UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

[ ] Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934
or
[x] Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2007 **Commission File Number: 001-33153**

ENDEAVOUR SILVER CORP.

(Exact name of registrant as specified in its charter)

Province of British Columbia, Canada	**1040 (Silver mining)**	**Not Applicable**
(Province or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code)	(I.R.S. Employer Identification No.)

#301 – 700 West Pender Street
Vancouver, BC, Canada, V6C 1G8
(604) 685-9775
(Address and telephone number of registrant's principal executive offices)

Dorsey & Whitney LLP
Republic Plaza Building
370 Seventeenth Street, Suite 4700
(303) 629-3400
(Name, address and telephone number of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange On Which Registered:
Common shares without par value	**American Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **Not applicable**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **Not applicable**

For annual reports, indicate by check mark the information filed with this form:

[x] Annual Information Form [x] Audited Annual Financial Statements

As at December 31, 2007, **48,982,146** common shares of the Registrant were issued and outstanding.

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the filing number assigned to the Registrant in connection with such Rule. [ ] Yes [x] No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. [x] Yes [ ] No

EXPLANATORY NOTE

Endeavour Silver Corp. (the “Company” or the “Registrant”) is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) on Form 40-F pursuant to the multi-jurisdictional disclosure system of the Exchange Act . The Company is a “foreign private issuer” as defined in Rule 3b-4 under the Exchange Act. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3.

FORWARD-LOOKING STATEMENTS

This annual report on Form 40-F and the exhibits attached hereto contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements concern the Company’s anticipated results and developments in the Company’s operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning reserves and mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- risks related to precious and base metal price fluctuations;
- risks related to the inherently dangerous activity of mining, including conditions or events beyond our control;
- uncertainty in our ability to fund the development of our mineral properties or the completion of further exploration programs;
- uncertainty as to actual capital costs, operating costs, production and economic returns, and uncertainty that our development activities will result in profitable mining operations;
- risks related to our reserves and resources figures being estimates based on interpretations and assumptions which may result less mineral production under actual conditions than is currently estimated;
- risks related to governmental regulations;
- risks related to our business being subject to environmental laws and regulations which may increase our costs of doing business and restrict our operations;
- risks related to our mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- uncertainty in our ability to obtain necessary financing;
- risks related to increased competition that could adversely affect our ability to attract necessary capital funding or acquire suitable producing properties for mineral exploration in the future;

- risks related to differences between U.S. and Canadian practices for reporting resources and reserves;
- risks related to many of our primary properties being located in Mexico, including political, economic, and regulatory instability; and
- risks related to our officers and directors becoming associated with other natural resource companies which may give rise to conflicts of interests.

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further in the exhibits attached to this annual report. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

NOTE TO UNITED STATES READERS-
DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted, under a multi-jurisdictional disclosure system adopted by the United States Securities and Exchange Commission (the "SEC"), to prepare this annual report in accordance with Canadian disclosure requirements, which differ from those of the United States. The Company prepares its financial statements, which are filed with this report on Form 40-F as Exhibit 2, in accordance with Canadian generally accepted accounting practices ("GAAP"), and they are subject to Canadian auditing and auditor independence standards. They are not comparable to financial statements of United States companies. Significant measurement differences between Canadian GAAP and United States GAAP are described in Note 17 of the audited consolidated financial statements of the Company.

CURRENCY

Unless otherwise indicated, all dollar amounts in this annual report on Form 40-F are in United States dollars. The exchange rate of Canadian dollars into United States dollars, on December 31, 2007, based upon the noon buying rate in New York City for cable transfers payable in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York, was U.S.$1.00 = CDN$0.9881.

RESOURCE AND RESERVE ESTIMATES

The Company's Annual Information Form filed as Exhibit 1 to this annual report on Form 40-F has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum' (the "CIM") - *CIM Definition Standards on Mineral Resources and Mineral Reserves* , adopted by the CIM Council, as amended. These definitions differ from the definitions in the United States Securities and Exchange Commission ("SEC") Industry Guide 7 ("SEC Industry Guide 7") under the United States *Securities Act of 1933*, as amended. Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this report and the documents incorporated by reference herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

ANNUAL INFORMATION FORM

The Company’s Annual Information Form (“AIF”) for the fiscal year ended December 31, 2007 is filed as Exhibit 1 and incorporated by reference in this annual report on Form 40-F.

AUDITED ANNUAL FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the years ended December 31, 2007 and 2006 and the ten months ended December 31, 2005, including the report of the independent auditor with respect thereto, are filed as Exhibit 2 and incorporated by reference in this annual report on Form 40-F. For a reconciliation of material measurement differences between Canadian and United States generally accepted accounting principles, see Note 17 to the Company’s audited consolidated financial statements.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Company’s management’s discussion and analysis (“MD&A”) is filed as Exhibit 3 and incorporated by reference in this annual report on Form 40-F.

TAX MATTERS

Purchasing, holding, or disposing of securities of the Registrant may have tax consequences under the laws of the United States and Canada that are not described in this annual report on Form 40-F.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's officers and management are responsible for establishing and maintaining disclosure controls and procedures for the Company. Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as is appropriate to permit timely decisions regarding public disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Management conducted an evaluation, including the CEO and CFO, of the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a -15(b) of the Exchange Act. Based upon that evaluation, and in light of the Company's material weaknesses in internal controls over financial reporting described below, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures were not effective as of the end of the period covered by this report due to the material weaknesses in the Company's internal controls over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act). A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2007. In making this assessment, management used the criteria set forth in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment, management has concluded that, as of December 31, 2007, the Company did not maintain effective internal control over financial reporting due to the material weaknesses described below.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

(1) Control Environment

The Company's control environment did not sufficiently promote effective internal control over financial reporting throughout the organization. Specifically, the Company did not define nor communicate authority limits for entering into or approving contracts, making capital expenditures, or approving invoices for purchases, or develop policies and procedures to address the risk of management override. This applied to both the Canadian head office and Mexican operations. Further, the Company did not define nor communicate guidelines regarding investments in marketable securities. None of these control deficiencies by themselves directly resulted in a misstatement to the financial statements, however, deficiencies in the control environment are pervasive in nature and this material weakness was a contributing factor in other material weaknesses described below.

(2) Information & Communication

The Company did not maintain adequate controls to facilitate the flow of information used in financial reporting throughout the organization. Specifically, the Company did not effectively communicate employees' duties over financial reporting. In addition, the Company does not have effective controls over the translation of all contracts and communication of them to appropriate personnel for consideration of financial reporting implications, in particular commitments and contingencies and mineral property acquisition costs. These control deficiencies did not result in adjustments to the financial statements, however, they are pervasive in nature and create a reasonable possibility that a material misstatement of the financial statements would not be prevented or detected on a timely basis.

(3) Foreign Exchange

The Company's controls over foreign currency translation are not designed effectively. Specifically, a cash account was not translated into the reporting currency and the Company's foreign exchange account reconciliation control was insufficiently precise to detect the error. This resulted in a material adjustment to cash and foreign exchange gain and creates a reasonable possibility that a material misstatement of the financial statements would not be prevented or detected on a timely basis.

(4) Income Tax Accounting

The Company did not maintain effective controls over accounting for Mexican income taxes. Specifically, the Company did not have personnel with adequate expertise in accounting for Mexican taxes. This deficiency resulted in material adjustments to current and future income tax expense and recovery and current and future income taxes payable. This deficiency results in a reasonable possibility that a material misstatement of the financial statements would not be prevented or detected on a timely basis.

The Company's independent auditor, KPMG LLP, the independent registered public accounting firm that audited the financial statements, has issued an audit report on the Company's internal control over financial reporting which is included with the financial statements.

MANAGEMENT'S REMEDIATION INITIATIVES

Actions implemented or planned for 2008 included:

(1) Control Environment

During the first quarter of, 2008 management has developed and communicated an authority limit policy, a capital expenditure policy and an investment policy. Management is in the process of developing policies and procedures to address the risk of management override and communicate the authority limit policy to all personnel.

(2) Information & Communication

Management is in the process of implementing controls so that all Spanish language contracts will have certified English translations which will be maintained in the corporate office and that will be reviewed by either the CEO or COO and either the CFO or Controller.

(3) Foreign Exchange

Management is in the process of designing and implementing a more precise foreign exchange translation review control.

(4) Income taxes

Management plans to engage the services of international tax consultants to assist with the preparation of the Mexican tax provision.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

As required by Rule 13a-15(d) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated our internal control over financial reporting to determine whether any changes occurred during the fiscal year ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

During 2007, the Company implemented the following changes to internal control over financial reporting:

- An external accounting firm was hired to support the accounting staff in Mexico to perform routine processing for the months of October and November. During this period a Controller and additional accounting staff was recruited to expand the capacity of our financial reporting team. The corporate office also supported this process with the Chief Operating Officer, Chief Financial Officer, and Corporate Controller spending greater amounts of time in the Mexican operations during the last quarter.
- Changes were made on the information technology processes and infrastructure that added more security and improved communication regarding company data. A company network was put into place to allow the accounting and operational department to keep their information on the network. This network allowed significant files to be secured, centrally stored and backed up for safekeeping. All the accounting and key operational personnel were moved onto the network by year-end. The security for the servers that contained the financial accounting systems at the Corporate and operational offices was strengthened and access provided to only authorized personnel.

Except for the changes discussed above, there have been no changes that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CORPORATE GOVERNANCE

The Company's Board of Directors (the "Board of Directors" or "Board") is responsible for the Company's Corporate Governance policies and has separately designated standing Compensation, Nominating and Audit Committees. The Company's Board of Directors has determined that all the members of the Compensation, Nominating, and Audit Committees are independent, based on the criteria for independence and unrelatedness prescribed by the Sarbanes-Oxley Act of 2002, section 10A(m)(3) and Rules of the American Stock Exchange ("AMEX") Company Guide.

Compensation Committee

Compensation of the Company's CEO and all other officers is recommended to the board for determination by the Compensation Committee. The Compensation Committee develops, reviews and monitors director and executive compensation and policies. The Compensation Committee is also responsible for annually reviewing the adequacy of compensation for directors and others and the composition of compensation packages. The Company's CEO cannot be present during the Committee's deliberations or vote. The Compensation Committee is composed of three independent directors: Geoffrey Handley, Leonard Harris and Mario Szotlender. The Company's Compensation Committee Charter is available on the Company's website at www.edrsilver.com.

Nominating Committee

Nominees for the election to the Board of Directors are recommended by the Nominating Committee. The Nominating Committee is charged with the responsibility of, among other things, establishing the criteria for the selection of new directors, identifying qualified individuals to be presented to the Board and/or the Company's shareholders, monitoring the orientation and continued education of the Company's directors, reviewing the Board's committee structure and making recommendations for committee member service. The Company has adopted a formal written board resolution addressing the nomination process and such related matters as may be required under federal securities laws. The Nominating Committee is composed of three independent directors: Geoffrey Handley, Leonard Harris, and Mario Szotlender. The Nominating Committee Charter is available on the Company's website at www.edrsilver.com.

AUDIT COMMITTEE

The Company's Board of Directors has a separately designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the Exchange Act. The Company's Audit Committee is comprised of:

- Geoffrey Handley
- Rex McLennan
- Mario Szotlender

In the opinion of the Company's Board of Directors, all members of the Audit Committee are independent (as determined under Rule 10A-3 of the Exchange Act and Rules 121 and 803A of the AMEX Company Guide and are financially literate. The Audit Committee meets the composition requirements set forth by AMEX Rule 803(B)(2).

The members of the Audit Committee do not have fixed terms and are appointed and replaced from time to time by resolution of the Board of Directors.

The Audit Committee meets with the President ("COO"), the CEO, the CFO and the Company's independent auditors to review and inquire into matters affecting financial reporting, the system of internal accounting and financial controls, as well as audit procedures and audit plans. The Audit Committee also recommends to the Board of Directors which independent registered public auditing firm should be appointed by the Company. In addition, the Committee reviews and recommends to the Board of Directors for approval the annual financial statements, the MD&A, and undertakes other activities required by exchanges on which the Company's securities are listed and by regulatory authorities to which the Company is held responsible. The Company's Audit Committee Charter is available on the Company's website at www.edrsilver.com.

Audit Committee Financial Expert

The Company's Board of Directors has determined that Rex McLennan qualifies as a financial expert (as defined in Item 407 of Regulation S-K under the Exchange Act) and is independent as defined by the Exchange Act Rule 10A-3 and Rules 121 and 803A of AMEX Company Guide.

PRINCIPAL ACCOUNTING FEES AND SERVICES – INDEPENDENT AUDITORS

The following table shows the aggregate fees billed to the Company by KPMG LLP and its affiliates, Chartered Accountants, the Company's independent registered public auditing firm, in each of the last two years.

	2007	2006
Audit Fees (1)	CAD $540,000	CAD $180,000
Audit Related Fees (2)	$57,000	$98,000
Tax Fees (3)	$16,420	$0
All other fees (4)	$0	$0
Total	CAD $613,420	CAD $278,000

(1) Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual consolidated financial statements, review of quarterly consolidated financial statements and services provided for statutory and regulatory filings or engagements
(2) Audit-related fees were paid for assurance and related services by the auditors that were reasonably related to the performance of the audit or the review of the Company's financial statements that are not included in *Audit Fees*.
(3) Tax compliance, taxation advice and tax planning for international operations.
(4) The aggregate fees billed in each of the last two fiscal years for products and services provided by the auditor, other than the services reported above

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITORS

The Audit Committee pre-approves all audit services to be provided to the Company by its independent auditors. Non-audit services that are prohibited to be provided to the Company by its independent auditors may not be pre-approved. In addition, prior to the granting of any pre-approval, the Audit Committee must be satisfied that the performance of the services in question will not compromise the independence of the independent auditors. Since the enactment of the Sarbanes-Oxley Act of 2002, all non-audit services performed by the Company's auditor for the fiscal year ended December 31, 2007 have been pre-approved by the Audit Committee of the Company. No non-audit services were approved pursuant to the *de minimis* exemption to the pre-approval requirement.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet financing arrangements or relationships with unconsolidated special purpose entities.

CODE OF ETHICS

The Company has adopted a Code of Business Conduct and Ethics (the "Code") that applies to all the Company's directors, executive officers and employees, which is available to any person, without charge, by written request to the Company's Secretary at its principal executive office at #301 – 700 West Pender Street, Vancouver, BC, Canada, V6C 1G8. The Code of Business Conduct and Ethics is also available on the Company's website at www.edrsilver.com.

During the fiscal year ended December 31, 2007, the Company did not substantively amend, waive or implicitly waive any provision of the Code with respect to any of the directors, executive officers or employees subject to it.

CONTRACTUAL OBLIGATIONS

The following table lists as of December 31, 2007 information with respect to the Company's known contractual obligations.

	Payments due by Period				
Contractual Obligations	*Total*	*Less than 1 year*	*1-3 years*	*3-5 years*	*More than 5 years*
Long-Term Debt Obligations	Nil	Nil	Nil	Nil	Nil
Capital (Finance) Lease Obligations	Nil	Nil	Nil	Nil	Nil
Operating Lease Obligations	US$1,056,000	US$264,000	US$792,000	Nil	Nil
Exploration Obligations	US$400,000	US$200,000	US$200,000	Nil	Nil
Purchase Obligations)	Nil	Nil	Nil	Nil	Nil
Other Long-Term Liabilities Reflected on the Company's Balance Sheet under Canadian GAAP	US$1,578,000	Nil	US$680,000	Nil	US$898,000
TOTAL	US$3,034,000	US$464,000	US$1,672,000	Nil	US$898,000

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Registrant sent during the year ended December 31, 2007 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

AMEX CORPORATE GOVERNANCE

The Company's common shares are listed on AMEX. Section 110 of the AMEX Company Guide permits AMEX to consider the laws, customs and practices of foreign issuers in relaxing certain AMEX listing criteria, and to grant exemptions from AMEX listing criteria based on these considerations. A company seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. A description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to AMEX standards is as follows:

Shareholder Meeting Quorum Requirement: The AMEX minimum quorum requirement for a shareholder meeting is one-third of the outstanding shares of common stock. In addition, a company listed on AMEX is required to state its quorum requirement in its bylaws. The Company's quorum requirement is set forth in its Memorandum and Articles. A quorum for a meeting of members of the Company is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the shares entitled to be voted at the meeting.

Proxy Delivery Requirement: AMEX requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to SEC proxy rules. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

The foregoing are consistent with the laws, customs and practices in Canada.

In addition, the Company may from time-to-time seek relief from AMEX corporate governance requirements on specific transactions under Section 110 of the AMEX Company Guide by providing written certification from independent local counsel that the non-complying practice is not prohibited by our home country law, in which case, the Company shall make the disclosure of such transactions available on its website at www.edrsilver.com. Information contained on the Company's website is not part of this annual report.

UNDERTAKING

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Company filed an Appointment of Agent for Service of Process and Undertaking on Form F-X with the SEC on November 14, 2006, which is hereby incorporated by reference, with respect to the class of securities in relation to which the obligation to file the Form 40-F arises.

EXHIBITS

1. Annual Information Form of the Company for the year ended December 31, 2007

2. The following audited consolidated financial statements of the Company, are exhibits to and form a part of this Report:

   Independent Registered Public Accounting Firm's Report on Consolidated Financial Statements and Attestation on Internal Control Over Financial Reporting

   Consolidated Balance Sheets as of December 31, 2007 and 2006;

   Consolidated Statement of Loss for the year ended December 31, 2007, year ended December 31, 2006 and the ten months ended December 31, 2005

   Consolidated Statement of Shareholders' Equity and Deficit for the year ended December 31, 2007, the year ended December 31, 2006 and the ten months ended December 31, 2005

   Consolidated Statements of Cash Flow for the year ended December 31, 2007, the year ended December 31, 2006 and the ten months ended December 31, 2005

   Notes to Consolidated Financial Statements (which includes a reconciliation with United States GAAP as Note 17)

3. Management's Discussion and Analysis

CERTIFICATIONS

4. Certificate of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Exchange Act

5. Certificate of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Exchange Act

6. Certificate of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

7. Certificate of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

CONSENTS

8. Consent of William Lewis, B.Sc., P.Geo. of Micon International Ltd ("Micon")

9. Consent of Jim Leader, P.Eng of Micon

10. Consent of Dibya Kanti Mukhopadhyay, Member AusIMM of Micon

11. Consent of Michael Beare, C. Eng., B.Eng. (Mining) MIMMM, of SRK Consulting (UK) Limited

12. Consent of Martin Pittuck, M. Sc., MIMMM, of SRK Consulting (UK) Limited

13. Consent of Barry Devlin, M.Sc., P.Geo., VP Exploration for Endeavour Silver Corp.

14. Consent of KPMG LLP

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

ENDEAVOUR SILVER CORP.

By: /s/ Bradford Cooke
Name: Bradford Cooke
Title: Chairman and Chief Executive Officer

Date: April 4, 2008

ANNUAL INFORMATION FORM

("AIF")

of

ENDEAVOUR SILVER CORP.

(the "Company" or "Endeavour")

Suite #301 - 700 West Pender Street
Vancouver, British Columbia, Canada, V6C 1G8
Phone: (604) 685-9775
Fax: (604) 685-9744

Dated: April 3, 2008

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ITEM 1: PRELIMINARY NOTES

1.1 Incorporation of Financial Statements, Information Circular and Other Documents

Specifically incorporated by reference and forming part of this Annual Information Form ("AIF") are the Consolidated Financial Statements for Endeavour Silver Corp. (the "Company" or "Endeavour" which includes its subsidiaries) for the year ended December 31, 2007, for the year ended December 31, 2006 and for the ten month period ended December 31, 2005, together with the Management Discussion and Analysis accompanying such financial statements.

All financial information in this AIF is prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). All amounts are stated in US dollars unless otherwise indicated.

The information provided in the AIF is supplemented by disclosure contained in the documents listed below which are incorporated by reference into this AIF. These documents must be read together with the AIF in order to provide full, true and plain disclosure of all material facts relating to Endeavour. The documents listed below are not contained within, nor attached to this document. The documents may be accessed by the reader at the following locations:

Type of Document	Effective Date / Period Ended	Date Filed / Posted	Document name which may be viewed at the SEDAR website at **www.sedar.com** (or alternative location for non-SEDAR documents)
Material Change Report announcing Special Warrant Financing Closing	April 24, 2006	April 26, 2006	Material Change Report – English
Short Form Prospectus	May 15, 2006	May 15,2006	Final Short Form Prospectus – English and French
NI 43-101 Technical Report Audit of the Resource and Reserve Estimates for the Guanacevi Project, Durango, Mexico	April 16, 2007	April 17, 2007	Technical Report (43-101) – English Qualification Certificate(s) and Consent(s)
Management Information Circular	May 4, 2007	May 24, 2007	Management Information Circular - English
Audited annual financial statements (most recent)	December 31, 2007	April 4, 2008	Audited annual financial statements – English
Management Discussion and Analysis (most recent)	December 31, 2007	Apri1 4, 2008	Annual MD&A
News Releases for calendar years 2005 to 2008	Various dates (From Jan 18, 2005 to the date of this AIF)		Press Release – English

1.2 Date of Information

All information in this AIF is as of April 3, 2008 unless otherwise indicated.

1.3 Forward-Looking Statements

This AIF contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and currently available to the Company. When used in this document, the words “anticipate”, “believe”, “estimate”, and “expect” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This AIF contains forward-looking statements relating to, among others, compliance with environmental standards, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company’s exploration properties. The Management Discussion and Analysis that is incorporated by reference within this AIF also contains forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

1.4 Currency and Exchange Rates

All dollar amounts in this AIF are expressed in U.S. dollars unless otherwise indicated.

1.5 Classification of Mineral reserves and Resources

In this AIF, the definitions of proven and probable mineral reserves, and measured, indicated and inferred resources are those used by the Canadian provincial securities regulatory authorities and conform to the definitions utilized by the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) in the “CIM Standards on Mineral Resources and Reserves – Definitions and Guidelines” adopted on August 20, 2000 and amended December 11, 2005.

1.6 Cautionary Note to U.S. Investors concerning Estimates of Measured Indicated and Inferred Resources

In this AIF, the terms “measured” and “indicated resources” are used. The Company advises U.S. investors that while such terms are recognized and permitted under Canadian securities rules, the U.S. Securities and Exchange Commission does not recognize them. **U.S. investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted to proven or probable reserves.**

This AIF also uses the term “inferred resources”. The Company advises U.S. investors that while such term is recognized and permitted under Canadian securities rules, the U.S. Securities and Exchange Commission does not recognize it. “Inferred resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities rules, estimates of inferred resources may not form part of the basis of feasibility or other economic studies. **U.S. investors are cautioned not to assume that any part or all of an inferred resource exists, or is economically or legally mineable.**

ITEM 2: CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

The Company was incorporated under the laws of the Province of British Columbia on March 11, 1981 under the name, “Levelland Energy & Resources Ltd.” Effective August 27, 2002 the Company changed its name to “Endeavour Gold Corp.”, consolidated its share capital on the basis of four old common shares for one new common share and increased its share capital to 100,000,000 common shares without par value. Then on September 13, 2004, the Company changed its name to “Endeavour Silver Corp.”, transitioned from the Company Act (British Columbia) to the British Columbia Business Corporations Act and increased its authorized share capital to unlimited common shares without par value.

The Company’s principal business office is located at:

Suite 301 - 700 West Pender Street
Vancouver, British Columbia
Canada, V6C 1G8

and its registered and records office is located at:

VECTOR Corporate Finance Lawyers
Suite 1040 - 999 West Hastings Street
Vancouver, British Columbia
Canada, V6C 2W2

2.2 Subsidiaries

The Company conducts its business in Mexico through subsidiary companies. The following table lists the subsidiaries, place incorporated and % ownership held.

Name of Company	Incorporated	% held
Endeavour Gold Corporation, S.A. de C.V.	Mexico	100
Minera Plata Adelante, S.A. de C.V.	Mexico	100
Minera Santa Cruz y Garibaldi, S.A. de C.V.	Mexico	100
Refinadora Plata Guanacevi, S.A. de C.V.	Mexico	100
Metallurgica Guanacevi, S.A. de C.V.	Mexico	100
Mina Bolanitos S.A de C.V.	Mexico	100
Endeavour Management Corp	Canada	100
Guanacevi Mining Service, S.A. de C.V.	Mexico	100
Recursos Humanos Guanacevi, S.A. de C.V.	Mexico	100
Exploraciones, S.A. de C.V	Mexico	100

ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

Overview

The Company is a Canadian mineral company engaged in the evaluation, acquisition, exploration, development and exploitation of precious metal properties in Mexico.

Guanacevi Mines Project

In May 2004, Endeavour signed formal option agreements to acquire up to a 100% interest in the producing Santa Cruz silver-gold mine, certain other mining concessions and the Guanacevi mineral processing plant (collectively, the "Guanacevi Mines Project") in Durango, Mexico. The terms of the agreements gave Endeavour the option to acquire an initial 51% interest in these operating assets by paying a total of approximately US$4 million to the vendors and incurring $1 million in mine exploration and development within one year. This was completed on January 28, 2006. The balance of the 49% interest could be purchased through the payment of a further $3 million by instalments up to January 2008. The purchase of the remaining 49% of the mill facility was completed in July 2006 and the purchase of the remaining 49% of the mining assets was scheduled for completion on January 28, 2008.

Under the option interest agreement, the scheduled January 28, 2007 payment of $638,000 was made with 176,201 shares of the Company in lieu of cash. The Company was able to acquire the remaining shares of Minera Santa Cruz y Garibaldi S.A. de C.V. ("Minera Santa Cruz"), which owned 49% of the Santa Cruz silver-gold mine, for the final option interest agreement payment of $638,000 in January 2008, however the Company negotiated an early buy out of the minority shareholders. In May 2007, the Company issued 1,350,000 shares of the Company with a fair market value of $5.04 to acquire the remaining 49% of outstanding shares in Minera Santa Cruz. The settlement price reflects the minority shareholders' earnings to date, the 2008 option payment and the projected 2007 earnings.

The Company elected to accelerate the buy out in order to streamline the mining operations and facilitate additional capital investments for the mine development program.

Guanajuato Mines Project (formerly referred to as Bolanitos Mines Project)

On February 27, 2007 the Company announced that it has acquired the exploitation contracts to the producing Unidad Bolanitos silver (gold) mines located in the northern parts of the Guanajuato and La Luz silver districts in the state of Guanajuato, Mexico. The Company signed a binding initial agreement to purchase the Unidad Bolanitos exploitation rights from Minas de la Luz SA de CV ("MdlL") for $3.4 million, comprised of $2.4 million in cash and $1.0 million in common shares of the Company. On April 30, 2007 the Company completed the acquisition by paying $2.4 million in cash and issuing 224,215 common shares priced at $4.46 per share.

