



# Endeavour Silver Corp.

## Third Quarter 2024 Financial Results

### Conference Call Transcript

**Date:** November 5, 2024

**Time:** 10:00 AM PT / 1:00 PM ET

**Speakers:** **Allison Pettit**  
Director of Investor Relations

**Dan Dickson**  
Chief Executive Officer

**Elizabeth Senez**  
Chief Financial Officer

**Donald Gray**  
Chief Operating Officer

**Operator:**

Welcome to the Endeavour Silver Corp. Third Quarter 2024 Financial Results Conference Call. As a reminder, all participants are in listen-only mode and the conference is being recorded. After the presentation there will be an opportunity to ask questions. To join the question queue, you may press star, then 1 on your telephone keypad. Should you need assistance during the conference call, you may signal an operator by pressing star, then 0.

I would now like to turn the conference over to Allison Pettit, Director of Investor Relations. Please go ahead.

**Allison Pettit:**

Thank you, Operator. Good morning everyone.

Before we get started, I ask that you view our MD&A for cautionary language regarding forward-looking statements and the risk factors pertaining to these statements. Our MD&A and financial statements are available on our website at [www.edrsilver.com](http://www.edrsilver.com).

On today's call we have Dan Dickson, Endeavour Silver's CEO; Elizabeth Senez, our CFO; and Don Gray, Endeavour's COO. Following Dan's formal remarks, we will open the call for questions.

Now, over to Dan.

**Dan Dickson:**

Thank you, Allison, and welcome everyone.

It's been a busy third quarter at Endeavour Silver. As gold reached new all-time highs and with silver starting to follow, the Company's cash flow and financial position should continue to benefit from these higher prices.

From an operational standpoint, Q3 brought an unexpected challenge as the Company operated at reduced capacity due to a trunnion failure of the primary ball mill at the Guanaceví mine. Temporary modifications were completed in August, allowing processing to continue at roughly 50% of capacity. The estimated timeline back to full capacity remains at 15 weeks with the mine

being in full operation next month. I would like to extend my thanks to our Operations team for their dedicated efforts in mitigating the issue.

Q3 silver equivalent production totalled 1.6 million ounces or 875,000 ounces of silver and 9,300 ounces of gold, tracking well towards the updated 2024 production guidance of 7.3 million to 7.6 million silver equivalent ounces.

Silver equivalent grades have been in line with expectations with gold grades slightly higher and silver grades slightly lower. This is expected to be similar going forward and we expect the production profile in the fourth quarter to be similar to Q3.

At Terronera, substantial progress was made during the third quarter. Surface construction reached 77% at September 30, with more than \$258 million spent to date. The finish line is in sight as Terronera continues to remain on track for commissioning near the end of the year and we are excited to have this transformative project added to our production profile in 2025.

Moving to our financials, we reported top line revenue of \$53 million, up 8% year-over-year, benefitting from the higher precious metal prices compared to Q3 2023. Cost of sales totalled \$41 million, a decrease of 12% compared to Q2 2023, driven by lower silver ounces sold in the quarter as well as cost management measures undertaken at Guanaceví following the trunnion failure, which also includes the termination of a third-party contract mining activities.

Direct operating costs on a per tonne basis and a per ounce basis were elevated due to the reduced operating capacity at Guanaceví. Because of the reduced operating capacity, management withdrew cost guidance for 2024 in August.

The Company reported a net loss of \$17 million for the three-month period ended September 30, 2024, compared to a \$2.3 million loss in Q3 of 2023. Excluding certain non-cash and unusual items, and items that are subject to volatility which are unrelated to the Company's operations, adjusted income was \$1.6 million compared to an adjusted loss of \$8.3 million in Q3 2023.

As at September 30, the Company's cash position was \$55 million and working capital was \$29 million. During the quarter the Company completed drawdowns of \$25 million from a senior

secured debt facility for Terronera, and subsequent to the quarter the Company completed its final drawdown of \$35 million.

As I mentioned earlier, the overall progress at Terronera reached 77% with more than \$258 million of the project's budget spent to date. Project commitments total \$270 million, which is 99% of the \$271 million capital budget, and remains on track for commissioning near the end of Q4 2024. During the third quarter 1050 metres of underground mine development was completed for a cumulative total of 5550 metres, and the team continued progressing Portals 1, 2, and 4 with long-hole stopes being developed and initial production planned for Q4.

The underground explosive magazines were also completed with the explosive use permit applications submitted for approval and anticipated in the new year.

On the Upper Platform, surface, mill and infrastructure construction is 90% complete and continues to transition to operations. The coarse-ore stockpile and reclaim tunnel reached 100% completion with pre-commissioning testing beginning in the third quarter and the primary jaw crusher was commissioned with rock in August, marking a major project milestone.

