

Endeavour Silver Corp.

Endeavour Silver Corp., Webcast Conference Call Transcript

Date: January 31st, 2019

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

Speakers: **Bradford Cooke**
Chief Executive Officer

Luis Castro
Vice President of Exploration

Galina Meleger
Director Investor Relations

OPERATOR:

Welcome to the Endeavour Silver Growth Outlook Webinar. 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, one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star, zero.

I would now like to turn the conference over to Galina Meleger, Director, Investor Relations. Please go ahead.

GALINA MELEGER:

Good morning, everyone, and thank you for joining our special event growth webinar. Today we are reviewing our 2019 exploration plans and introducing our portfolio of high-impact exploration projects in northern Chile that have the potential to provide multiple avenues of long-term upside. Endeavour Silver opened an exploration office in Santiago, Chile in 2012 with the goal to evolve and diversify its growth strategy, and for a number of years has done considerable work to advance these new assets.

Today's news release presents the opportunity for the first time publicly for the Aida, Paloma, and Cerro Marquez projects, all of which have excellent potential for large new discoveries.

I would like to remind you that you may follow along on the webcast presentation that is posted on our website, both on the Homepage and under the Investor Relations Events section.

Moving to Page 2, I'm required to remind you that certain statements on this call will contain forward-looking information within the meaning of applicable securities laws. Such forward-looking statements and information includes, but is not limited to, statements regarding Endeavour's anticipated performance in 2019, and the timing and results of various future activities. These may include revenue and cost figures, silver and gold production, grades and recoveries, and the timing and expenditures required to develop new mines in mineralized zones. We do not intend to and do not assume any obligation to update such forward-looking information other than as required by applicable law.

On Page 3, I would like to introduce your speakers for today's event. You will hear directly from our Management Team, including our CEO, Bradford Cooke, and our Vice President of Exploration, Luis Castro, and have (inaudible 2:24) as an opportunity to ask questions. We expect this webinar to run for approximately 90 minutes as we have a lot of content to cover.

As the agenda outlines, we will take questions from participants at each main section break, including after the brownfields exploration program review, then after the development projects review, and lastly, after we present our Chilean assets.

With that introduction, I will now pass it over to our CEO, Brad Cooke, to review the growth strategy on Slide 4.

BRADFORD COOKE:

Great. Thanks, Galina. Again, welcome everybody to this webinar on Endeavour's growth outlook.

On Page 4, we review our growth strategy looking back, or basically showing a chart going all the way back to our first acquisition in 2004. There're really two takeaways here. During the first approximately 10 years of the Company's existence, we focused on brownfields exploration during the bull market for precious metals to grow our production, and as a result we were one of the fastest-growing silver mining companies from 2004 to 2012. Since 2012, with the onset of the bear market for precious metals, we turned our attention to more strategic acquisitions for future growth rather than worrying about production growth. Now that we've seen a turn in the market, our attention has once again returned to building new mines for organic growth.

Page 5, our growth strategy in detail, starting in 2004, we could nickname Buy, Explore, Expand. In that period, we purchased three old high-grade underground mines in historic silver-gold districts in Mexico. Each mine was permitted and operating, but had high operating costs and low reserves, and, yet, we felt each mine had excellent potential because they were significantly underexplored. What we brought to the table was the money and the expertise needed to convince brownfields exploration in and around these old mines, discover new ore bodies, and fast-track their development to production. That allowed us to refurbish, modernize, and expand each of the Guanacevi, Bolanitos, and El Cubo mines to become profitable core assets. As a result, Endeavour became one of the fastest-growing silver producers during the bull market of 2004 to 2012.

Next, Slide 6, a brief snapshot of our 2019 exploration budget. We are budgeting just under \$10 million of expenditures this year on the exploration side, and featured approximately equally is brownfields exploration at the three operating mines at \$3.1 million; additional exploration in Mexico at our development projects, \$3.2 million; and the emerging new portfolio of greenfields projects in Chile with a budget initially of \$2.5 million. We still have \$1 million unallocated at this time.

Slide 7, operating mines in brownfields exploration, just some overview photographs of our three mines.

Slide 8, so, in detail, what was this opportunity that we recognized when we acquired these mines in Mexico? Specifically, Mexico actually had restricted foreign ownership in the mining sector to 49% starting in 1961, and I didn't actually revert to 100% ownership in the mining sector until NAFTA was formed in 1993. At each mine we saw strong geological evidence on service for the potential for buried, high-grade bonanza orebodies hiding below the surface, and that's because there is these typical low sulfidation epithermal vein systems occur within well-defined sub-horizontal bands typically 300 or 600 metres in vertical dimension, and the rocks above the ore band usually exhibit specific alteration types and textures along with anomalous metal values.

