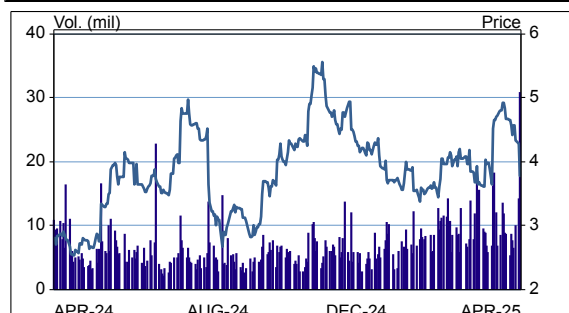


Endeavour Silver Corp. (EXK)
Rating: Buy

Heiko F. Ihle, CFA
212-356-0510
hihle@hcwresearch.com

Expansion to Peru Provides Accelerated Growth Profile With \$145M Acquisition of Compañía Minera Kolpa; Reiterate Buy

Stock Data		4/1/2025	
Price		\$3.78	
Price Target		\$7.25	
52-Week High		\$5.67	
52-Week Low		\$2.42	
Enterprise Value (M)		\$974.3	
Market Cap (M)		\$991	
Shares Outstanding (M)		262.3	
3 Month Avg Volume		9,831,967	
Short Interest (M)		12.39	
Balance Sheet Metrics			
Cash (M)		\$142.4	
Total Debt (M)		\$125.2	
Total Cash/Share		\$0.54	
Cash (M): Includes finished goods inventory.			
EPS (\$) Diluted			
Full Year - Dec	2023A	2024A	2025E
FY	0.03	(0.13)	0.12
Revenue (\$M)			
Full Year - Dec	2023A	2024A	2025E
FY	205.5	217.6	309.2



Significant addition to project portfolio. On April 1, Endeavour Silver announced a definitive agreement to acquire Compañía Minera Kolpa S.A., which owns the Huachocolpa Uno Mine, from affiliates of Arias Resource Capital and Grupo Raffo. We note that EXK has agreed to pay total consideration of \$145.0M, which is expected to consist of \$80.0M in cash and \$65.0M payable in common shares of the firm. We also highlight that the firm has agreed to pay up to an additional \$10.0M in contingent payments in cash following completion of certain milestones. Finally, the company is taking on an additional \$20.0M in net debt, which management currently expects to remain outstanding and repayable by Minera Kolpa. Longer-term, the company anticipates the Huachocolpa Uno Mine to generate up to \$150.0M in revenue over a full year of production. This figure is based on current market pricing and 5.1M Silver Equivalent Ounces (SEOs) produced in 2024.

Strategic acquisition of Minera Kolpa is significant step in EXK's global growth profile. The deal meaningfully expands EXK's footprint beyond Mexico. We highlight that this move strongly diversifies the company's asset base and aligns with the firm's plan of becoming a senior silver producer. Looking ahead, we believe that EXK's experienced management team should be able to leverage its talent to optimize production at Kolpa's operations while exploring further resource expansion opportunities at site. We base this view on Endeavour's expertise in underground mining amid management's prior success in developing other projects such as Terronera. Longer-term, successful execution at Kolpa should yield additional growth opportunities in Latin America, thereby supporting Endeavour's ambition of scaling its production profile and improve shareholder value.

We are reiterating our Buy rating on Endeavour and our PT of \$7.25. As customary, we plan to update our model for the deal upon closing of the transaction. For now, our valuation for the company therefore remains predicated on a DCF analysis for Guanaceví, Bolañitos, and Terronera. We continue to utilize our 7.0% discount rates for Guanaceví and Bolañitos, while maintaining our 9.0% discount rate for Terronera. In our view, these discount rates remain in line with comparable assets in jurisdictions carrying equal geopolitical risk factors and account for the recent strength in peer transactions amid strong spot pricing. We stress that our discount rate for Terronera appears to be getting increasingly conservative. After using a DCF analysis to value EXK's core assets, we then add Endeavour's liquid assets of \$142.4M (\$0.54 per share) before subtracting \$125.2M in debt (\$0.48 per share). This yields a NAV of \$1.26B or \$4.78 per share. Lastly, we apply an unchanged 1.5x NAV multiple to achieve our rounded price target of \$7.25.

Near-term catalysts. We are looking forward to seeing Endeavour close its acquisition of Minera Kolpa. In our view, this deal is yet another stepping stone in management's drive to becoming a senior silver producer. Unsurprisingly, we expect to see a notable increase in revenue once production from Huachocolpa Uno is accounted for. We also reiterate that commissioning at Terronera is still slated for the near-term, which should further exacerbate revenue growth for the firm in 2H25 and beyond. Finally, we emphasize ongoing progress at Pitarrilla even as the asset remains mostly ignored by the market.

Risks. 1) Commodity price risk; 2) financing risk; 3) increase in capital to construct Terronera and 4) operating and technical risk.

