



Endeavour Silver Corp.

Fourth Quarter and Year End 2024 Financial Results

Conference Call Transcript

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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 2024 Year End 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, Director of Investor Relations. Please go ahead.

Allison Pettit:

Thank you, Operator, and good morning, everyone.

Before we get started, I'd 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.

On today's call, we have Dan Dickson, Endeavour Silver's Chief Executive Officer, Elizabeth Senez, our Chief Financial Officer, and Don Gray, Endeavour's Chief Operating Officer. Following Dan's formal remarks, we will open the call for questions.

Now, over to Dan.

Dan Dickson:

Thank you, Allison, and welcome, everyone.

As we commence this year's earnings call, it's important to acknowledge the dynamic landscape that shaped the mining sector in 2024. Gold prices surged 27%, closing the year at \$2,624 per ounce, the largest annual rise since 2010. Gold hit a record of \$2,786 per ounce in October, and surpassed \$2,900 earlier this year, due to the global tensions, economic slowdown fears, and concerns over U.S. trade policies.

Silver often mirrors gold's movement, and we expect this correlation to continue. Silver's rise



has been driven by industrial demand and supply constraints. The global shift to electrification, renewable energy and electric vehicles is driving demand for silver in solar panels, batteries and key technologies. At the same time, supply deficits have emerged, as new production struggles to keep pace with mine depletion. Rising industrial demand and supply changes continues to put upward pressure on silver prices. We also expect demand as a safe haven asset to have a greater impact on the silver market going forward. Endeavour Silver is well positioned to benefit from these favourable market dynamics.

Now, let's discuss production in more detail.

In 2024, Endeavour Silver produced 7.6 million ounces of silver equivalent, achieving the higher end of the revised guidance range of 7.3 million to 7.6 million ounces. Guidance was lowered in Q3 2024, due to a trunnion failure at the Guanacevi mine, which impacted throughput from August to December. The team worked tirelessly to resolve the issue, and by December, Guanacevi resumed operations at its usual rate of 1,200 tonnes per day. I'd like to extend my sincere gratitude to our Operations Team for their swift and effective actions in overcoming this challenge.

While Guanacevi had its challenges, Bolañitos continued to remain steady, with increased gold production driven by higher gold grades, offset by the lower silver production due to slightly lower silver grades.

In 2024, the Company reported total revenue of \$218 million, up 6%, compared to 2023, with cost of sales of \$176 million, mine operating earnings of \$42 million, and mine operating cash flow of \$72 million. Endeavour recognized an adjusted net earnings of \$8 million, or an adjusted earnings per share of \$0.03, after excluding loss on derivative contracts, mark-to-market deferred share units, gain on disposal, and unrealized foreign exchange and investment losses. Cost of sales increased approximately 4%, compared to the previous year.

While there are a number of drivers, including lower economies of scale from lower throughput, fixed costs incurred during the trunnion failure at Guanacevi and inflationary pressures early in 2024, the Company did benefit from the weakening of the Mexican peso in the second half of the year. Direct operating costs per tonne were up 8% for the year, primarily due to the lower throughput at Guanacevi.



Consolidated cash costs per ounce, net of by-product credits, decreased by 4% to \$12.99 in 2024, predominantly driven by higher by-product gold sales.

All-in sustaining costs increased by 4% to \$23.88 per ounce, compared to the prior year, again due to lower production of silver ounces, partially offset by the lower cash costs.

As of December 31, 2024, the Company's cash position was \$106 million, with working capital of \$79 million. Cash and working capital saw an increase in Q4, following a \$73 million deal financing aimed at advancing the Pitarrilla project and strengthening general working capital.

As a reminder, Pitarrilla is the Company's next major growth project. Located in Durango, Mexico, it's one of the largest undeveloped silver deposits globally, with nearly 600 million ounces of silver. The Company has allocated a \$26 million budget to advance exploration, evaluation efforts and underground development. This includes drilling and technical studies aimed at supporting an economic assessment by Q1 2026.