That's what allowed us to target drilling at each of the mines. We subsequently found multiple new orebodies at each of Guanacevi, Bolanitos, and El Cubo, and, effectively, picked the low-hanging fruit. We continue today to discover new mineralization, but this has now become more and more challenging as we've segue from discovering new orebodies to just extending known orebodies in these historic districts.

In order to improve our discovery potential, we not only have returned our focus to consolidating our land positions in each district in order to acquire additional targets, but we added projects that had more greenfields discovery potential to the portfolio.

Moving to Page 9, a quick snapshot of the operating mines' 2018 reserves and resources, just three takeaways here. On the exploration side at Guanacevi, our focus is on primarily infilling the resources at our new in our new Milache mine; at Bolanitos we're drilling new resources at the San Miguel project; and in El Cubo we're exploring for extensions of the Villalpando orebody.

Slide 10, let's move now to Guanacevi. This year, 2019, we will celebrate 15 years of production at Guanacevi. In 2019, our focus at Guanacevi is effectively transitioning from two older, deeper, narrower lower-grade orebodies at Porvenir Norte and Santa Cruz to two newer, shallower, wider and higher-grade orebodies at Milache and Santa Cruz Sur. Just this transition will effectively transform the mine for years to come.

With that, I'd like to actually turn the presentation over now to our Vice President of Exploration, Luis Castro. He's walk you through the individual targets at each of the mines.

LUIS CASTRO:

Thank you, Brad. On Slide Number 11 we can see a map of Guanacevi district where we have our mines, the ore mine in Santa Cruz and Porvenir, and now we have Milache in the north and Santa Cruz in the south. In Guanacevi we have programmed this year 6,000 metres, 2,000 metres for Santa Cruz mine, Milache, and Porvenir North.

The next slide, the Santa Cruz vein is a very long structure with more than 10 kilometres. For practical purpose, it's divided in two. In the upper part there's a section covering north area of the vein, and from the left and the right we have Milache and North Provenir. In the bottom, from Santa Cruz mine to Santa Cruz South. In addition to this, we have some (inaudible 9:32) in which we're going to drill during this year and (inaudible 9:36) that we have opportunity to acquire.

Next slide. We have a close up in Milache mine in which subset with the current location of the ramp with now (inaudible 9:53) on mineral Level 5, Level 6, and Level 7. But on one of them is (inaudible 10:01) of 100 metres long and (inaudible 10:05) three holes and to extend (inaudible 10:10). In Milache, (inaudible 10:12) we have 2,000 metres of (inaudible 10:16).

Back to Brad.

BRADFORD COOKE:

Thanks, Luis. Let me introduce Bolanitos, our second mine. Bolanitos for many years has been our lowest cost producers, and our exploration focus in 2019 is really on expanding the Plateros orebody where we're currently mining and outlining new resources in the newly discovered San Miguel vein adjacent to the old San Miguel mine.

Again, back to Luis to discuss these targets.

LUIS CASTRO:

Thanks. In the next slide, Number 15, we have a figure (phonetic 10:53) and we have a supermodel (inaudible 10:55). (Inaudible 10:58) marks San Miguel and the north (inaudible 11:00) Bolanitos vein, and Plateros in the south to the system in the (inaudible 11:08) to the left. Currently, as we are speaking, we have a good working in San Miguel.

Next slide, Number 16, as Brad mentioned, San Miguel has a new discovery that didn't (inaudible 11:24) narrow vein of around 1.0, 1.5 width. There are (inaudible 11:28) and it's also located in a shallow part and close to Bolanitos' process plant. We have positive results with drilling program (inaudible 11:38) process. The minerals will be accessing it with the development of 300 metres.

On the right side of the slide we have Plateros, located in the south part of (inaudible 11:49). Most of the (inaudible 11:53) during this year will be coming from here. In the area of Platero, the (inaudible 11:58) still open to the south and to the depth (phonetic 11:59), and in this year we're going to attach (inaudible 12:04). In total, in Bolanitos the (inaudible 12:07) exploration includes 5,000 metres of drilling on this target.

Back to Brad.

BRADFORD COOKE:

Thanks, Luis. Let me introduce our third mine now, Cubo, acquired in 2012. Very recently, El Cubo has actually been our largest mine by metal production; last year about 4.5 million ounces of silver equivalents. That production will decline this year as we run the plant at half capacity to buy more time for our Exploration Team because the new focus at Cubo this year is to try and extend the mine life. So, we will focus on drilling a possible northwest extension of the main producing Villalpando-Asuncion vein, and we're also trying to acquire additional lands. Luis?