<u>Guanacavi</u>		<u>2025E</u>	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>	<u>2031E</u>
Tonnes Processed (000's)		420	420	420	420	420	420	420
Silver grade (gpt)		350	350	350	350	350	350	350
Silver Recovery		88.2%	88.2%	88.2%	88.2%	88.2%	88.2%	88.2%
Annual silver production (000's oz)		4,166	4,166	4,166	4,166	4,166	4,166	4,166
% growth		-18.4%	3.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Silver sales price	\$	30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Gold grade (gpt)		1.10	1.10	1.10	1.10	1.10	1.10	1.10
Gold recovery		91.0%	91.0%	91.0%	91.0%	91.0%	91.0%	91.0%
Annual gold production (000's oz)		13.5	13.5	13.5	13.5	13.5	13.5	13.5
% growth		-9.6%	-2.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Gold sales price	\$	2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Total silver equivalent ounces produced		5,293	5,293	5,293	5,293	5,293	5,293	5,293
% growth		-15.2%	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Total silver equivalent production		5,293	5,293	5,293	5,293	5,293	5,293	5,293
Total Revenues		\$ 158,775	\$ 158,775	\$ 158,775	\$ 158,775	\$ 158,775	\$ 158,775	\$ 158,775
Cash cost per oz		\$ 11.50	\$ 11.50	\$ 11.50	\$ 11.50	\$ 11.50	\$ 11.50	\$ 11.50
Mining costs		\$ 60,864	\$ 60,864	\$ 60,864	\$ 60,864	\$ 60,864	\$ 60,864	\$ 60,864
Gross profit (in 000's)		\$ 97,911	\$ 97,911	\$ 97,911	\$ 97,911	\$ 97,911	\$ 97,911	\$ 97,911
CapEx (in 000's)		\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)
(Tax)	32.0%	\$ (29,732)	\$ (29,732)	\$ (29,732)	\$ (29,732)	\$ (29,732)	\$ (29,732)	\$ (29,732)
Operating cash flow		\$ 63,180	\$ 63,180	\$ 63,180	\$ 63,180	\$ 63,180	\$ 63,180	\$ 63,180
Cash flow discount rate	7.0%							
PV of operating cash flow		\$ 63,180	\$ 63,180	\$ 59,047	\$ 55,184	\$ 51,574	\$ 48,200	\$ 45,046
Total current cash flow/ Project NAV	\$	385,409						
Common shares		262,324						
Project NAV per share		\$1.47						

<u>Bolañitos</u>	<u>2025E</u>	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>	<u>2031E</u>
Tonnes Processed (000's)	400	400	400	400	400	400	400
Silver grade (gpt)	52	52	52	52	52	52	52
Silver Recovery	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%
Annual silver production (000's oz)	536	536	536	536	536	536	536
% growth	-5.4%	18.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Silver sales price	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Gold grade (gpt)	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Gold recovery	86%	86%	86%	86%	86%	86%	86%
Annual gold production (000's oz)	21.8	21.8	21.8	21.8	21.8	21.8	21.8
% growth	-5.0%	-13.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Gold sales price	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Total silver equivalent ounces produced	2,351	2,351	2,351	2,351	2,351	2,351	2,351
% growth	1.8%	-8.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total silver equivalent production	2,351	2,351	2,351	2,351	2,351	2,351	2,351
Total Revenues	\$ 70,532	\$ 70,532	\$ 70,532	\$ 70,532	\$ 70,532	\$ 70,532	\$ 70,532
Cash cost per oz	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
Mining costs	\$ 29,388	\$ 29,388	\$ 29,388	\$ 29,388	\$ 29,388	\$ 29,388	\$ 29,388
Gross profit (in 000's)	\$ 41,144	\$ 41,144	\$ 41,144	\$ 41,144	\$ 41,144	\$ 41,144	\$ 41,144
CapEx (in 000's)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)
(Tax) 32.0%	\$ (11,566)	\$ (11,566)	\$ (11,566)	\$ (11,566)	\$ (11,566)	\$ (11,566)	\$ (11,566)
Operating cash flow	\$ 24,578	\$ 24,578	\$ 24,578	\$ 24,578	\$ 24,578	\$ 24,578	\$ 24,578
Cash flow discount rate 7.0%							
PV of operating cash flow	\$ 24,578	\$ 22,970	\$ 21,467	\$ 20,063	\$ 18,750	\$ 17,524	\$ 16,377
Total current cash flow/Project NAV	\$ 141,728						
Common shares	262,324						
Project NAV per share	\$0.54						

Source: H.C. Wainwright & Co. estimates.