While progress continues at Pitarrilla, the Company's primary focus remains on bringing Terronera online in Q2 2025. As of December 31, 2024, overall construction at Terronera reached 89%, with \$302 million allocated budget spent. The total estimated project cost is \$332 million, as announced by the Company earlier this year.

During the fourth quarter, 1.7 kilometres of underground mine development was completed, for total project development of 7.2 kilometres. The underground explosives magazine storage permit was also approved, improving development efficiencies. Most of the upper platform construction was complete, with final punch list items to be addressed before being handed over to the Commissioning and Operations Team. The main area of focus continues to be the lower platform area, which was 42% complete at the end of the fourth quarter.

The tailings storage facility's main embankment reached 1,185 metres at elevation, and the tailings filter swing plates were installed, and the first floor concrete was poured. The structural steel installation advanced to the second floor, preparing to install the filter press, again, as of the end of the fourth quarter. The advanced pond liner was installed and completed in January of this year, and the upper surface water diversion canal was nearly 90% complete.



As we approach the wet commissioning phase at Terronera and to prepare to bring Endeavour's next operating mine online, key critical path items include the tailing filter presses, which are on track for completion mid-April.

Twenty twenty-four marked a pivotal year for Endeavour, and 2025 promises to be a transformative milestone for the Company. We extend our sincere gratitude to our shareholders and stakeholders for their steadfast support as we embark on this new era of growth and operational efficiency. As we advance, we remain committed to delivering sustained value, achieving operational excellence and fostering a sustainable future for all our partners.

For a more 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 this up to questions. Operator, please proceed to our Q&A session.

Operator:

Thank you. To join the question queue, you may press star, then one your telephone keypad. You will hear a tone acknowledging your request. If you're using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two.

The first question comes from Nick Giles with B. Riley Securities. Please go ahead.

Nick Giles:

Yes, thank you very much, Operator. Good morning, everyone. Guys, congrats on all the progress. I guess my first question, I wanted to work backwards a little bit and start with Pitarrilla. Could you remind us of CapEx in 2025, and then, how could we see that step up in 2026? Thanks very much.

Dan Dickson:

Yes, good question, Nick, and thanks, thanks for the positive comments. Pitarrilla, as you'd slightly know, we have a \$26.6 million budget there in 2025. Ultimately, most of that budget, as



regards, \$10 million is allocated to drilling and \$16 million is allocated to various budget items, or capital items, like mobile equipment and mine development, and further evaluation and studies for an economic assessment, that we expect to deliver in Q1 of next year. Ultimately, we're focused on 2025, so we don't have capital expenditure planned for 2026, until we see that feasibility study completed. But, as I touched on, it is what we expect to be our next growth asset, and fully expect a positive result from the economic assessment, but we can't really say much until we get there.

Nick Giles:

Fair enough, I appreciate that, Dan, and then maybe just on Terronera, apologies if I missed it, but should we still think about commercial production in the third quarter? Then, are there any other puts and takes that you'd highlight, just from a cost perspective, for the balance of 2025?

Dan Dickson:

Yes, we haven't come off our \$332 million budget. Things have been tracking extremely well, since our news release January 8 identifying timeline of early Q2. We are on track for that. We expect it to go to wet commission at the end of April. Everything is tracking well. Ramp-up is expected in Q2, and ultimately commercial production for Q3.

Nick Giles:

Dan, good to hear. I'll turn it over for now, but keep up the good work.

Dan Dickson:

Thanks, Nick.

Operator:

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

Wayne Lam:

Okay, great, thanks, guys. I'm just wondering if you could talk a bit about the cost pressures you're seeing in Mexico. I'm just wondering how much exposure you have to the peso, in general, and how much of those pressures might be offset by the weakness seen in the local currency.



Dan Dickson:

Yes, that's a very good question. Obviously, there's a lot of concern around the world right now, especially in North America, with what seems to be a tariff war that's been kicking off. We've taken a lot of questions with regards to the cost pressures that will put on our operations in Mexico. Then, ultimately, what that means from a currency standpoint, and probably expectations that you'll see more devaluation in the Canadian dollar and the Mexican peso.