In April 2007 the Company entered into an agreement with two subsidiaries of Industrial Penoles S.A. de C.V. ("Penoles") to purchase all of the Guanajuato property and plant assets for 800,000 commons shares of the Company and a share purchase warrant that gives Penoles the right to purchase an additional 250,000 common shares at CA$5.50 per share within a two year period. The acquisition was completed on May 30, 2007 and the Company has a 100% interest in the Guanajuato Mines project, free and clear of any royalties.

The Guanacevi Mines Project and the Guanajuato Mines Project have been the primary focus of business activity for the last year with the Guanacevi Mines Project the primary focus for the preceding 2 years - see Item 4.4 for further details.

Endeavour's main short-term goal at Guanajuato is to invest in mine exploration and development in order to access more historic reserve blocks and increase mine production up to the 500 tpd plant capacity. The Company's longer term goal is to invest in exploration, find new higher grade ore bodies and, if successful, evaluate the potential for a plant expansion.

Three Year History

2008 to April 3

March 3, 2008 the Company released updated NI 43-101 Reserve and Resource estimates as at December 31, 2007 for its three active silver mining and exploration projects in Mexico, the Guanacevi Mines Project, the Guanajuato Mines Project and the Parral Exploration Project, showing significantly higher reserves and resources than at December 31, 2006 based on the acquisition of the Guanajuato Mines Project and the results of drilling and development undertaken during 2007.

February 19, 2008 Endeavour acquired an option to purchase the Navegantes silver properties in the Parral district, Chihuahua State, Mexico whereby the Company can acquire a 100% interest by making US$470,000 in escalating cash payments over a two year period.

January 3, 2008 Endeavour announced changes to its management team: W. R. (Bill) Franklin was appointed CFO and replaces John Watkins who submitted his resignation effective January 25, 2008.

On March 19, 2008 the Company announced that W. R. (Bill) Franklin would be stepping down as CFO, effective March 31, 2008, for health reasons but has agreed to be available as needed thereafter in a consulting capacity, subject to his recovery to better health. Dan Dickson, CA, the Company's current Controller, has been appointed interim CFO effective March 31, 2008 and Christine West, CGA, has joined Endeavour as the new Controller based in Vancouver. The Company also announced the appointment of Richard Downes as Mine Manager of the Guanacevi Mines Project.

2007

December 12, 2007 the Company acquired an option to purchase the San Pedro properties which are located about 6 kilometers northwest of the Company's operating Porvenir Mine, in the Guanacevi silver mining district, Durango State, Mexico. Endeavour can earn a 100% interest by issuing 120,000 common shares and issuing 60,000 warrants to purchase 60,000 shares at $4.69 within a 1 year period and a further 570,776 shares within a 24 month period. On signing, 120,000 common shares and 60,000 warrants were issued to the vendor. The vendor will retain a 1% net smelter royalty on mineral production.

December 3, 2007 Endeavour announced changes to its management and operations teams: Fernand Rondeau was appointed Mine Manager of the Guanajuato Mines Project, Nelson Pena was appointed Senior Engineer Mine Planning, Miguel Lampson was appointed Chief Mine Geologist of the Guanajuato Mines Project and Francisco Gameros was appointed Financial Controller of Endeavour's Mexican operations.

November 27, 2007 the company acquired an option to purchase the El Milache properties which are located along the trend of the Santa Cruz silver vein approximately 2 kilometers northwest of the Porvenir Mine, part of Endeavour's Guanacevi Mines Project in Durango, Mexico. The Company can acquire a 100% interest by paying $50,000 (paid) and issuing 30,000 (issued) shares upon signing the agreement and paying $50,000 after 18 months.

October 10, 2007 Endeavour announced changes to its management and operations teams: David Howe, M.Sc. Mining Geology was appointed as Vice President, Mexico Operations following the resignation of David Drips.

September 25, 2007 the Company announced that it had dropped its options to acquire two of the Parral Exploration Project properties.

June 14, 2007 Endeavour expanded and strengthened the Board of Directors with the appointment of Rex McLennan.

On May 30, 2007 the Company closed the acquisition of a 100% interest in the Guanajuato Mines Project (formerly referred to as Bolanitos) property and plant assets, free and clear of any royalties, for 800,000 common shares of the Company, which were valued at $4.84 per share, and a share purchase warrant that gives Penoles the right to purchase an additional 250,000 common shares at CA$5.50 per share for a two year period.

On May 24, 2007 the Company entered into an agreement to acquire the remaining 49% of the shares of Minera Santa Cruz SA de CV, which would result in the Company owning a 100% interest in the Guanacevi Mines properties, through the issuance of 1.35 million common shares.

May 24, 2007 Endeavour announced changes to its management and operations teams: Mr. Barry Devlin, M.Sc.,P.Geo. joined the Company as the new Vice President, Exploration and Dr. Michael Rasmussen, Ph.D. moved from VP Exploration to become Chief Geologist.

On May 1, 2007 the Company entered into an agreement with two subsidiary companies of Penoles to purchase all of the Guanajuato property and plant assets for 800,000 common shares of the Company and a share purchase warrant that gives Penoles the right to purchase an additional 250,000 common shares at CA$5.50 per share for a two year period.

On April 30, 2007 the Company closed the acquisition of the Unidad Bolanitos exploitation contracts for $2.4 million and 224,215 common shares, which were valued at $4.46 per share.

On April 17, 2007 the Company released the 43-101 Technical Report Audit of the Resources and Reserve Estimates for the Guanacevi Project, Durango, Mexico

March 8, 2007 the Company released an updated Statement of Reserves and Resources as at December 31, 2006 showing significantly higher reserves and resources at the Guanacevi Mines Project based on the results of drilling and development undertaken during 2006.

February 27, 2007 Endeavour signed a binding agreement of intent to purchase Unidad Bolanitos exploitation contracts over producing silver/gold mines and plant in the Guanajuato and La Luz silver district, Guanajuato State, Mexico for US$3.4 million cash and US$1.0 million of common stock of the Company.

January 30, 2007 Endeavour announced changes to its management and operations teams: John D Watkins to be appointed CFO upon receipt of Canadian and Mexican work permits; Jorge Lujan Acuna appointed General Manager, Guanacevi; and Marcos Garcia Chavez appointed Manager, Mexico Administration and Finance. In addition: Bruce Bried resigned as Vice President Mining following handover of these responsibilities to Dave Drips Vice President, Mexico Operations; Neil Marshall resigned as Mine Manager, Guanacevi; and Philip Yee will resign as CFO effective upon commencement of John Watkins appointment.

January 29, 2007 the Company's common shares commenced trading on the American Stock Exchange under the symbol EXK.

2006

October 24, 2006 Endeavour purchased the Arroyo Seco property in the south east Michoacan State, Mexico from Servicio Geológico Mexicano (The Mexican Geological Survey) for US$229,000 payable over 2 years plus 1% NSR production royalty.

October 11, 2006 Endeavour announced the appointment of David Drips as the new Vice President, Mexico Operations.

August 10, 2006 Endeavour acquired options to purchase La Aurora and El Cometa properties in the Parral district, Chihuahua State, Mexico for US$913,000 cash payable over 3 years.

August 3, 2006 Endeavour acquired an option to purchase Minas Nuevas properties in the Parral district, Chihuahua State, Mexico through the payment of US$3million cash over 30 months.

July 24, 2006 Endeavour completed the purchase of the Guanacevi Mill through the purchase of Metallugica Guancevi S.A. de C.V. which owned 49% of the Mill.

May 9, 2006 Endeavour expanded the Board of Directors through the appointment of Geoff Handley.

February 7, 2006, the shares of the Company were listed for trading on the Toronto Stock Exchange under the symbol EDR. Previously its shares were listed on the TSX Venture Exchange.

January 28, 2006, the Company completed the acquisition of 51% of the Guanacevi Mines Project.

2005

In October 2005, the Company acquired a mining lease on the El Porvenir property, Guanacevi district, Durango, Mexico. Under the lease agreement, the Company holds the exclusive right to mine the El Porvenir property for a 5-year period, which can be extended for another 5 years, by mutual agreement. The Company has agreed to mine El Porvenir at the rate of between 9,000 tonnes and 27,000 tonnes per quarter and to pay a 3% net smelter royalty from production

In August 2005, the Company entered into an option agreement to acquire a 100% interest in four silver properties, La Prieta, El Aguaje de Arriba, Ampliacion El Aguaje de Arriba and La Plata, in the Guanacevi District, Durango, Mexico, for US$100,000.

In August 2005, the shares of the Company were listed for trading on the Frankfurt Stock Exchange under the trading symbol EJD.

In July 2005, the Company entered into an option agreement to acquire a 100% interest in two silver properties, Porvenir Dos and La Sultana, in the Guanacevi District, Durango, Mexico, for US$137,500.

In June 2005, the Company acquired nine silver mining properties in the Guanacevi district, Durango, Mexico, from Industrias Peñoles S.A. de C.V. ("Peñoles"). Six of these properties form part of the producing Santa Cruz silver mine in which the Company already owns a 51% interest in the exploitation lease and has the option to acquire the remaining 49% interest. This transaction effectively allowed the Company's wholly owned Mexican subsidiary, Minera Plata Adelante SA de CV, ("Adelante") to acquire the outright ownership of the six mineral concessions as well as a 4.5% net proceeds royalty from Peñoles' wholly owned Mexican subsidiary, Minera Capela S.A. de C.V. ("Capela"). Adelante will be required to send all mineral production from these properties to the Peñoles smelter in Torreon, Mexico, for smelting and refining. Capela will retain a 3% net proceeds royalty on future production after deduction of all shipping and smelting costs, including taxes and penalties if any. The Company has also formed a strategic alliance with Peñoles to acquire additional mining properties in Mexico. Peñoles has agreed to provide the Company with access to information on its portfolio of mineral concessions throughout Mexico. On each additional Peñoles property made available to the Company a purchase price may be negotiated, payable in common shares of the Company. If the Company acquires additional properties from third parties introduced by Peñoles, the Company will pay Peñoles a 5% fee on the cash purchase price, also payable in common shares of the Company. If Peñoles acquires property from a third party introduced by the Company, Peñoles will pay Endeavour a 5% fee on the cash purchase price. In compensation for the nine mining properties, certain mining equipment located thereon, and the formation of the strategic alliance, the Company issued 1,000,000 units to Peñoles in July 2005; each unit consisted of one common share and one warrant to purchase an additional common share at $2.10 until July 22, 2006 and thereafter at $2.30 until July 22, 2007.

On February 24, 2005 the Company announced changes and additions to its senior management team. Bradford Cooke the outgoing President became the Chairman and C.E.O. Godfrey Walton, M.Sc., P.Geo. took over as the new President and C.O.O. Other appointments included the appointment of Philip Yee as C.F.O., Bruce Bried as Vice President, Mining, responsible for overseeing the day-to-day operations of the Santa Cruz Mine and Guanacevi plant and Michael Rasmussen, as Vice President, Exploration, to oversee all exploration projects.

3.2 Significant Acquisitions

Guanacevi Mines Project (Durango, Mexico)

In May 2004, the Company entered into option agreements to acquire a 100% interest in the outstanding shares of Minera Santa Cruz y Garibaldi SA de C.V (“Minera Santa Cruz”), which owns 100% of the producing Santa Cruz silver-gold mine located in Durango, Mexico. At the same time it entered into option agreements to purchase certain mining concessions and the Guanacevi mineral processing plant, also located in Durango, Mexico.

The payment schedule was as follows:

	Thousands of US$			
	Minera Santa Cruz	Processing Plant	Mining concessions	Total
	Refer note (ii)	Refer note (i)		
Initial option agreement -				
February 2004		57	43	100
Agreement		514	386	900
January 28, 2005	852	1,143	5	2,000
January 28, 2006	423	572	5	1,000
January 28, 2007	638	857	5	1,500
January 28, 2008	638	857	5	1,500
	2,551	4,000	449	7,000
51% ownership	1,275	2,286	439	4,000
100% ownership	1,276	1,714	10	3,000
	2,551	4,000	449	7,000

Note (i) The purchase of the processing plant was accelerated in 2006 through the acquisition of the company owning 49% of the asset and the elimination of the payments scheduled for January 20007 and January 2008.

Note (ii) The January 28, 2007 payment was made with the issuance of 176,201 common shares of the Company in lieu of cash and in May 2007 the Company was able to accelerate the acquisition of the remaining shares of Minera Santa Cruz by negotiating an early buy out of the minority shareholders by issuing 1,350,000 common shares of the Company with a fair market value of $5.04 per share. The settlement price reflects the minority shareholders' earnings to that date, the 2008 option payment and the projected 2007 earnings.

ITEM 4: DESCRIPTION OF THE BUSINESS

4.1 General Description

The Business of the Company

The Company's principal business activities are the evaluation, acquisition, exploration, development and exploitation of mineral properties. The Company produces silver-gold from its underground mines at Guanacevi and Guanajuato in Mexico.

Previously the Company focused its activities principally in Canada, but by the end of fiscal 2004 it had relinquished its remaining Canadian property and was active in seeking properties of merit in Mexico. This culminated in the Company entering into formal option agreements to acquire up to a 100% interest in the producing Santa Cruz silver-gold mine, certain other mining concessions and the Guanacevi mineral processing plant (collectively, the "Guanacevi Mines Project") in Durango, Mexico. The acquisitions of the silver-gold mine and the processing plant has allowed the Company to become a primary silver producer, as well as to transform the Company from a mineral exploration company to an operating mining company.

Number of Employees

The Company has approximately 750 full and part-time employees.

4.2 Risk Factors

The Company's ability to generate revenues and profits from its mineral properties, or any other mineral property it may acquire, is dependent upon a number of factors, including, without limitation, the following risk factors.

Precious and Base Metal Price Fluctuations

The profitability of the precious and base metal operations in which the Company has an interest will be significantly affected by changes in the market prices of precious and base metals. Prices for precious and base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as the level of interest rates, the rate of inflation, central bank transactions, world supply of the precious and base metals, foreign currency exchange rates, international investments, monetary systems and political developments. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values.

Competitive Conditions

Significant competition exists for natural resource acquisition opportunities. As a result of this competition, some of which is with large, well established mining companies with substantial capabilities and significant financial and technical resources, the Company may be unable to compete for nor acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will be able to acquire any interest in additional projects that would yield reserves or results for commercial mining operations.

Operating Hazards and Risks

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected rock formations and other conditions can occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

Exploration and Development

There is no assurance given by the Company that its exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At this time, apart from the mineral reserves on the Company's Guanacevi Mines Project and Guanajuato Mines Project as described under Item 4.4, none of the Company's properties have any defined ore-bodies with proven reserves.

Unusual or unexpected geological structures or formations, fires, power outages, labour disruptions, floods, explosions, cave-ins, land slides, acts of God, earthquakes, war, rebellion, revolution, delays in transportation, inaccessibility to property, restrictions of courts and/or government authorities, other restrictive matters beyond the reasonable control of the Company, and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has relied, and may continue to rely, upon consultants and advisers for development and operating expertise.

The economics of developing silver, gold and other mineral properties are affected by many factors including capital and operating costs, variations of the tonnage and grade of ore mined, fluctuating mineral markets, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Depending on the prices of silver, gold or other minerals produced, the Company may determine that it is impractical to commence or continue commercial production. Substantial expenditures are required to discover an ore-body, to establish reserves, to identify the appropriate metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for an exploitation concession. There can be no guarantee that such a concession will be granted.

Calculation of Reserves and Resources and Precious Metal Recoveries

There is a degree of uncertainty attributable to the calculation and estimates of reserves and resources and their corresponding metal grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only.

Government Regulation

Operations, development and exploration on the Company's properties are affected to varying degrees by government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price controls, tax increases, maintenance of claims, tenure, and expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. The activities of the Company require licenses and permits from various governmental authorities. While the Company currently has been granted the requisite licenses and permits to enable it to carry on its existing business and operations, there can be no assurance that the Company will be able to obtain all the necessary licenses and permits which may be required to carry out exploration, development and mining operations for its projects.

Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards may exist on the Company's properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties.

Title to Assets

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by unidentified or unknown defects. The Company has conducted as thorough investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the concessions or claims.

Uncertainty of Funding

The Company has limited financial resources, and the mineral claims in which the Company has an interest and an option to acquire an interest require financial expenditures to be made by the Company. There can be no assurance that adequate funding will be available to the Company so as to exercise its option or to maintain its interests once those options have been exercised. Further exploration work and development of the properties in which the Company has an interest or option to acquire depend upon the Company's ability to obtain financing through joint venturing of projects, debt financing or equity financing or other means. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

Industry Competition and Agreements with Other Parties

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration in the future.

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

Potential Conflicts of Interest

The directors and officers of the Company may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict of interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

There is no assurance that the needs of the Company will receive priority in all cases. From time to time, several companies may participate together in the acquisition, exploration and development of natural resource properties, thereby allowing these companies to: (i) participate in larger properties and programs; (ii) acquire an interest in a greater number of properties and programs; and (iii) reduce their financial exposure to any one property or program. A particular company may assign, at its cost, all or a portion of its interests in a particular program to another affiliated company due to the financial position of the Company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, it is expected that the directors and officers of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Foreign Countries and Regulatory Requirements

The Company's mining and exploration properties are located in Mexico, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes may vary from country to country and are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income and other taxes and duties, expropriation of property, environmental legislation and mine safety. These uncertainties may make it more difficult for the Company to obtain any required production financing for its mineral properties.

Third Party Reliance

The Company's rights to acquire interests in certain mineral properties have been granted by third parties who themselves may hold only an option to acquire such properties. As a result, the Company may have no direct contractual relationship with the underlying property holder.

4.3 Asset-Backed Securities Outstanding

The Company has not issued any asset-backed securities.

4.4 Mineral Projects

The Company's sole reportable segment is mineral exploration, development and exploitation of natural resources. The Company presently operates two mining projects and is in the process of acquiring other mineral projects.

Guanacevi Mines Project

Ownership and Property Description:

Endeavour purchased 100% interests in the Guanacevi mine properties by having made a series of scheduled payments through its wholly owned subsidiary companies, Minera Santa Cruz y Garibaldi, S.A. de C.V. (Santa Cruz and other properties) and Minera Plata Adelante, S.A. de C.V. (El Porvenir and other properties). The process plant which processes the Guanacevi ores was also purchased through a series of scheduled payments and a 100% interest was acquired by wholly owned subsidiary company Refinadora Plata Guanacevi, SA de CV, through the acquisition of Metalurgica Guanacevi, S.A. de C.V.

Location Access and Climate:

The mining district of Guanacevi is located in the northwestern part of Durango State in northwestern Mexico, some 260 km northwest of the city of Durango. The Guanacevi mine properties are situated in the western part of the district, the operating Porvenir Mine lies 3.5 km southwest from the town of Guanacevi, and the process plant sits 1 km south of the town. Geographic co-ordinates for the project centre are 25°54'47"N latitude and 105°58'20"W longitude.

The Guanacevi Mines Project is accessible by two wheel drive vehicles via a paved state highway approximately a four and one half hour drive from Durango City. The city of Durango can be reached by vehicle on paved interstate highways from other cities such as Chihuahua, Zacatecas, Torreon and Mazatlan and is also connected by regional air services to all major Mexican cities and by direct international air service to Houston and Chicago in the U.S.A.

The project area lies in the eastern foothills of the Sierra Madre Mountains at an average elevation of 2,370 m above sea level. The climate is tempered by the high altitude, with temperatures dropping to 0° in winter and rising to 30° in summer. Although Guanacevi is relatively dry, there is a main rain season that runs from June to September. The local town of Guanacevi has a population of approximately 2,000.

Royalties and Encumbrances:

Some of the production from the Guanacevi Mines Project is subject to 3% net smelter return royalties, subject to certain deductions and payable to the previous owners of the mining concessions. Production from Porvenir Dos and La Prieta will not be subject to any royalty.

Taxation:

The principal taxes in Mexico affecting Endeavour include the corporate income tax or minimum asset company tax, refundable sales tax (IVA), payroll tax, employee profit sharing tax, and annual fees for holding mineral properties.

History:

In late 2003, Endeavour recognized an opportunity in Guanacevi to acquire a fully built and permitted mine and plant operation that was preparing to close for lack of ore. In May 2004, Endeavour signed formal option agreements to acquire up to a 100% interest in the producing Santa Cruz silver-gold mine, certain other mining concessions and the Guanacevi mineral processing plant (collectively, the "Guanacevi Mines Project") in Durango, Mexico.

The terms of the agreements gave Endeavour the option to acquire an initial 51% interest in these operating assets by paying a total of approximately $4 million to the vendors and incurring $1 million in mine exploration and development within one year. This was completed on January 28, 2006. The balance of the 49% interest could be purchased through the payment of a further $3 million by instalments up to January 2008. The purchase of the remaining 49% of the mill facility was completed in July 2006 and in May, 2007 the Company was able to accelerate the acquisition of the remaining shares of Minera Santa Cruz by negotiating an early buy-out of the minority shareholders for 1,350,000 common shares of the Company with a fair market value of $5.04 per share. The settlement price reflected the minority shareholders' earnings to that date, the 2008 option payment and their projected 2007 earnings.

The Guanacevi Mines Project has been the primary focus of business activity for the Company over the last 3 years.

Geology and Mineralization:

The Guanacevi orebodies are typical, high-grade, silver-gold, low sulphidation epithermal vein deposits, characterized by argentite-acanthite-silver sulfosalt mineralization forming disseminations, bands and breccias within quartz-calcite-rhodonite veins flanked by adularia-sericite-clay alteration zones. The Santa Cruz vein occupies a strong northwest striking, southwest dipping normal/strikeslip fault along the western border of the main horst fault block that is central to the Guanacevi mining district.

Santa Cruz mineralization near surface is silver-rich with lesser amounts of Au, Pb and Zn but at depths below 400 m, the base metals start to predominate over the precious metals, again typical of zoned epithermal vein systems. Past production from the Santa Cruz mine averaged approximately 500 g Ag/t and 1 g Au/t over true widths averaging 3 m.

The Guanacevi veins are also typical of other epithermal silver-gold vein deposits in Mexico in that they are primarily hosted in the Tertiary Lower Volcanic Series of andesite flows, pyroclastics and epiclastics overlain by the Upper Volcanic Series of rhyolite pyroclastics and ignimbrites. Evidence in the Guanacevi District suggests that mineralization is closely associated with a pulse of silicic eruptions that signaled the end of Lower Volcanic magmatism and the onset of Upper Volcanic activity.

Low sulphidation epithermal veins in Mexico typically have a well defined, subhorizontal ore horizon about 300 m to 600 m in vertical extent where the bonanza grade ore shoots have been deposited due to boiling of the hydrothermal fluids. Neither the top nor the bottom of the Santa Cruz ore horizon have yet been found but given that high grade mineralization occurs over a 400 m vertical extent from the top of the Garibaldi shaft (South of Santa Cruz Mine) to below the Mine Level 13 in Santa Cruz, erosion cannot have removed much of the ore horizon.

The Santa Cruz vein structure has been traced for over 8 km along strike, ranges from 1-30 m in thickness and averages about 2-5 m wide. Mineralization in the system is not continuous, but occurs in steeply NW-raking shoots up to several 100 meters in length. A second vein, sub-parallel to the main Santa Cruz vein but less continuous, is economically significant in the Porvenir Dos zone and in the northern portion of deep North Porvenir area.

Technical Reports:

The Santa Cruz Mine and Guanacevi Plant, plus related mineral properties (including some properties in the area acquired subsequent to the initial agreements) being, together the Guanacevi Mines Project, are the subject of the following most recent technical reports presumed by management to be compliant with National Instrument 43-101 ("**NI 43-101**"):

- A technical report titled *"Audit of the Resource and Reserve Estimates for the Guanacevi Project, Durango State, Mexico"* dated April 16, 2007. The Qualified Persons who completed the audit of the reserves and resources are Jim Leader, P.Eng., William Lewis, P.Geo., and Dibya Kanti Mukhopadhyay, MAusIMM, of Micon International ("the **Micon Report**"). {Note: Micon did not audit the Guanacevi stockpiles nor did they audit silver equivalents for this report.} The report was filed on Sedar on April 17, 2007.
- A technical report updating the Mineral Reserves and Resource Estimates, Guanacevi Project, Guanacevi State, Mexico. The Qualified Person who completed the report is Barry Devlin, M.Sc., P. Geo., the Vice President of Exploration for Endeavour. The full report will be released on Sedar by on April 17, 2008.

Mineral Reserves

Guanacevi Mines Project

Statement of Reserves at 31 December 2007 (released March 3, 2008) (i)

Proven and Probable Reserves (Cut-off Grade 250 g/t Silver)

Category	In-situ Tonnes & Grade				
	Tonnes	Silver (g/t)	Ounces Ag	Gold (g/t)	Ounces Au
Proven	**82,941**	**447**	**1,192,567**	**0.65**	**1,724**
Probable	**1,140,933**	**354**	**13,002,592**	**0.61**	**22,309**
Total Proven + Probable	**1,223,874**	**360**	**14,195,159**	**0.61**	**24,033**

Mineral Resources

Guanacevi Mines Project

Statement of Resources as at December 31, 2007 (Released March 3, 2008) (i)

Measured and Indicated Resources (Cut-off Grade 200 g/t Silver)

Category	Tonnes	Silver (g/t)	Gold (g/t)	Silver oz	Gold oz
Measured	15,046	224	0.35	108,524	167
Indicated	1,187,452	347	0.73	13,248,207	27,928
Total Measured + Indicated	**1,202,498**	**345**	**0.73**	**13,356,731**	**28,095**

Inferred Resources (Cut-off 200 g/t Silver and within 75 m of the Indicated Boundary)

	Tonnes	Silver (g/t)	Gold (g/t)	Silver oz	Gold oz
Total Inferred	**844,754**	**313**	**0.58**	**8,512,517**	**15,862**

(i) The qualified person for reporting the reserves and resources is Barry Devlin, M.Sc., P. Geo., the Vice President of Exploration for Endeavour. The full report will be released on Sedar by on April 17, 2008.

Mining

Plant production from Guanacevi in 2007 amounted to 1,907,795 oz silver (Ag) and 3,957 oz gold (Au), or 2,125,430 oz Ag equivalent using an equivalence ratio of 55: 1 for Ag: Au. Mine production amounted to 226,295 tonnes of ore at an average grade of 375 g/t Ag and 0.7 g/t Au.

The mine is accessed by a main 4m x 4 1/2m haulage ramp and related development ramps driven at a grade of +/-12%. Stope accesses are driven off the ramps adjacent to the vein on the footwall side but sill development occurs within the vein. Mining is accomplished using a typical cut and fill method, utilizing rubber tired mobile equipment. Fill material is provided from the development of the underground ramps and accesses that are driven in waste.

