



Endeavour Silver Corp.

Second Quarter 2025 Financial Results

Conference Call Transcript

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Speakers: **Allison Pettit**
Vice President of Investor Relations

Dan Dickson
Chief Executive Officer

Donald Gray
Chief Operating Officer

Operator:

Welcome to the Endeavour Silver Second Quarter 2025 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 one on your telephone keypad. Should you need assistance during the conference call, you may signal an operator by pressing star, then zero.

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

Allison Pettit:

Thank you, Operator, and 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 [edrsilver.com](https://www.edrsilver.com).

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

Dan Dickson:

Thank you, Allison, and welcome everyone.

Q2 marked an eventful quarter for Endeavour Silver. The commissioning of Terronera, the acquisition of Kolpa and its ongoing integration, this is transforming our company. As we move forward, our focus remains firmly on achieving commercial production at Terronera.

In Q2, Endeavour produced 1.5 million ounces of silver and 7,800 ounces of gold totalling approximately 2.5 million silver equivalent ounces including some of our base metals now. This represents a 13% increase compared to Q2 of 2024 with the inclusion of our new mine in Peru, Kolpa.

We reported revenue of \$85 million, an increase of 46% compared to prior year, benefitting from the higher precious metal prices and increased production. Mine operating cash flow before working capital changes rose by 21%, while operating costs remained below guidance with cash costs coming in at \$15.35 per ounce of payable silver and all-in sustaining costs were \$25 or \$0.16 per ounce net of byproduct credits.

Direct operating costs per tonne were relatively flat compared to the same period last year. Mine operating earnings decreased to \$7.7 million from \$10.2 million in Q2 of 2024, impacted by a \$6 million loss at Terronera during the commissioning phase and increased depreciation.

The Company reported a net loss of \$20 million for the period, primarily due to Terronera's operating losses during commissioning, increased G&A related to the acquisition of Kolpa, a \$10 million noncash loss on derivatives with increased depreciation and tax expenses during the quarter.

As of June 30, the Company's cash position was \$52 million, however, working capital was negative. If we excluded the noncash derivatives, there is a \$14 million surplus. This is by design with Terronera nearing commercial production.

On August 5, the Company gave an update on throughput and recoveries as the mine makes its way towards commercial production. With throughputs averaging between 1,900 and 2,000 tonnes per day, and silver and gold recoveries averaging 71% and 67% during the second half of July, the Company will be introducing higher-grade material to help enhance recoveries and sustain the designed throughput of 2,000 tonnes per day. With ramp-up advancing, Terronera continues to move closer to commercial production, adding a long-term asset to our portfolio while reinforcing the Company's position as a leading mid-tier silver producer.

Since the Minera Kolpa transaction closed on May 1, integration of the new asset and teams has been going well. The Company has continued to work on validating and updating the historical resources prepared by the previous owners and, as such, is unable to provide production guidance for Kolpa until a current 43-101 resource exists. However, management expects a similar production profile to Kolpa's 2024 annual production of 5 million silver equivalent ounces. Kolpa's May and June production annualized, our production output track to

align with Kolpa's historical performance which would be annualized at 4.8 million ounces of silver equivalent production.

Kolpa has continued to assess and is planning towards a 2,500 tonne per day operation, and we've included additional capital in our outlook to achieve these production levels next year.

When combined with Guanaceví and Bolañitos, and with Terronera coming online in the near term, Endeavour is on track to achieve an annualized production profile of 20 million silver equivalent ounces and expects that in 2026.

Lastly, before we open this call to questions, we continue to advance the Pitarrilla project. Exploration work is focused on upgrading Inferred resources to Indicated and engineers are working on various studies to support tailings dam permits and an economic study.

Again, it's been a very eventful and busy quarter, and with that, I'm happy to open this 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 one on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. We will pause for a moment as callers join the queue.

The first question comes from Heiko Ihle with H.C. Wainwright. Please go ahead.