LUIS CASTRO:

As I mentioned before, the main (inaudible 12:00) that's built now in Cubo is Asuncion on the Villalpando vein. We have opened the emission (phonetic 13:07) to the north and to (inaudible 13:09). In this case, we have 2,000 metres for drill, but we have other targets in central parts of (inaudible 13:20) that we are going to attack in the first half of the year.



We will pass to Galina for the next section.

GALINA MELEGER:

Thank you, Luis. Operator, I would now like to open it up for brownfields exploration Q&A.

OPERATOR:

Certainly. We will now begin the question-and-answer session. To join the question queue, you may press star, one on 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, two. We will pause for a moment as callers join the queue.

Our first question comes from Mark Reichman with Noble Capital Markets. Please go ahead.

MARK REICHMAN:

Good morning. I just have two questions. First, Brad, the Company has been very successful in the past. Some of the mines had relatively short mine lives, but you've been able, through exploration, to just continue on and extend the mine life. And so, I guess the first question is with the exploration activities for these existing mines, what is your objective in terms of mine life, or do you feel confident enough in some of these new veins that it extends the runway an ample amount of time? Then the second question, you had mentioned the possible land acquisition around El Cubo, and I know the challenge has sometimes been where you have some very wealthy families that are sitting on land positions and they really don't have as much incentive to sell. So, maybe you could provide some colour on the potential for land acquisitions around existing mines.

BRADFORD COOKE:

Yes. Thanks for your question. Our objectives in our brownfields exploration around the three operating mines this year differ a little bit mine-to-mine. For instance, Guanacevi, clearly getting the two new orebodies up and running this year is paramount; that's not the exploration focus, but exploration is supporting that with the infill drilling and step-out drilling at depth of the new Milache orebody, as well as continued step-out drilling at depth at Porvenir Norte and Santa Cruz.

Moving to Bolanitos—by the way, at Guanacevi we have a decent reserve and resource life, so that's not the main focus, the main focus is really on just getting the two new orebodies up and running, whereas at Bolanitos we've been running now for over 10 years with not much more than a year's reserve life and a year's resource life. So, the focus in recent years at Bolanitos has simply been to replace the reserves and add to the resources. We were successful yet again last year and we have a reasonable expectation of similar success this year.

El Cubo, a little bit different. We're quite short on the reserves side now, so even though it has been our biggest mine in recent years, we chose to back off the production rate by half this year to buy more time for the exploration group to try and extend the Villalpando-Ascension orebody to the northwest. I made reference to the possibility of additional adds and we are working on some transactions now.

That's basically the summary of our objectives for the brownfields exploration this year.

OPERATOR:

This concludes our first question-and-answer session. I would now like to turn the conference over to Bradford Cooke, Chief Executive Officer, to go over our second section.

BRADFORD COOKE:

Thanks, Operator. Let's now move to an overview of our development projects in Mexico, Page 21. Let's start with the growth strategy that shifted in 2012. We nicknamed this strategy Buy, Discover, Develop. Basically, it's the shift from the bull market to the bear market when we turned our attention to acquiring three attractive exploration and development projects also located in historic silver-gold districts in Mexico. But unlike the first three mines, these projects have less infrastructure, so our attention was really on making new greenfields discoveries and developing new mines. We are currently expanding resources and reserves at each of these three projects, and completing economic studies and environmental permits so that we can build new mines to drive organic growth.

Slide 22, in detail, El Compas is being commissioned this quarter to become our fourth mine, small, but high-grade and expandable, subject to finding more resources. Terronera is awaiting final permits, debt financing, and a Board decision so we can start building our fifth mine this year, which is forecast to be our largest, lowest cost, and longest life mine. Last, but not least, Parral has the potential to become mine number six.



Even though it's still an advanced exploration project, it has been growing rapidly and it has great local infrastructure.

Page 23, a quick snapshot of the development projects 2018 reserves and resources. The three main takeaways here are that El Compas is in the final stages of commissioning. It's a small, high-grade gold-rich orebody that should be accretive to cash flow in 2019.

Terronera, which has the potential to be our largest and lowest cost mine, we are literally waiting week-to-week for the final permits in the debt financing so that we can break ground in the first quarter on an 18-month construction program to effectively build at capacity a 5.2 million ounce per year silver equivalent producer with an initial mine life of 10 years or more.

Last, but not least, Parral, which we only picked up in 2016, we have had two aggressive drilling campaigns in the last two years to substantially grow the resources, and we will continue that theme this year, as well as moving now to an initial economic study, initial mine permitting, and, who knows, maybe even looking for opportunities for small-scale production.