From a Mexican peso standpoint, about 33% of our costs are tied to labour, and that's been generally the case at Guanacevi and Bolañitos for the last 15 years, and we expect that similar ratio at Terronera. From the remaining costs, the 67%, historically, it's been about 50/50 between U.S. dollars and pesos, and that moves back and forth. Roughly, about 50% to 60% of our costs are tied to the Mexican peso, and if we see further devaluation in the peso, obviously, that's going to benefit Endeavour from a cost standpoint.

From a supply chain standpoint, we still don't know if there'll be reciprocal tariffs put in place and what that impact has on costs. We don't think it'll have a significant impact, because after labour, power costs, which are obviously incurred in-country, is our second, and our third highest cost is actually cyanide, which we source out of Mexico, as well.

Again, it's all dynamic and things will change, but, ultimately, we've seen overall cost pressures decrease, primarily because of the devaluation in the Mexican peso over the last six months of 2024, and if that continues, I think that's a benefit for us on cost per tonne basis.

Wayne Lam:

Okay, perfect, thanks for the detail. Then, maybe, at Terronera, how have things progressed with the construction of the E-houses? With the tailings construction, are the filter presses the remaining bottleneck here and once that's completed in mid-April, you guys roll right into commissioning?

Dan Dickson:

Yes, our E-houses are in place. I don't think there's much more to add to that. As you're probably aware, Wayne, we have an LNG vaporization plant, that we will be building, and that will go into, ultimately, Q3. But, again, we're on diesel gensets as we start up, and until that LNG vaporization plant is complete.



You're correct to say it's the filter presses, that is the bottleneck, that's a critical path item. Our concentrate filters are coming to completion here in March, and, ultimately, the filter presses, the structures, the steel structures have been in place, so it's really going to come down to electrical and piping. Then, ultimately, turning on both filter presses and start putting ore through, from crusher all the way onto that tailings dam.

Just as a reminder for those, at December 31, our upper platform was relatively complete and we were doing a lot of dry commissioning and pre-commissioning, and it was the lower platform that ultimately was the delay and pushed us into, effectively, Q2 2025. Again, from January till today, March 10, things have progressed right on plan. The filter presses, which was the critical path then, still remains the critical path now, and those seem to be going in relatively smoothly. Hopefully, in April, we can turn everything on and start putting ore, like I say, onto the tailings dam.

Wayne Lam:

Okay, perfect, and then maybe just last one for me. At Guanacevi, can you give us an idea of the difference in the royalty structure from the ore mine, from the El Curso concessions, and then, what percentage of feed to the mill is that expected to be this year?

Dan Dickson:

Yes, that's a very good question. El Curso, for those that aren't familiar with Wayne's question, is ultimately lease land that we signed in October 2019 with Minera Frisco, which is a company owned by Carlos Slim. We pay a sliding scale royalty there. When silver was below \$15, we paid 4% NSR, and it scaled all the way up to over \$25, which obviously where we sit now, and we pay a 16% NSR. It's a very significant royalty. It's north of \$55 per tonne, north of \$5 per ounce of silver, and about 80% of our production is coming from El Curso. We still have our Malache area, that we do source some ore from, and then we obviously have that purchased ore. It's a significant part of our cost structure, and, like I say, El Curso is over 80% of our actual production, Wayne.

Wayne Lam:

Okay, perfect. Thanks for taking my questions, and nice to see the share price performance today.



Dan Dickson:

Yes, thanks a lot for the questions, Wayne.

Operator:

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

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

Heiko Ihle:

Hey, Dan. Hey, team. Thanks for taking my questions, and congratulations on all of the progress on Terronera.

Dan Dickson:

Thanks, Heiko.

Heiko Ihle:

I'm going to do my follow-up first, because it actually goes well with the last question that was asked here. Your progress at Terronera, obviously, was 89.4% as of December 31. Is there anything that hasn't been physically received at the site? I mean, you discussed a filter press earlier, but that's, presumably, a component that's made specifically for you. I guess, have you anything stuck with customs, or anything stuck in the wrong village? You mentioned electrical and piping still needed, but I guess that's probably mostly just off-the-shelf stuff that's sitting in big boxes and just waiting, right?