Milling

The Endeavour mill is a typical Merrill-Crowe circuit. The mill capacity was expanded from an average process rate of 420-tpd to 800-tpd at the end of 2006 and early 2007, and this upgrade was commissioned in February of 2007. The circuit consists of a crushing, screening, and grinding circuit where the ore is reduced to a mesh size of 72% passing -200 mesh. The sized material then circulates in a leach circuit and is finally precipitated in a Merrill-Crowe unit, zinc dust being used to precipitate the silver and gold. The precipitate is smelted at the site using a gas fired induction furnace, producing dore bars that are 97% silver and over 2% gold. The tailings from the plant are deposited in a lined tailing facility adjacent to the plant.

The Endeavour plant also includes a typical two stage flotation circuit, a Lead-Silver circuit and a Zinc-Silver circuit. The flotation circuit can be used simultaneously with the Merrill-Crowe circuit or as an individual circuit. Thus, the Endeavour plant can process both oxide and sulphide type ores efficiently.

Environment, Health and Safety

Endeavour is actively developing a reclamation plan that will have expenditures during mining operations and in addition a final closure plan that is traditional for this type of facility. The Company is currently implementing environmental policies typical of North American mining companies such as accidental spill procedures and prevention, material containment procedures, and re-vegetation plans near active areas.

Endeavour has implemented many traditional North American safety programs since taking the operation over from the contractor at both the mine and plant. These programs include safety bonuses, development of a mine rescue team, new hire safety training, annual refresher training, and daily “toolbox” meetings. Additionally, the Company is actively testing employees for previous exposure to hazardous materials and there are two paramedics employed at the site.

Capital Expenditure

Endeavour incurred significant capital expenditures in fiscal 2007 to expand and upgrade the mining operations and plant production and has budgeted significant capital expenditures in fiscal 2008 to further expand and upgrade the mine and plant.

The mine capital consists of life-of-mine access ramps, the required off-vein mine development, the purchase of rubber tired mining equipment, the construction of an underground pumping facility to handle the predicted water inflow, and the construction of a permanent mine camp for 100 mine employees.

The plant capital consists of expanding and upgrading the beneficiation facility to handle 800-tpd, including, a new Merrill-Crowe recovery and silver refining facility, and a tailings pond expansion to provide tailings storage.

Infrastructure capital consists of light vehicles, upgrade of the information systems, upgrade of the accounting system, and general ancillary projects associated with the site structures and roads.

Marketing

Products from the mine, principally dore, are sold at market prices under existing tied third party sales agreements for mine output.

Guanajuato Mines Project (formerly referred to as Bolanitos)

Ownership and Property Description:

Endeavour owns a 100% interest in the Guanajuato Mines Project through the acquisition of exploitation lease agreements as well as the actual mining properties and process plant. The Company first acquired the exploitation contracts to the Unidad Bolanitos silver (gold) mines and plant located in the northern parts of the Guanajuato and La Luz silver districts in the state of Guanajuato, Mexico. The Company signed a binding initial agreement to purchase the Unidad Bolanitos exploitation rights from Minas de la Luz SA de CV ("MdlL") for US$3.4 million, comprised of US$2.4 million in cash and US$1.0 million in common shares of the Company. On April 30, 2007 the Company completed the acquisition by paying US$2.4 million in cash and issuing 224,215 common shares priced at US$4.46 per share.

The Company then acquired the Unidad Bolanitos property and plant assets from two subsidiaries of Industrial Penoles S.A. de C.V. (“Penoles”) for 800,000 common shares of the Company and a share purchase warrant that gives Penoles the right to purchase an additional 250,000 common shares at CA$5.50 per share within a two year period. The acquisition, completed on May 30, 2007, gives the Company a 100% interest in the Guanajuato Mines Project, free and clear of any royalties.

The mining project consists of 13 properties totaling 2,017 hectares in two property groups (Bolanitos and Cebada), several past producing silver (gold) mines, and the 500 tonne per day Guanajuato process plant.

Location Access and Climate:

The Cebada properties are located approximately 3 kilometers north of the city of Guanajuato in the state of Guanajuato, central Mexico. The Guanajuato properties and the plant are situated approximately 5 kilometers west of Cebada. Both the properties and the plant are readily accessed by two wheel drive vehicles on paved and well maintained gravel roads. Geographic co-ordinates for the project centre are approximately 21°03'N latitude and 101°15'W longitude.

The city of Guanajuato can be reached by vehicle on paved interstate highways from other cities such as Guadalajara, San Luis Potosi and Queretero and is also connected from Bajia airport by regional air services to all major Mexican cities and by direct international air service to cities in the U.S.A.

The project area lies in Central Altiplano at an average elevation of 2,000 m above sea level. The climate is tempered by the high altitude, with temperatures dropping to 5° in winter and rising to 35° in summer. Although Guanajuato is relatively dry, there is a main rain season that runs from June to September. The city of Guanajuato has a population of approximately 80,000.

Royalties and Encumbrances:

Production from the Guanajuato Mines Project is free of royalties.

Taxation:

The principal taxes in Mexico affecting Endeavour include the corporate income tax or minimum asset company tax, refundable sales tax (IVA), payroll tax, employee profit sharing tax, and annual fees for holding mineral properties.

History:

Industrias Penoles, one of Mexico's largest industrial and mining conglomerates, redeveloped the Unidad Bolanitos mines in the north part of the Guanajuato district in the early 1970's. The Guanajuato plant was built in the late 1990's but when the price of silver bottomed after 2000, Penoles leased many of its smaller silver mine and plant operations including Guanajuato to local mining companies.

In late 2006, Endeavour recognized an opportunity in Guanajuato to acquire a fully built and permitted mine and plant operation that was preparing to close for lack of ore. Minas de la Luz SA de CV ("MdlL") held the rights of exploitation to Unidad Bolanitos through exploitation contracts with subsidiary companies of Penoles who were the owners of the properties, mines and plant. In 2006, MdlL produced 255,766 oz silver and 3,349 oz gold (423,216 oz Ag equivalents) from 76,532 tonnes of ore grading 128 gpt silver and 1.62 gpt gold operating at about 43% of the Guanajuato plant capacity.

Endeavour acquired the Guanajuato mines and plant on May 1, 2007 and spent the rest of the year compiling historic exploration and production information, accessing and resampling portions of the historic reserves, cleaning out and redeveloping parts of the mines in order to source feed for the plant, reorganizing the flotation circuit in the plant and commencing surface exploration drilling in selected areas.

Geology and Mineralization:

The Cebada properties cover the northernmost 4.5 kilometer extent of the Veta Madre silver (gold) vein system in the Guanajuato district. The Bolanitos properties cover most of the 9 kilometer length of the La Luz silver (gold) vein system in the La Luz district.

The Veta Madre and La Luz veins are classic, low sulfidation epithermal vein systems. Mineralization consists of disseminations and fracture-fillings of pyrite, pyrargygrite, polybasite and electrum in quartz-calcite veins ranging from 1 to 30 meters thick but averaging 2 to 3 meters wide. Multiple historic ore zones (now stopes) formed steep-plunging shoots 100 to 500 meters long that were mined down to depths of 200 to 600 meters. More than 30 shafts were driven historically into the two vein systems on the Bolanitos and Cebada properties, of which five are still active.

Technical Reports

A technical report regarding the updated Mineral Reserves and Resource Estimates, Guanajuato Project, Guanajuato State, Mexico was prepared by SRK Consulting (UK) after the year-end. The Qualified Person reporting for the reserves is Mr. Michael Beare, C.Eng, B.Eng (Mining), MIMMM and the Qualified Person reporting for the resources is Mr. Martin Pittuck, M. Sc., MIMMM. Both Mr. Beare and Mr. Pittuck are employees of SRK Consulting (UK) Limited. The full report will be released on Sedar by April 17, 2008.

Mineral Reserves

Guanajuato Mines Project

As at November 2006, MdlL's proven and probable historic reserves totalled 774,668 tonnes grading 200 gpt silver and 1.87 gpt gold (8.6 oz per ton Ag equivalents) containing approximately 5 million oz silver and 46,000 oz gold (7.3 million oz Ag equivalents). Proven reserves were 300,089 tonnes grading 220 gpt silver and 1.89 gpt gold and probable reserves were 474,779 tonnes grading 187 gpt silver and 1.85 gpt gold. MdlL's reserves are viewed as historic even though 1) they were independently estimated, 2) they are based on extensive underground sampling of he mineralized zones in drifts and raises, and 3) the reserve categories approximate CIM reporting standards. However, at the time of acquisition, Endeavour had not yet verified the reserves, they did not comply with NI 43-101 and investors were advised not to rely upon them. In 2007, Endeavour retained a qualified independent engineering firm to verify a portion of the MdlL reserves and bring them into compliance with NI 43-101.

Statement of Reserves at 31 December 2007 (released March 3, 2008) (i)

Proven and Probable Reserves (Cut-off Grade 215 g/t Silver)

Category		In-situ Tonnes & Grade				
		Tonnes	Silver (g/t)	Ounces Ag	Gold (g/t)	Ounces Au
Proven		-	-	-	-	-
Probable		103,000	209	694,000	1.40	4,650
Total Proven + Probable		**103,000**	**209**	**694,000**	**1.40**	4,650

Mineral Resources

Guanajuato Mines Project

Statement of Resources as at December 31, 2007 (Released March 3, 2008) (i)

Indicated Resources (Cut-off Grade 215 g/t Silver)

	Tonnes	Silver (g/t)	Gold (g/t)	Silver oz	Gold oz
Total Indicated	**42,000**	**194**	**2.10**	**262,000**	**2,900**

Inferred Resources (Cut-off 215 g/t Silver and within 75 m of the Indicated Boundary)

	Tonnes	Silver (g/t)	Gold (g/t)	Silver oz	Gold oz
Total Inferred	**321,000**	**218**	**2.00**	**2,245,000**	**21,060**

(i) The qualified persons who prepared the reports were Mr. Michael Beare, C.Eng, B.Eng (Mining), MIMMM and Mr. Martin Pittuck, M.Sc., MIMMM, both employees of SRK Consulting (UK) Limited ("SRK"). The full report will be released on Sedar by on April 17, 2008.

Mining

Plant production from Guanajuato in 2007 amounted to 227,689 oz silver (Ag) and 2,360 oz gold (Au), or 357,489 oz Ag equivalent using an equivalence ratio of 55: 1 for Ag: Au. Mine production amounted to 65,266 tonnes of mineralized material at an average grade of 133 g/t Ag and 1.47 g/t Au. The mines are accessed by either shafts or adits.

Management's belief that the Guanajuato Mines Project possesses excellent exploration potential for the discovery of new mineralized veins and new ore bodies within known but relatively un-explored veins was the underlying reason for the acquisition. There are numerous drill holes that had been drilled by Industrias Penoles that were not followed up on because the mines closed when the silver prices dropped. Various contractors who did mine in the area after Penoles finished mining never put in the capital to develop these areas.

Since acquisition, the Company has compiled the historic surface and underground sample, drill data of Industrias Penoles for the Cebada and Bolanitos mine properties, commenced underground re-sampling of certain historic reserve blocks, identified multiple prospective silver vein targets, and initiated drilling programs on Golondrinas and Cebada to follow up on these and other targets that the Company has developed from this historic and new data.

The Company has re-sampled parts of the historic reserves in order to bring them into compliance with NI 43-101 and as at December 31, 2007 there are 694,000 ounces of silver in NI 43-101 compliant probable reserves which are supported by the 2008 mine plan produced by Endeavour Silver Corp. and reviewed by SRK Consulting (UK) Limited ("SRK").

The Company has continued to mine from existing mineralized material and operate the processing plant during this period to ensure the availability of an experienced work force and to look at processing material from third parties who are mining in the district so that once a new area is identified there will be no delay starting up a new operation.

Cash costs at Guanajuato have been very high because a) after closing the acquisition, management elected to offer employment to most of the prior operating personnel necessary to produce at capacity but b) most of the historic reserve blocks scheduled for production were not only low grade but also needed a substantial amount of underground cleanup or redevelopment work which c) reduced the total tonnes of mineralized material mined daily but increased the operating costs per tonne and d) excessive mine dilution resulted in lower than anticipated mineralized material grades which also drove the cash cost per oz higher. In addition, management initiated numerous safety upgrades in the mines and shafts that took them out of service periodically thereby reducing mine production while increasing mine costs.

Cash costs are expected to come down to more reasonable and economic levels when the Guanajuato operation startup phase is completed. Management anticipates that the mine and shaft cleanup, redevelopment and safety upgrade work will be largely completed in Q2, 2008 thereby allowing for steady state production in the second half of 2008 at a rate of about 250 tpd or half the plant capacity. As soon as newly discovered, higher grade mineralized zones (such as the recent 3785 zone for example) are fully explored and assessed, management intends to add them to the mineplan which should allow production to rise to the 500 tpd plant capacity in 2009.

Milling

The Unidad Bolanitos plant has a rated capacity of 500 tpd and consists of crushing, grinding and floatation circuits that produce bulk sulphide concentrates typically grading 10,000 to 12,000 gpt silver and 130 to 170 gpt gold. The concentrates are shipped to the Penoles smelter in Torreon for smelting and refining, and Penoles retains a net smelter royalty on mineral production.

Environment, Health and Safety

Endeavour is actively developing a reclamation plan that will have expenditures during mining operations and in addition a final closure plan that is traditional for this type of facility. The Company is currently implementing environmental policies typical of North American mining companies such as accidental spill procedures and prevention, material containment procedures, and re-vegetation plans near active areas.

Endeavour has implemented many traditional North American safety programs since taking the operation over from the contractor at both the mine and plant. These programs include safety bonuses, development of a mine rescue team, new hire safety training, annual refresher training, and daily “toolbox” meetings. Additionally, the Company is actively testing employees for previous exposure to hazardous materials and there are two paramedics employed at the site.

Capital Expenditure

Endeavour has implemented a capital improvement program in the plant, tailings expansion and mine development in the footwall of the vein.

The capital program for the plant will include redesign of the crushing portion of the plant, concentrate storage area, increased security of the plant facilities, new scale and mechanics shop. The tailings facility is being expanded to provide a longer live for the operations and further development in the underground mines. The shafts are being brought up to North American safety standards.

Marketing

Products from the mine, principally concentrate, are sold at market prices under an existing smelter contract for the mine output.

Parral Project

Ownership and Property Description:

Endeavour holds an option to purchase a 100% interest in the El Cometa property located in the district of Hidalgo de Parral, Chihuahua for cash payments totaling $350,000. The February 2008 payment of $50,000 was made subsequent to year end. The Company continues to explore the property and has remaining option payments totaling $130,000 in 2008 and $100,000 in 2009.

Subsequent to year end, the Company signed an agreement to acquire a 100% interest in the Navegantes properties, west of Parral Chihuahua, Mexico for $470,000 payable over two years.

Location Access and Climate:

The mining district of Hidalgo de Parral is located in the southern part of Chihuahua State in northwestern Mexico, some 230 km south of the city of Chihuahua. The El Cometa property is situated in the heart of the district on the outskirts of the city of Parral. Geographic co-ordinates for the project are approximately 26°56'N latitude and 105°40'W longitude.

The Parral Exploration Project is readily accessible by two wheel drive vehicles via a paved state highway on the outskirts of the city of Parral. Parral can be reached by vehicle on a paved interstate highway about a 2 ½ drive from Chihuahua City which is connected by regional air services to all major Mexican cities and by direct international air service to Houston in the U.S.A.

The project area lies in the eastern foothills of the Sierra Madre Mountains at an average elevation of 1,770 m above sea level. The climate is tempered by the high altitude, with temperatures dropping to 0° in winter and rising to 30° in summer. Although Parral is relatively dry, there is a main rain season that runs from June to September. The local city of Parral has a population of approximately 100,000.

History:

Silver was first discovered by the Spanish at Parral in 1631 and by 1665, more than 60 small mines were operating, principally along the main Veta Colorada and related veins (one of which is the Veta Esmerelda on which the El Cometa property is located). Historic mine production in Parral is estimated by the SGM (Mexican Geological Survey) to have exceeded 31 million tonnes ore, ranging in grade from several kilograms per tonne silver over narrow vein widths in the shallow oxidized ores to 30 to 300 gpt silver associated with significant lead-zinc mineralization over broad hangingwall breccia zones in the deeper sulfide ores.

During the 1900's, Asarco operated several large mines throughout the district, of which the largest was the Santa Barbara mine, still operated by IMMSA today. The Esmerelda mine, located about 3 km south of El Cometa along the same vein structure, is estimated to have produced over 4 million tonnes grading 50 gpt silver and 5% combined lead-zinc.

Geology and Mineralization:

The El Cometa mineralization on the Esmerelda Vein is a deep-seated, base metal-rich low sulfidation epithermal vein system. Mineralization consists of disseminations and fracture-fillings of pyrite, argentite, galena, sphalerite and chalcopyrite in quartz-calcite-fluorite veins ranging from 1 to 30 meters thick but averaging 2 to 5 meters wide.

Technical Reports:

A technical report regarding the updated Mineral Reserves and Resource Estimates, Parral Project, Chihuahua State, Mexico was prepared by SRK Consulting (UK) Limited after year-end. The Qualified Person reporting for the reserves is Mr. Michael Beare, C.Eng, B.Eng (Mining), MIMMM and the Qualified Person reporting for the resources is Mr. Martin Pittuck, M. Sc., MIMMM. Both Mr. Beare and Mr. Pittuck are employees of SRK Consulting (UK) Limited. The full report will be released on Sedar by on April 17, 2008.

Mineral Reserves

Parral Project

Statement of Resources as at December 31, 2007 (Released March 3, 2008) (i)

Indicated Resources (cut-off grade is 4.5% Zinc-Equivalent, ZnEq % = (Au g/t + Zn % +Pb % + Ag oz/t)

	Tonnes	Silver (g/t)	Gold (g/t)	Silver oz	Gold oz	Zn%	Pb%	Cu%
Total Indicated	**600,000**	**39**	**1.00**	**752,000**	**19,000**	**3.0**	**2.7**	**0.16**

Inferred Resources (cut-off grade is 4.5% Zinc-Equivalent, ZnEq % = (Au g/t + Zn % +Pb % + Ag oz/t)

	Tonnes	Silver (g/t)	Gold (g/t)	Silver oz	Gold oz	Zn%	Pb%	Cu%
Total Inferred	**1,150,000**	**39**	**1.00**	**1,440,000**	**37,000**	**2.5**	**2.4**	**0.17**

(i) The qualified persons who prepared the reports were Mr. Michael Beare, C.Eng, B.Eng (Mining), MIMMM and Mr. Martin Pittuck, M.Sc., MIMMM, both employees of SRK Consulting (UK) Limited ("SRK"). The full report will be released on Sedar by on April 17, 2008.

ITEM 5: DIVIDENDS

5.1 Dividends

No dividends have been declared during the past three fiscal years covering the period beginning January 1, 2005 and ending December 31, 2007. The Company has no present intention of paying dividends on its common shares as it anticipates that all available funds will be invested to finance further acquisition, exploration and development of its mineral properties.

ITEM 6: DESCRIPTION OF CAPITAL STRUCTURE

6.1 General Description of Capital Structure

The Company's capital structure is comprised of only one class of shares. The Company's authorized share capital is comprised of an unlimited number of common shares without par value.

As at April 3, 2008, the Company has 49,026,146 common shares issued and outstanding.

The following table provides a summary concerning the Company's share capital as of December 31, 2007:

	December 31, 2007
Authorized share capital	Unlimited number of common shares without par value
Number of shares issued and outstanding	48,982,146 common shares without par value

All common shares of the Company rank equally as to dividends, voting powers and participation in assets and in all other respects. Each share carries one vote per share at meetings of the shareholders of the Company. There are no indentures or agreements limiting the payment of dividends and there are no conversion rights, special liquidation rights, pre-emptive rights or subscription rights attached to the common shares. The shares presently issued are not subject to any calls or assessments.

6.2 Constraints

To the best of its knowledge, the Company is not aware of any constraints imposed on the ownership of its securities to ensure that the Company has a required level of Canadian ownership.

6.3 Ratings

To the best of its knowledge, the Company is not aware of any ratings, including provisional ratings, from rating organizations for the Company's securities that are outstanding and continue in effect.

ITEM 7: MARKET FOR SECURITIES

7.1 Trading Price and Volume

The Company's common shares are listed for trading on the TSX Toronto Stock Exchange (the " **TSE**") under the symbol "EDR". The Company listed on the TSE and delisted from the TSX Venture Exchange on February 7, 2006. The Company listed on the American Stock Exchange on January 29, 2007 under the symbol EXK.

The price ranges in Canadian $ and volume traded on the TSE for the most recently completed fiscal period ended December 31, 2007 and the months of January and February 2008 are set out below:

Date	Open	High	Low	Close	Volume Traded
Feb-08	3.80	4.49	3.25	4.19	2,050,951
Jan-08	3.95	4.46	2.90	3.72	3,280,452
Dec-07	3.81	4.16	3.32	3.80	1,890,867
Nov-07	4.09	4.99	3.87	3.88	3,407,999
Oct-07	3.34	4.22	3.15	4.19	4,216,710
Sep-07	3.69	4.39	3.25	3.29	3,876,956
Aug-07	5.20	5.25	3.17	3.65	4,755,104
Jul-07	4.95	5.70	4.84	5.26	2,887,540
Jun-07	5.54	5.68	4.51	4.80	3,199,183
May-07	5.51	6.04	5.02	5.49	4,259,340
Apr-07	5.17	6.09	5.07	5.57	5,159,552
Mar-07	5.34	5.37	4.50	5.17	3,847,566
Feb-07	4.80	5.92	4.77	5.36	6,314,206
Jan-07	4.61	5.14	3.76	4.80	4,912,464

The price ranges in US$ and volume traded on the American Stock exchange since listing are:

Date	Open	High	Low	Close	Volume Traded
Feb-08	3.77	4.60	3.24	4.34	3,529,875
Jan-08	3.90	4.52	2.80	3.72	5,138,467
Dec-07	4.00	4.13	3.30	3.97	3,247,489
Nov-07	4.35	5.54	3.86	3.96	5,940,809
Oct-07	3.34	4.45	3.13	4.43	5,808,700
Sep-07	3.60	4.19	3.22	3.33	4,446,700
Aug-07	3.45	4.99	2.95	3.53	5,156,500
Jul-07	4.55	5.47	4.55	4.92	3,424,600
Jun-07	5.18	5.37	4.21	4.51	3,905,900
May-07	5.00	5.48	4.82	5.12	5,194,900
Apr-07	4.49	5.36	4.40	5.01	4,763,500
Mar-07	4.53	4.58	3.80	4.51	3,229,535
Feb 07	4.80	5.11	4.10	4.60	4,278,551
* Jan-07	4.22	4.22	3.97	4.09	698,100

* The Company was listed on the AMEX on January 29, 2007.

ITEM 8: ESCROWED SECURITIES

8.1 Escrowed Securities

Escrowed Securities	
Designation of class	Common shares without par value
Number of securities held in escrow	93,750
Percentage of class	0.21% (as of March 23, 2007)

As at April 24, 2006, the Company has a total of 93,750 common shares held in escrow, the release of which is subject to regulatory approval. The escrow agent is Computershare Trust Company of Canada

ITEM 9: DIRECTORS AND OFFICERS

9.1 Name, Occupation and Security Holding

The following is a list of the current directors and officers of the Company, their province/state and country of residence, their current positions with the Company and their principal occupations during the past five years:

Name and Province/State and Country of Residence	Principal Occupation for the Last Five Years	Current Position with the Company and Period of Service	Approximate number and percentage of voting securities owned, directly or indirectly or over which direction or control is exercised (2)(3)
Bradford J. Cooke British Columbia, Canada	President, CEO and Director of Endeavour Silver Corp.	Director, Chairman and Chief Executive Officer (From July 25, 2002)	1,238,350 2.53%
Godfrey J. Walton British Columbia, Canada	President, G.J. Walton & Associates Ltd. and Director, President and COO of Endeavour Silver Corp.	Director, President and Chief Operating Officer (From July 25, 2002)	178,300 0.36%
Leonard Harris Colorado, USA	Retired, and Director of Glamis Gold Ltd., Corriente Resources Inc., Solitario Resources Corp., Cardero Resources Corp., Alamos Minerals Ltd, Alamos Gold Inc., Canarc Resource Corp., Sulliden Exploration Inc., IMA Exploration Inc., Morgain Minerals Inc., Indico Resources Ltd, Aztec Metals Corp., Golden Arrow Resources Corp	Director (From July 24, 2003)	10,000 0.02%
Mario D. Szotlender (1) Caracas, Venezuela	President, Mena Resources Inc.	Director (From July 25, 2002)	69,200 0.14%
Geoff Handley (1) Sydney, Australia	Past Executive VP Strategic Development, Placer Dome Inc., Currently Director of Eldorado Gold Ltd, Pan Australian Resources Limited, Boart Longyear Limited, Oryx Mining and Exploration Ltd.	Director (From June 14, 2006)	Nil

Rex McLennan (1)	Chief Financial Officer of Viterra Inc.,Past Chief Financial Officer and Executive Vice President of 2010 Vancouver Olympics Organizing Committee, Past Chief Financial Officer & Executive Vice President of Placer Dome Inc.	Director (From June 14, 2007)	Nil
Stewart L. Lockwood British Columbia, Canada	Lawyer, Vector Corporate Finance Lawyers from 2001 and was in house counsel for Canarc Resource Corp prior thereto	Corporate Secretary (From July 25, 2002)	9,026 0.02%
W. R. (Bill) Franklin British Columbia, Canada	Past Chief Financial Officer for Nevada Pacific Gold Ltd.	Chief Financial Officer (From January 1, 2008 to March 31, 2008)	Nil
Barry Devlin Post Falls, Idaho	Past Manager of Generative Exploration and Chief Geologist for Hecla Mining	Vice President, Exploration (From May 2, 2007)	Nil
David Howe Durango, Mexico	Past General Manager of St. Ann Jamaica Bauxite Ltd. & Vice President operations / GM of Hecla Venezuela	Vice President Operations, Mexico (From November 1, 2007)	Nil
Hugh Clarke British Columbia, Canada	Manager, Investor Relations for Endeavour Silver Corp. Investor Relations for Hunter Dickenson	Vice President, Corporate Communications (From April 1, 2008)	Nil

(1) Audit Committee members.

(2) As at March 17, 2007

(3) Refer to www.sedi.ca for continuous disclosure of Directors & Officers holdings.

As of the date hereof, the Company has three executive committees: A Compensation Committee, a Nominating Committee and a Disclosure Committee.

Directors' Terms of Office

The directors have served as directors of the Company since the date shown above and their terms of office expire at the beginning of the next annual general meeting.

Control of Securities

The directors and officers of the Company beneficially own, directly or indirectly, have control of or direction over an aggregate of 1,504,876 common shares of the Company, representing approximately 3% of the issued and outstanding common shares as at March 17, 2008.

