) EBITDA, mine operating cash flow, 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, “In the First Quarter of 2016 we delivered on our plan to minimize all-in sustaining costs and improve after-tax free cash flow. We also raised \$9.1 million of equity financing during the quarter to improve our working capital and fund some of our growth projects, primarily exploration and engineering at Terronera. Aggressive step-out drilling is now under way at Terronera to further test the Terronera vein and other prospective veins. The next phase of engineering work will also get under way in the second quarter as part of the Terronera pre-feasibility study.”

## **Financial Results**

For the first quarter ended March 31, 2016, the Company generated revenue totaling \$41.5 million (2015 - \$51.1 million). During the quarter, the Company sold 1,511,319 silver ounces and 15,255 gold ounces at realized prices of \$15.18 and \$1,219 per ounce respectively, compared to sales of 1,861,975 silver ounces and 15,799 gold ounces at realized prices of \$17.11 and \$1,221 per ounce respectively in Q1 2015.

After cost of sales of \$35.2 million (2015 - \$42.0 million), mine operating earnings amounted to \$6.3 million (2015 - \$9.1 million) from mining and milling operations in Mexico. The 16% decrease in cost of sales was primarily due to cost reduction measures, the weakening of the Mexican peso against the U.S. dollar and reduced depletion due to accounting impairments recorded in 2015 that reduced the carrying value of the El Cubo operation. Excluding depreciation and depletion of \$5.2 million (2015 - \$10.5 million) and stock-based compensation of \$0.1 million (2015- \$0.1 million), mine operating cash flow before taxes was \$11.5 million (2015 – \$19.6 million) in the first quarter of 2016. Net earnings were \$1.8 million (2015 –\$1.4 million).

Compared to Q1, 2015, the Mexican peso depreciated 21% against the U.S. dollar, helping offset the weakness in precious metal prices. The falling peso and continued focus on cost reductions lowered the consolidated operating cost 10% to \$74.26 per tonne in Q1, 2016. Lower silver grades resulted in rising cash costs per ounce net of by-product credits, a non-IFRS measure and a standard of the Silver Institute, which increased 6% to \$7.63 per ounce of payable silver compared to \$7.17 per oz in Q1, 2015. The suspension of exploration and development expenditures at the Bolañitos and El Cubo operations helped decrease the in all-in-sustaining costs (also a non-IFRS measure) by 17% to \$11.12 per oz compared to \$13.32 per oz in Q1, 2015.

The Condensed 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\$.

## **Conference Call**

A conference call to discuss the results will be held today, Thursday, May 5 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 until May 19, 2016 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 00389#. The replay will also be available on the Company’s website at [www.edrsilver.com](http://www.edrsilver.com).

**About Endeavour** – Endeavour Silver is a mid-tier precious metals mining company that owns three high grade, underground, silver-gold mines in Mexico. Since start-up in 2004, the company has grown its mining operations to produce 11.4 million ounces of silver and equivalents in 2015. We find, build and operate quality silver mines in a sustainable way to create real value for all stakeholders. Endeavour Silver's shares trade on the TSX (symbol EDR) and on the NYSE (symbol EXK).

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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 2015 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

Q1 2016 Highlights	Three months Ended March 31		
	2016	2015	% Change
<b>Production</b>			
Silver ounces produced	1,510,065	1,820,050	(17%)
Gold ounces produced	15,960	15,808	1%
Payable silver ounces produced	1,473,682	1,769,924	(17%)
Payable gold ounces produced	15,518	15,429	1%
Silver equivalent ounces produced <sup>(1)</sup>	2,707,065	2,926,610	(8%)
Cash costs per silver ounce <sup>(2)</sup>	7.63	7.17	6%
Total production costs per ounce <sup>(2)</sup>	10.95	12.97	(16%)
All-in sustaining costs per ounce <sup>(2)</sup>	11.12	13.32	(17%)
Processed tonnes	408,553	380,792	7%
Direct production costs per tonne <sup>(2)</sup>	74.26	82.67	(10%)
Silver co-product cash costs <sup>(2)</sup>	10.87	10.68	2%
Gold co-product cash costs <sup>(2)</sup>	873	762	15%
<b>Financial</b>			
Revenue (\$ millions)	41.5	51.1	(19%)
Silver ounces sold	1,511,319	1,861,975	(19%)
Gold ounces sold	15,255	15,799	(3%)
Realized silver price per ounce	15.18	17.11	(11%)
Realized gold price per ounce	1,219	1,221	(0%)
Net earnings (loss) (\$ millions)	1.8	1.4	(35%)
Mine operating earnings (loss) (\$ millions)	6.3	9.1	(31%)
Mine operating cash flow <sup>(2)</sup> (\$ millions)	11.5	19.6	(41%)
Operating cash flow before working capital changes <sup>(2)</sup>	7.5	13.8	(46%)
Earnings before ITDA <sup>(2)</sup>	8.6	16.4	(47%)
Working capital (\$ millions)	29.3	25.8	14%
<b>Shareholders</b>			
Earnings (loss) per share – basic	0.02	0.01	(100%)
Operating cash flow before working capital changes per share <sup>(2)</sup>	0.07	0.14	(47%)
Weighted average shares outstanding	104,646,404	101,976,901	3%