Page 24, I'd like to focus on El Compas, commissioning our fourth mine. The exploration focus in 2019 at El Compas will be on infill drilling of the El Orito orebody, step-out drilling of the El Compas orebody, and step-out drilling along the Calicanto and Santa Fe veins to find new resources.

Let's go now to Luis for more definition of these targets.

LUIS CASTRO:

Thanks, Brad. On Slide 25 it's showing the location of Compas and Orito in the south part of the Zacatecas. Regarding the Calicanto that we found in the north part of the city, in 2018 we were (inaudible 20:48) and also in Calicanto and Santa Fe veins, so this year we will continue working on these areas.

Next, please. Here we have a super map of Calicanto and Santa Fe areas, which we have (inaudible 21:04) from 100 to 150 metres and verticals that we need to confirm in both the structures.



Next, the left part of this slide, we have a map of the Compas mine area where we are producing now. (Inaudible 21:26) the programs to conduct and (inaudible 21:30) from Orito, and we plan to start the south part of Compas vein, because last year some of the drill holes (inaudible 21:38) to the south of our main orebody that we have in the mine.

Thank you. Brad?

BRADFORD COOKE:

Thanks, Luis. Let's introduce now the Terronera project, which has the potential to become our largest and lowest cost mine. In 2019, we anticipate receipt of the final environmental permits, debt financing, and a Board decision for the development of our fifth mine at Terronera. The exploration this year will actually move from drilling of the main orebodies to more prospecting, geological mapping, and rock chip sampling in two new areas, the Unica area to the northeast and El Real Alto Area to the south, where we've already identified multiple new veins targeting future drilling.

Page 29, some of the details at Terronera, we believe it'll be our next core asset. It has more than a 60 million ounce silver equivalent resource and reserve, and we're continuing to evaluate the district scale opportunity here. We recently acquired some claims to the south end of the district. In August of last year, we published an updated prefeasibility study for Terronera, announcing a \$76 million CapEx over an 18-month construction period to build a 1,500 tonne per day operation, producing 5.2 million ounces of silver equivalents per year for at least 10 years. We announced very positive project economics with an NPV of \$118 million, internal rate of return at 23.5%, and the payback period in that model was approximately five years.

Slide 30, the purpose of the updated pre-feas was to really improve the economics over the initial pre-feas in 2017. You can see on the table on Page 30, that almost every metric was significantly improved. The real headlines, though, here are the costs to operate the mine, the direct cost per tonne are estimated at less than \$80 per tonne all-in and the estimated cash cost, net of the gold credit, are a measly \$0.15 per silver ounce produced. Even on an all-in sustaining basis, we're estimating Terronera will come in as one of the lowest cost mines in the entire silver sector at \$1.36 per ounce of silver produced net of the gold credit.

Slide 31, we have a deposit here that's wide open at depth. At this point I think I'd like to turn the presentation back to Luis Castro to go through the exploration upside at Terronera.

LUIS CASTRO:

Thank you, Brad. Yes. In the same slide, in Number 31, you can see the areas in Terronera was in last year where we add a million tonnes of resources, mainly in the deeper part of the zone and in which we have high-value silver and also good thickness (phonetic 25:01). That's a good indication that we don't found the bottom of the mineralization and the (inaudible 25:08) continues to be open to that (inaudible 25:11) to the south. Here in the lower part of the figure, we can see some of the (inaudible 25:16) Terronera and (inaudible 25:18) program the last year.

Next page; in this page in the bottom of the slide it's shown a great distribution at both Terronera and La Luz vein. In the case of Terronera we can observe that there are at least two vertical (inaudible 25:38), but from La Luz, even though (inaudible 25:46) colour in the same distribution of the grade.

In the lower part of the graph, it's showing the production in terms of ounces in the bars, and in the gray in the top, the line, between all the life of the mine. At the beginning, the production start from 2.7 million up to 6.0 million a year, and then in year number five. I think this range up into (inaudible 26:18) with the current resource that we have at this point, with grades that range from 3.50 up to 4.0 grams per tonne of silver equivalent

The next slide, Number 33, there's an image where you can see the location of the main components of the Terronera project. In blue, the Terronera and La Luz orebodies; in light blue, the facilities of the plant, base camp, and waste dump, all connected by (inaudible 26:54) between Terronera and La Luz and (inaudible 27:03). The part of the (inaudible 27:06) of the committee, we employ 350 people during the construction and 400 in operation. (Inaudible 27:13), and at this point, we planted around 57,000 trees. We also have training (inaudible 27:25) future employees.

The next, Brad?