9.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As at the date of the AIF and during the 10 years prior to the date of the AIF, none of the directors or officers of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is or has been a director or executive officer of any company (including the Company), that while that person was acting in that capacity:

(i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

(b) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Subsequent to December 31, 2000, no director, officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is or has:

(a) been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

9.3 Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest in or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the Business Corporations Act (British Columbia) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

To the best of its knowledge, the Company is not aware of any such conflicts of interest.

ITEM 10: PROMOTERS

Within the fiscal period ended December 31, 2007, the fiscal period December 31, 2006, and ten month period ended December 31, 2005, the Company did not have nor employed any person or company acting or performing as a promoter for the Company.

ITEM 11: LEGAL PROCEEDINGS

11.1 Legal Proceedings

There are no known legal proceedings to which the Company is a party or to which any of its property is the subject or any such proceedings known to the Company to be contemplated.

ITEM 12: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

12.1 Interest of Management and Others in Material Transactions

Other than as set forth below and in this AIF and in the Company's audited financial statements for the period ended December 31, 2007 and other than transactions carried out in the ordinary course of business of the Company or its subsidiary, within the recently completed financial period ended December 31, 2007, for the fiscal period ended December 31, 2006 and the ten months ended December 31, 2005, none of the following:

(a) director or executive officer of the Company;

(b) a person or company that is direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the outstanding voting securities of the Company; and

(c) an associate or affiliate of any of the persons or companies referred to in the above paragraphs (a) or (b),

has, to the best of the Company's knowledge, any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Company and its subsidiary.

The Company's directors and officers may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The interests of these companies may differ from time to time. Items 4.2 and 9.3 provide further details.

ITEM 13: TRANSFER AGENT AND REGISTRAR

13.1 Transfer Agent and Registrar

The Company's transfer agent and registrar is:

Computershare Trust Company of Canada
3rd Floor, 510 Burrard Street
Vancouver, BC
Canada, V6C 3B9

ITEM 14: MATERIAL CONTRACTS

14.1 Material Contracts

There are no contracts, other than those entered into in the ordinary course of the Company's business, that are material to the Company and which were entered into in the most recently completed fiscal period ended December 31, 2007 or before or after the most recently completed financial period and still in effect as of the date of this AIF.

ITEM 15: INTERESTS OF EXPERTS

15.1 Names of Experts

KPMG LLP are the external auditors of the Company and reported on the fiscal 2007 audited financial statements of the Company. See Item 1.1.

"Technical Report Audit of the Resource and Reserve Estimates for the Guanacevi Project, Durango State, Mexico " dated April 16, 2007. The Qualified Persons who completed the audit of the reserves and resources are Jim Leader, P.Eng., William Lewis, P.Geo., and Dibya Kanti Mukhopadhyay, MAusIMM, of Micon International ("Micon"). {Note: Micon did not audit the Guanacevi stockpiles nor did they audit silver equivalents for this report.} The report was filed on Sedar on April 17, 2007.

15.2 Interests of Experts

KPMG LLP have confirmed that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

To the best of The Company's knowledge, the other experts named in Item 15.1 did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Company when the experts prepared their respective reports.

ITEM 16: ADDITIONAL INFORMATION

16.1 Additional Information

Additional information relating to the Company are as follows:

(a) may be found on SEDAR at www.sedar.com and www.sedi.ca

(b) additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's Information Circular pertaining to its most recent Annual General Meeting of security holders that involves the election of directors; and

(c) is also provided in the Company's financial statements and management discussion and analysis for its most recently completed financial period ended December 31, 2007.

16.1 Audit Committee

1. The Audit Committee's Charter

Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110") became applicable to all issuers listed on the Toronto Stock Exchange after July 1, 2005. Accordingly, as disclosed in its Annual and Special General Meeting materials in respect of the Company meeting held August 2, 2005, the Company adopted an Audit Committee Charter. A copy of the Information Circular relating to the aforesaid meeting with the Audit Committee Charter, attached thereto as schedule "A", may be found on SEDAR at www.sedar.com. Effective March 17, 2008, MI 52-110 was rescinded and replaced by National Instrument 52-110 Audit Committees ("NI 52-110). NI 52-110 requires that every issuer disclose certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

2. *Composition of the Audit Committee*

The Company's audit committee is comprised of three directors, as set forth below:

Geoff Handley	Mario D. Szotlender	Rex McLennan

As defined in NI 52-110, Geoff Handley, Mario Szotlender and Rex McLennan are "independent". The Company therefore meets the requirement of NI 52-110 that all audit committee members be independent.

All of the members of the audit committee are financially literate, meaning that he must be able to read and understand financial statements.

3. *Relevant Education and Experience*

Geoff Handley – Mr. Handley is a geologist with a Science Degree and over 30 years experience in the exploration and mining industry which included analyzing the financial statements of mining companies as an investment analyst and, later, as the manager/executive responsible for corporate mergers and acquisition activities at Placer Dome Inc.

Mario Szotlender - Mr. Szotlender is a financier and businessman with a Bachelors degree in International Relations and 16 years experience financing and managing resource projects in Central and South America. B.IR. degree, Universidad Central de Venezuela, Caracas, Venezuela.

Rex McLennan - Mr. McLennan holds a Master of Business Administration degree from McGill University and a Bachelor of Science degree from the University of British Columbia. He has held increasingly responsible positions in the mining and oil and gas sectors. From 1997 to 2005, he was the Executive Vice President and Chief Financial Officer for Placer Dome Inc., and prior to this held the position of Vice President and Treasurer with the same company. For more than ten years, he held positions of increasing responsibility in business planning, finance and treasury and was a Senior Advisor in the Treasurer's Department for Imperial Oil, a publicly traded Canadian subsidiary of Exxon Corporation.

4. *Reliance on Certain Exemptions*

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the following exemptions:

(a) the exemption in section 2.4. *De Minimis Non-audit Services;,*

(b) the exemption in section 3.2 *Initial Public Offerings;*

(c) the exemption in section 3.4 *Events Outside Control of Member;*

(d) the exemption in section 3.5 *Death, Disability or Resignation of Audit Committee Member;* or

(e) an exemption from National Instrument 52-110, *Audit Committees,* in whole or part granted under Section 8, *Exemptions*

5. *Reliance on the Exemption in Subsection 3.3(2) or Section 3.6*

At no time since the commencement of the Company's most recently completed financial year, has the Company relied on the exemption in subsection 3.3(2), *Controlled Companies,* or section 3.6, *Temporary Exemption for Limited and Exceptional Circumstances.*

6. *Reliance on Section 3.8*

At no time since the commencement of the Company's most recently completed financial year, has the Company relied on the exemption in section 3.8, *Acquisition of Financial Literacy*.

7. *Audit Committee Oversight*

At no time since the commencement of the Company's most recently completed financial year, has a recommendation of the Committee to nominate or compensate an external auditor not been adopted by the Board or Directors.

8. *Pre-Approval Policies and Procedures*

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board of Directors and, where applicable, by the audit committee, on a case-by-case basis.

9. External Auditor Service Fees (By Category)

Set forth below are details of certain service fees paid to the Company's external auditor in each of the last two fiscal years for audit services:

Financial Year End	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
December 31/2006	$180,000	$98,000 (5)	Nil	Nil
December 31/2007	$540,000	$57,000 (5)	$16,420	Nil

(1) The aggregate fees billed by the Company's external auditor

(2) The aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees".

(3) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the company's external auditor for tax compliance, tax advice and tax planning.

(4) The aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than the services reported under clauses 1, 2 and 3 above.

(5) Audit related fees relate to services provided in connection with interim reviews and the Company's registration.

SCHEDULE "A"

ENDEAVOUR SILVER CORP. (the "Company")

Audit Committee Charter
(effective October 31, 2006)

The following Board Charter has been approved by the Board of Directors (the " **Board**") of Endeavour Silver Corp. (the "**Corporation**") as of the date set out above.

1 Purpose Of Audit Committee

The purpose of the Audit Committee (the "Committee") is to act as the representative of the Board of Directors in carrying out its oversight responsibilities relating to:

- The audit process;
- The financial accounting and reporting process to shareholders and regulatory bodies; and
- The system of internal financial controls.

All reasonably necessary costs to allow the Committee to carry out its duties shall be paid for by the Company. Also, in carrying out the foregoing duties, the Committee shall have the right and the ability to retain any outside legal, accounting or other expert advice or assistance to assist them in the proper completion of their duties, for and on behalf of the Company and at its cost, without any requirement for further Board or management approval of such expenditure.

2 Composition

The Committee shall consist of three Directors, all of whom are "independent" within the meaning of Multilateral Instrument 52-110, *Audit Committees,* and as required by all applicable U.S. securities laws and regulations, and the policies of the American Stock Exchange. The Committee shall be appointed annually by the Board of Directors immediately following the Annual General Meeting of the Company. Each member of the Committee shall be financially literate, meaning that he must be able to read and understand financial statements. One member of the Committee must have accounting and financial expertise, meaning that he possesses financial or accounting credentials or has experience in finance or accounting.

3 Duties

The Committee's duty is to monitor and oversee the operations of Management and the external auditor. Management is responsible for establishing and following the internal controls, financial reporting processes and for compliance with applicable laws and policies. The external auditor is responsible for performing an independent audit of the Company's financial statements in accordance with generally accepted auditing standards, and for issuing its report on the statements. The Committee should review and evaluate this Charter on an annual basis.

The specific duties of the Committee are as follows:

- Management Oversight:

  - Review and evaluate the Company's processes for identifying, analyzing and managing financial risks that may prevent the Company from achieving its objectives;
  - Review and evaluate the Company's internal controls, as established by Management;
  - Review and evaluate the status and adequacy of internal information systems and security;
  - Meet with the external auditor at least one a year in the absence of Management;
  - Request the external auditor's assessment of the Company's financial and accounting personnel;
  - Review and evaluate the adequacy of the Company's procedures and practices relating to currency exchange rates; and
  - Review and evaluate the Company's banking arrangements.

- External Auditor Oversight

  - Review and evaluate the external auditor's process for identifying and responding to key audit and internal control risks;
  - Review the scope and approach of the annual audit;
  - Inform the external auditor of the Committee's expectations;
  - Recommend the appointment of the external auditor to the Board;
  - Meet with Management at least once a year in the absence of the external auditor;
  - Review the independence of the external auditor on an annual basis;
  - Review with the external auditor both the acceptability and the quality of the Company's accounting principles; and
  - Confirm with the external auditor that the external auditor is ultimately accountable to the Board of Directors and the Committee, as representatives of the shareholders.

- Financial Statement Oversight

  - Review the quarterly reports with both Management and the external auditor;
  - Discuss with the external auditor the quality and the acceptability of the generally accepted accounting principles applied by Management;
  - Review and discuss with Management the annual audited financial statements; and
  - Recommend to the Board whether the annual audited financial statements should be accepted, filed with the securities regulatory bodies and publicly disclosed.

- "Whistleblower" Procedures

- Provide for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

- Provide for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matter.



Consolidated Financial Statements

Year Ended December 31, 2007,

Year Ended December 31, 2006

and

Ten Months Ended December 31, 2005

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Endeavour Silver Corp. ("the Company") have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP), and within the framework of the summary of significant accounting policies disclosed in the notes to these consolidated financial statements.

Management, under the supervision of and the participation of the Chief Executive Officer and the Chief Financial Officer, have a process in place to evaluate disclosure controls and procedures and internal control over financial reporting as required by Canadian and United States securities regulations. We, as CEO and CFO, will certify our annual filings with CSA and SEC as required in Canada by Multilateral Instrument 52-109 and in the United States are required by the Securities Exchange Act of 1934.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out its responsibility principally through its Audit Committee which is independent from management.

The Audit Committee of the Board of Directors meets with management to review results of the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board of Directors for approval. The Audit Committee reviews the consolidated financial statements and MD&A; considers the report of the external auditors; assesses the adequacy of internal controls, including management's assessment described below; examines the fees and expenses for audit services; and recommends to the Board the independent auditors for appointment by the shareholders. The independent auditors have full and free access to the Audit Committee and meet with it to discuss the audit work, financial reporting matters and our internal control over financial reporting. The Audit Committee is appointed by the Board of Directors and all of its members are independent directors.

/s/ Bradford Cooke
Chief Executive Officer

/s/ Dan Dickson
Chief Financial Officer

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Endeavour Silver Corp. (the Company) as at December 31, 2007 and December 31, 2006 and the consolidated statements of operations and comprehensive income, shareholders' equity and deficit, and cash flows for each of the years in the two-year period ended December 31, 2007 and for the ten-month period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. With respect to the consolidated financial statements for the year ended December 31, 2007, we also conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and December 31, 2006 and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2007 and for the ten-month period ended December 31, 2005 in accordance with Canadian generally accepted accounting principles.

Canadian generally accepted accounting principles vary in certain significant respects from US generally accepted accounting principles. Information relating to the nature and effect of such differences is presented in Note 17 to the consolidated financial statements.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated April 2, 2008 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP (signed)

Chartered Accountants

Vancouver, Canada
April 2, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Endeavour Silver Corp.

We have audited Endeavour Silver Corp's (the Company) internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment: (1) an ineffective control environment; (2) inadequate controls over information and communication; (3) inadequate controls over the translation of foreign currency accounts into the reporting currency; and (4) lack of personnel with expertise in accounting for Mexican tax.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2007 and the related consolidated statements of operations and comprehensive income, shareholders' equity and deficit and cash flows for the year ended December 31, 2007. These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2007 consolidated financial statements, and this report does not affect our report dated April 2, 2008, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the aforementioned material weaknesses on the achievement of the objectives of the control criteria, Endeavour Silver Corp. has not maintained effective internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control— Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

KPMG LLP (signed)

Chartered Accountants

Vancouver, Canada
April 2, 2008

ENDEAVOUR SILVER CORP.
CONSOLIDATED BALANCE SHEET
(expressed in thousands of US dollars)

	Notes	December 31, 2007	December 31, 2006 restated note 2 and 4
ASSETS			
Current assets			
Cash and cash equivalents		**$ 16,577**	$ 31,870
Marketable securities	6	**3,573**	3,072
Accounts receivable and prepaids	7	**7,200**	3,104
Inventories	8	**2,916**	3,332
Due from related parties	9	**228**	34
Total current assets		**30,494**	41,412
Long term deposits		**877**	-
Long term investments	10	**3,932**	-
Mineral property, plant and equipment	11	**46,848**	20,866
Total assets		**$ 82,151**	$ 62,278
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 4,348**	$ 3,046
Income taxes payable		**781**	4
Total current liabilities		**5,129**	3,050
Asset retirement obligations	12	**1,578**	954
Future income tax liability	16	**5,068**	2,968
Total liabilities		**11,775**	6,972
Non-controlling interest	5	**-**	1,198
Shareholders' equity			
Common shares, unlimited shares authorized, no par value, issued and outstanding 48,982,146 shares (2006 - 42,373,988 shares)	Page 5	**87,458**	63,353
Contributed surplus	Page 5	**8,921**	5,064
Accumulated comprehensive income	Page 5	**720**	212
Deficit		**(26,723)**	(14,521)
Total shareholders' equity		**70,376**	54,108
		$ 82,151	$ 62,278
Nature of Operations (note 1)			
Commitments and contingencies (note 11)			
Subsequent events (notes 11 & 13)			

Approved on behalf of the Board

/s/ Bradford Cooke
Director

/s/ Godfrey Walton
Director

ENDEAVOUR SILVER CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(expressed in thousands of US dollars, except for shares and per share amounts)

	Notes	**Year Ended December 31 2007**	Re-stated note 2 and 4 Year Ended December 31 2006	Ten Months Ended December 31 2005
Sales		**$ 32,319**	$ 15,671	$ -
Cost of sales		**24,335**	9,174	-
Depreciation and depletion		**4,682**	2,639	17
Exploration		**5,967**	400	451
General and administrative		**4,836**	3,009	2,194
Stock-based compensation	13	**4,681**	3,413	1,137
Earnings (loss)		**(12,182)**	(2,964)	(3,799)
Foreign exchange gain (loss)		**2,427**	494	(344)
Income (loss) from property option interest		**-**	122	(1,121)
Realized gain (loss) on marketable securities		**665**	176	115
Impairment on asset backed commercial paper	10	**(1,327)**	-	-
Investment and other income		**867**	789	-
Loss before taxes and other items		**(9,550)**	(1,383)	(5,149)
Non-controlling interest		**(1,483)**	(1,156)	-
Income tax recovery (provision)	16	**(1,169)**	(1,409)	-
Net loss for the period		**(12,202)**	(3,948)	(5,149)
Other comprehensive income, net of tax				
Unrealized gain (loss) on marketable securities	4	**206**	-	-
Reclassification adjustment for gain (loss) included in net income	4	**(210)**	-	-
		(4)	-	-
Comprehensive income (loss) for the period		**(12,206)**	(3,948)	(5,149)
Basic and diluted loss per share based on net loss		**$ (0.27)**	$ (0.10)	$ (0.21)
Weighted average number of shares outstanding		**45,441,128**	37,713,913	24,518,980

See the accompanying notes to the consolidated financial statements.

ENDEAVOUR SILVER CORP.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND DEFICIT
(expressed in thousands of U.S. dollars, except share amounts)

	Notes	December 31 2007	December 31, 2006	December 31, 2005
Number of common shares, opening		**42,373,988**	32,366,330	20,873,269
Issued on private placement	13 (b)	**-**	6,333,200	6,000,000
Exercise of options	13 (c)	**727,000**	282,500	793,000
Exercise of warrants	13 (e)	**3,038,222**	2,579,366	3,700,061
Issued on acquisition of mineral properties	5 & 11	**2,700,416**	671,558	1,000,000
Share appreciation rights	13 (d)	**142,520**	141,034	-
Number of common shares, closing		**48,982,146**	42,373,988	32,366,330
Common shares, opening		**$ 63,353**	$ 31,332	$ 11,955
Issued on private placement	13 (b)	**-**	23,366	11,398
Exercise of options	13 (c)	**2,704**	833	1,485
Exercise of warrants	13 (e)	**8,233**	5,434	5,073
Issued on acquisition of mineral properties	5 & 11	**12,885**	2,252	1,421
Share appreciation rights	13 (d)	**283**	136	-
Common shares, closing		**87,458**	63,353	31,332
Contributed surplus, opening		**5,064**	2,255	1,515
Stock based compensation	13 (c)	**4,681**	3,413	1,137
Fair value of warrants issued for mineral properties		**508**	(130)	215
Exercise of share purchase options	13 (c)	**(1,049)**	(338)	(612)
Share appreciation rights	13 (d)	**(283)**	(136)	-
Contributed surplus, closing		**8,921**	5,064	2,255
Accumulated comprehensive income, opening		**212**	79	55
Cumulative impact of reporting currency change	2	**-**	133	24
Cumulative impact of adoption of financial instrument standard		**512**	-	-
Unrealized gain (loss) on marketable securities		**206**	-	-
Realized gain on marketable securities included in net income		**(210)**	-	-
Accumulated comprehensive income, closing		**720**	212	79
Deficit, opening		**(14,521)**	(10,573)	(5,424)
Loss for the period		**(12,202)**	(3,948)	(5,149)
Deficit, closing		**(26,723)**	(14,521)	(10,573)
Shareholders' equity		**$ 70,376**	$ 54,108	$ 23,093

See the accompanying notes to the consolidated financial statements.

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

	Notes	**Year Ended December 31, 2007**	Re-stated note 2 and 4 Year Ended December 31, 2006	Ten Months Ended December 31, 2005
Operating activities				
Net loss for the period		**$ (12,202)**	$ (3,948)	$ (5,149)
Items not affecting cash:				
Stock-based compensation	13	**4,681**	3,413	1,137
Depreciation and depletion		**4,682**	2,639	17
Non-controlling interest		**1,483**	1,156	-
Future income tax loss (recovery)	16	**300**	1,405	-
Unrealized foreign exchange loss (gain)		**(386)**	-	-
Impairment of asset backed commercial paper	10	**1,327**	-	-
(Gain) loss on marketable securities		**(665)**	176	-
Net changes in non-cash working capital	14	**(1,577)**	(2,994)	(149)
Cash from (used for) operations		**(2,357)**	1,847	(4,144)
Investing activites				
Property, plant and equipment expenditures		**(17,649)**	(10,837)	(134)
Investment in asset backed commercial paper	10	**(5,203)**	-	-
Acquisition of subsidiary, net of cash acquired		**-**	(67)	(1,532)
Long term deposits		**(877)**	-	-
Investment in marketable securities		**(1,555)**	(3,449)	-
Proceeds from sale of marketable securities		**2,504**	181	-
Cash used in investing activities		**(22,780)**	(14,172)	(1,666)
Financing activities				
Common shares issued	13	**9,891**	30,624	17,013
Share issuance costs		**(47)**	(1,840)	-
Cash from financing activites		**9,844**	28,784	17,013
Increase (decrease) in cash and cash equivalents		**(15,293)**	16,459	11,203
Cash and cash equivalents, beginning of period		**31,870**	15,411	4,208
Cash and cash equivalents, end of period		**$ 16,577**	$ 31,870	15,411

See note 14 for supplementary cash flow information.

1. NATURE OF OPERATIONS

Endeavour Silver Corp. and its subsidiary companies (collectively the "Company" or "Endeavour Silver") are engaged in silver mining in Mexico and related activities including acquisition, exploration, development, extraction, processing, refining and reclamation.

The Company has acquired interests in additional mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts capitalized for mineral properties is dependent upon the existence of economically recoverable reserves in its mineral properties, the ability of the Company to arrange appropriate financing to complete the development of its properties, confirmation of the Company's interest in the underlying properties, the receipt of necessary permitting and upon future profitable production or proceeds from the disposition of these interests.

The Company has $25.3 million in working capital as of December 31, 2007, which management deems is sufficient to meet the near term business objectives.

2. CHANGE IN FUNCTIONAL AND REPORTING CURRENCY

Prior to January 1, 2007, the Company's operations were measured in Canadian dollars and the consolidated financial statements were expressed in Canadian dollars. Effective January 1, 2007, the US dollar was adopted as the unit of measure of the Company's operations which reflects significant operational exposure to the US dollar, the predominantly US dollar asset and investment base of the Company and the transition from an exploration company to a mine operator. Concurrent with this change in functional currency, the Company adopted the US dollar as its reporting currency. In accordance with Canadian generally accepted accounting principles ("GAAP"), the Company is required to restate all amounts presented for comparative purposes into US dollars using the current rate method whereby all revenues, expenses and cash flows are translated at the average rates that were in effect during these periods and all assets and liabilities are translated at the closing rate in effect at the end of these periods. Equity transactions have been translated at historic rates; the resulting net translation adjustment has been credited to comprehensive income.

The effect on the consolidated financial statements resulted in an accumulated comprehensive income adjustment of $212,000 as at December 31, 2006.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Significant measurement differences from United States GAAP are described in Note 17 to these financial statements. These consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

(b) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of mineralized reserves, impairment of long-lived assets, determination of asset retirement obligations, valuation allowances for future income tax assets, and assumptions used in determining the fair value of non-cash stock-based compensation. Actual results could differ from those estimates.

(c) Revenue recognition

Estimated mineral revenue, based upon prevailing metal prices, is recognized upon delivery when title and risk of ownership of metals or metal bearing concentrate passes to the buyer and when collection is reasonably assured. Estimated revenue is subject to adjustment upon final settlement of metal prices, weights and assays.

(d)

Cash and cash equivalents

Cash and cash equivalents consist of deposits in banks and highly liquid investments with an original maturity of ninety days or less.

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(e) **Marketable securities**

Marketable securities include investments in shares of companies and other investments capable of reasonably prompt liquidation. Share investments are classified as available-for-sale and carried at fair value with unrealized gains and losses at the reporting date recognized in comprehensive income in accordance with section 1530 (see Note 4).

(f) **Inventories**

Product inventories are valued at the lower of average production cost and net realizable value. In-process inventories, including ore stockpiles are valued at the lower of average production cost and net realizable value, after an allowance for further processing costs. Finished goods inventory is valued at the lower of average production costs and net realizable value. Materials and supplies are valued at the lower of cost and replacement cost.

(g) **Mineral properties, plant and equipment**

Mineral properties include direct costs of acquiring the properties, the costs incurred which are employed directly in the development process of feasible properties, while expenses relating to exploration properties are expensed as incurred.

Management periodically reviews the carrying value of its mineral properties with internal and external mining related professionals. A decision to abandon, reduce or expand a specific project is based upon many factors including general and specific assessments of reserves, anticipated future prices, anticipated future costs of exploring, developing and operating a producing mine, expiration term and ongoing expense of maintaining leased mineral properties and the general likelihood that the Company will continue exploration. The Company does not set a pre-determined holding period for properties with unproven reserves. However, properties which have not demonstrated suitable mineral concentrations at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and their carrying values are appropriate.

If any area of interest is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the period of abandonment or determination that the carrying value exceeds its fair value. The amounts recorded as mineral properties represent costs incurred to date and do not necessarily reflect present or future values.

The accumulated costs of mineral properties that are developed to the stage of commercial production are amortized using the units of production basis using proven and probable reserves (as defined by National Instrument 43-101).

Plant and equipment are recorded at cost and are amortized using the straight-line method at rates varying from 5% to 30% annually.

(h) **Asset retirement obligations**

These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the accretion of discounted underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(i) **Stock-based compensation**

The Company has a share option plan which is described in Note 13(c). The Company records all stock-based compensation for options using the fair value method. Under the fair value method, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable, and are charged to operations over the vesting period. The offset is credited to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

(j) **Income taxes**

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted or enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the substantive enactment date. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

(k) **Loss per share**

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of shares outstanding during the period. For all periods presented, loss available to common shareholders equals the reported loss. The Company uses the treasury stock method for calculating diluted earnings per share. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In the Company's case, diluted loss per share presented is the same as basic loss per share as the effect of outstanding options and warrants in the loss per share calculation would be anti-dilutive.

(l) **Foreign currency translation**

The Company uses the U.S. dollar as its reporting currency, and accounts denominated in currencies other than the U.S. dollar have been translated as follows:

- Revenue and expense items at the rate of exchange in effect on the transaction date;
- Non-monetary assets and liabilities at historical exchange rates, unless such items are carried at market, in which case they are translated at the exchange rate in effect on the balance sheet date; and
- Monetary assets and liabilities at the exchange rate at the balance sheet date.
- Exchange gains and losses are recorded in the statement of operations in the period in which they occur.

(m) **Fair value of financial instruments**

The fair values of the Company's cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximate their carrying values due to their short terms to maturity. Marketable securities are recorded at fair value. Asset backed commercial paper is recorded at management estimated fair value.

(n)

Comparative figures

Certain of the prior periods' comparative figures have been reclassified to conform to the presentation adopted in the current year.