The excavation of the tailings storage facility embankment key trench is 100% complete with the secondary key at 40% complete. Structural steel columns and beams were erected for the concentration filter building and equipment mechanical structures, and remains on the critical path for commissioning in Q4.

Through September 30, procurement was 99% complete and the project team continues to expedite pending arrivals.

Lastly, from a community relations standpoint, with local community support continuing to be a major commitment, in Q3 the Company supported a series of local initiatives and investments such as the inauguration of an early childhood development centre, scholarships for university students in Santiago de Los Pinos, municipal road maintenance, workshops for business entrepreneurship for local residents, environmental education programs for primary schools, community tree donations and summer community workshops for children and youth.

For a fulsome construction update at Terronera, I encourage you to visit our website where you'll find our quarterly photo gallery showcasing the latest developments, progress and information.

With that, I'm happy to open up to questions. Operator, please proceed to our Q&A session.

**Operator:**

Certainly. We will now begin the question-and-answer session. To join the question queue you may press star, then 1 on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speaker phone, please pick up the handset before pressing any keys. To withdraw your question, please press star, then 2.

Our first question is from Heiko Ihle with H.C. Wainwright. Please go ahead.

**Heiko Ihle:**

Hey, Dan and team. I assume you guys can hear me okay?

**Dan Dickson:**

We can hear you really well, Heiko. It's nice to hear from you.

**Heiko Ihle:**

Perfect. I was going through your October 21<sup>st</sup> press release regarding Terronera earlier today again. Just a few follow-ups from the release. You hinted at a few of them earlier on this call. You mentioned that you're recruiting and training team members. How many folks are currently on the payroll and can you maybe give a trajectory for staffing levels with the timeline from now until full employment at the site?

**Dan Dickson:**

I can tell you that full employment at the site when we're in operations is about just over 500 people. Currently we're well over 750 people at site. In fact, we have a second shift coming to help push us to the end of the year here with regards to our tailings filter press.

As far as the ramp-up, we're exactly right now compared to where we're going to be when we're in full operations. I think we have about 250 Endeavour Silver employees and I think there's actually 800 contract workers on site trying to push to get us to the end here.

**Heiko Ihle:**

It's impressive numbers. Building on all of that, and again, you had some talking points that pre-empted some of this in your prepared remarks. Are you seeing community embracement from all of those? I mean there's still a decent amount of local job creation from all of this. What are you seeing? Can you maybe give some examples of—and obviously you're doing the scholarships and you're doing all sorts of stuff. Is it working? Are they embracing it?

**Dan Dickson:**

Yes, I'll touch on it a bit and maybe pass it to Don who is at site a bit more than I am.

Ultimately, we've had a community relations group on site since 2013 when we really acquired the property, and I've got to hand it to our explorations team. They've done a phenomenal job of incorporating things that would help the community benefit from our mine and ultimately incorporating them with understanding what we're doing at Terronera. I'd say over our last four or five years we've had great engagement with the community. I think Santiago de Los Pinos will benefit greatly and I think they're greatly involved. We've hired people there and ultimately brought a lot of direct and indirect jobs to the community.

As far as the programs that we have—and it's similar to what we've always done at Guanaceví and Bolañitos. We feel like we're neighbours and to be a good neighbour you've got to be part of the community and help out where we can. Obviously I touched on some in my talk with the tree donations, community support for various days like Day of the Dead. We're always involved with that and we're always looking at ways to kind of incorporate ourselves in the community, because obviously having a social licence to operate has been foundation of Endeavour and I think that's going to continue to be the case.

Don, I don't know if there's anything else you want to add or other community programs that we're doing that you see as has been greatly beneficial

**Donald Gray:**

I think I'll mention on our—we have a phased training program for our mill operators and many of the people in the area don't have experience, and so we're bringing them in for early training. When we first started the program, we had a few vacancies in there and then as the word got around that the training was good and the company was serious, we filled out all the slots. So I

think that's a real tribute to our guys putting together good programs and working with the community.

**Heiko Ihle:**

Very good. Then just completely different follow-up on something else. Can you give some colour on where we should model G&A for the remainder of the year and maybe even 2025? Assuming the share price stays where it is, given the revaluation of the DSU liabilities, the cash settled one that you encountered this quarter, please.

**Dan Dickson:**

I'm not going to get into 2025, but ultimately if you look back at the history of Endeavour, our G&A from a cash perspective has always been about US\$8 million to US\$10 million and then you can put in the DSUs and mark-to-market on DSUs or stock-based comps. I don't know why our G&A would ramp up significantly in 2025 compared to 2024, and believe we are tracking right along those lines of US\$8 million to US\$10 million in cash G&A.

**Heiko Ihle:**

Very good. I'll get back in queue. Thank you so much.

**Dan Dickson:**

Thank you, Heiko, for the questions.