<u>Terronera</u>		<u>2025E</u>	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>	<u>2031E</u>
Tonnes Processed (000's)		240	680	680	680	680	680	680
<i>Note: Production extends to 2035 but not shown .</i>								
Silver grade (gpt)		245	267	280	221	173	199	212
Silver Recovery		87%	87%	87%	87%	87%	87%	87%
Annual silver production (000's oz)		1,745	5,078	5,326	4,204	3,291	3,785	4,032
Silver sales price	\$	30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Gold grade (gpt)		1.90	1.87	1.85	2.00	2.10	2.02	1.68
Gold recovery		75%	75%	75%	75%	75%	75%	75%
Annual gold production (000's oz)		11.0	30.7	30.3	32.8	34.4	33.1	27.5
Gold sales price	\$	2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Gold:Silver ratio		83	83	83	83	83	83	
Total silver equivalent ounces produced		2,662	7,634	7,854	6,936	6,160	6,545	6,328
Total silver equivalent production		2,662	7,634	7,854	6,936	6,160	6,545	6,328
Total Revenues	\$	79,851	\$ 229,009	\$ 235,607	\$ 208,089	\$ 184,799	\$ 196,356	\$ 189,836
Cost per tonne	\$	85.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 85.00
Mining costs	\$	20,400	\$ 57,800	\$ 57,800	\$ 57,800	\$ 57,800	\$ 57,800	\$ 57,800
Gross profit (in 000's)	\$	59,451	\$ 171,209	\$ 177,807	\$ 150,289	\$ 126,999	\$ 138,556	\$ 132,036
CapEx (in 000's)	\$	(45,000)	\$ (13,000)	\$ (13,000)	\$ (13,000)	\$ (13,000)	\$ (13,000)	\$ (13,000)
(Tax)	32.0%		\$	(52,738)	\$ (43,933)	\$ (36,480)	\$ (40,178)	\$ (38,092)
Operating cash flow	\$	14,451	\$ 158,209	\$ 112,068	\$ 93,357	\$ 77,520	\$ 85,378	\$ 80,945
Cash flow discount rate	9.0%							
PV of operating cash flow	\$	14,451	\$ 145,145	\$ 94,326	\$ 72,089	\$ 54,917	\$ 55,490	\$ 48,265
Total current cash flow	\$	592,445						
Common shares	262,324							
Project NAV per share	\$2.26							

Source: H.C. Wainwright & Co. estimates.

	<u>2025E</u>	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>	<u>2031E</u>
Consolidated silver equivalent production	10,305	15,277	15,497	14,580	13,804	14,189	13,971

Current value of cash flow	Total	
Valuation for Guanacevi	\$ 385,409	\$ 1.47 HCW estimate
Valuation for Bolañitos	\$ 141,728	\$ 0.54 HCW estimate
Valuation for Terronera	\$ 592,445	\$ 2.26 HCW estimate
Valuation for Bruner at cost	\$ 10,000	\$ 0.04 HCW estimate
Valuation for Pitarrilla	\$ 70,000	\$ 0.27 HCW estimate
Valuation for other exploration properties	\$ 35,000	\$ 0.13 HCW estimate
Market value for shares of Guanajuato Silver (GSVRF; not rated)	\$ 3,358	\$ 0.01 Market value as of 04/01/2025
Plus cash & equivalents and finished goods inventory	\$ 142,444	\$ 0.54 As of December 31 2024
Less debt	\$ 125,234	\$ 0.48 As of December 31 2024
Total current value	\$ 1,255,151	\$ 4.78

Common shares **262,324** As of December 31 2024

EXK share price	\$ 3.78	As of 04/01/2025
EXK NAV	\$ 4.78	
NAV Premium for target price	1.5x	
Rounded (\$0.25) price target	\$ 7.25	

Source: H.C. Wainwright & Co. estimates.

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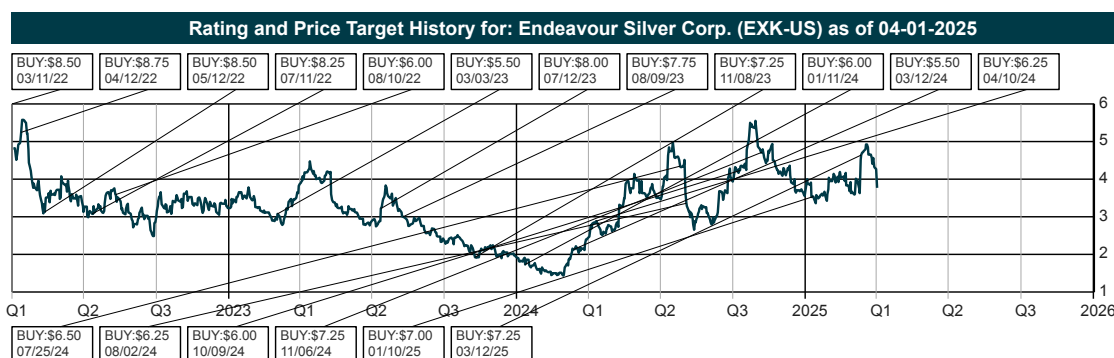
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Market Outperform (Buy): The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

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Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	575	86.60%	131	22.78%
Neutral	83	12.50%	12	14.46%
Sell	1	0.15%	0	0.00%
Under Review	5	0.75%	2	40.00%

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