(o) **Recently released Canadian accounting standards**

The Company has assessed new and revised accounting pronouncements that have been issued that are not yet effective and determined that the following may have a significant impact on the Company:

i) In fiscal 2008, the Company will be required to adopt two new standards. Financial Instruments – Disclosures (CICA Handbook Section 3862) and Financial Instruments – Presentation (CICA Handbook Section 3863) will replace Financial Instruments (Disclosure and Presentation (CICA Handbook Section 3861). The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carries forward the former presentation requirements. The new financial instruments presentation and disclosure requirements were issued in December 2006 and the Company is assessing the impact on its consolidated financial statements.

ii) In fiscal 2008, the Company will be required to adopt Capital Disclosures (CICA Handbook Section 1535), which will require companies to disclose their objectives, policies and processes for managing capital. In addition, disclosures are to include whether companies have complied with externally imposed capital requirements. The new capital disclosure requirements were issued in December 2006 and the Company is assessing the impact on its consolidated financial statements.

iii) In fiscal 2008, the Company will be required to adopt Inventories (CICA Handbook Section 3031), which will re-establish standards for the measurement and disclosure of inventories. The Company's assessing the impact on its consolidated financial statements.

iv) In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

v) In fiscal 2008, the Company is required to adopt revised Accounting Changes (CICA Handbook Section 1506), which provides expanded disclosures for changes in accounting policies, accounting estimates and corrections of errors. Under the new standard, accounting changes should be applied retrospectively unless otherwise permitted or where impracticable to determine. As well, voluntary changes in accounting policy are made only when required by a primary source of GAAP or the change results in more relevant and reliable information. The Company does not expect application of this revised standard to have a material impact on its consolidated financial statements.

4. CHANGES IN ACCOUNTING POLICIES

On January 1, 2007, the Company adopted three new accounting standards that were issued by the Canadian Institute of Chartered Accountants: Handbook Section 1530, *Comprehensive Income*; Handbook Section 3861, *Financial Instruments – Presentation and Disclosure* and Handbook Section 3855, *Financial Instruments – Recognition and Measurement*. These standards have been applied prospectively; accordingly, comparative amounts for prior periods have not been restated.

Effective January 1, 2007, the Company changed its accounting policy for mineral property exploration expenditures to harmonize accounting differences between Canadian and US GAAP while the Company continues to transition its operations from a sole exploration company to an operator.

(a) Comprehensive income/loss

Section 1530 introduces comprehensive income, which consists of net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period arising from transactions and other events and circumstances from non-owner sources and includes unrealized gains and losses on financial assets classified as available-for-sale. The components of accumulated comprehensive income are disclosed in the consolidated statement of shareholders' equity

(b) Financial instruments – presentation and disclosure; recognition and measurement

Section 3861 establishes standards for the presentation and disclosure of financial instruments. Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be measured at fair value on initial recognition and recorded on the balance sheet. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities.

Financial assets and liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net income. Financial assets and financial liabilities considered held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization. Available-for- sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost.

Derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value. Changes in the fair values of derivative instruments are recognized in net income with the exception of derivatives designated as effective cash flow hedges. The Company has no such designated hedges.

(c) Impact upon adoption of Handbook Sections 1530, 3855 and 3861

The transition adjustment attributable to the re-measurement of financial assets and financial liabilities at fair value for available-for-sale financial assets were recognized in opening accumulated other comprehensive income as at January 1, 2007. The Company has recorded a non cash increase of $512,000 to opening marketable securities and a non-cash adjustment of $512,000 as a one time cumulative effect of the change in accounting policy in opening accumulated other comprehensive income.

(d) Exploration Expenditures

In prior years, the Company capitalized the acquisition cost of mineral properties and deferred exploration expenditures directly related to specific mineral properties. Under the new policy, exploration expenditures on non producing properties are expensed, while acquisition costs continue to be capitalized. This change has been applied retrospectively and the comparatives for 2006 and 2005 have been re-stated accordingly. The amount expensed for the years ended December 31, 2006 and 2005 was $400,000 and $451,000 respectively, with a corresponding reduction in mineral properties.

5.

BUSINESS ACQUISITION AND SIGNIFICANT ASSET ACQUISITIONS

a)

Acquisition of the Guanacevi property

In May 2004, the Company entered into an option agreements to acquire 100% interest in the outstanding shares of Minera Santa Cruz y Garibaldi SA de CV ("Minera Santa Cruz"), which owns 100% of the producing Santa Cruz silver-gold mine located in Durango, Mexico for $2.5m, with final payment occurring January 28, 2008. On January 28, 2006 the Company completed the acquisition of 51% of the outstanding shares of Minera Santa Cruz on completion of initial cash payments totaling $1,276,000.

In May 2004, the Company entered into option agreements to purchase certain mining concessions and the Guanacevi mineral processing plant, also located in Durango, Mexico. The Company acquired a 51% beneficial ownership interest in these assets on January 28, 2006 on payment of $2.3 million. In 2006, the Company accounted for this acquisition as a purchase of an asset and accordingly reclassified $1.7 million from mineral properties to plant and equipment. The remaining 49% interest was to be transferred upon completion of the 2008 payment. However in July 2006, the Company acquired 100% shares of the company that owned the plant, Metalurgica Guanacevi, S.A. de C.V. ("Metalurgica"), for $2.6 million comprised of $438,000 and 671,558 units at a market price of CAN $3.53 per unit. Each unit was comprised of one common share and one-quarter of a common share purchase warrant; each full warrant was exercisable to purchase one common share at an exercise price of CAN $3.70 until August 23, 2007 (Note 13 (e))

The following table set forth the original May 2004 payment schedules:

	Minera Santa Cruz	Processing Plant	Mining concessions	Total
Initial option agreement -				
February 2004	$ -	$ 57	$ 43	$ 100
Agreement		514	386	900
January 28, 2005	852	1,143	5	2,000
January 28, 2006	423	572	5	1,000
January 28, 2007	638	857	5	1,500
January 28, 2008	638	857	5	1,500
	$ 2,551	$ 4,000	$ 449	$ 7,000
51% ownership	1,275	2,286	439	4,000
100% ownership	1,276	1,714	10	3,000
	$ 2,551	$ 4,000	$ 449	$ 7,000

Under the Minera Santa Cruz option interest agreement the scheduled January 28, 2007 payment of $638,000 was made with 176,201 shares of the Company in lieu of cash.

The Company was able to acquire the remaining shares of Minera Santa Cruz for the final option interest agreement payment of $638,000 due in January 2008, however the Company negotiated an early buy out of the minority shareholders. In May 2007, the Company issued 1,350,000 shares of the Company with a fair market value of $5.04 to acquire the remaining 49% of outstanding shares in Minera Santa Cruz. The settlement price reflects the minority shareholders' earnings to date, the 2008 option payment and the projected 2007 earnings. The aggregate purchase price of $6.8 million above the non-controlling interest liability, of $4.1 million and the future income tax liability of $1.6m was allocated to mineral properties.

5. **BUSINESS ACQUISITION AND SIGNIFICANT ASSET ACQUISITIONS** (continued)

The following table sets forth an allocation of the 2006 purchase price to assets acquired and liabilities assumed, based on estimates of fair value.

The fair value of assets and liabilities acquired and the consideration paid is as follows:

	51 % of Minera Santa Cruz	100% of Metalurgica
Fair value of assets acquired		
Assets:		
Cash	$ 313	$ 173
Receivab les and prepaids	77	26
Inventories	131	214
Ore processing mill	-	4,235
Mineral properties	7 ,321	-
Liabilities:		
Accounts payables and other accrued liabilities	(5 ,541)	(163)
Asset retirement obligation	(27)	(895)
Future income tax liability	(918)	(1,029)
	$ 1 ,356	$ 2,561
Consideration given		
Cash consideration	$ 451	$ 445
Unit consideration	-	2,116
Advances on acquisition	905	-
	$ 1 ,356	$ 2,561

b) **Income (loss) from option interests in Mexican operations**

For the period ended December 31, 2005, losses from Mexican operations from the Company's 51% option interests are pursuant to the agreements executed in May 2004 whereby the Company has a 51% interest in any profits or losses and are determined as follows:

	Minera Santa Cruz	Processing Plant	Total
Revenues from operations	$ 4,805	$ 2,041	
Costs of operations *	(6,820)	(2,428)	
Loss before allocation	(2,015)	(387)	
Allocation to Mexican interests in operations	1,091	190	
Loss from 51% property option interests	$ (924)	$ (197)	$ (1,121)

*Costs of operations include amortization, depletion and depreciation of acquisition costs, exploration expenditures and mine development costs, and also include allocation of expenses incurred by Endeavour Silver Corp.

For the operating period of January 1, 2006 to January 28, 2006, the date at which the Company commenced to consolidate Minera Santa Cruz, the Company's income from property option interest was $122,000.

c) **Acquisition of the Guanajuato mines project**

On April 30, 2007 the Company acquired the exploitation contracts to the Unidad Bolanitos silver-gold mines and plant located in the northern parts of the Guanajuato and La Luz silver districts in the state Guanajuato, Mexico. The Company paid $2.4 million in cash and 224,215 shares of the Company with a fair market value of $4.46 per share.

On May 30, 2007 the Company acquired 100% of the Guanajuato mine assets from two subsidiary companies of Industrias Penoles SA de CV ("Penoles"). The assets consist of 2,071 hectares of land , three mines and a 500 ton per day processing plant. The purchase price was 800,000 shares of the Company with a fair market value of $4.84 and 250,000 2 year warrants with an exercise price of CAN $5.50. The fair value of the warrants was determined to be $460,000; the fair value was based on an expected stock price volatility of 68.7%, expected life of 2 years and an estimated risk-free rate of 3.98%.

The Company has accounted for these acquisitions as asset acquisitions as the contracts and the plant are considered to be separate asset purchases that do not represent a business as defined under Canadian GAAP.

The Company allocated $7.3 million to mineral properties, $396,000 to the plant and recognized an asset retirement obligation of $664,000 related to the future reclamation of the Guanajuato properties (Note 12).

6. MARKETABLE SECURITIES

	December 31 2007	December 31 2006
Investmen t in shares of companies, at cost	**$ 3,066**	$ 3,072
Unrealized gain	**507**	-
	$ 3,573	$ 3,072

7. ACCOUNTS RECEIVABLE AND PREPAIDS

	December 31 2007	December 31 2006
Trade Receivables	**$ 1,908**	$ 973
IVA Receivables	**4,676**	1,750
Other Receivab les	**26**	222
Prepaids and Advances	**590**	159
	$ 7,200	$ 3,104

8. INVENTORIES

	December 31 2007	December 31 2006
Warehouse inventory	**$ 1,294**	$ 466
Stockpile inventory	**1,012**	2,489
Finis hed Goods inventory	**348**	257
Work in process inventory	**262**	120
	$ 2,916	$ 3,332

9. RELATED PARTY TRANSACTIONS

The Company shares common administrative services and office space with related party companies and from time to time will incur third party costs on behalf of the related parties on a full cost recovery basis.

During the course of the period the company paid $95,000 (2006 - $ nil, 2005 - $ nil) in performance bonus compensation to terminated employees who are now employees of a company with common directors and management.

During the course of the period the company paid $177,000 (2006 - $ nil, 2005 - $ nil) in consulting fees to a company with common directors and management.

The Company has paid $130,000 (2006 – $255,000, 2005- $81,000) for legal services from a legal firm with common management.

The Company currently holds marketable securities purchased for $279,000 of a public company with common directors and management that has a market value of $135,000.

On December 31, 2007 the Company signed option agreements with Aztec Metals Corp. (“Aztec”) a non-public company with common directors, whereby Aztec has the right to acquire unexplored properties (Rio Chico and Matehuala) for a cash payment of $63,000 and issuance of 533,333 common shares in Aztec. The cash payment and common shares were received subsequent to year end. To exercise the option on the Rio Chico properties Aztec will pay to Endeavour $100,000 and deliver a signed silver participation contract prior to September 30, 2008. To exercise the option on the Matehuala property, Aztec will pay to Endeavour $43,000 and deliver a signed silver participation contract prior to June 30, 2008.

10. LONG TERM INVESTMENTS

At December 31, 2007 the Company held asset backed commercial paper (“ABCP”) purchased in August 2007 with a par value $5.2 million and an estimated fair value of $3.9 million. At the dates the Company acquired the ABCP it was rated RI (High) by Dominion Bond Rating Services (“DBRS”), the highest credit rating issued for commercial paper. The ABCP did not settle as it matured as a result of the liquidity issues in the ABCP market. There has been no active trading in the ABCP since mid-August 2007 and no market quotations are currently available. The ABCP in which the Company has invested continues to be rated RI (High, Under review with developing implications) by DBRS.

On December 23, 2007, a comprehensive restructuring of the ABCP was agreed to in principle between all parties. The approval of the restructuring is subject to votes by all investors, and is anticipated to close by the end of April 2008.

There is a significant amount of uncertainty in estimating the amount of timing of cash flows associated with the ABCP. The Company estimates the fair value of its ABCP by discounting expected future cash flows considering the best available information. An adjustment of $1.3 million has been recorded for the year ended December 31, 2007 to reflect the lack of liquidity in the ABCP market. As result of the proposed restructuring, the Company has also concluded that the most probable outcome is that the ABCP will not be realized within a year and has accordingly classified the ABCP as a non-current asset. Due to illiquidity in the ABCP market, the Company estimated a 20% impairment from the face value of the asset and discounted the remaining value over a one year period using a discount rate of prime + 1%. The outcome of the ABCP restructuring could result in a material difference to managements’ estimate fair value.

11.

MINERAL PROPERTY, PLANT AND EQUIPMENT

Mineral property, plant and equipment comprise:

	December 31, 2007			December 31 , 2006		
	Cost	**Accumulated amortization**	**Net book value**	Cost	Accumulated amortization	Net book value
Properties	**$ 32,365**	**$ 5,444**	**$ 26,921**	$ 12,910	$ 2,618	$ 10,29 2
Mill	**13,723**	**1,517**	**12,206**	8,705	629	8,07 6
Machinery and equipment	**6,754**	**480**	**6,274**	2,092	35	2,05 7
Transportation and vehicles	**720**	**182**	**538**	311	59	25 2
Buildings	**724**	**74**	**650**	137	4	13 3
Office equipment	**324**	**65**	**259**	68	12	5 6
	$ 54,610	**$ 7,762**	**$ 46,848**	$ 24,223	$ 3,357	$ 20,86 6

(a)

Guanacevi properties and plant (Durango, Mexico)

See note 5, Business acquisitions and significant asset acquisitions to these financial statements for a discussion of the significant acquisition of Minera Santa Cruz and Metalurgica of the Guanacevi mine.

In June 2005, the Company acquired nine silver mining properties in the Guanacevi district, Durango, Mexico, from Industrias Peñoles S.A. de C.V. (“Peñoles”). Six of these properties form part of the producing Santa Cruz silver mine. This transaction effectively allowed the Company to acquire the outright ownership of the six mineral concessions as well as a 4.5% net proceeds royalty from Peñoles. The Company is required to send all mineral production from these properties to the Peñoles smelter in Torreon, Mexico, for smelting and refining. Peñoles retains a 3% net proceeds royalty on future production after deduction of all shipping and smelting costs, including taxes and penalties if any. The Company also formed a strategic alliance with Peñoles to acquire additional mining properties in Mexico. Peñoles has agreed to provide the Company with access to information on its portfolio of mineral concessions throughout Mexico. On each additional Peñoles property made available to the Company to acquire, a purchase price may be negotiated, payable in common shares of the Company. If the Company acquires additional properties from third parties introduced by Peñoles, the Company will pay Peñoles a 5% fee on the cash purchase price, also payable in common shares of the Company. If Peñoles acquires property from a third party introduced by the Company, Peñoles will pay the Company a 5% fee on the cash purchase price. In compensation for the nine mining properties acquired and certain mining equipment located thereon and the formation of the strategic alliance, the Company issued 1,000,000 units to Peñoles in July 2005; each unit consisted of one common share and one warrant to purchase an additional common share at $2.10 until July 22, 2006 and thereafter at $2.30 until July 22, 2007 (note 13 (e)). The fair value of the warrants was determined to be $260,000 which was included in mineral properties; the fair value was based on an expected stock price volatility of 54.45%, expected life of 1 year and an estimated risk-free rate of 1.28%.

In July 2005, the Company entered into an option agreement to acquire a 100% interest in two silver properties, Porvenir Dos and La Sultana, in the Guanacevi District, Durango, Mexico, for payments totalling $137,500 prior to 2007.

In August 2005, the Company entered into an option agreement to acquire a 100% interest in four silver properties, La Prieta, El Aguaje de Arriba, Ampliacion El Aguaje de Arriba and La Plata, in the Guanacevi District, Durango, Mexico, for $100,000 of which final payment of $70,000 was paid in August 2007.

In October 2005, the Company acquired a mining lease from Minera Tayahua, S.A. de C.V., on the El Porvenir property, Guanacevi district, Durango, Mexico. Under the lease agreement, the Company holds the exclusive right to mine the El Porvenir property for a 5-year period, which can be extended for another 5 years, by mutual agreement. The Company agreed to mine El Porvenir at the rate of between 9,000 tonnes and 27,000 tonnes per quarter and to pay a 3% net smelter royalty from production. The agreement includes a clause that either party can terminate the contract in advance, without indicating cause, communicating the termination date at least 2 years before the effective date of the termination. On August 16, 2006 The Company received a letter indicating contract termination as of August 31, 2008. The Company is currently mining the El Porvenir and will continue to mine this zome up to August 30, 2008.

On November 22, 2007, the Company paid $50,000 and 30,000 common shares to enter into an option agreement to acquire 100% interest in the El Maliche property in the Guanacevi district for an additional $50,000 within 18 months.

(b)

Parral properties

In August 2006, the Company acquired three options to purchase the concession rights on various land holdings within the Parral district.

The Company made the second payment on the option to purchase a 100% interest in the Minas Nuevas properties, Chihuahua, Mexico, for $200,000, however elected to discontinue exploration on the Minas Nuevas properties prior to the August 2007 payment. The $400,000 paid in relation to this option contract has been expensed as exploration.

The Company made the second payment on the option to purchase a 100% interest in the La Aurora properties, Chihuahua, Mexico, for $34,000, however elected to discontinue exploration on the La Aurora properties prior to the August 2007 payment. The $56,000 paid in relation to this option contract has been expensed as exploration.

The Company made the second payment and third payment on the option to purchase a 100% interest in the El Cometa properties, Chihuahua, Mexico, for $90,000. The Company continues to explore the property and has option payments totaling $130,000 in 2008 and $100,000 in 2009. The February 2008 payment of $50,000 was made subsequent to year end.

Subsequent to year end, the Company signed an agreement to acquire 100% interest in the Navegantes properties, Chihuahua, Mexico for $470,000 over two years.

(c)

Arroyo Seco properties

In October 2006, the Company acquired an option to purchase a 100% interest in the Arroyo Seco property, in Michoacan, Mexico for US$229,000 over 5 years. The Company paid $46,000 during the current fiscal year and $92,000 of the total option agreement.

(d)

San Pedro properties

On November 29, 2007, the Company signed an agreement to acquire 100% interest in 15 properties within the San Pedro district in the state of Durango. The Company issued 120,000 common shares and 60,000 1-year warrants with an exercise price of US $4.69. The fair value of the warrants was determined to be $48,000; the fair value was based on an expected stock price volatility of 55.5%, expected life of 1 year and an estimated risk-free rate of 3.98%.

(e)

Mineral property contingencies

Management believes the Company has diligently investigated rights of ownership of all of the mineral properties to a level which is acceptable by prevailing industry standards with respect to the current stage of development of each property in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, all properties may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

(f)

Commitments

As at December 31 2007, the Company had committed to contracts totalling $400,000 relating to exploration services. The Company has operating lease commitments for office space for $264,000 annually until 2011, totalling $1.1 million.

12.

ASSET RETIREMENT OBLIGATIONS

Although the ultimate amount of the reclamation costs to be incurred cannot be predicted with certainty, the total undiscounted amount of estimated cash flows required to settle the Company's estimated obligations is $2,047,000 which has been discounted using a credit adjusted risk free rate of 8.25%. Significant reclamation and closure activities include land rehabilitation, decommissioning of buildings and mine facilities, ongoing care and maintenance and other costs.

Changes to the reclamation and closure cost balance during the period are as follows:

Balance at December 31, 20 06	$	954
Changes du ring the period:		
Incurrence		-
Change in estimate		(139)
Changes due to acquisition of Guanajuato mines project		664
Interest accretion		99
Balance at December 31, 2007	**$**	**1,578**

The present value of the reclamation liabilities may be subject to change based on management's current estimates, changes in remediation technology or changes to the applicable laws and regulations.

13.

SHARE CAPITAL

(a)

As at December 31, 2007 and December 31, 2006 a total of 93,750 common shares are held in escrow, the release of which is subject to regulatory approval.

(b)

Private Placements

(i)

In March 2006, the Company entered into an agreement with certain agents in a best efforts private placement offering of up to 5 million special warrants at CAN$4.50 per special warrant for gross proceeds of up to CAN$22.5 million. An over-subscription option allowed for up to an additional 2 million special warrants for additional proceeds of CAN$9 million. On April 24, 2006, the Company closed the placement for 5.11 million special warrants, for gross proceeds of CAN$23.0 million. Each special warrant was comprised of one common share and one-half of a common share purchase warrant. Each whole share purchase warrant was exercisable to purchase one common share at a price of CAN$5.25 until October 24, 2007 (Note 13(e)). The Company filed its prospectus on May 15, 2006 for the placement. In connection with this offering, the agents received a cash commission of 6% of the gross proceeds and broker warrants exercisable for common shares equal to 6% of the total special warrants placed. The broker warrants had the same terms as the warrants in the private placement.

The remaining 1.89 million special warrants in the best efforts private placement offering received shareholder approval in June 2006. In July 2006, the Company issued 1,112,000 special warrants at CAN$4.50 per special warrant for gross proceeds of CAN$5.0 million. Each special warrant entitled the holder to acquire 1.1 common shares and 0.55 common share purchase warrants of the Company. Each full share purchase warrant will be exercisable to acquire one common share of the Company at CAN$5.25 per share until October 24, 2007. On closing of the over-subscription, the Agents received a 6% cash commission totaling CAN$ 0.3 million as well as 66,720 agent special warrants. Each agent special warrant converted into one agent warrant. Each agent warrant will be exercisable to acquire one common share at $5.25 per share until October 24, 2007(Note 13(e)).

The 3,166,599 share purchase warrants from this private placement offering were listed and posted for trading on the Toronto Stock Exchange on May 23, 2006.

(ii) In February 2005, the Company completed brokered and non-brokered private placements to raise a total of CAN $1.6 million. The Company completed a brokered private placement for 312,500 units at CAN$1.60 per unit for gross proceeds of CAN$ 0.5 million. Each unit consisted of one common share and one share purchase warrant, exercisable to acquire one common share at an exercise price of CAN$2.10 until February 1, 2006 and CAN$2.30 thereafter until February 1, 2007 (Note 13(e)). The Company also completed a non-brokered private placement for 710,500 units at the same price and the same terms as the brokered private placement for an additional CAN$1.1 million in gross proceeds. Share issuance costs consisted of agents' fees of CAN$38,000 and 40,000 agents' warrants (with the same terms as the warrants in the private placement). The 40,000 warrants issued to the agent have a fair value of CAN$22,000 and have been recorded in share capital on a net basis.

(iii) In October 2005, the Company completed a private placement for 6,000,000 units at CAN$2.40 per unit for gross proceeds of CAN$14.4 million. Each unit is comprised of one common share and one-half of a common share purchase warrant. Each whole share purchase warrant is exercisable to purchase one common share at an exercise price of CAN$2.90 until October 5, 2007 (Note 13(e)). The underwriters received a cash commission of CAN$0.9 million and 450,000 agents' warrants that have the same terms as the warrants in the private placement.

(iv) In April 2004, the Company completed brokered and non-brokered private placements to raise a total of CAN$ 9.9 million to finance the acquisition of the Santa Cruz silver-gold mine and the Guanacevi processing plant (Note 5(a)). The Company completed a brokered private placement for 5,022,500 units at CAN$1.60 per unit for gross proceeds of CAN$ 8.0 million. Each unit consisted of one common share and one-half of one share purchase warrant, with each whole warrant giving the holder the right to purchase an additional common share at CAN$2.00 per share until October 22, 2005 (Note 13(e)). The Company also completed a non-brokered private placement for 1,175,000 units at the same price and the same terms as the brokered private placement for an additional CAN$1.9 million in gross proceeds. Share issuance costs consisted of finders' fees of $90,000, agents' fees of 25,000 corporate finance units (with the same terms as the units in the private placement), commission of CAN$0.6 million, 19,219 agents' units (with the same terms as the units in the private placement) and 602,700 agents' warrants (with the same terms as the warrants in the private placement). The 624,809 warrants issued to the agents have a fair value of CAN$ 0.4 million and have been recorded in share capital on a net basis.

(c) Purchase options

Options to purchase common shares have been granted to directors, officers, employees and consultants pursuant to the current Company's stock option plan approved by the Company's shareholders in fiscal 2006 at exercise prices determined by reference to the market value on the date of the grant. The stock option plan allows for granting options to its directors, officers, employees and consultants to acquire up to 6,768,000 shares.

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

Prices expressed in CAN $

	December 31, 2007		**December 31, 2006**		**December 31, 2005**	
	Number of Shares	**Weighted average exercise price**	Number of Shares	Weighted average exercise price	Number of Shares	Weighted average exercise price
Outstanding, beginning of period	**3,626,400**	**$2.43**	2,223,900	$1.88	1,871,000	$1.33
Granted	**1,685,000**	**$4.13**	1,910,000	$2.91	1,155,900	$2.40
Exercised	**(727,000)**	**$2.70**	(282,500)	$2.04	(793,000)	$1.33
Cancelled (1)	**(495,000)**	**$3.07**	(225,000)	$1.52	(10,000)	$2.52
Outstanding, end of period	**4,089,400**	**$3.25**	3,626,400	$2.43	2,223,900	$1.88
Options exercisable at period-end	**4,089,400**		3,626,400		1,611,900	

(1) 245,000 options were cancelled in exchange for 142,520 share appreciation rights in 2007, while 225,000 options were cancelled in exchange for 141,034 share appreciation rights in 2006

The following tables summarize information about stock options outstanding at December 31, 2007:

	expressed in Canadian dollars				
	Options Outstanding			Options Exercisable	
CAN $ Price Intervals	Number Outstanding as at Dec 31, 2007	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Prices	Number Exercisable as at Dec 31, 2007	Weighted Average Exercise Prices
$0.00 - $0.99	185,000	1.1	$0.66	185,000	$0.66
$1.00 - $1.99	380,000	1.5	$1.60	380,000	$1.60
$2.00 - $2.99	1,969,400	3.0	$2.64	1,969,400	$2.64
$4.00- $4.99	1,400,000	8.6	$4.75	1,400,000	$4.75
$5.00- $5.99	155,000	4.3	$5.48	155,000	$5.48
	4,089,400	5.0	$3.28	4,089,400	$3.28

During the year ended December 31, 2007, the Company recognized stock-based compensation expense of $4.7 million (2006 - $3.4 million, 2005 – $1.1 million) based on the fair value of options granted.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

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

	Period E nded December 31, 2007	**Period E nded December 31, 2006**	**Period Ended December 31 , 2005**
Weighted average fair value of options granted during the p eriod	$2 .76	$1. 73	$1.43
R isk-free in terest rate	3. 98%	3.0 5%	2.30%
Expected dividend yield	0 %	0 %	0%
Expected stock price volatility	67 %	8 3%	105%
Expected option life i n years	5 .52	4.0 0	4.00

In January 2007, the Company granted stock options to a new officer to acquire up to 100,000 common shares at an exercise price of CAN $4.08 per share with an expiry date of January 8, 2012.