Heiko Ihle:

Hey there, thanks for taking my questions and congratulations to Allison for becoming part of the management team. Well done.

Dan Dickson:

Thanks, Heiko.

Heiko Ihle:

Of course. Gladly. Commercial production at Terronera is obviously nearing. In your experience and just knowing exactly what goes on at the site on a daily basis, can you maybe just give a bit of colour on what you're seeing there right now? I mean your release you discuss 71% silver recoveries and 67% gold recoveries, but these figures are from two weeks ago. The same thing with the 1,900 to 2,000 tonne per day throughput rate. Any idea what we're seeing this week more recently? Then more importantly, is the ramp-up going faster than what you had previously thought, because it's sure quicker than what we had in our model.

Dan Dickson:

Yes. Thanks for the questions, Heiko. I mean I'll be able to answer that past one. We had always said we thought we could be—get through commissioning and ramp up in a relatively short period of time. Obviously, we were targeting kind of a commercial production July 31, and we're very close to that. We really wanted to see our recoveries kind of getting within kind of 90% of the historical life-of-mine recoveries. If I recall correctly, over life-of-mine for Terronera in our optimized plan it was about 88% or 89% recoveries of silver and 76% to 78% recoveries on gold. Obviously, we have kind of reached that from a gold standpoint. Silver grades have been slightly lower just on some of the ore, lower-grade ore that we're putting that through.

Then some design, not necessarily modifications, just getting the SAG mill and the ball mill to grind size as designed, and with the grind size coming down we'll see increased recoveries on silver.

As far as the last couple of weeks on site, I haven't particularly been there, so there's nothing that I'm seeing. But on a daily reporting standpoint, we did bring back our tonnes a little bit, just to focus on recoveries and make sure we get that grind size that we need again to align to the recoveries that we expect in the feasibility study and on the work we've subsequently done.

I don't know—I've got Don Gray sitting here with me. I don't know if you have anything to add to that, Don, with regards to what's happening on site and things that we're seeing?

Don Gray:

Yes. I think, like Dan said, the focus right now is on getting especially our grind size to the

design criteria that we had from the met testing. The ore is very grind size dependent versus dependent on other things like reagents and things like that. As we get the grind size zeroed in, like on the SAG mill, we'll see good recoveries on the flash cell, for example. That's what they're focused on that site and they're really zeroing in on that now.

Heiko Ihle:

Okay. I know this was a lot, so I'll keep the other one very brief. Just conceptually with Minera Kolpa, the integration I assume has taken a decent amount of everybody's time here on this call. Is that making you essentially unable to go after another target, or are you still looking for additional things? Meaningful acquisitions that are out there. Thank you very much.

Dan Dickson:

Yes, no problem, Heiko. It's a good question.

There's only so much capacity that we can pick up as a management team and definitely when we announced the acquisition of Kolpa on May 1, and obviously—or April 1 and closed it on May 1, it takes up some of our executive time. The one thing that is great about Kolpa is its management team; it reported into two groups. One was a closed-end fund and the other was a property management or a real estate company that was actually listed in Lima. So they do have the administrative capabilities to kind of report in to us. We didn't have to add a lot of bodies.

Obviously, probably been working our team a little bit harder than what they want and what I want, but there's certain times in a company's history that those opportunities present themselves and we took a kick at it.

Are we done? We're not done. We need a bit of a breather. We really need Terronera to be in commercial production and cash flows to—for it to generate positive free cash flow, improve our balance sheet forward and ultimately pay down debt and then focus on building our balance sheet to be able to take on something like Pitarrilla.

But Dale, our VP of Corporate Development, continues to review things. We've had a lot of various assets or various opportunities coming to our desk in Peru now just because of that acquisition. But we need a bit of a breather. We need to get where we need to be and then

obviously continue to see something that—what we'd want to be as accretive and makes sense for Endeavour and to stay silver focused and continue to grow the Company.