**Operator:**

The next question is from Lucas Pipes with B. Riley Securities. Please go ahead.

**Nick Giles:**

Thank you so much, Operator. This is Nick Giles asking questions on behalf of Lucas. Dan and team, congrats on all the progress at Terronera so far.

Maybe a question for both and Dan and Don. Just would love to get a little bit more colour about the ramp process, how to think about timing and ultimately what would you consider the largest potential bottlenecks during that process? Thank you very much.

**Dan Dickson:**

Thanks, Nick. I can help out a little bit with Don. Ultimately, we expect kind of a three-month ramp-up. We're hoping to go a little bit quicker and I'll leave it to Don what he expects the bottlenecks could be, but I'm sure there's many that come through his head.

**Donald Gray:**

Yes. I mean, it's normal. You have the normal start-up items and we do have much of the Upper Platform completed, so there's a lot of things we can get prechecked in advance. Where we'll have the focus is especially on the concentrate and the tailing filters there. We want to get one circuit up and running real well and then we can complete a lot of the commissioning. So, our focus will be there, and we feel we brought in the right talent, have the vendor support, so we think it'll go along as planned.

**Nick Giles:**

Don, that's great to hear. I appreciate the colour. Any updated view on cash costs or all-in sustaining, just based on current gold and silver prices?

**Dan Dickson:**

Yes. I'm guessing, Nick, you're asking for 2025 and related to Terronera?

**Nick Giles:**

That's correct.

**Dan Dickson:**

Yes. Our plan will be once we get into commissioning and into ramp up, we'll come out with 2025 guidance early next year. Ultimately, our feasibility study that came out in 2021, we updated that prior to start of the build or ultimately making our investment decision. Our cost per tonne at the time was \$81, and we fully understand that we've seen a lot of inflationary pressures over the last two years, and we've seen that at our existing operations, Guanaceví and Bolañitos.

As we get into going through all our budgeting and making sure our cost driver is right, it will take a little bit of time, and we want to make sure we understand all the numbers and then the timelines to come out with that. If you can bear with us, we expect them to come out, like I say, in January, February of next year.



**Nick Giles:**

Fair enough. No, I appreciate that. If I can squeeze one more in, maybe a question for Elizabeth. It would be great to get your perspective on target liquidity, cash on balance sheet, just as Terronera reaches full run rates?

**Elizabeth Senez:**

Yes. As you saw, at the end of September we had \$55 million in cash and then obviously during the month of October, we've been continuing to build Terronera. But what we're seeing is that a lot of the deposits that were made in advance with our vendors are now being applied to our activities, so the cash burn at Terronera has been slowing down. We do anticipate a smooth cash position as we move into 2025 and start that ramp-up process and to see cash flows coming in at Terronera early in 2025.

**Nick Giles:**

Great. That's super helpful. Dan, Elizabeth, Don, to you and the rest of the team continued best of luck. Thanks so much.

**Dan Dickson:**

Thanks, Nick. Good questions.

**Operator:**

The next question is from Nicholas Clarke with TD Cowen. Please go ahead.

**Nicholas Clarke:**

Hi Dan and team. Thanks for taking my questions. Nick Clarke here, asking on behalf of Craig Hutchison.

Just one question if I could circle back on Terronera and maybe this is just a little more of a clarification, but if we're looking at about 99% of that \$271 million budget being committed currently, would it be fair to kind of think of that remaining 23% left on fiscal completion as being covered by those commitments, or would there be a little bit of a delta there? Thank you.

**Dan Dickson:**

Yes, I'm happy to answer that. Libby and Don are sitting right now in Mexico. Ultimately, of the \$270 million committed and the \$258 million spent, the \$258 million spent includes prepays and advances that Libby touched on with Nick Giles' question there. Ultimately with what's left—and it's a very dynamic question because we have a lot going on with regards to our LNG vaporization plant. Ultimately, we've been saying to the market that's going to be ready in 2025. We're hoping by the end of the first quarter, but we could ultimately be in commercial production before that's completed. We have the embankment on our tailings dam. Originally, it's estimated to be \$40 million in that \$271 million, and we think we can start up with a lower embankment. Of course, we are trying to hit what our percentage completion was or actual expectation and then mine development. Depending on that commissioning timeline, it's difficult but we do know we're in the ballpark. We're not coming out with a commitment of exactly what our spend will be, but we're on a good track right now.

**Nicholas Clarke:**

Got it. Okay. Thank you. Just to clarify, if you look at 77% of \$271 million, that's around \$209 million, but that is not suggesting that you guys are \$50 million off of where you were hoping to be?

**Dan Dickson:**

Correct.

**Nicholas Clarke:**

Great. Thanks, guys.

**Operator:**

The next question is from Jake Sekelsky with Alliance Global Partners. Please go ahead.