In March 2007, the Company granted stock options to new employees to acquire up to 55,000 common shares at an exercise price of CAN $5.36 per share with an expiry date of March 1, 2012.

In May 2007, the Company granted stock options to new employees to acquire up to 100,000 common shares at an exercise price of CAN $5.54 per share with an expiry date of May 2, 2012

In June 2007, the Company granted stock options to directors, officers, employees and consultants to acquire up to 1,280,000 common shares at an exercise price of $4.89 per share with an expiry date of June 14, 2017

In November 2007, the Company granted stock options to new employees to acquire up to 150,000 common shares at an average exercise price of CAN $4.16 per share with expiry in November 2012.

Subsequent to the fiscal year end, the Company has granted stock options to a new officer, new employees and exploration staff to acquire up to 473,000 common shares at a weighted average exercise price of $3.94 per share with an expiry in January 2013.

(d) **Share appreciation rights plan**

The company allowed that in the event that the Company graduated to a TSE listing, a participant may, as allowed under the Exchange policies, if determined by the Board, have the right (the "Right"), when entitled to exercise an Option, to terminate such Option in whole or in part by notice in writing to the Company and in lieu of receiving Common Shares pursuant to the exercise of the Option, shall receive instead and at no cost to the participant that number of Common Shares, disregarding fractions, which, when multiplied by the market price on the day immediately prior to the exercise of the Right, have a total value equal to the product of that number of Common shares subject to the Option times the difference between the market price on the day immediately prior to the exercise of the Right and the Option exercise price. The shareholder rights plan agreement was approved and activated June 14, 2006. During fiscal 2007, 245,000 options (2006 – 225,000) were cancelled for the exchange of 142,520 share appreciation rights (2006 – 141,034).

(e) **Warrants**

At December 31, 2007, the Company has outstanding warrants to purchase an aggregate 310,000 common shares as follows:

Exercise Price	Expiry Dates	Oustanding at December 31, 2006	Issued	Exercised	Expired	Oustandin g at December 31, 2007
CAN $						
$2.30	February 1, 2007	327,000	-	(320,000)	(7,000)	-
$2.90	October 5, 2007	2,601,634	-	(2,554,134)	(47,500)	-
$5.25	October 24, 2007	3,539,920	-	(10,135)	(3,529,785)	-
$3.70	August 23, 2007	167,888	-	(153,953)	(13,935)	-
$5.50	May 30, 2009	-	250,000	-	-	250,000
$4.65	January 8, 2009	-	60,000	-	-	60,000
		6,636,442	310,000	(3,038,222)	(3,598,220)	310,000

At December 31, 2006, the Company had outstanding warrants to purchase an aggregate 6,636,442 common shares as follows:

Exercise Price	Expiry Dates	Oustanding at December 31, 2005	Issued	Exercised	Expired	Oustanding at December 31, 2006
CAN $						
$2.30	February 1, 2007	1,058,000	-	(731,000)	-	327,000
$2.10	July 22, 2007	1,000,000	-	(1,000,000)	-	-
$2.90	October 5, 2007	3,450,000	-	(848,366)	-	2,601,634
$5.25	October 24, 2007	-	3,539,920		-	3,539,920
$3.70	August 23, 2007	-	167,888	-	-	167,888
		5,508,000	3,707,808	(2,579,366)	-	6,636,442

At December 31, 2005, the Company had outstanding warrants to purchase an aggregate 5,508,000 common shares as follows:

Exercise Prices	Expiry Dates	Oustanding at February 28, 2005	Issued	Exercised	Expired	Oustanding at December 31, 2005
CAN $						
$0.35	October 6, 2005	775,000	-	(775,000)	-	-
$2.00	October 22, 2005	3,467,559	-	(2,872,061)	(595,498)	-
$2.00	October 28, 2005	248,000	-	(48,000)	(200,000)	-
$2.10 / $2.30	February 1, 2006 / February 1, 2007	1,063,000	-	(5,000)	-	1,058,000
$2.10 / $2.30	July 22, 2006 / July 22, 2007	-	1,000,000	-	-	1,000,000
$2.90	October 5, 2007	-	3,450,000	-	-	3,450,000
		5,553,559	4,450,000	(3,700,061)	(795,498)	5,508,000

14.

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	PeriodEnded December 31, 2007	Period Ended December 31, 2006	Period Ended December 31, 2005
Net changes in non-cash working capital			
Accounts receivableand prepaids	**$ (4,096)**	$ (1,481)	$ (849)
Inventories	**634**	(2,234)	(71)
Due fromrelated parties	**(194)**	(35)	-
Accounts payableand accrued liabilities	**1,302**	752	771
Income taxes payable	**777**	4	-
	$ (1,577)	$ (2,994)	$ (149)
Non-cash financing and investingactivities:			
Reclamation included in mineral property, plant and equipment	**$ 525**	$ 954	$ -
Tax gross up related toacquistion ofsubsidiaries	**1,853**	986	-
Fair valueof stock options allocated to shares issued on exercise of stock options	**1,049**	338	612
Fair valueof shares issued undertheshareappreciation rights plan	**283**	136	-
Fair valueof equity issued on buy out of MineraSantaCruz	**7,444**	204	1,550
Allocation of mineral properties to MineraSantaCruz	**-**	-	2,826
Fair valueof equity issued on acquisition ofGuanajuato mines project	**5,332**	-	-
Fair valueof equity issued on acquisition ofother mineral properties	**661**	-	-
Fair valueof equity issued on acquisition ofMetalurgica	**-**	2,121	86

Cash interest paid and cash taxes paid in the period ended December 30, 2007 and 2006 was nil.

15. SEGMENT DISCLOSURES

The Company has exploration and mining segments, while Guanacevi and Guanajuato operations are disclosed below as separate producing operations.

	December 31, 2007			
	Corporate	**Guanacevi**	**Guanajuato**	**Total**
Cash and cash equivalents	$ 16,404	$ 779	$ (606)	$ 16,577
Marketable securities	3,573	-	-	3,573
Accounts receivables and prepaids	253	4,473	2,474	7,200
Inventories	-	2,544	372	2,916
Due to related parties	228	-	-	228
Mineral property,plant and equipment	166	37,645	9,488	47,299
Long term investments	3,932	-	-	3,932
Revenue	-	28,245	4,074	32,319
Net income (loss) before taxes and other items	$ (11,270)	$ 4,481	$ (2,761)	$ (9,550)

	December 31, 2006			
	Corporate	**Guanacevi**	**Guanjuato**	**Total**
Cash and cash equivalents	$ 30,027	$ 1,843	$ -	$ 31,870
Marketable securities	3,072	-	-	3,072
Accounts receivables and prepaids	95	3,009	-	3,104
Inventories	-	3,332	-	3,332
Due to related parties	-	34	-	34
Mineral property,plant and equipment	-	21,317	-	21,317
Revenue	-	15,671	-	15,671
Net income (loss) before taxes and other items	$ (4,381)	$ 2,998	$ -	$ (1,383)

16. INCOME TAXES

On October 1, 2007, the Government of Mexico enacted legislation which introduces certain tax reforms including a new minimum flat tax effective January 1, 2008. As the legislation is new, remains subject to ongoing varying interpretations, and the possibility of amendments by the Government of Mexico, the estimated future income tax recorded at the balance sheet date may change. As a result of these tax reforms, the Company has taken a conservative approach and estimated the company will be subject to the new minimum flat tax over the life of our projects. This approach increased the temporary differences on assets within the Mexican entities, which is offset by the lower tax rate under the new minimum flat tax increasing future income tax expense by $1.2m on historical balances. The change in the estimate tax regime also changes the tax rate used to determine the future tax liability created from the share acquisition of certain Mexican entities, resulting in a $1.3m recovery on future income tax.

When circumstances cause a change in management's judgment about the recoverability of future tax assets, the impact of the change on the valuation allowance will be reflected in current income.

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	December 31, 2007	December 31, 2006	December 31, 2005
Canadian statutory tax rates	34.12%	34 .12%	34.12%
Income tax benefit computed at Canadian statutory rates	$ (3,772)	$ 767	$ 1,603
Foreign tax rates different from statutory rate	(341)	(179)	(141)
Temporary differences not recognized in the period	3,274	1 ,292	(797)
Permanent differences	2,008	(471)	(665)
	$ 1,169	$ 1 ,409	$ -

The tax effect of the temporary differences that gives rise to future tax assets as of December 31, 2007 and December 31, 2006 is for Mexico subsidiaries is presented below:

Mexico operations	December 31, 2007	December 31, 2006
Future income tax ass ets:		
Tax loss carryforwards	$ -	$ 1,452
Valuation Allowance	-	-
Future income tax liabilities:		
Mineral properties, plant and equipment	$ (5,099)	$ (4,420)
Future income tax liabilities, net	$ (5,099)	$ (2,968)

As at December 31, 2007, the Mexico operations had $11.6m of non-capital losses available for deduction against future earnings through fiscal 2017 under income tax regime.

16. **INCOME TAXES** (continued)

The tax effect of the temporary differences that gives rise to future tax assets as of December 31, 2007 and December 31, 2006 is for Canadian operations is presented below:

Canada operations	December 31, 2007	December 31, 2006
Future income tax assets:		
Tax loss carryforwards	$ 3,641	$ 1,980
Mineral properties, plant and equipment	640	519
Total future income tax assets	4,281	2,499
Valuation allowance	(4,250)	(2,499)
Future income tax assets, net	$ 31	$ -

As at December 31, 2006, the Company had available the following amounts for deduction against future earnings in Canada:

Canada operations	
Non-capital losses, exp iring as follows:	
2008 to 2010	$ -
2011	332
2012 to 2015	2 ,853
2026 and beyond	6 ,128
Total non-capital losses	9 ,313
Capital losses	$ 192
Share capital financing costs	$ 1 ,655

17. RECONCILIATION WITH UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Accounting practices under Canadian and United States generally accepted accounting principles ("GAAP"), as they affect the Company, are substantially the same, except for the following measurement differences.

(a) Stock based compensation

Under U.S. GAAP, Financial Accounting Standards No. 123 (revised 2004), *"Share-Based Payments"* ("SFAS 123(R)"), which is a revision of SFAS 123, *"Accounting for Stock Based Compensation"* and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employee", requires all share based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. The Company currently uses the fair value method to account for all stock option grants. For the years presented, there are no differences in stock-based compensation.

Under U.S. GAAP, stock based compensation would be presented within general and administrative costs whereas the stock-based compensation expense is reported separately for Canadian GAAP.

(b) Unrealized holding gains and losses on marketable securities

Statement of Financial Accounting Standards Board No. 115, *Accounting for Investments in Debt and Equity Securities* (SFAS 115) requires that the Company's marketable securities be classified as available- for-sale securities and they be recorded at market value with unrealized gains or losses recorded outside of income as a component of shareholders' equity unless a decline in value is considered to be other than temporary. The Company's marketable securities were presented at lower of cost or market value before January 1, 2007 under Canadian GAAP. Upon adoption of CICA Handbook Section 3855 on January 1, 2007 (note 4), there are no ongoing differences between Canadian and US GAAP in the accounting for marketable securities.

(c) Reporting comprehensive income

Statement of Financial Accounting Standards No 130 (SFAS 130) *Reporting Comprehensive Income*, establishes standards for the reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Comprehensive income equals net income (loss) for the year as adjusted for all other non-owner changes in shareholders' equity. SFAS 130 requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement. For the years ended December 31, 2006 and 2005, comprehensive loss equals $512,000 and $ nil, respectively. Upon adoption of CICA Handbook Section 1530 on January 1, 2007, there are no ongoing differences between Canadian and US GAAP in reporting and displaying comprehensive income.

(d)

Mineral property exploration

US GAAP requires that long lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing the review of recoverability, the Company is to estimate the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized. The Securities and Exchange Commission ("SEC") staff has indicated that their interpretation of U.S. GAAP requires mineral property exploration costs to be expensed as incurred until commercially mineable deposits are determined to exist within a particular property, as cash flows cannot be reasonably estimated prior to such determination. Accordingly, for all periods presented, the Company would expense all mineral property exploration costs for U.S. GAAP purposes, which is consistent with the Canadian GAAP treatment following the change in accounting policy described in note 4 (d).

For Canadian GAAP, cash flows relating to mineral property exploration costs are reported as investing activities. For US GAAP, theses costs would be characterized as operating activities.

(e)

Accounting for uncertainty in income taxes

In June 2006, The FASB has issued FASB Interpretation No. 48, " *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109"* ("FIN 48"). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The provisions of FIN 48 are to be applied to all tax positions upon initial adoption, with the cumulative effect adjustment reported as an adjustment to the opening balance of retained earnings. The Company did not have any unrecognized tax benefits at January 1, 2007. In addition, no adjustments were recognized for uncertain tax benefits during the year. Accordingly, there is no impact on the Company's December 31, 2007 consolidated financial statements resulting from the adoption of FIN 48.

The Company files income tax returns in Canada and Mexico. Years ranging from 2001 through 2007, as applicable, are subject to examination by the taxing authorities in the respective jurisdictions where returns are filed.

(f)

Impact of recent United States accounting pronouncements:

(i)

In September 2006, FASB issued SFAS No. 157, Fair Value Measurement to define fair value, establish a framework for determining fair value measurements that are already required or permitted under current accounting standards and to expand disclosures about fair value measurements. The statement only applies to fair value and is effective for fiscal years beginning after November 15, 2007. The Corporation does not expect the adoption of this Interpretation to have a significant effect on the Corporation's results of operations or financial position.

(iii)

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. This statement permits entities the option to measure financial instruments at fair value (fair value option) thereby achieving an offsetting effect for accounting purposes for certain changes in fair value of certain related assets and liabilities without have to apply hedge accounting. This statement is effective as of beginning of an entity's first fiscal year that begins after November 15, 2007. Retrospective application to fiscal years preceding the effective date is prohibited. The Company does not expect the adoption of the statement to have a significant effect on the Corporation's results of operations or financial position.

(iv)

In December 2007, the FASB issued SFAS 160, a standard on accounting for non-controlling interests and transactions with non-controlling interest holders in consolidated financial statements. This statement specifies that non-controlling interests are to be treated as a separate component of equity, with increases and decreases in the parent's ownership interest as capital transactions. This standard requires net income and comprehensive income to be displayed for both the controlling and the non-controlling interests. Additional required disclosures and reconciliations include a separate schedule that shows the effects of any transactions with the non-controlling interests on the equity attributable to the controlling interest.

The statement is effective for periods beginning on or after December 15, 2008 and is to be applied prospectively to all non-controlling interests, including any that arose before the effective date. The Corporation does not expect the adoption of this Interpretation to have a significant effect on the Corporation's results of operations or financial position.

(v)

In December 2007, the FASB issued a revised standard on accounting for business combinations SFAS 141(R).

The major changes to accounting for business combinations are summarized as follows:

- all business acquisitions would be measured at fair value
- most acquisition-related costs would be recognized as expenses as incurred (they would no longer be part of the purchase consideration)
- non-controlling interests would be measured at fair value at the date of acquisition (i.e., 100% of the assets and liabilities would be measured at fair value even when an acquisition is less than 100%)
- goodwill, if any, arising on a business combination reflects the excess of the fair value of the acquiree, as a whole, over the net amount of the recognized identifiable assets acquired and liabilities assumed. Goodwill is allocated to the acquirer and the non-controlling interest

The statement is effective for business combination transactions occurring in periods beginning on or after December 15, 2008. The Corporation not expect the adoption of this Interpretation to have a significant effect on the Corporation's results of operations or financial position.

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SHARES LISTED	Toronto Stock Exchange American Stock Exchange Trading Symbol – EXK Frankfurt Stock Exchange Trading Symbol - EJD

Preliminary Information

The following Management's Discussion and Analysis ("MD&A") of Endeavour Silver Corp. (the "Company") should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2007, the audited consolidated financial statements for the year ended December 31, 2006 and the audited consolidated financial statements for the ten months ended December 31, 2005 which have been lodged with the Canadian Provincial Securities Regulatory Authorities (*) and the most recent Form 40F which has been filed with the US Securities and Exchange Commission.

All financial information in this MD&A is prepared in accordance with Canadian generally accepted accounting principles ("CAD GAAP"), and all dollar amounts are expressed in US dollars unless otherwise indicated.

Caution - Forward Looking Statements: Certain statements contained herein regarding the Company and its operations constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. All statements that are not historical facts, including without limitation statements regarding future estimates, plans, objectives, assumptions or expectations of future performance, are "forward-looking statements". We caution you that such "forward looking statements" involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Such risks and uncertainties include fluctuations in precious metal prices, unpredictable results of exploration activities, uncertainties inherent in the estimation of mineral reserves and resources, fluctuations in the costs of goods and services, problems associated with exploration and mining operations, changes in legal, social or political conditions in the jurisdictions where the Company operates, lack of appropriate funding and other risk factors, as discussed in the Company's filings with Canadian and American Securities regulatory agencies. The Company expressly disclaims any obligation to update any forward-looking statements. We seek safe harbour.

Cautionary Note to U.S. Investors concerning Estimates of Measured Indicated and Inferred Resources
In this MD&A the terms "measured" and "indicated resources" are used. The Company advises U.S. investors that while such terms are recognized and permitted under Canadian securities rules, the U.S. Securities and Exchange Commission does not recognize them. U.S. investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted to proven or probable reserves**.**

This MD&A also uses the term "inferred resources". The Company advises U.S. investors that while such term is recognized and permitted under Canadian securities rules, the U.S. Securities and Exchange Commission does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities rules, estimates of inferred resources may not form part of the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that any part or all of an inferred resource exists, or is economically or legally mineable**.**

(*) available at the SEDAR website at www.sedar.com

2007 Highlights

- Increased annual sales by 106% to $32.3 million
- Increased annual production by 58% to 2.1 million oz silver
- Increased proven and probable reserves by 50% to 14.9 million oz

- Acquired the remaining 49% interest in the Guanacevi Mines project in Durango for $6.8 million in common shares
- Expanded the property holdings at Guanacevi by 74% through the acquisition of options to purchase the El Milache and San Pedro properties
- Completed the installation and commissioning of a larger ball mill at the Guanacevi plant and commenced the next phase of the plant expansion and upgrade program
- Acquired the Guanajuato Mines project (formerly referred to as the Bolanitos Mines project) in Guanajuato for $7.7 million in cash, common shares and warrants
- Commenced mine exploration and underground rehabilitation programs at Guanajuato to access and sample historic reserve blocks
- Drilled a total of 24,000 meters of core in 76 drill holes, testing prospective silver targets in separate project areas
- Extended mineralization at Porvenir mine and discovered three new mineralized zones (Alex Breccia, La Prieta and El Pelayo) at Guanacevi
- Discovered new lead-zinc-copper-gold-silver mineralized vein zone at the El Cometa property within the Parral project in Chihuahua
- Expanded management team with the addition of David Howe, M.Sc. Mining Geology as Vice President, Mexico Operations
- Strengthened the Board of Directors with appointment of Mr. Rex McLennan
- Common shares listed for trading on the American Stock Exchange (symbol "EXK")

Description of Business

The Company is engaged in the evaluation, acquisition, exploration, development and exploitation of mineral properties. Historically, the business philosophy was to acquire and explore early-stage mineral prospects. In 2002 the Company was re-organized, a new management team was appointed, and the business strategy was revised to focus on acquiring advanced-stage silver mining properties in Mexico.

Management's decision to focus the Company on silver in 2003 was based on the analysis that the silver price was about to enter into a secular bull market. Since late 2003, the average annual silver price has more than tripled, from $4.88 per oz in 2003, to $6.67 in 2004, to $7.32 in 2005, to $11.55 in 2006 to $13.38 in 2007, including a peak of $15.82 per oz in Q4 of fiscal 2007.

The Company historically financed its operating activities principally by the issuance of common shares. Since 2004, equity financings have facilitated the acquisition and development of the Guanacevi Mines project, a high-grade silver mine and large ore processing plant located in Durango, Mexico. With the consolidation of the Company's interest in the Guanacevi project, the Company has been able to finance some of its operating activities from production cash flows.

Guanacevi Mines

In May 2004, the Company entered into an option agreements to acquire 100% interest in the outstanding shares of Minera Santa Cruz y Garibaldi SA de CV ("Minera Santa Cruz"), which owns 100% of the producing Santa Cruz silver-gold mine located in Durango, Mexico for $2.5m, with final payment occurring January 28, 2008. On January 28, 2006 the Company completed the acquisition of 51% of the outstanding shares of Minera Santa Cruz on completion of initial cash payments totalling $1,276,000.

In May 2004, the Company entered into option agreements to purchase certain mining concessions and the Guanacevi mineral processing plant, also located in Durango, Mexico. The Company acquired a 51% beneficial ownership interest in these assets on January 28, 2006 on payment of $2,286,000. In 2006, the Company accounted for this acquisition as a purchase of an asset and accordingly reclassified $1,700,000 from mineral properties to plant and equipment. The remaining 49% interest was to be transferred upon completion of the 2008 payment. However in July 2006, the Company acquired 100% shares of the company that owned the plant, Metalurgica Guanacevi, S.A. de C.V. ("Metalurgica"), for $2.5 million comprised of $438,000 and 671,558 units at a market price of CAN $3.53 per unit. Each unit was comprised of one common share and one-quarter of a common share purchase warrant; each full warrant was exercisable to purchase one common share at an exercise price of CAN $3.70 until August 23, 2007.

Under the Minera Santa Cruz option interest agreement the scheduled January 28, 2007 payment of $638,000 was made with 176,201 shares of the Company in lieu of cash.

The Company was able to acquire the remaining shares of Minera Santa Cruz for the final option interest agreement payment of $638,000 due in January 2008, however the Company negotiated an early buy out of the minority shareholders. In May 2007, the Company issued 1,350,000 shares of the Company with a fair market value of $5.04 to acquire the remaining 49% of outstanding shares in Minera Santa Cruz. The settlement price reflects the minority shareholders' earnings to date, the 2008 option payment and the projected 2007 earnings. The aggregate purchase price of $6.8 million above the non-controlling interest liability, of $4.1 million and the future income tax liability of $1.6m was allocated to mineral properties .

Guanajuato Mines project (formerly referred to as Bolanitos Mines project)

On February 27, 2007 the Company announced that it has acquired the exploitation contracts to the producing Unidad Bolanitos silver (gold) mines and plant located in the northern parts of the Guanajuato and La Luz silver districts in the state of Guanajuato, Mexico. The Company signed a binding initial agreement to purchase the Unidad Bolanitos exploitation rights from Minas de la Luz SA de CV ("MdlL") for $3.4 million, comprised of $2.4 million in cash and $1.0 million in common shares of the Company. On April 30, 2007 the Company completed the acquisition by paying $2.4 million in cash and issuing 224,215 common shares priced at $4.46 per share.

On May 1, 2007 the Company entered into an agreement with two subsidiaries of Industrial Penoles S.A. de C.V. ("Penoles") to purchase all of the Guanajuato property and plant assets for 800,000 common shares of the Company valued at $4.84 per share and a share purchase warrant that gives Penoles the right to purchase an additional 250,000 common shares at CA$5.50 per share within a two year period. The acquisition was completed on May 30, 2007 and the Company has a 100% interest in the Guanajuato Mines project, free and clear of any royalties.

Operating Performance

Consolidated Production Results

Silver production for 2007 was 2,135,484 ozs compared to 1,352,661 ozs in 2006, an increase of 58%. Plant throughput for 2007 was 291,561 tonnes at an average grade of 319 gpt silver and 0.87 gpt gold as compared to 117,255 tonnes at an average grade of 449 gpt silver and 0.90 gpt gold during the 2006. Silver production was 636,866 ozs in Q4 2007 compared to 369,295 ozs in Q4 2006 an increase of 72%. Plant throughput for Q4, 2007 was 91,251 tonnes at an average grade of 319 gpt silver and 0.85 gpt gold as compared to 33,664 tonnes at an average grade of 426 gpt silver and 0.80 gpt gold during Q4 2006. The increased silver production is attributable to both an increase in plant throughput at Guanacevi and the production from the Guanajuato mine project in the second quarter.

The average silver grade was 29% lower in 2007 compared to 2006 and 25% lower in Q4 2007 compared to Q4 2006 due to lower grades from Guanacevi and the lower silver grade from Guanajuato. Gold grades were higher in Q4, 2007 compared to Q4, 2006 reflecting ore types processed at Guanacevi, offset by the higher gold grades from Guanajuato. The Guanajuato mine has lower silver grades but significantly higher gold grades than the Guanacevi mine.

The average silver recovery rate was 12% lower in 2007 compared to 2006 and 14% lower in Q4 2007 compared to Q4 2006 due to higher manganese contents in the Guanacevi ores, shorter retention times in the Guanacevi leach circuit and the adding of the Guanajuato ore which has a lower silver grade.

The plant throughput rate was 149% higher in 2007 compared to 2006 and 171% higher in Q4 2007 compared to Q4 2006 due to the acquisition of the Guanajuato Mines project, an expansion of the Guanacevi mine labour force and the drawdown of the Guanacevi plant ore stockpiles built up in 2006.