Heiko Ihle:

Perfect. I'll get back in queue and stop hogging the queue here. Thanks a lot and congratulations again.

Dan Dickson:

Thanks, Heiko.

Operator:

Our next question comes from Wayne Lam with TD. Please go ahead.

Wayne Lam:

Thanks. Good morning, guys. Thanks for taking my questions. Maybe just a follow-up at Terronera. Obviously, a lot of focus around the impending commercial production announcement. I guess with the tonnage being essentially over 90% in the month of July of design capacity, just to clarify, you guys are just kind of trying to optimize the recoveries to get closer to design and that's the only, I guess, impediment to a commercial production announcement? Or is there anything else? And just curious...

Dan Dickson:

No. Yes, that's it, Wayne. I mean, we don't want to pigeon hole ourselves to that. From a concentrate spec standpoint, we want to hit that, but we're generally there, so it really comes down to hitting recoveries, getting design—the grind size down to design and need it for recoveries. We expect that relatively short. We're moving in a good direction and hopefully we're close.

Wayne Lam:

Okay. Yes. It seems like you guys are on the verge of an announcement and given the expectation that the recoveries would also improve alongside the grade as well.

Maybe turning to Kolpa, the operating cost per ton this quarter seems to be a little bit higher relative to those under the prior operator in the past two years. Just wanted to ask what's driving

that, and should we anticipate that to come down as you guys kind of sink your teeth a little bit more into the operations of the mine?

Dan Dickson:

Yes. Obviously there's integration costs that are flowing through in May and June. When someone comes in, obviously additional flights, everybody is trying to—whether it's IT systems, some of that gets expensed through that development, changing their accounting policies, a little bit of understanding everything. Obviously, our expectation is to be more aligned to what they did in 2024. There is obviously inflationary pressures when a new company comes in; they have additional asks. We want to be good custodians of that mine and kind of support them and there's some things we want to improve, but honestly, they did everything really well.

If we stayed at 2,000 tonnes for the next six months, I'd expect costs to come down and more aligned to 2024. But again, we are looking at going to 2,500 tonnes. We have put in kind of growth capital in our outlook. We haven't completely finalized when that's going to occur; some permits are required for that, but we do expect kind of an increase. And hopefully, next year, sometime in 2026—we're at 2,500—maybe it starts earlier, but we don't have enough information to kind of define that timeline exactly yet.

Wayne Lam:

Okay. Got it. Yes, I guess that would be my last question. Just on that comment on the expansion, which you guys had kind of telegraphed as a potential optimization at the plant on the acquisition announcement.

In terms of getting to the 2,500 tonnes a day, what is—I guess, is that \$12.5 million the incremental capital that you would need to get there? Then on the permitting side, what exactly would be needed for that incremental expansion?

Dan Dickson:

Yes. The \$12.5 million is the incremental cost required to get there. In our sustaining capital, we've included some capital in the sustaining that if we didn't do an expansion it still would contribute to 2,000 tonnes per day, so le. mine development or partly with tailings expansion.

But there are parts of it, ie. installing flotation cells and the actual mill that is that \$12.5 million. They have the permit to expand. They need the permit to operate. I'll let Don clarify.

Don Gray:

Yes. That correct. It's in the process, and of course you know in different countries different agencies approve like the environmental permit and then approve the operating permit. That's kind of where we're at on some of the expansion items.

Wayne Lam:

Okay. Perfect. Yes. It seems like a well timed transaction and certainly looking forward to the optimization ahead. Thanks for taking my questions.

Dan Dickson:

Thanks for the questions, Wayne.

Operator:

Our next question comes from Nick Giles with B. Riley Securities. Please go ahead.

Female Speaker:

Hi team. This is Sandaria (phonetic 16:11) here on behalf of Nick Giles from B. Riley Securities. If I may, I just wanted to touch on the financials. How are you thinking about hedging on a go-forward basis given that the equity appears to be impacted by the volatility in financial statements?

