

Endeavour Silver Corp

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Endeavour Silver has plans to cut costs and bolster operations further in 2015

Endeavour Silver (NYSE:EXK) (TSE:EDR), like all miners in the industry, suffered through substantial metal price declines in 2014, but the precious metals producer managed to reduce all-in costs and trim net losses, with plans to cut costs further and improve operations in 2015.

The company reported its 10th straight year of growing silver production in 2014 from its three operating underground silver-gold mines in Mexico --- Guanacevi in Durango State, and the Bolanitos and El Cubo mines in Guanajuato State.

Silver equivalent production grew 2 percent to 11.6 million ounces last year, as pure silver output increased 6 percent, beating guidance, while gold production declined 17 percent. The miner had a strong finish to the year, with fourth quarter silver production of 2.0 million ounces coming in around 19 percent above analysts' estimates due to higher grades and recoveries.

Endeavour, which reports in U.S. currency, said net loss in the fourth quarter was \$66.9 million, or 67 cents per share, compared to a loss of \$115.8 million, or \$1.16 per share, in the year earlier period. The latest results included an \$83 million impairment charge tied to the turnaround of its El Cubo mine.

Revenues declined 28 percent to \$48.6 million in the fourth quarter, as realized silver prices fell 21 percent to \$16.23 per ounce sold and gold prices decreased 28 percent during the period.

Still, all-in sustaining costs fell 8 percent to \$16.79 per silver payable ounce in 2014.

"Lower precious metals prices continued to beset the mining industry in 2014," said chief executive officer Bradford Cooke.

"I am proud of our site management and operations teams for their efforts to successfully reduce our all-in sustaining costs in this difficult environment. We remain focused on optimizing our mining operations further in order to ensure that each mine generates positive operating cash flow through this current metal price downturn."

The CEO also acknowledged the weight of the impairment charge at El Cubo on its financial results, but said the operational turnaround at the mine was completed in December, with mine output rising to fill the plant to capacity.

Management is now preparing alternative mine plans for the site to further reduce its all-in costs, and improve its financial performance in 2015, given the sharp increase in output and reduced unit costs at the site in the fourth quarter.

"The support of the miner's union at El Cubo is required for any of the alternative mine plans to be successful," Cooke added.

Price: 5.14

Market Cap: \$796.32 m

1 Year Share Price Graph



Share Information

Code: EDR

Listing: TSX

52 week High Low
6.4 1.3

Sector: Gold & silver

Website: www.edrsilver.com

Company Synopsis:

Endeavour Silver is a mid-tier precious metals mining company that owns three high grade, underground, silver-gold mines in Mexico. Since 2004 the company has grown from no production to 9.7 million ounces of silver equivalent production in 2016. We find, build and operate quality silver mines in a socially, economically and environmentally responsible manner to create real value for all stakeholders.

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Endeavour is planning to invest \$32.7 million on capital projects in 2015, including \$18.3 million on mine development, which is allocated for accessing and replacing reserves. In 2014, the company replaced silver reserves and grew silver resources by 14 percent, it said, as it delineated new discoveries at all of its three mines.

All of Endeavour's three mines were acquired between 2004 and 2012, with the company turning around each operation, expanding production and increasing profitability.

The precious metals miner also has another source of growth from the San Sebastian property, a new high grade silver-gold discovery in Mexico, which could become Endeavour's fourth mine, subject to economic results. Management is now working on an updated resource estimate and an initial mine plan and economic evaluation.

For the year, cash flow from operations, before working capital changes, came to \$29.3 million. It ended the year with cash and equivalents of \$31 million.

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