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.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(unaudited – prepared by management)

(expressed in thousands of U.S. dollars)

	<b>Three Months Ended</b>	
	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Operating activities</b>		
Net earnings (loss) for the period	\$ 1,829	\$ 1,357
Items not affecting cash:		
Share-based compensation	457	480
Depreciation and depletion	5,222	10,518
Deferred income tax expense (recovery)	(103)	1,003
Unrealized foreign exchange loss (gain)	(242)	140
Loss on available for sale assets	269	-
Finance costs	63	306
Net changes in non-cash working capital	(10,324)	(9,519)
Cash from (used in) operating activities	(2,829)	4,285
<b>Investing activities</b>		
Property, plant and equipment expenditures	(3,087)	(8,665)
Proceeds from sale of available for sale assets	448	-
Investment in long term deposits	133	-
Cash used in investing activities	(2,506)	(8,665)
<b>Financing activities</b>		
Repayment of revolving credit facility	(3,000)	-
Repayment of obligation under finance lease	(226)	-
Debt issuance costs	(304)	-
Interest paid	(174)	(225)
Public equity offerings	9,098	-
Exercise of options and warrants	31	-
Share issuance costs	(278)	-
Cash from (used in) financing activities	5,147	(225)
Increase (decrease) in cash and cash equivalents	(188)	(4,605)
Effect of exchange rate change on cash and cash equivalents	160	(140)
Cash and cash equivalents, beginning of period	20,413	31,045
<b>Cash and cash equivalents, end of period</b>	<b>\$ 20,385</b>	<b>\$ 26,300</b>

*This statement should be read in conjunction with the condensed consolidated interim financial statements for the period ended March 31, 2016 and the related notes contained therein.*

**ENDEAVOUR SILVER CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**

(unaudited – prepared by management)

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

	<b>Three Months Ended</b>	
	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Revenue	\$ 41,541	\$ 51,109
Cost of sales:		
Direct production costs	29,844	31,269
Royalties	209	248
Share-based compensation	56	73
Depreciation and depletion	5,154	10,454
	<u>35,263</u>	<u>42,044</u>
Mine operating earnings	6,278	9,065
Expenses:		
Exploration	1,199	1,074
General and administrative	2,028	1,829
	<u>3,227</u>	<u>2,903</u>
Operating earnings (loss)	3,051	6,162
Finance costs	287	313
Other income (expense):		
Foreign exchange	514	(667)
Investment and other	(141)	354
	<u>373</u>	<u>(313)</u>
Earnings (loss) before income taxes	3,137	5,536
Income tax expense (recovery):		
Current income tax expense	1,411	3,176
Deferred income tax expense (recovery)	(103)	1,003
	<u>1,308</u>	<u>4,179</u>
Net earnings (loss) for the period	<u>1,829</u>	<u>1,357</u>
Other comprehensive income (loss), net of tax		
Net change in fair value of available for sale investments	162	404
<b>Comprehensive income (loss) for the period</b>	<b>\$ 1,991</b>	<b>\$ 1,761</b>
Basic and diluted earnings (loss) per share based on net earnings	\$ 0.02	\$ 0.01
Diluted earnings (loss) per share based on net earnings	\$ 0.02	\$ 0.01
Basic and diluted weighted average number of shares outstanding	104,646,404	101,976,901
Diluted weighted average number of shares outstanding	105,071,404	101,976,901

*This statement should be read in conjunction with the condensed consolidated interim financial statements for the period ended March 31, 2016 and the related notes contained therein.*

**ENDEAVOUR SILVER CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(unaudited – prepared by management)

(expressed in thousands of US dollars)

	March 31, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 20,385	\$ 20,413
Investments	59	614
Accounts receivable	28,411	24,343
Inventories	16,027	17,350
Prepaid expenses	2,546	2,510
<b>Total current assets</b>	<b>67,428</b>	<b>65,230</b>
Non-current deposits	924	855
Deferred income tax asset	120	223
Mineral properties, plant and equipment	46,773	47,925
<b>Total assets</b>	<b>\$ 115,245</b>	<b>\$ 114,233</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 14,830	\$ 18,949
Finance lease obligation	954	1,180
Income taxes payable	3,353	5,844
Revolving credit facility	19,000	22,000
<b>Total current liabilities</b>	<b>38,137</b>	<b>47,973</b>
Provision for reclamation and rehabilitation	7,783	7,762
Deferred income tax liability	7,335	7,623
<b>Total liabilities</b>	<b>53,255</b>	<b>63,358</b>
<b>Shareholders' equity</b>		
Share capital, unlimited common shares authorized, no par value, issued and outstanding 107,789,776 shares (Dec 31, 2015 - 102,776,470 shares)	377,579	368,898
Contributed surplus	9,908	9,465
Accumulated comprehensive income (loss)	17	(145)
Retained earnings (deficit)	(325,514)	(327,343)
<b>Total shareholders' equity</b>	<b>61,990</b>	<b>50,875</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 115,245</b>	<b>\$ 114,233</b>

*This statement should be read in conjunction with the condensed consolidated interim financial statements for the period ended March 31, 2016 and the related notes contained therein.*