BRADFORD COOKE:

Thanks, Luis. Let me just touch on the catalysts for Terronera in 2019. The three main catalysts to drive the project forward are clearly the receipt of the final Government permit, which we expect week-to-week; arranging the first \$50 million debt financing, which would allow us to actually break ground; and receiving the Board development decision. In addition to that, we continue with feasibility level trade-off studies and multiple engineering studies to try and continue improving the economics. We are waiting patiently so that we can commence both mine development and plant earthworks. We've already evaluated the issuance of numerous contracts, the EPCM contract, plant, tailings, mine, others. We are updating the mine plant to encompass the new reserves drilled last year. We are continuing to optimize the crushing and grinding circuits to reduce our energy requirements and boost our recoveries, and we're expanding the tailings facility to accommodate the longer mine life. We're still working on the power alternatives—grid power versus liquefied natural gas, solar versus diesel—and we expect to update the internal economics throughout the year.

Let's go back to Luis now for this year's exploration program.

LUIS CASTRO:

Yes. In the Page Number 35, there is a map where we are showing the distribution (inaudible 29:01) in the project. We finished two drills last year in Terronera in the (inaudible 20:07) in Terronera. We focused our eyes on the field to the south to continue exploring some of the Real Alto area, and I was surprised how (inaudible 29:18) and the system from we are advancing in the mapping, so in that time it was taking like five claims (phonetic 29:28) growing our land position to the south, and we're very excited because at this point we have, like, three big systems in the area (inaudible 29:40) surrounding by the other secondary structures in Real. In the north parts of the project, we have La Unica, the same (inaudible 29:52) that we have in the south, increasing our potential in terms of structure. At this point, we have like 6 kilometres at least of structure without the need (phonetic 30:05). This is going to be the target in Zone 4, our geos (phonetic 30:08) in the year during this period, and we are very excited because we are seeing more sources of mineral for our Terronera project.

Back to Brad.

BRADFORD COOKE:

Thanks, Luis. Let's introduce the Parral project, which we believe has the potential to be Mine Number 6. In 2019, we plan to complete a preliminary economic assessment, initial mine permitting, some underground development to facilitate exploration, including underground drilling and mapping and sampling to confirm old resources, and to outline new resources in the Veta Colorada mine system. We'll also evaluate the potential for near-term, small-scale production as there are several toll mills operating in the Parral district, as well as, of course, the potential to build a larger core asset at Parral.

Let's go back to Luis for a review of the Parral targets.

LUIS CASTRO:

Thank you, Brad. After the success in exploration during 2017 and 2018 in the Parral districts, which we reached about 4 million tonnes in resources between indicated and inferred, we are moving back to our historic mine of Veta Colorada.

Next page. In this vertical view of the structure, it's showing the relation between (inaudible 31:39) Argentina (inaudible 41:42) on the right, that was completed with the 2017 drilling program, and the historic mine workings of the Colorada mine, in which we have historic resources in oxide around 0.5 million tonnes between Level 2 and Level 5, and a potential of at least another 0.5 million below the last level of the mine in the (inaudible 32:06) Zone; it's Level 7 and (inaudible 32:10). (Inaudible 32:13) and underground, and the (inaudible 32:22) ready to commence. We hope to set up (inaudible 32:25) 6,000 metres in March. That's a promise (inaudible 32:27) in order to improve our knowledge of our minerals in the zone.

Back to Galina.

GALINA MELEGER:

Thank you, Luis. Operator, I would now like to open it up for Q&A related to our development projects.

OPERATOR:

Certainly. We will now begin our second question-and-answer session. To join the question queue, you may press star, one on your telephone keypad. You will hear a tone acknowledging your request. If you're using a speakerphone, please, once again, pick up your handset before pressing any keys. To withdraw your questions, please press star, two. We will pause for a moment as callers join the queue.

Our first question comes from Mark Reichman with Noble Capital Markets. Please go ahead.

MARK REICHMAN:

I wanted to just go back to Slide 32, which shows the production profile. I know during the period that you've been with the waiting the permits, you've been able to do a lot of optimization in that you've been able to pull some of the higher-grade materials forward or earlier in the mine's life, which has enhanced the economics. Where you sit today, do you feel like there're still opportunities to further optimize the mine plan? Second question, if you could just maybe provide a little colour on the financing and kind of where you sit with respect to potential parties to finance Terronera.

BRADFORD COOKE:

Yes. Thanks for your questions, Mark. The production profile, we are obviously continuing to do trade-off studies. We did find an extra million tonnes of resources last year, and, plus, we have a super high-grade at La Luz, which we're now trying to take from the middle of our 10-year production profile and pull especially the high-grade areas forward. Do not be surprised if we are able to accomplish that this year, and also we are expecting to extend the mine life with the additional resource tonnes found last year that did not make it into the economic model published in August. When we do our next internal study, what we're expecting is a longer mine life, faster increases of the production rate, and I think there's still some optimization there.