The following table compares 100% consolidated production in 2007 to 100% consolidated production in the 2006 year:

Comparative Table of Consolidated Mine Operations

	Plant T'put	Grade		Recovered ounces		Recoveries	
Period	**Tonnes**	**Ag(gpt)**	**Au(gpt)**	**Ag(oz)**	**Au(oz)**	**Ag(%)**	**Au(%)**
Production 2006 Year: 51% mine ownership January 28, 2006							
Q1, 2006	24,805	479	0.95	300,872	503	77.4	66.0
Q2, 2006	27,585	492	1.18	350,087	700	80.3	67.0
Q3, 2006	31,201	404	0.73	332,407	619	81.9	81.8
Q4, 2006	33,664	426	0.80	369,295	671	78.7	50.0
2006	117,255	449	0.90	1,352,661	2,493	80.0	73.0
Production 2007 Year:							
Q1, 2007	47,781	427	0.88	490,986	1,020	74.8	75.1
Q2, 2007	58,060	290	0.99	430,248	1,481	74.8	76.4
Q3, 2007	94,469	281	0.80	577,384	1,804	67.8	74.4
Q4, 2007	91,251	319	0.85	636,866	2,122	68.0	80.4
2007	291,561	319	0.87	2,135,484	6,427	70.4	76.8
Q4, 2007 : Q3, 2007	-3%	14%	6%	10%	18%	0%	8%
Q4, 2007 : Q4, 2006	171%	-25%	6%	72%	216%	-14%	61%
YTD, 2007 : YTD, 2006	149%	-29%	-4%	58%	158%	-12%	17%

Guanacevi Mines

Production

Silver production for 2007 was 1,907,795 ozs compared to 1,352,661 ozs in 2006, an increase of 41%, with gold production of 3,957 ozs compared to 2,493 ozs in 2006, an increase of 59%. Plant throughput for 2007 was 226,295 tonnes at an average grade of 375 gpt silver and 0.70 gpt gold as compared to 117,255 tonnes, at an average grade of 449 gpt silver and 0.90 gpt gold during the 2006. Silver production was 542,789 ozs in Q4 2007 compared to 369,295 ozs in Q4 2006, an increase of 47%, with gold production of 1,126 ozs compared to 671 ozs in Q4 2006, an increase of 68%. Plant throughput for Q4, 2007 was 69,681 tonnes at an average grade of 370 gpt silver and 0.65 gpt gold as compared to 33,664 tonnes at an average grade of 426 gpt silver and 0.80 gpt gold during Q4 2006.

The average silver grade was 16% lower in 2007 compared to 2006 and 13% lower in Q4 2007 compared to Q4 2006 due to processing more manganese oxide material and further dilution in the stopes.

The average silver recovery rate was 13% lower in 2007 compared to 2006 and 18% lower in Q4 2007 compared to Q4 2006 due to higher manganese contents in the Guanacevi ores and shorter retention times in the leach circuit.

The plant throughput rate was 93% higher in 2007 compared to 2006 and 107% higher in Q4 2007 compared to Q4 2006 due to the ball mill being on stream and allowing a higher daily processing rate.

The Company consolidated and commenced to report the Guanacevi operations from January 28, 2006 when 51% of the mine was purchased. The following table for Guanacevi compares 100% production in 2007 to 100% production in the 2006 year:

Comparative Table of Guanacevi Mine Operations

	Plant T'put	Grade		Recovered Ounces		Recoveries	
Period	Tonnes	Ag(gpt)	Au(gpt)	Ag(oz)	Au(oz)	Ag(%)	Au(%)
Production 2006 Year: 51% mine ownership January 28, 2006							
Q1, 2006	24,805	479	0.95	300,872	503	77.4	66.0
Q2, 2006	27,585	492	1.18	350,087	700	80.3	67.0
Q3, 2006	31,201	404	0.73	332,407	619	81.9	81.8
Q4, 2006	33,664	426	0.80	369,295	671	80.2	50.0
2006	117,255	449	0.90	1,352,661	2,493	80.0	73.0
Production 2007 Year: 100% mine ownership April 1, 2008							
Q1, 2007	47,781	427	0.88	490,986	1,020	74.8	75.1
Q2, 2007	40,749	377	0.72	382,377	824	75.9	76.4
Q3, 2007	68,084	342	0.61	491,643	987	65.8	74.5
Q4, 2007	69,681	370	0.65	542,789	1,126	65.4	76.9
2007	226,295	375	0.70	1,907,795	3,957	69.4	75.7
Q4, 2007 : Q3, 2007	2%	8%	7%	10%	14%	-1%	3%
Q4, 2007 : Q4, 2006	107%	-13%	-19%	47%	68%	-18%	54%
YTD, 2007 : YTD, 2006	93%	-16%	-23%	41%	59%	-13%	15%

Silver production for the year was less than the originally forecasted 2.6 million ounces as production was negatively affected by reduced throughput due to decreased availability related to plant capital projects, decreased silver recoveries due to higher manganese contents and lower ore grades, due to higher than anticipated mine dilution and the processing of lower grade stockpiles. The next phase of plant capital projects should be completed in 2008 and a more rigorous stope sampling, mapping, and supervision process has been instituted at both mining operations in order to reduce mine dilution and increase production grades.

Capital Projects

In 2007, the Guanacevi plant expansion and upgrade program continued with emphasis on improving metal recoveries by installation of a 10½ x 12 foot ball mill, upgrading the performance of the CCD leach, Merrill Crowe precipitation and refinery circuits.

- Mill Installation — Completed March
- Agitation refurbishment — Completed May
- Lined Tailings Pond — Completed July
- Merrill Crowe — Completed October
- Silver Refinery — 80% Completed
- Tailings Thickeners — 40% Completed

The Guanacevi mine capital projects completed in 2007 included:

- New mine camp and kitchen
- Underground pump station
- Widen Santa Cruz Mine level #6 access to Alex Breccia zone
- Expand plant electrical substation

Acquisitions

In November 2007, the Company acquired an option to purchase the El Milache properties along the trend of the Santa Cruz silver vein approximately 2 kilometers northwest of the Porvenir Mine, part of the Company's Guanacevi Mines project. The Company can acquire a 100% interest by paying $50,000 (paid) and issuing 30,000 (issued) shares upon signing the option agreement and paying a further $50,000 after 18 months.

In December 2007, the Company acquired an option to purchase the San Pedro properties located about 6 kilometers northwest of the Company's operating Porvenir Mine. The Company can acquire a 100% interest in the properties by issuing 120,000 (issued) common shares and 60,000 (issued) warrants to purchase 60,000 shares at $4.69 within a 1 year period and a further 570,776 shares within a 24 month period. The vendor will retain a 1% net smelter royalty on mineral production. In addition, the Company will provide the vendor with up to $400 per meter to advance the Buena Fe adit during the 24 month option period. Any ores produced from this tunnel will be used to repay the Company's investment, after which the net profits will be shared equally with the vendor.

Exploration

Exploration drilling was halted in Q1, 2007 to allow mine development to proceed and underground drill stations to be cut. Drilling resumed in September 2007 and by year-end, 3,900 meters had been completed in 7 drill holes to extend known mineralization at the North Porvenir and Santa Cruz mines to the northwest.

An aggressive drill program is now underway in 2008 to complete 12,700 meters in approximately 50 drill holes testing 6 target areas, including the newly acquired Milache and San Pedro properties. The focus will be on delineating new silver resources proximal to both current and historic mine workings.

Guanajuato Mines project (formerly referred to as Bolanitos Mines project)

Production

The exploitation right to the Guanajuato Mines project was purchased on May 2, 2007 while the ownership of the properties and plant was obtained May 30, 2007. The Company has continued to mine from existing mineralized material and operate the processing plant during this period to ensure the availability of an experienced work force and to look at processing material from third parties who are mining in the district so that once a new area is identified there will be no delay starting up a new operation. Results are for the eight months ended December 31, 2007.

Silver production for 2007 was 227,689 ozs with gold production of 2,360 ozs. Plant throughput for 2007 was 65,266 tonnes at an average grade of 133 gpt silver and 1.47 gpt gold. Silver production was 94,077 ozs in Q4 2007 with gold production of 886 ozs. Plant throughput for Q4, 2007 was 21,570 tonnes at an average grade of 155 gpt silver and 1.50 gpt gold.

The average silver grade increased through 2007 due to a focus on mining higher grade material and reducing dilution in the stopes.

The average silver recovery rate increased through the year due to an optimization of the plant.

The plant throughput rate was variable through the year due to lower mine development and the focus on higher grade mineralized material.

The following table summarizes the results.

Comparative Table of Guanajuato Mine Operations

	Plant T'put	Grade		Recovered Ounces		Recoveries	
Period	Tonnes	Ag(gpt)	Au(gpt)	Ag(oz)	Au(oz)	Ag(%)	Au(%)
Production 2007 Year: Purchased May 2, 2007							
Q1, 2007	0	0	0	0	0	0	0.0
Q2, 2007	17,311	120	1.70	47,870	657	71.7	69.4
Q3, 2007	26,385	124	1.29	85,742	817	81.5	74.7
Q4, 2007	21,570	155	1.50	94,077	886	87.7	85.0
YTD 2007	65,266	133	1.47	227,689	2,360	81.5	76.6
Q4, 2007 : Q3, 2007	-18%	25%	16%	10%	8%	8%	14%

Management's belief that the Guanajuato Mines project possesses excellent exploration potential for the discovery of new mineralized veins and new ore bodies within known but relatively un-explored veins was the underlying reason for the acquisition. There are numerous drill holes that had been drilled by Industrias Penoles that were not followed up on because the mines closed when the silver prices dropped. Various contractors who did mine in the area after Penoles finished mining never put in the capital to develop these areas.

Since acquisition, the Company has compiled the historic surface and underground sample, drill data of Industrias Penoles for the Cebada and Bolanitos mine properties, commenced underground re-sampling of certain historic reserve blocks, identified multiple prospective silver vein targets, and initiated drilling programs on Golondrinas and Cebada to follow up on these and other targets that the Company has developed from this historic and new data.

The Company has re-sampled parts of the historic reserves in order to bring them into compliance with NI 43-101 and as at December 31, 2007 there are 694,000 ounces of silver in NI 43-101 compliant probable reserves which are supported by the 2008 mine plan produced by Endeavour Silver Corp. and reviewed by SRK Consulting (UK) Limited ("SRK").

Capital Projects

- Completed phase I tailings pond expansion Completed July
- Cebada level 315 clean up Completed December
- Cebada level 515 cleanup Completed early 2008
- Ascuncion mine dewatering Completed early 2008

Exploration

A total of 3,600 meters were drilled in 15 holes to test three target areas. Initial drilling results from the 2007 program have outlined a new gold-silver mineralized zone north of the Cebada mine. The Company has launched an aggressive drilling program in 2008, totaling 17,500 meters in approximately 75 holes. The focus will be on delineating new resources within or adjacent to the existing mine workings at Cebada and Bolanitos, as well as exploring new property acquisitions within the district.

Parral project

The Company currently holds an option to acquire a 100% interest in the 20 hectare El Cometa property located on the outskirts of the city of Parral in Chihuahua State, Mexico. In 2006, the Company acquired options to purchase several properties along the Colorada vein system in the Parral district.

Drilling commenced in January 2007 with two drill rigs at the Parral project. Seven prospective targets were tested on four separate properties, totaling 15,800 meters of drilling in 47 holes. The 2007 program wrapped up in July with the announcement of a newly discovered zone of polymetallic vein mineralization on the El Cometa property. Once it became clear that the Company had an emerging discovery on the El Cometa property, the other properties were dropped because the drill results were less encouraging.

In February 2008, the Company acquired an option to purchase the Navegantes silver properties, located approximately 80 kilometers west of the city of Hidalgo de Parral in Chihuahua State, Mexico. The five Navegantes properties cover two historic silver mines, Jorge and San Pedro. The Company can acquire a 100% interest in the Navegantes properties by making $470,000 in escalating cash payments over a 2 year period.

For the Parral project as a whole, a total of 4,300 meters of exploration drilling is budgeted in 2008, including the El Cometa and Navegantes properties.

Reserves and Resources

Proven and probable reserves increased 50% to 14.9 million oz silver at December 31, 2007 from 9.93 million oz silver at December 31, 2006 (notwithstanding the 2007 mine production to the plant plus stockpiles, totaling approximately 2.0 million oz silver).

The updated NI 43-101 reserve and resource estimates to December 31, 2007 include the Company's three active silver mining and exploration projects in Mexico, the Guanacevi Mines project in Durango State, the Guanajuato Mines project in Guanajuato State and the Parral Exploration project in Chihuahua State.

The updated reserves are additional to the updated resources, both shown in the table below:

Reserves Proven & Probable					
Category	Tonnes	Silver (gpt)	Gold (gpt)	Silver Ozs contained	Gold Oz
Proven					
Guanacevi	82,941	447	0.65	1,192,567	1,724
Total proven	82,941	537	0.93	1,192,567	1,724
Probable					
Guanacevi	1,140,933	354	0.61	13,002,592	22,309
Guanajuato	103,000	209	1.40	694,000	4,650
Total probable	1,243,933	342	0.67	13,696,592	26,959
Proven and Probable	1,326,874	349	0.67	14,889,159	28,683

* Cut-off grade for Proven and Probable Reserves is 250 g/t Ag for Guanacevi and 215 g/t Ag-Equivalent for Guanajuato.

Resources Measured and Indicated								
Category	Tonnes	Silver (gpt)	Gold (gpt)	Silver Ozs contained	Gold Oz	Zn %	Pb%	Cu%
Measured								
Guanacevi	15,046	224	0.35	108,524	167	-	-	-
Total measured	15,046	224	0.35	108,524	167	-	-	-
Indicated								
Guanacevi	1,187,452	347	0.73	13,248,207	27,928	-	-	-
Guanajuato	42,000	194	2.10	262,000	2,900	-	-	-
Cometa	600,000	39	1.00	752,000	19,000	3.0	2.7	0.16
Total indicated	1,829,452	242	0.85	14,262,207	49,828	3.0	2.7	0.16
Total measured & indicated	1,844,498	349	0.67	14,370,731	49,995	3.0	2.7	0.16

Resources Inferred								
Category	Tonnes	Silver (gpt)	Gold (gpt)	Silver Ozs contained	Gold Oz	Zn%	Pb%	Cu%
Guanacevi	844,754	313	0.58	8,512,517	15,862	-	-	-
Guanajuato	321,000	218	2.00	2,245,000	21,060	-	-	-
Cometa	1,150,000	39	1.00	1,440,000	37,000	2.5	2.4	0.17
Total inferred	2,315,754	164	0.99	12,197,517	73,922	2.5	2.4	0.17

* Cut-off grade for Indicated and Inferred Resources is 200 g/t Ag for Guanacevi and 215 g/t Ag-Equivalent for Guanajuato. (The cut-off grade for Cometa Resources is 4.5% Zinc-Equivalent, ZnEq % = (Au g/t + Zn % +Pb % + Ag oz/t)

The Company retained SRK Consulting (UK) Limited ("SRK"), to audit the updated reserves and resources to December 31, 2007 for the Guanajuato and Parral projects. The Qualified Person for reporting the reserves is Mr. Michael Beare, C.Eng, B.Eng (Mining), MIMMM, and employee of SRK. The Qualified Person for reporting the resources is Mr. Martin Pittuck, M.Sc., MIMMM, also an SRK employee.

The Company's mine and exploration personnel prepared the updated reserves and resources to December 31, 2007 for the Guanacevi project because the combined reserves and resources did not materially change compared to the previous reserve/resource estimate prepared by Micon International Ltd. in April 2007. The Qualified Person for reporting the reserves and resources is Barry Devlin, M.Sc., P.Geo., Vice President Exploration for the Company.

The reserve and resource statements for the Guanacevi, Guanajuato and Parral projects were classified using the definitions and guidelines of the Canadian Institute of Mining, Metallurgy and Petroleum CIM standards on Mineral Resources and Reserves (CIM Standards) and the guidelines of NI 43-101. The Company anticipates receiving the final technical reports and filing them on SEDAR by April 17, 2008.

Selected Annual Information

Selected annual information for the Company for each of the three fiscal periods ended December 31, 2007, December 31, 2006 and December 31, 2005 are as follows:

	Year Ended December 31, 2007	Year Ended December 31, 2006	Ten Months Ended December 31, 2005
Sales Revenue	$ 32,319	$ 15,671	$ -
Net loss:			
(i) Total	$ (12,202)	$ (3,948)	$ (4,698)
(ii) Basic per share	$ (0.27)	$ (0.10)	$ (0.19)
(iii) Diluted per share	$ (0.27)	$ (0.10)	$ (0.19)
Dividends per share	$ -	$ -	$ -

	December 31, 2007	December 31, 2006	December 31, 2005
Total assets	$ 82,151	$ 62,729	$ 25,789
Total long-term liabilities	$ 6,646	$ 3,922	$ -

In 2006 the Company consolidated the operations at the Guanacevi Mines project in Mexico for the first time. As a result 2006 is the first year that Sales Revenue was reported. In 2007, the Company incurred a net loss of $12.2 million. Total assets increased by 32% to $82.2 million primarily as a result of equity issuances. Equity issuances were applied to the buy out of the minority shareholder of the Guanacevi Mines project and to purchase the underlying assets of the Guanajuato Mines project. Cash proceeds were received through the exercise of share purchase warrants and stock options.

Review of Consolidated Financial Results

(in US $000s except per share amounts)	Three Months Ended Dec 31, 2007	Three Months Ended Dec 31, 2006	Year Ended Dec 31, 2007	Year Ended Dec 31, 2006
Sales Revenue	$ 11,018	$ 6,035	$ 32,319	$ 15,671
Cost of mine operations	$ 8,804	$ 4,524	$ 24,335	$ 9,174
Depreciation and depletion	$ 1,493	$ 1,081	$ 4,682	$ 2,639
Earnings from mine operations	$ 721	$ 430	$ 3,302	$ 3,858
Operating earnings (loss)	$ (2,807)	$ (1,377)	$ (12,182)	$ (2,964)
(Loss) before tax	$ (3,087)	$ (276)	$ (9,550)	$ (1,383)
Net loss after tax:				
(i) Total	$ (4,236)	$ (600)	$ (12,202)	$ (3,948)
(ii) Basic per share	$ (0.09)	$ (0.01)	$ (0.27)	$ (0.10)
(iii) Diluted per share	$ (0.09)	$ (0.01)	$ (0.27)	$ (0.10)
Dividends per share	$ -	$ -	$ -	$ -

Three months ended December 31, 2007 compared with the three months ended December 31, 2006

The Company realized Mine Operating Earnings of $0.7 million from its mining and milling operations on sales of $11 million for the Quarter ended December 31, 2007. Cost of sales was $8.8 million and depreciation and depletion $1.5 million.

The Operating Loss for the Quarter was $2.8 million after Exploration costs of $1.8 million, General and Administrative costs of $1.4 million and Stock Based Compensation costs of $0.4 million. This compares to an Operating Loss of $1.37 million in the 4thd Quarter 2006.

The Loss Before Taxes for the Quarter was $3.1 million after Foreign Exchange Loss of $0.1 million, a realized gain on marketable securities of $0.2 million, Investment and Other Income of $0.3 million and an Impairment on Commercial Paper of $0.7 million. This compares to a Loss Before Taxes of $0.3 million after Foreign Exchange Gains of $0.9 million and Investment and other income of $0.2 million in the corresponding 3rd Quarter of 2006.

The Company incurred a Net Loss for the Quarter of $4.2 million after Income Tax Provision of $1.1 million compared to a loss of $0.6 million in the 3rd Quarter of 2006.

Year ended December 31, 2007 compared with the year ended December 31, 2006

The Company realized Mine Operating Earnings of $3.3 million on sales of $32.3 million for fiscal 2007 as compared to Mine Operating Earnings of $3.9 million on sales of $15.7 million in fiscal 2006. Cost of sales was $24.3 million and depreciation and depletion $4.7 million in 2007 as compared to cost of sales of $9.2 million and depreciation and depletion of $2.6 million in 2006.

The Operating Loss for the year was $12.2 million after Exploration costs of $6.0 million, General and Administrative costs of $4.8 million and Stock Based Compensation costs of $4.7 million. This compares to an Operating Loss for 2006 of $3.0 million after Exploration of $0.4 million, General and Administrative costs of $3.0 million and Stock Based Compensation costs of $3.4 million.

The Loss Before Taxes for 2007 was $9.6 million after Foreign Exchange Gain of $2.4 million, a realized gain on marketable securities of $0.7 million, Investment and Other Income of $0.9 million and an Impairment on Commercial Paper of $1.3 million. This compares to a Loss Before Taxes of $1.4 million after Foreign Exchange Gains of $0.5 million and Investment and other income of $1.0 million in 2006.

The Company incurred a Net Loss for year of $12.2 million after Income Tax Provision of $1.2 million compared to a loss of $3.9 million after an Income Tax Provision of $1.4 million in 2006.

The following table presents selected financial information of the Company for each of the last eight quarters ended December 31, 2007:

Summary of Quarterly Results

(in US$000s except per share amounts)	Dec 31, 2007 Period End				Dec 31, 2006 Period End			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Total Revenues	$ 11,018	$ 7,686	$ 6,385	$ 7,230	$ 6,035	$ 2,805	$ 4,550	$ 2,281
Net income (loss):								
(i) Total	$ (4,236)	$ (3,914)	$ (2,258)	$ (1,850)	$ (600)	$ (153)	$ (1,494)	$ (1,701)
(ii) Basic per share	$ (0.09)	$ (0.08)	$ (0.05)	$ (0.05)	$ (0.01)	$ -	$ (0.04)	$ (0.05)
(iii) Diluted per share	$ (0.09)	$ (0.08)	$ (0.05)	$ (0.05)	$ (0.01)	$ -	$ (0.04)	$ (0.05)

In 2005, the Guanacevi Mines project was under option and was accounted for as an interest in mineral properties. From January 28, 2006, when 51% ownership was attained, the project was accounted for using the purchase method of accounting and consolidated into the financial results. Selected information in the 2006 Comparative year has been restated for the change in accounting policy to expense exploration cost as incurred.

In 2006, the revenue trend reflects higher sales proceeds achieved particularly in the September and December Quarters from higher metal prices. Costs increased in the 4th Quarter 2006 due to an increase in labour costs at the Guanacevi Mines project as the mine moved from contract to employee labour. In addition, a provision of $0.4 million was recorded in the 4th Quarter to reflect estimates of additional employee related taxes payable for the Mexican operations in 2006.

In the 1st Quarter 2007 higher production and higher sales proceeds reflects the commissioning of the 800 tpd ball mill in late February. The higher loss for the 1st Quarter 2007 reflects higher earnings from Mine Operations offset by a higher Non Controlling Interest share in subsidiary profits, higher General and Administration costs, lower Stock Based Compensation costs and higher Exploration costs, which were written off as incurred.

In the 2nd Quarter 2007 production and revenue were adversely impacted by the processing of lower head grade ore from Guanacevi partially offset by the initial contribution of Guanajuato. The higher loss for the 2nd Quarter 2007 reflects lower earnings from Mine Operations, Exploration costs and the required costing of non-cash Stock Based Compensation.

In the 3rd Quarter 2007 sales were higher from higher metal production partially offset by lower realized metal prices. The higher loss in the 3rd Quarter 2007 reflects higher Mine Operating costs and increased Depreciation.

In the 4th Quarter 2007 the Company realized higher production and revenue due to higher grade ore processed during the quarter and a higher silver price. The higher loss for the 4th Quarter 2007 reflects additional exploration and labour costs.

Cash Costs (Non-GAAP Measure)

Cash cost per oz is a non-GAAP measure used by the Company as a measure of operating performance and widely reported in the silver and gold mining industry as a benchmark of performance, but does not have standardized meaning. Cash operating cost per oz of silver is calculated net of gold credits and royalties.

The consolidated cash operating cost of silver produced in fiscal 2007 was $9.38 per oz. The cash cost of silver produced at Guanacevi was $8.16 per oz and at Guanajuato $20.06 per oz.

The consolidated cash cost per oz of silver produced in the 4th Quarter 2007 was US$11.09, slightly higher than the 3rd Quarter 2007 cash cost of $10.64, but substantially higher than the $5.45 cash cost per oz produced in the 1st quarter 2007.

The higher cash costs in Q2, Q3 and Q4, 2007 are attributed to a combination of falling productivity and metal recoveries at the Guanacevi plant due to delays in the plant upgrade projects, lower production grades at Guanacevi due to mine dilution and the processing of lower grade stockpiles, lower silver recoveries due to higher manganese contents and lower leach circuit retention times at Guanacevi, the consolidation of the newly acquired but higher cash cost Guanajuato Mines project and rising operating costs of labour, fuel, power, parts, equipment, supplies etc.

For both Guanacevi and Guanajuato, the Company has been temporarily incurring additional operating costs as we implement our expansion and upgrade programs. The plant upgrade projects at Guanacevi are starting to have a positive impact on operations. The cash cost per oz at Guanacevi for the 4th Quarter 2007 was $7.45 per oz for the quarter compared to $10.31 in the 3rd Quarter 2007. The mine expansion projects at Guanajuato are also starting to have a positive impact as mine output rose in the 4th quarter compared to the 3rd quarter.

Reconciliation of cash operating cost per oz to cost of sales:

Consolidated

(in US $000s except ozs produced/payable and cash cost/oz)	Year Ended Dec 31, 2007	Three Months Ended Dec 31, 2007	Three Months Ended Sep 30, 2007	Three Months Ended June 30, 2007	Three Months Ended Mar 31, 2007
Cost of Sales	$ 24,335	$ 8,759	$ 6,917	$ 5,092	$ 3,567
Add/(Subtract):					
Royalties	$ (787)	$ (211)	$ (191)	$ (194)	$ (191)
Change in Inventories	$ 131	$ (289)	$ 518		$ (98)
By-Product gold sales	$ (3,934)	$ (1,309)	$ (1,199)	$ (799)	$ (627)
Cash Operating Costs	$ 19,745	$ 6,950	$ 6,045	$ 4,099	$ 2,651
Ozs Produced	$ 2,135,484	$ 636,866	577,381	430,251	490,986
Ozs Payable	$ 2,105,021	$ 626,734	568,177	424,034	486,076
Cash Cost Per Oz US$ *	**$ 9.38**	**$ 11.09**	**$ 10.64**	**$ 9.67**	**$ 5.45**

Guanacevi Mines

(in US $000s except ozs produced/payable and cash cost/oz)	Year Ended Dec 31, 2007	Three Months Ended Dec 31, 2007	Three Months Ended Sep 30, 2007	Three Months Ended June 30, 2007	Three Months Ended Mar 31, 2007
Cost of Sales	$ 18,717	$ 5,383	$ 5,397	$ 4,370	$ 3,567
Add/(Subtract):					
Royalties	$ (742)	$ (211)	$ (191)	$ (149)	$ (191)
Change in Inventories	$ 131	$ (289)	$ 518	$ -	$ (98)
By-Product gold sales	$ (2,700)	$ (880)	$ (704)	$ (489)	$ (627)
Cash Operating Costs	$ 15,406	$ 4,003	$ 5,020	$ 3,732	$ 2,651
Ozs Produced	$ 1,907,795	$ 542,789	491,643	382,377	490,986
Ozs Payable	$ 1,888,717	$ 537,361	486,726	378,554	486,076
Cash Cost Per Oz US$ *	**$ 8.16**	**$ 7.45**	**$ 10.31**	**$ 9.86**	**$ 5.45**

Guanajuato Mines Project

(in US $000s except ozs produced/payable and cash cost/oz)	Year Ended Dec 31, 2007	Three Months Ended Dec 31, 2007	Three Months Ended Sep 30, 2007	Three Months Ended June 30, 2007	Three Months Ended Mar 31, 2007
Cost of Sales	$ 5,618	$ 3,376	$ 1,520	$ 722	$ -
Add/(Subtract):					
Royalties	$ (45)		$ -	$ (45)	
Change in Inventories	$ -	$ -	$ -	$ -	
By-Product gold sales	$ (1,234)	$ (429)	$ (495)	$ (310)	$ -
Cash Operating Costs	$ 4,339	$ 2,947	$ 1,025	$ 367	$ -
Ozs Produced	$ 227,689	$ 94,077	85,738	47,874	0
Ozs Payable	$ 216,305	$ 89,373	81,451	45,480	0
Cash Cost Per Oz US$ *	**$ 20.06**	**$ 32.97**	**$ 12.58**	**$ 8.07**	**$ 0.00**

* Based on payable silver production attributable to cost of sales.