Dan Dickson:

Yes. Yes, I'm happy to answer that. Right now, we do have some hedge contracts on our balance sheet. We have 68,000 ounces of gold that we sold effectively at \$2,325 in March 2024. That's our derivative liability and ultimately our derivative loss.

Our preference is not to hedge precious metals. Obviously, we're a silver company. We believe people that want to buy the Endeavour name and play, first and foremost their hypothesis is silver is going up. If you think silver is going down, I don't think you should buy a silver company and we want to give that exposure to our shareholders.

We do have some collars put in place that we did this quarter. We collared about 990,000 ounces of silver between \$31 and \$42. That's all designed around our lending facility, similar to our 68,000 ounces of gold. But as we start getting to cash flow at Terronera and start paying down that debt, I wouldn't expect us to really do any hedge programs around silver and ultimately precious metals.

Female Speaker:

Thank you. That's helpful. Just maybe one more on the working capital side. How should we think about working capital over the second half of 2025? Should we expect a release soon this year, or it would be more towards achieving the throughput targets or...?

Dan Dickson:

Yes. I mean it's all tied to commercial production. Terronera and the cash flow that Terronera is going to generate. Obviously, as I said kind of in my spiel before the questions, it was by design that our working capital is going to get this low. I mean we have \$52 million in cash, but we do have a significant payables and that's all part of building a mine and getting through commissioning and getting to positive cash flow.

Our expectation is Terronera gets to positive cash flow and that working capital improves over the next two quarters, three quarters and beyond that and we start lowering our debt that we're carrying, and then ultimately looking at next transaction or next build. But again, expect working capital to improve in the second half of the year as Terronera goes into production.

Female Speaker:

Thank you. I'll turn it back.

Dan Dickson:

Thanks for the question, Sandaria.

Operator:

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

Our next question comes from Phil Ker with Ventum Financial. Please go ahead.

Phi Ker:

Thanks, Operator. Just a couple of questions on my end. Dan, at Bolañitos, the mill underperformed on the back of some component replacements. Has the throughput normalized now?

Dan Dickson:

Yes, it's a great question. I'm glad you brought that up, Phil, actually. You're right. Our throughput out of the mill in Q2 was lower than what we've seen over the last four or five years. Replaced some parts in the crusher, replaced the motor on one of the mills. It costs us about 10 to 12 days. We are back up to the 1,200 tonnes per day. Ultimately, our cost of Bolañitos were higher because of that, just with the lower throughput—same amount of costs over less tonnes.

Obviously, Bolañitos is in a big part going forward, but it's still important. They're a phenomenal little mine. It's been scrappy and continues to find resource and extend mine life and good cash costs, so we expect Q3 and Q4 to be back in line.

If you look at our guidance between Guanaceví and Bolañitos in January and where we're at, we're right in that range with Bolañitos being slightly behind plan, but again, we expect that to catch up here in Q3 and Q4.

Phil Ker:

Perfect. That's great. Over at Kolpa, now that you've taken the keys and gotten under the hood a little bit more, assuming that maybe you've dove into some of the exploration potential there, have you had a little bit more boots on the ground and evaluated some of the targets and opportunities there? And if you could highlight some of those for us that would be great.

Dan Dickson:

Yes. Yes. That's another great question. Obviously, when we bought Kolpa, we had explained to kind of our audience that we really like the exploration potential. Luis Castro, our Senior Vice President of Exploration has been down there a couple of times. We are kind of aligning. And where we thought we could bring a lot of value was exploration and kind of coming up with a more systematic approach, a lot more surface work. They did a lot of what we see in Latin America, following the vein. It pinches out and doing cross-cuts underground. Luis is kind of trying to get them to go back to surface and do some geochem, geophysics, and identify that

way with surface work, and then be more systematic about how we're drilling and what we're doing that.