Related to that is our strategy. We have a two-stage strategy to spread the CapEx out, and we're actually re-evaluating that now to see if that can be optimized. We might want to actually spend a little more money up front in order to get a bigger bang for our buck throughout the life of the mine. That's the purpose of doing all these engineering studies.

One last comment on engineering studies, Godfrey and Manuel are actually looking at many relatively new and/or innovative technologies. We're talking about current technologies, not cutting edge, but things that we lack at our other mines because we, existing infrastructure, we think we can adopt for what will be our first new build. So, we're evaluating new technologies for Terronera to hopefully improve it even further the economic performance.

Mark, did you have another question there?

MARK REICHMAN:

Well, the second question was just on the financing in terms of, I'm sure you've already been talking to various banks, etc., so just wanted to find out kind of where you were in the process of negotiating the financing.

BRADFORD COOKE:

Yes. In terms of the final Government permit, we're in the ninth-inning. In terms of the debt financing, we're in about the eighth inning. Obviously they are linked. They're moving on parallel tracks. But, what we hope is that when we have our next Board meeting in early March, that we will bring forward, if not the extra final permit, then sufficient evidence from the Government that it's coming that the Board will feel comfortable taking a development decision. So, not done yet, but that is our goal: to bring the project to the Board in early March.

OPERATOR:

This concludes our development projects Q&A. I would like to turn the conference over to Bradford Cooke to go over the final section.

BRADFORD COOKE:

Well, thank you very much, Operator. I understand that there was a little feedback in the earlier part of the presentation; I hope we've fixed that now.

On to the main topic today, which is the introduction of a portfolio of high impact exploration projects in Chile with a focus on greenfields discoveries.

Page 41, why Chile? Well, we feel that Chile offers a highly perspective geological belt for the discovery of world-class orebodies. In fact, we've built a portfolio of three high impact exploration projects located underexplored belts in Chile, and we've assembled these properties at a very low-cost.

Chile is the home to several world-class deposits. Clearly, they're best-known for their porphyry copper deposits, but they have a high sulfidation epithermal gold district that is a very desirable address for big high-grade deposits; and last, but not least, and perhaps underappreciated, the main reason we went to northern Chile was that the world-class Bolivian silver-tin belt extends from eastern Peru, south through Bolivia, and into northern Argentina, but the geology doesn't stop at the Argentina-Chile border. So, our first project was actually selected because it falls, we think, within that world-class Bolivian silver-tin belt.

Chile, of course, is a business-friendly jurisdiction. It offers us low political risk and it has a very well established mining industry. Chile diversifies our commodity risk, our project risk, and our country risk. Chile offers good infrastructure and road access, even in the Atacama Desert of northern Chile, with three projects that initially did not have road access. We're only a couple of hours away from infrastructure, towns, power, gas pipelines, etc., so we think that our three projects are very well located. Last, but not least, this addition of large high-impact properties in northern Chile gives us exposure to bulk tonnage discoveries, something that we haven't had in Mexico, and it really enhances our growth profile for years to come.

Page 42, let's talk about the first project, Aida, acquired several years ago in several stages, and what we're targeting at Aida is this classic Bolivian-style, low sulfidation epithermal silver type opportunity. The photograph shows our Technical Team on the left, our Country Manager and Chief Geologist in Chile, Lorenzo Barrera; next to him is our VP of Corporate Development, Dale Mah; beside him is yours truly, Brad Cooke; and on the far right is our VP of Exploration, Luis Castro.

Looking behind us—I should mention that we're standing on one of the two targets at Aida. It's called the Domo Target, and we're looking here to the northwest. You can see the hills behind us are all basically coloured white, yellow, orange. That's a reflection of the extensive hydrothermal alteration that the Aida property covers. On the far right you can see a mountain, and that mountain is actually close to the corner of three countries: Chile, Argentina, and Bolivia.

Let's move to Slide 43. Here we have location maps showing Aida tucked into the corner of Chile, adjacent to Argentina. It's very close to a number of these Bolivian-style silver deposits and mines: El Quevar deposits, Pirquitas, and Chinchillas are mines. San Cristobal and Potosi are actually two of the biggest of the family of mines in the Bolivian silver-tin belt. In fact, Cerro Potosi, otherwise known as Cerro Rico, between its historic production and current reserves, has over 2 billion ounces of silver. If we come to San Cristobal, which is currently being operated by Sumitomo, the combination of historic production and current reserves exceeds 0.5 billion ounces of silver, and it is the third-largest producing silver mine in the world today. Last, but not least, Pirquitas, which is in the process of closing, and Chinchillas, which is in the process of opening up, are owned and operated by SSR Mining in joint venture with Golden Arrow. So, very exciting location for the Aida project.