**Jake Sekelsky:**

Hey Dan and team, thanks for taking my questions.

**Dan Dickson:**

Happy to take your questions, Jake.

**Jake Sekelsky:**

Can you just provide a bit of colour on the return to steady-state at Guanaceví? Maybe on the timing and any hiccups you think you might encounter getting back to more normalized levels.

**Dan Dickson:**

Yes, I'll happily pass that to Don.

**Donald Gray:**

I think as Dan mentioned in the opening comments, our operating team did a really good job working on the milling circuit and keeping that going. Also, they've done equally as good a job on the repair work, maintaining close contact with the foundry because we did have to have some things put together and that's continuing like we planned. So I think we're in good shape. We have the contractor lined up for when the parts get there and the components, and we don't expect any glitches there.

**Jake Sekelsky:**

Okay, that's helpful. Then just in a broad sense, with where precious metals prices are, I'm just curious, has that caused you guys to revisit any of the near-term or medium-term mine plans at Guanaceví?

**Dan Dickson:**

Yes. That's a good question. It's something that we look at every year. It's that time of the year right now, budgeting and mine plans and finalizing those for next year. I would say even at Terronera, it's dynamic with where prices are. Obviously, in our resource models, we have indicated ounces, we have inferred ounces, and often we, as Endeavour with our underground mining, have brought in inferred ounces and indicated ounces into the mine plans. Sometimes potential ounces aren't even in our resource.

With higher prices, it allows us to go in some areas that we maybe abandoned in the past, and again, we're going through our resource update for 2024 or year-end 2024, and we'll come out with that probably in our MD&A or our information—our AIF ultimately for year-end.

**Jake Sekelsky:**

Okay. Thanks for that. That's all for me. Thanks again.

**Dan Dickson:**

Thanks for the questions, Jake.

**Operator:**

Once again, if you have a question, please press star, then 1.

The next question is from Stephen Soock with Stifel. Please go ahead.

**Stephen Soock:**

Hi, Dan and team, congrats on a good quarter despite some operational challenges. Kudos to all of you.

Just wanted to ask about the underground at Terronera. Has there been any test mining or update on how the ore body underground conditions look compared to expectations now that you're well into it? Maybe just kind of as a follow-on, how comfortable are you with the amount of underground development established now that we're just ahead of the start of production?

**Dan Dickson:**

Great question, Stephen. I'll let Don respond.

**Donald Gray:**

Okay. We have developed an area to do a test stope. We're actually close to beginning some blasting in that stope and extracting the ore. The good thing is that area, it will be a long-hole stope in that area. Originally in the feasibility, it was cut-and-fill. We have seen ground conditions in the mine better than what—in the veins, better than what we anticipated from the feasibility study. We've been looking at that, doing a lot of rock mechanics work and feel there's some upside there.

For the development, because we are finding more areas that we'll put in the mine plan as long-hole stoping, that just takes the pressure off of so much development to get the cut-and-fill stopes ready. We'll be in good shape.

**Stephen Sock:**

That's great to hear and hopefully continues. I know that would have really positive implications on your ASIC number if you're able to cut down that life-of-mine development with a few more long-holes down, so that's great.

Maybe just on a bit of a different note, can you just give us a quick update on what's happening at Pitarrilla and maybe just what to look forward to there through 2025 at a high level?

**Dan Dickson:**

Yes, it's a great question, actually, Stephen.

Ultimately, which was in our original guidance for the year, we're going to spend about \$5 million at Pitarrilla advancing an underground ramp that we had towards what's called our Manto Zone. Then we feel like there's some feeder structures there. We've been drilling there for the last almost three months and we should have news out on Pitarrilla in the coming weeks to push that forward.

Ultimately, we really believe in what we have at Pitarrilla. We think ultimately what we purchased two years ago from SSR Mining is a special asset. For those that aren't familiar with Pitarrilla, we have 600 million ounces of silver defined plus zinc and lead. Ultimately, we've been looking at Pitarrilla as an underground operation or potential for an underground operation, and like I say, we should have some news out on that in the next couple of weeks.

Great timing for that question, Stephen.

**Stephen Sock:**

Perfect. I'll stay tuned. That's it from me, guys. Appreciate the colour.

**Dan Dickson:**

Thanks for the questions.

**Operator:**

This concludes the question-and-answer session. I would like to turn the conference back over to Dan Dickson for any closing remarks.

**Dan Dickson:**

Thank you, Operator, and thanks for everyone attending our Q3 financial call.

Like I said at the beginning of our call today, it was a bit of a challenging quarter with the trunnion. I think our operating team did a phenomenal job to mitigate that as best we could. Terronera continues to be on track and we're excited to see what Q4 and 2025 brings for the Company. Thank you everyone for attending.

**Operator:**

This brings to an end today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.