Assays have to go out to third parties so we can include that into our current resource. They've been putting it into their assay labs, so we are kind of reorganizing the exploration group. We do expect to get some exploration results out relatively soon. There's a vein called (Inaudible 21:52) West that we touched on, on acquisition. We've seen good grades and good widths, but again, we want to get kind of a group of holes together so it's actually meaningful, and we expect that to be out in the next couple of weeks.

Things have been aligning exactly as to our expectation. When I say next couple of weeks, I mean sometime by mid-September. I'm getting eyes from our staff.

Everything is lining up to our expectation. Work needs to continue to be done, but we're happy with the acquisition as it is now.

Phil Ker:

Very good. Fair to say that as you prioritize and evaluate the various targets that maybe a little bit more aggressive efforts will be laid out in 2026?

Dan Dickson:

Yes. I mean under the agreement, there's a contingent payment of \$10 million based on the resource that we publish. If publish \$100 million to \$120 million, we pay a sliding scale payment up to \$10 million. We have to spend \$12 million on exploration over 24 months, so over that two-year period. Otherwise, if we don't spend that \$12 million, that goes towards the \$10 million payment. So we expect a program of \$12 million over the next 24 months.

Phil Ker:

That's a great refresh. Appreciate that, Dan.

Dan Dickson:

No problem.

Phil Ker:

That's it for me, Operator. Thank you.

Operator:

Thank you.

Dan Dickson:

Thanks for the questions, Phil.

Operator:

Our next question comes from Alex Terentiew with National Bank. Please go ahead.

Alex Terentiew:

Hi guys. Thanks for taking my call. I apologize if you already answered this question. I'm travelling at the moment, so I just got on a bit late. But at Kolpa, on the expansion that you said that development capital you're spending about \$13 million this year or that's your guidance. Does that mean there is going to be more for an expansion to get 2,500 next year? I'm just trying to understand kind of timing of getting there, what would be required to operate at those levels.

Dan Dickson:

Yes. So what we've included in our disclosure, ultimately we have \$18 million in sustaining capital and \$13 million in expansion. That \$18 million, as I say, includes expansionary stuff, but if we didn't expand, it's part of sustaining and that has value going forward. The \$13 million is effectively size and scale of the tailings, filter press and installation of the mill and flotation cells, and we talked about that a little bit earlier.

We do expect that to get to 2,500 tonnes per day. As I say, it's just a question on timing and Don is hoping to—there are some operating permits that are needed that are expected relatively soon, which impacts that timing. But we could get that all done and get to 2,500 if everything is aligned perfectly this year.

Is there any other capital, Don, do you think that we would need next year?

Don Gray:

We're going through the budgeting right now, so we'll be evaluating that. The major push is for this expansion capital and getting that completed on time. That's our big push right now.

Alex Terentiew:

Okay. Makes sense. Good, thank you.

Dan Dickson:

Does that help clarify? Clarify everything for you, Alex.

Alex Terentiew:

Yes, that's good. I was kind of assuming a bit more spending next year, but it seems like you've brought forward some of that this year instead, so that's fine.

Dan Dickson:

You're correct, actually, on one of those things that maybe we spoke on in the past. The tailings facility and the expansion, that was not originally in our forecast on May 1. Because of rainy season and timing, we did bring some of that forward to try to get that done before rainy season just for efficiencies.

Alex Terentiew:

All right, perfect. That's it for me, Operator. Thank you.

Dan Dickson:

Thanks for the questions, Alex.

Operator:

Thank you. To ask a question you may press star, then one.

Our next question comes from Craig Stanley with Raymond James. Please go ahead.

Craig Stanley:

Thank you and hi all. A couple of quick questions for me. Terronera, how are the filter presses working?

Dan Dickson:

Well, thanks for the question. They're working really, really well. It took about a month to get the first filter press going. As you know—for those that don't know, we have about 4,000 tonnes of capacity on our filters presses at the back end of the plant. We wanted to make sure we had redundancy for start-up and obviously into operations and eventually if we ever needed to increased production. So we have two kind of twin filter presses that do 2,000 tonnes per day each, we call it Filter Press 1, Filter Press 2, nothing special with that.