Page 44, Aida is located in Chile Region 2, so along the Argentina border near Bolivia, at an elevation of about 4,600 metres above sea level. We're about 200 kilometres to the east of Calama and the famous Chuquicalmata, porphyry copper mine, and we are just 60 kilometres southwest of SSR's Pirquitas mine in Argentina. We're accessible by paved highway and we put in a dirt road, so it's readily accessible from the town of San Pedro de Atacama, only about 110 kilometres west of Aida, where you have modern infrastructure, a natural gas pipeline, and the power grid.

Slide 45, it's a quick description of the property. We currently control 7,900 hectares, including three historic mineral concessions shown in blue, surrounded by 30 new mineral concessions that were staked by Endeavour shown in the green and yellow. On the blue properties, the original concessions, covering the old Mina Vieja mine, we have an option to purchase for \$3.2 million, payable over five years with a final payment due in 2023.

Slide 46, let's talk a little bit about the geology at Aida. The regional geology and target, as I mentioned, is part of the this northwest trending world-class Bolivian silver-tin belt, and the target types within that belt are typically the bulk tonnage disseminated/stock work, lower high-grade bonanza/vein type deposits. These are typically called low sulfidation epithermal deposits related to rhyolite-dacite domes intruding dacite-andesite volcanics and clastic sediments within, in the case of Aida, a Miocene volcanic caldera, about a 15 million-year-old volcanic caldera. The examples of this type of mineralization that we are looking for are Pirquitas, Chinchillas, Cerro Potosi.

Aida covers a massive alteration zone, covering 4 kilometres long by 2 kilometres wide. It's a mixture of argillic, phyllic, and silicic alteration within the volcanic tuffs and breccias and flows and the sediments intruded by rhyolite dome. So there're actually two different targets on the Aida property. The high-grade silver-gold target can be found in what we call the Domo area to the northeast, and the bulk tonnage silver target is around the Mina Vieja area to the southwest. The bulk tonnage manto target hosts oxide, silver, and manganese with related lead, zinc, antimony, and mercury mineralization in fairly shallow dipping, but altered mantles. In fact they're (phonetic 45:39) replacement zones within the layered volcanic rocks crosscut by and possibly fed by steeply dipping solidified vein fault zones that are nicknamed silicon ledges in Chile.

The high-grade targets at the rhyolite dome are typically shown by anomalous silver, antimony and mercury mineralization at surface, and the dome is cored by the steeply dipping Estrella banded chalcedony-stibnite vein with related splays and cross structures.

At the Domo Target we have something that is, for instance, an El Peñon look-alike, but we are too high in the system; we need to drill down to get to the bonanza zone.

Over at the Manto Target, in the area of Mina Vieja, we have, I think, an opportunity to find a lot of silver in this shallow dipping replacement zone, largely because the geochemical anomaly, as we'll get to next, covers a very large area, and then it dips under a shallow overburden. So, two targets at Aida, the high-grade Domo Target and the lower-grade but much broader and extensive Manto Target.

Page 47, at Aida we already touched on the extensive alteration, classic low sulfidation epithermal alteration. The photograph shows standing on the Manto Target and looking to the northeast, it shows the dome and the courts (phonetic 47:11) antimony veins on the rhyolitic dome. In the background you can see extensive white and yellow and orange alteration, all the way up to the Argentine border. The mountains in the background are basically in Argentina.

Page 48, so a different look at the Manto Targets, this first photo on the left to the northeast, it's a view of the actual Mina Vieja, just a small historic mine where there is an intersection of steeply dipping feeder veinlets (phonetic 47:46) cross-cutting the more flatlined Manto Target in the gray alteration. You can see a silica (phonetic 47:53) ledge which also marks some of these steeply dipping feeder zones further up the hill.

On the right photo, we've got a close-up of the shallow dipping silver manganese mineralization in the black, crosscut by a steep dipping kind of whitish alteration zone around a fault with (inaudible 48:13). Those are the two different structural styles of the Manto Target: we've got flatlining and steeply dipping.

Page 49, what is the model for mineralization at Aida? I mentioned two targets. On the right you see the Domo Target with the Estrella courts antimony veins in the middle, shown at the Domo shown in the orange; and, again, one of the examples of this might be the El Peñon mine in Chile. We are too high in the system for ore grade gold and silver, but we think there's definite target at depth.