Dan Dickson:

Yes, no, it's a very fair question, and as of January 8, when we put the news release with regards to our timing, and if you recall, there was a steel beam that wasn't onsite, that we just determined in December, and that got delivered early January. We went through that process of what else could be missing. At this point in time, we think everything is either onsite in our laydown yard, and that's, to be honest, what we thought back in December, so we've gone through and did a double-check on that.

As you say, the piping and electrical work, that's kind of off-the-shelf stuff, and progressing.



Everything's there that needed to get done for that filter press, and, again, targeting April for that to be turned on, so we can start wet commissioning.

Heiko Ihle:

Got it. I went through your release this morning and cash cost was all over the place. I did Control/F4, it was listed 21 times in the release. Costs were quite good, given the gold credits, and your figure used \$2,647 gold. We're at \$2,900 right now. But just maybe walk us through cash costs as Terronera comes online here in the very near future, and by quarter, maybe, for the remainder of the year as you see pricing from that side impact your Company cash costs. I guess what I'm saying is walk me through how we should model the ramp-up without specifically making you say that.

Dan Dickson:

Let me answer the first part of your—or second part of your question when it's company-wide. We put out guidance in January on all-in sustaining costs and cash costs. We did use a \$2,200 gold price in our assumptions. Obviously, if you take what we're at now, or even \$2,800, a \$600 difference there, times our 30,000 ounces of gold, that amounts to about \$18 million of credit. If we produce 7 million ounces, you're looking at almost \$2.50 to \$3.00 less, compared out our stated guidance. Now, we like to be conservative in our guidance, and maybe the \$2,200 was overly conservative, but, again, we started doing all that back in October or November of last year.

I think Guanacevi and Bolañitos can outperform, and the other side of that, Heiko, is that the Mexican peso, we, again, used an assumption of 18:1, and we've been sitting north of 20:1, and it seems to be the peso will continue to devalue from there. For existing operations, we've been there 19 years, 18 years, respectively. I think we have a really good handle on that. In our guidance, we were quite conservative, so it'll allow us to probably perform better than that, and that's just math and pretty straightforward.

With regards to ramp-up of Terronera, we're trying to be cautious with that, and as we come into ramp-up, we were going to put out more detail around (a) production totals for the year, for 2025, because it really depends on when we actually hit commercial production, whether that's July or August. Then with that, that drives that cash cost and our cost per tonne, how fast we



can ramp up. We're holding that back until the end of Q2, would be the expectation that we'd put that out in the marketplace.

I appreciate that you're asking the question of where we're going to be at right now, and I will still point to the feasibility study that showed that we had basically all the gold pace for the silver at Terronera. Our cost per tonne will be, obviously, a little bit higher in the first year as we work through things, but as we get to our 10-year mine life, we expect costs to line up, that it's going to be one of the lowest operating mines in our space—lowest cost operating mines in our space.

Heiko Ihle:

Very helpful, very comprehensive answer. Again, congratulations, and I'll get back in queue.

Dan Dickson:

Thanks, Heiko.

Operator:

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

Craig Stanley:

Thank you, and thanks for taking my call here. Terronera, you're coming out with an economic assessment. What form will that take, a PEA or PFS, and will the results be announced to the market?

Dan Dickson:

Yes, Craig, thanks for the question. We are trying to track towards a feasibility study. We just haven't come across that. There's a lot of information from the SSR days, when they held it. As you probably know, the feasibility study they put out was on an open pit operation in 2012. We're looking at it from an underground standpoint. In 2009, they put out a pre-feasibility study. We're going through that assessment with some of the technical studies that we're doing right now, and then later in the year, we'll be able to really identify whether we have enough information to go right to a feasibility study, but it is kind of our expectation at this time.

Craig Stanley:

Awesome. Thank you.



Dan Dickson:

Thanks for the question, Craig.

Operator:

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

Dan Dickson:

Thank you, Operator, and thanks to all our investors that called in today. I think 2024 was a very positive year for Endeavour, and, ultimately, I think we've set up very well for 2025 to get Terronera into production, and ultimately take advantage of what we see as coming down the line with the silver price. Have a good day.

Operator:

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