With Filter Press 1 getting up and commissioning, we were taking sensors and parts from Filter Press 2, and it took about a month to get it commissioned and operating as we expect it. And then Metso provided the parts and sensors that we needed for Filter Press 2 to get that going and that took about only a week to get up and commissioning and operating. We've switched between 1 and 2. And as you saw, like I say, we saw our numbers for July and the filter presses have gone really well.

We bought a bunch of cloths early on. We've been lucky in the sense that the first cloths we put on the filter press has gone well. The concentrate filter, we started up. We got our output pretty good. We're still working on some kinks there and starting to change some cloths with regards to the specs of the concentrate. But I think—and Don will touch on this—ultimately, I think it went a lot smoother than what we expected, which is a pleasant surprise.

Don Gray:

Yes. I think anyone that's been involved historically with filter press commissioning and operation sometimes is the bottleneck for your production. Once it got up and running, it just wasn't, neither the tailing or the concentrate filters. Now the concentrate filter is running really well, we're getting good moisture content, getting good moisture content on the tailings filter. So, it went really well. We're really pleased with the performance there.

Craig Stanley:

Thanks. Kolpa, when would you think you'd put out a press release with the results of an updated technical report? The actual—or the initial 43-101, I guess, under you guys.

Dan Dickson:

Yes. On acquisition we actually put out a 43-101; it just had no resources and referred to the

historical resources. We've engaged SGS to kind of go through that and we have to twin holes. There's work to be done to validate all the work that they have historically done and obviously we want to make sure that number aligns a little bit to what we expect it with their historical resource, and that's going to take some time. It's probably mid-2026. We tried to really push for the beginning of next year, but it looks difficult to get it done for that soon, so we'll see. We got—like I say, we know what we're doing. We have an operating plan, but just to get clarity out there and in the marketplace, we want to make sure we get that current resource out there. It's just going to take some time.

Craig Stanley:

Okay. Then just finally, Pitarrilla. Is an updated study still coming out here? In the early new year.

Dan Dickson:

Early New Year is probably optimistic at this point just because Terronera split a little bit on us, and we want to move some bodies from Terronera into the Pitarrilla. We do have various engineering groups, SRK, SGS, working on studies. The biggest thing that we've been focusing on is the tailings dam and the tailings dam site, so we can get that all that work done, part of that study and then ultimately into the government that is the one key permit that's needed. Again, for everybody on the call, we have AMEA (phonetic 29:40). We have our environmental impact assessment there. We have a permit to build the plant. We have permit for mining underground. We've got a 2-kilometre adit already into Pitarrilla. The biggest bottleneck from a permitting standpoint will be the tailings dam. We own over 5,000 hectares there. It's in a great jurisdiction, great state of Durango in Mexico. So it will take a little bit of work, but we feel like we'll be able to get that permitted and then hopefully moving and continue to advance Pitarrilla.

Craig Stanley:

Awesome. Thanks for answering my questions.

Dan Dickson:

Thanks for the questions, Craig. Hope it's all well.

Operator:

Thank you. Ladies and gentlemen, if you have a question, please press star, then one.

We have no further questions at this time. I would like to turn the conference back over to Dan Dickson for any closing remarks.

Dan Dickson:

Thanks, Operator. Thanks to all our shareholders. As you know, Q2 had a lot going on and we're getting very close on Terronera. We completely realize as a management team that the focus is on Terronera and delivering commercial production and ultimately cash flows. And ultimately getting Terronera to what we expect it can do. And beyond that, growth with Pitarrilla. But with Kolpa coming in and Guanaceví and Bolañitos continue to perform, we are on a track to improve our balance sheet significantly here over the next six months and then hopefully continue to grow after that.

Have a good day and talk to everybody soon.

Operator:

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