Note: The cash cost calculation disclosed for previous quarters did not include an adjustment from cost of sales for royalties. This change is to bring the Company's disclosure in line with industry standards.

Cash costs at Guanajuato have been very high because a) after closing the acquisition, management elected to offer employment to most of the prior operating personnel necessary to produce at capacity but b) most of the historic reserve blocks scheduled for production were not only low grade but also needed a substantial amount of underground cleanup or redevelopment work which c) reduced the total tonnes of mineralized material mined daily but increased the operating costs per tonne and d) excessive mine dilution resulted in lower than anticipated mineralized material grades which also drove the cash cost per oz higher. In addition, management initiated numerous safety upgrades in the mines and shafts that took them out of service periodically thereby reducing mine production while increasing mine costs.

Cash costs are expected to come down to more reasonable and economic levels when the Guanajuato operation startup phase is completed. Management anticipates that the mine and shaft cleanup, redevelopment and safety upgrade work will be largely completed in Q2 2008 thereby allowing for steady state production in the second half of 2008 at a rate of about 250 tpd or half the plant capacity. As soon as newly discovered, higher grade mineralized zones (such as the recent 3785 zone for example) are fully explored and assessed, management intends to add them to the mineplan which should allow production to rise to the 500 tpd plant capacity in 2009.

Liquidity and Capital Resources

Operating activities used $2.4 million in 2007 compared to generating $1.8 million in 2006. The major impacts from the recorded loss of $12.2 million were non cash charges for depreciation of $4.7 million, stock-based compensation of $4.7 million, non-controlling interest of $1.5 million, impairment of asset backed commercial paper of $1.3 million, future income tax expense of $0.3 million, a gain on marketable securities of $0.7 million, an unrealized foreign exchange gain of $0.4 million and in working capital $1.6 million.

Investing activities in 2007 used $22.7 million as compared to $14.1 million in 2006. The investments in property, plant and equipment was $17.6 million compared to $10.8 million in 2006 and $5.2 million in investments compared to Nil in 2006. The $5.2 million in investments is the amount of Asset Backed Commercial Paper "ABCP's" that was previously classified as cash equivalents but now classified as long term investments. The Company received proceeds from the sale of marketable securities of $2.5 million and invested $1.6 million during the year in marketable securities.

As at December 31, 2007, the Company's share capital was $87.5 million representing 48,982,146 common shares as compared to $63.4 million representing 42,373,988 common shares at December 31, 2006. Financing activities through the issue of shares raised $9.8 million in 2007 compared to $28.8 million in 2006. During 2007, the Company issued 727,000 common shares relating to share purchase options exercised for gross proceeds of $1.7 million and issued 3,038,222 common shares relating to share purchase warrants exercised for $8.2 million, issued 142,520 common shares for share appreciation rights on 245,000 underlying share purchase options and issued 2,700,416 common shares were issued on the acquisition of mineral properties.

The cash and cash equivalents balance decreased from $31.9 million at December 31, 2006 to $16.6 million at December 31, 2007. Cash and cash equivalents decreased by $15.3 million during 2007 primarily as a result of the share issues, property plant and equipment expenditures, and investments. Working capital was $25.3 million at December 31, 2007.

As at December 31, 2007, the Company had 4,089,400 options to purchase common shares outstanding with a weighted average exercise price of CAD$3.28 and had 310,000 share purchase warrants outstanding with a weighted average exercise price of CAD$5.34.

The following table contains selected financial information of the Company's liquidity:

(in US $000s)	As at Dec 31 2007	As at Dec 31, 2006
Cash and cash equivalents	$ 16,577	$ 31,870
Working capital	$ 25,365	$ 38,362

Contractual Obligation

The following table lists as of December 31, 2007 information with respect to the Company's known contractual obligations.

	Payments due by Period				
Contractual Obligations	*Total*	*Less than 1 year*	*1-3 years*	*3-5 years*	*More than 5 years*
Long-Term Debt Obligations	Nil	Nil	Nil	Nil	Nil
Capital (Finance) Lease Obligations	Nil	Nil	Nil	Nil	Nil
Operating Lease Obligations	$1,056,000	$264,000	$792,000	Nil	Nil
Exploration Obligation	$400,000	$200,000	$200,000	Nil	Nil
Purchase Obligations	Nil	Nil	Nil	Nil	Nil
Other Long-Term Liabilities Reflected on the Company's Balance Sheet under Canadian GAAP	$1,578,000	Nil	$680,000	Nil	$898,000
TOTAL	$3,034,000	$464,000	$1,672,000	Nil	$898,000

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

The Company shares common administrative services and office space with related party companies and from time to time will incur third party costs on behalf of the related parties on a full cost recovery basis.

During the course of the period the Company paid $95,000 in performance bonus compensation to terminated employees who are now employees of a company with common directors and management.

During the course of the period the Company paid $177,000 in consulting fees to a company with common directors and management.

The Company has paid $130,000 for legal services from a legal firm with common management.

As at December 31, 2007 the Company holds marketable securities purchased for $279,000 of a public company with common directors and management that has a market value of $135,000.

On December 31, 2007, the Company signed option agreements with Aztec Metals Corp. ("Aztec"), a non-public company with common directors, whereby Aztec has the right to acquire unexplored properties (Rio Chico and Matehuala) for a cash payment of $63,000 and issuance of 533,333 shares in Aztec. The cash payment and common shares were received subsequent to year end. To exercise the option on the Rio Chico properties Aztec will pay to Endeavour $100,000 and deliver a signed silver participation contract prior to September 30, 2008. To exercise the option on the Matehuala property, Aztec will pay to Endeavour $43,000 and deliver a signed silver participation contract prior to June 30, 2008

Proposed Transactions

There are no proposed asset or business acquisitions or dispositions, other than those in the ordinary course or as herein disclosed, before the board of directors for consideration.

Critical Accounting Estimates

The preparation of financial statements requires the Company to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates relate to the determination of mineralized reserves, impairment of long-lived assets, determination of asset retirement obligations, valuation allowances for future income taxes and assumptions used in determining the fair value of non-cash based compensation.

Mineralized reserves and impairment on long lived assets

Management periodically reviews the carrying value of its mineral properties with internal and external mining related professionals. A decision to abandon, reduce or expand a specific project is based upon many factors including general and specific assessments of reserves, anticipated future prices, anticipated future costs of exploring, developing and operating a producing mine, expiration term and ongoing expense of maintaining leased mineral properties and the period for properties with unproven reserves. However, properties which have not demonstrated suitable mineral concentrations at the conclusion of each phase of an exploration program are reevaluated to determine if future exploration is warranted and their carrying values are appropriate.

If an area of interest is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the period of abandonment or determination that the carrying value exceeds its fair value. The amounts recorded as mineral properties represent costs incurred to date and do not necessarily reflect present or future values.

The accumulated costs of mineral properties that are developed to the stage of commercial production are amortized using the units of production basis using proven and probable reserves (as defined by National Instrument 43-101). Plant and equipment are recorded at cost and are amortized using the straight-line method at rates varying from 5% to 30% annually.

Asset retirement obligations

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements, however changes in regulatory requirements and new information may result in revisions to estimates. The Company recognized the present value o\of liabilities for reclamation and closure costs in the period in which they are incurred. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the accretion of discount3ed underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

Future income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted or enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the substantive enactment date. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount. The future income tax provision also incorporates management's estimates regarding the utilization of tax loss carry forwards, which are dependent on future operating performance and transactions. Please refer to Note 16 of the Company's consolidated financial statements for a detailed description of our future income tax provision.

Stock-based compensation

The Company has a share option plan which is described in Note 13(c) of the Company's consolidated financial statements. The Company records all stock-based compensation for options using the fair value method. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model, with expected volatility based on historical volatility of our stock. We use historical data to estimate the term of the option and the risk free rate for the expected term of the option is based on the Government of Canada yield curve in effect at the time of the grant.

Changes in Reporting Currency, Accounting Policies and Changes in Accounting Policies

Change in functional and reporting currency

Prior to January 1, 2007, the Company's operations were measured in Canadian dollars and the consolidated financial statements were express in Canadian dollars. Effective January 1, 2007, the US dollar was adopted as the unit of measurement of the Company's operations which reflects significant operational exposure to the US dollar, the predominately US dollar asset and investment base of the Company and the transition from an exploration company to a mine operator. Concurrent with this change in functional currency, the Company adopted the US dollar as its reporting currency. In accordance with Canadian generally accepted accounting principles, the Company is required to restate all amounts presented for comparative purposes into US dollars using the current rate method whereby all revenues, expenses, and cash flows are translated at the closing rate in effect at the end of these periods. Equity transactions have been translated at historic rates, the resulting net translation adjustment has been credited to comprehensive income.

The Company's Significant Accounting policies are described in Note 3 to the Consolidated Financial Statements.

Changes in Accounting Policies introduced during the year are recorded in detail in Note 4 of the Financial Statements.

Financial Instruments and Other Instruments

The Company's financial instruments as of December 31, 2007 consisted of cash and cash equivalents, accounts receivable, marketable securities, accounts payable and accrued liabilities and long-term investments. The fair value of these instruments approximates their carrying value, however, due to the unavailability of an active market for our ABCP investments, their carrying value reflects management's best estimate of their underlying fair value (see Note 10 to our consolidated financial statements for further details). There were no off balance sheet financial or other instruments.

Cash and cash equivalents included short-term, highly liquid investments placed with major Canadian banks that mature within three months of their purchase date so that these investments do not expose the Company to significant interest rate risk.

The Company does not use derivative or hedging instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

Outlook

In 2008, the Company expects to increase its silver production, reserves and resources for the fourth consecutive year. Like 2007, production in the first two quarters should be relatively flat as the focus will be on completing the various mine and plant capital improvements. However, after completing these projects production should rise significantly in the second half of the year. Safety and the environment are important issues for the Company and are always taken care of first at our operations.

At Guanacevi, the Company plans to boost the tonnage mined by having a contractor developing the new Alex Breccia mine, pushing development to the north Porvenir area and developing ramp access to the Santa Cruz mine. Emphasis will continue to be placed on minimizing mine dilution so as to enhance the ore grade delivered to the plant. In the plant, several capital expansion and upgrade projects will be completed that should facilitate an increase in metal recoveries. In particular, the expanded agitation leach circuit, completion of the thickeners, and refinery will be completed during the second quarter and the refurbished flotation circuit are anticipated to take effect in the fourth quarter.

Exploration drilling has resumed with renewed vigour at Guanacevi, both underground at the Porvenir mine as well as on surface at the newly acquired Milache and San Pedro properties. The Company is planning on completing almost 13,000 meters of drilling in the Guancevi district on its properties and therefore targeting an increase in resources and reserves as a result.

At Guanajuato, safety is determining the action plan for the operations. The shafts are being upgraded to North American safety standards so production is expected to be low for the first and second quarters and then mine tonnage is forecast to jump in the second half of the year. Mineralized material grades have already risen in response to the grade and dilution control programs instituted last year. Minor improvements are scheduled for the plant but metal recoveries are not expected to improve as they are already above the target recoveries. The plant has some upgrading of the crushing circuit planned and an increase in the tailings pond will be completed in the second quarter.

Exploration at Guanajuato is focused on drilling around the Golondrinas, Bolanitos and Cebada mines to expand resources and reserves. The Company has planned 17,000 meters of drilling from surface and underground. The initial focus is to firm up the resources already known and then explore for a new deposit using the same plan that was used at Guanacevi in 2004.

At Parral, the evaluation of the Cometa project will be completed in the second quarter so that a decision can be made how to proceed with this new base and precious metal discovery. Exploration will continue at Arroyo Seco in the second and third quarters of 2008.

The Company will continue to evaluate acquisitions particularly in each of the districts that it is working and in other parts of Mexico to continue its growth.

Subsequent Events

In February 2008 the Company acquired an option to purchase the Navegantes silver properties, located approximately 80 kilometers west of the city of Hidalgo de Parral in Chihuahua State, Mexico. The Company can earn a 100% interest in the properties by making $470,000 is escalating cash payments over a 2 year period.

Subsequent to December 31, 2007, the Company issued to various employees a total of 473,000 stock options with a weighted-average exercise price of CAD$3.95.

Outstanding Share Data

As of April 3, 2008, the Company had the following items issued and outstanding:

- 49,026,146 common shares
- 4,368,400 options to purchase common shares with a weighted average exercise price of CAD$3.94 expiring between January 14, 2009 and March 31, 2013.
- 310,000 share purchase warrants with a weighted average exercise price of CAD$5.34 expiring between January 8, 2009 and May 30, 2009.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's officers and management are responsible for establishing and maintaining disclosure controls and procedures for the Company. Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as is appropriate to permit timely decisions regarding public disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Management conducted an evaluation, including the CEO and CFO, of the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a -15(b) of the Exchange Act. Based upon that evaluation, and in light of the Company's material weaknesses in internal controls over financial reporting described below, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures were not effective as of the end of the period covered by this report due to the material weaknesses in the Company's internal controls over financial reporting.

Management's Report on Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act). A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2007. In making this assessment, management used the criteria set forth in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment, management has concluded that, as of December 31, 2007, the Company did not maintain effective internal control over financial reporting due to the material weaknesses described below.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

(1) Control Environment

The Company's control environment did not sufficiently promote effective internal control over financial reporting throughout the organization. Specifically, the Company did not define nor communicate authority limits for entering into or approving contracts, making capital expenditures, or approving invoices for purchases, or develop policies and procedures to address the risk of management override. This applied to both the Canadian head office and Mexican operations. Further, the Company did not define nor communicate guidelines regarding investments in marketable securities. None of these control deficiencies by themselves directly resulted in a misstatement to the financial statements, however, deficiencies in the control environment are pervasive in nature and this material weakness was a contributing factor in other material weaknesses described below.

(2) Information & Communication

The Company did not maintain adequate controls to facilitate the flow of information used in financial reporting throughout the organization. Specifically, the Company did not effectively communicate employees' duties over financial reporting. In addition, the Company does not have effective controls over the translation of all contracts and communication of them to appropriate personnel for consideration of financial reporting implications, in particular commitments and contingencies and mineral property acquisition costs. These control deficiencies did not result in adjustments to the financial statements, however, they are pervasive in nature and create a reasonable possibility that a material misstatement of the financial statements would not be prevented or detected on a timely basis.

(3) Foreign Exchange

The Company's controls over foreign currency translation are not designed effectively. Specifically, a cash account was not translated into the reporting currency and the Company's foreign exchange account reconciliation control was insufficiently precise to detect the error. This resulted in a material adjustment to cash and foreign exchange gain and creates a reasonable possibility that a material misstatement of the financial statements would not be prevented or detected on a timely basis.

(4) Income Tax Accounting

The Company did not maintain effective controls over accounting for Mexican income taxes. Specifically, the Company did not have personnel with adequate expertise in accounting for Mexican taxes. This deficiency resulted in material adjustments to current and future income tax expense and recovery and current and future income taxes payable. This deficiency results in a reasonable possibility that a material misstatement of the financial statements would not be prevented or detected on a timely basis.

The Company's independent auditor, KPMG LLP, the independent registered public accounting firm that audited the financial statements, has issued an audit report on the Company's internal control over financial reporting which is included with the financial statements.

Management's Remediation Initiatives

Actions implemented or planned for 2008 included:

(1) Control Environment

During the first quarter of 2008 management has developed and communicated an authority limit policy, a capital expenditure policy and an investment policy. Management is in the process of developing policies and procedures to address the risk of management override and communicate the authority limit policy to all personnel.

(2) Information & Communication

Management is in the process of implementing controls so that all Spanish language contracts will have certified English translations which will be maintained in the corporate office and that will be reviewed by either the CEO or COO and either the CFO or Controller.

(3) Foreign Exchange

Management is in the process of designing and implementing a more precise foreign exchange translation review control.

(4) Income taxes

Management plans to engage the services of international tax consultants to assist with the preparation of the Mexican tax provision.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated our internal control over financial reporting to determine whether any changes occurred during the fiscal year ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

During 2007, the Company implemented the following changes to internal control over financial reporting:

- An external accounting firm was hired to support the accounting staff in Mexico to perform routine processing for the months of October and November. During this period a Controller and additional accounting staff was recruited to expand the capacity of our financial reporting team. The corporate office also supported this process with the Chief Operating Officer, Chief Financial Officer, and Corporate Controller spending greater amounts of time in the Mexican operations during the last quarter.
- Changes were made on the information technology processes and infrastructure that added more security and improved communication regarding company data. A company network was put into place to allow the accounting and operational department to keep their information on the network. This network allowed significant files to be secured, centrally stored and backed up for safekeeping. All the accounting and key operational personnel were moved onto the network by year-end. The security for the servers that contained the financial accounting systems at the Corporate and operational offices was strengthened and access provided to only authorized personnel.

Except for the changes discussed above, there have been no changes that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CERTIFICATION

I, Bradford Cook, certify that:

1. I have reviewed this annual report on Form 40-F of Endeavour Silver Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-5(f) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: April 4, 2008

By: /s/ Bradford Cooke

Bradford Cooke
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Dan Dickson, certify that:

1. I have reviewed this annual report on Form 40-F of Endeavour Silver Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-5(f) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: April 4, 2008

By: /s/ Dan Dickson

Dan Dickson
Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Endeavour Silver Corp. (the "Company") on Form 40-F for the period ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bradford Cooke, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 4, 2008

/s/ Bradford Cooke

Bradford Cooke
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Endeavour Silver Corp. and will be retained by Endeavour Silver Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Endeavour Silver Corp. (the "Company") on Form 40-F for the period ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W.R. (Bill) Franklin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 4, 2008

/s/ Dan Dickson

Dan Dickson
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Endeavour Silver Corp. and will be retained by Endeavour Silver Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
U.S. Securities and Exchange Commission
TSX Toronto Stock Exchange

AMEX, American Stock Exchange

"I, William Lewis, B.Sc. P.Geo., along with Rober J. Leader, P.Eng. and Dibya Kanti Mukhopadhyay, MAusImm are the Qualified Persons for the technical information compliant with National Instrument 43-101 (**"NI 43-101"**) set out and supporting the report named "Audit of the Resource and Reserve Estimates for the Guanacevi Project, Durango State, Mexico", dated April 16, 2007 and referred to by Endeavour Silver Corp. (the "**Company**") in its Annual Information Form dated April 3, 2008 (**"AIF"**). I hereby consent to the disclosure and reference as set out in the " **AIF**", and section 4.4 in particular and by cross reference to the Annual Managements Discussion and Analysis For the Year Ended December 31, 2007 dated as of April 3, 2008 (the **"MD&A"**) and by cross reference to the US Securities Exchange Commission Form 40-F Statement for the fiscal Year ended December 31, 2007 (**"Form 40F"**)**.**

Dated this 3rd Day of April, 2008.

"William J. Lewis"

_____
William Lewis, B.Sc. P.Geo.

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
U.S. Securities and Exchange Commission
TSX Toronto Stock Exchange

AMEX, American Stock Exchange

"I, Robert J. Leader, P. Eng., along with William Lewis, B.Sc. P. Geo. and Dibya Kanti Mukhopadhyay, MAusImm are the Qualified Persons for the technical information compliant with National Instrument 43-101 (**"NI 43-101"**) set out and supporting the report named "Audit of the Resource and Reserve Estimates for the Guanacevi Project, Durango State, Mexico", dated April 16, 2007 (the "**Report**") and referred to by Endeavour Silver Corp. (the "**Company**") in its Annual Information Form dated April 3, 2008 (**"AIF"**). I hereby consent to the disclosure and reference as set out in the "**AIF**", and section 4.4 in particular and by cross reference to the Annual Managements Discussion and Analysis For the Year Ended December 31, 2007 dated as of April 3, 2008 (the **"MD&A"**) and by cross reference to the US Securities Exchange Commission Form 40-F Statement for the fiscal Year ended December 31, 2007 (**"Form 40F"**)**.** I confirm that I have reviewed the technical disclosure as set out in the AIF and the MD&A stated to be from or based on the Report that supports the disclosure that we were responsible for.

Dated this 3rd Day of April, 2008.

"Robert J. Leader"

_____
Robert J. Leader, P. Eng..

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
U.S. Securities and Exchange Commission
TSX Toronto Stock Exchange

AMEX, American Stock Exchange

"I, Dibya Kanti Mukhopadhyay, MAusIMM., along with William Lewis, B.Sc. P. Geo. and Robert J. Leader, P. Eng. are the Qualified Persons for the technical information compliant with National Instrument 43-101 (**"NI 43-101"**) set out and supporting the report named "Audit of the Resource and Reserve Estimates for the Guanacevi Project, Durango State, Mexico", dated April 16, 2007 (the "**Report**") and referred to by Endeavour Silver Corp. (the "**Company**") in its Annual Information Form dated April 3, 2008 (**"AIF"**). I hereby consent to the disclosure and reference as set out in the "**AIF**", and section 4.4 in particular and by cross reference to the Annual Managements Discussion and Analysis For the Year Ended December 31, 2007 dated as of April 3, 2008 (the **"MD&A"**) and by cross reference to the US Securities Exchange Commission Form 40-F Statement for the fiscal Year ended December 31, 2007 (**"Form 40F"**)**.** I confirm that I have reviewed the technical disclosure as set out in the AIF and the MD&A stated to be from or based on the Report that supports the disclosure that we were responsible for.

Dated this 3rd. Day of April, 2008.

"Dibya Kanti Mukhopadhyay"

_____
Dibya Kanti Mukhopadhyay, MAusIMM

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
U.S. Securities and Exchange Commission
TSX Toronto Stock Exchange

AMEX, American Stock Exchange

"I, Michael Beare, C.Eng., B.Eng. (Mining), MIMMM, and Martin Pittuck, M.Sc., MIMMM are the Qualified Persons for the technical information set out and supporting the news release of Endeavour Silver Corp. (the "**Company**") dated March 3, 2008, and we are currently preparing the supporting NI 43-101 Technical Report For The Bolanitos Mine Project Guanajuato State Mexico and dates March 31st 2008 for filing with the above regulators and we do hereby consent to the incorporation of the technical disclosure as set out in Annual Information Form of the Company dated as of April 3, 2008 (the "**AIF**"), and section 4.4 in particular and the Annual Managements Discussion and Analysis for the Year Ended December 31, 2007 dated as of April 3, 2008 (the **"MD&A"**) and by cross reference to the US Securities Exchange Commission Form 40-F ('**Form 40-F**)Statement for the fiscal year ended December 31, 2007. I have reviewed this technical disclosure as set out in that AIF and that MD&A and confirm that they fairly and accurately represent the disclosure in the March 3, 2008 news release of the Company, and the underlying technical data that we were responsible for.

Dated this 3rd Day of April, 2008.

"Michael Beare"

_____
Michael Beare, C.Eng., B.Eng. (Mining), MIMMM

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
U.S. Securities and Exchange Commission
TSX Toronto Stock Exchange

AMEX, American Stock Exchange

"I, Michael Beare, C.Eng., B.Eng. (Mining), MIMMM, and Martin Pittuck, M.Sc., MIMMM are the Qualified Persons for the technical information set out and supporting the news release of Endeavour Silver Corp. (the "**Company**") dated March 3, 2008, and we are currently preparing the supporting NI 43-101 Technical Report For the Bolanitos Mines Project Guanajuato State Mexico and dated March 31st 2008 for filing with the above regulators and we do hereby consent to the incorporation of the technical disclosure as set out in Annual Information Form of the Company dated as of April 3, 2008 (the "**AIF**"), and section 4.4 in particular and the Annual Managements Discussion and Analysis for the Year Ended December 31, 2007 dated as of April 3, 2008 (the **"MD&A"**) and by cross reference to the US Securities Exchange Commission Form 40-F ('**Form 40-F**) Statement for the fiscal year ended December 31, 2007. I have reviewed this technical disclosure as set out in that AIF and that MD&A and confirm that they fairly and accurately represent the disclosure in the March 3, 2008 news release of the Company, and the underlying technical data that we were responsible for.

Dated this 3rd Day of April, 2008.

"Martin Pittuck"

_____
Martin Pittuck, M.Sc, MIMMM

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
U.S. Securities and Exchange Commission
TSX Toronto Stock Exchange

AMEX, American Stock Exchange

I, Barry Devlin, M.Sc., P. Geo. And Vice President of Exploration for Endeavour Silver Corp. (the " **Company**") am the Qualified Persons for certain technical information set out in the Annual Information Form of the Company dated as of April 3, 2008 (the "**AIF**"), and section 4.4 in particular, and the Annual Managements Discussion and Analysis for the Year Ended December 31, 2007 dated as of April 3, 2008 (the **"MD&A"**) and by cross reference to the US Securities Exchange Commission Form 40-F Statement for the fiscal year ended December 31, 2007 (the '**Form 40-F**). I confirm that I am currently preparing the supporting NI 43-101 Technical Report on the Resource and Reserve Estimates for the Gunacevi Mines Project, Durango State, Mexico (the "**Report**") and to be dated April 1, 2008 for filing with the above regulators. I do hereby consent to the incorporation of the technical disclosure as set out in the AIF and the MD&A. I have reviewed this technical disclosure as set out in that AIF and that MD&A and confirm that it fairly and accurately represent the disclosure that I am responsible for.

Dated this 3rd. Day of April, 2008.

"Barry Devlin"

_____
Barry Devlin, M.Sc., P. Geo.

KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Endeavour Silver Corp.

We consent to the inclusion in this annual report on Form 40-F of:

- our auditors' report dated April 2, 2008 on the consolidated balance sheets of Endeavour Silver Corp. (the Company) as at December 31, 2007 and December 31, 2006, and the consolidated statements of operations and comprehensive income, shareholders' equity and deficit, and cash flows for each of the years in the two-year period ended December 31, 2007 and the ten-month period ended December 31, 2005.
- our Report of Independent Registered Public Accounting Firm dated April 2, 2008 on the Company's internal control over financial reporting as of December 31, 2007.

each of which is contained in this annual report on Form 40-F of the Company for the fiscal year ended December 31, 2007.

KPMG LLP

Chartered Accountants

Vancouver, Canada
April 4, 2008

KPMG LLP, a Canadian limited liability partnership is the Canadian member firm of KPMG International, a Swiss cooperative.