Moving over to the Manto system, you can see it's in softer rocks, so it's more in a valley rather than a hill, the dome being more siliceous is hilltop. At the Manto Target, what we are looking for in the kind of cross-hatched red bands are these replacement zones in volcanic rocks related to feeders, related possibly to a very dome. These are considered to be lower temperature deposits compared to the higher temperature dome deposits. The example mineralization of the Manto would be the Chinchillas mine currently coming to production in Argentina.

Page 50, at Aida the property geology is basically defined by the core of a volcanic caldera. In the middle of that core is the orange rhyolitic dome and related veins. Surrounding it are the pink diacritic tuffs. You can see a number of blue dash lines surrounding the pink tuffs. These are gravel (phonetic 50:00) faults, so the middle of the volcano has basically been dropped down. On the periphery, you have more of the endocytic volcanic (inaudible 50:11), tuffs, and even sediments shown in the blue and brown and purple colours.

The Domo Target is clearly in the orange dome. The Manto Target is along one of those structures at the outbound end of the volcanic caldera. Domo is higher temperature, Manto is lower temperature.

Slide 51, let's touch on the rock and soil sampling. Our objective here when we started years ago was initially just to see what we had. We've now collected and analyzed over 1,200 rock samples and 1,800 soil samples to better define both targets. Some of the greats from our rock samples at the Manto area and the Mina Vieja area assayed up to more than 2 kilos per tonne silver.

The soil anomaly at the Manto area is defined by a silver and manganese, lead, zinc antimony (inaudible 51:05) anomaly that measures 2.4 kilometres long and 1.6 kilometres wide, dipping under overburden to the north and west.

The Domo Target has assayed up to 60 grams silver, but we feel it's too high for a bonanza style mineralization, and like these targets in Mexico, we need to drill deeper. We do, however, have a very well-defined large silver antimony and soil anomaly at the Domo Target measuring about 4 kilometres long by 0.5 kilometer wide.

On the right you can see the rock sampling for silver, and the purple is high-grade. You can see at the Domo Target there is basically a line of purple samples, and at the Manto Target there's a cluster of silver samples. In fact, the cluster of purple or high-grade rock samples at the Manto Target lie all along the northeast structure, you didn't even see it in the photograph, and that's probably one of these vertical feeders to the Manto system.

Page 52, Aida rock sample, and let's just look at some additional elements. Zinc clearly is anomalous, highly anomalous at the Manto Zone, but not anomalous at all at the Domo Zone; same with lead, anomalous at Manto, not anomalous at Domo.

Page 53, let's move to the soil sampling. Here now you can see in the silver graph a very broad and quite strong silver soil anomaly because at Manto is not very far below surface, and it's wide open to the north and to the west. The dome also shows up in the silver sampling, not quite as pronounced but still clearly silver anomalous. In antimony, the dome is actually a better anomaly in antimony, but it's also clearly anomalous at the Manto Target.

Page 54, let's move to the soil sampling. You can see two other elements, lead and manganese. Clearly, the Manto Zone is strongly anomalous in lead and manganese whereas they are basically low or absent at the Domo Target. These geochemical surveys, plus the geological mapping, are what has really helped us to target and develop drill targets here at Aida.

Page 55, a couple of rock samples. On the left you can see samples of silver-manganese mineralization at the Manto Target, and these are most likely for some of those steeply dipping feeder zones.

On the right you see a hand sample from the Domo Target, basically banded chalcedony, showing multiphased banding in these veins, which is one of the key textures you look for in these bonanza systems. We know that when we see those textures and quarts (phonetic 54:05) after calcite, that we are too high and we simply need to drill deeper to hit the bonanza zone.

Page 56, so to summarize, we think Aida is a classic Bolivian-style low sulfidation epithermal silver target that ticks lots of boxes. It covers a large alteration zone for about 2 kilometres; it's in the right geological setting with Miocene volcanic caldera; a dome, veins in the dome; and then structures, both flat-lying and vertical over at the Manto that are mineralized. The alteration is pervasive and it zones from argillic to phyllic to silicic. Structurally, we're basically looking at some major northwest lineaments, part of the Bolivian silver-tin belt crosscut by northeast trending silica ledges, marking (inaudible 55:01) structures. The geochemistry clearly shows two well-defined targets in both rocks and soils, and we are the right age, Miocene.

Page 57, to wrap up on Aida, we're looking at a drilling program this year, but it is not yet budgeted. It's contingent on how we do on our other projects. We do have an unallocated budget available and in a year we'll make a decision about whether or not some of that money will go to drilling Aida. You can see that Luis has already selected target drill sites for both the Domo Target on the left and the Manto Target on the right, and we're in the process of permitting those now.

What are we going to do this year at Aida? Page 58, well, clearly the permitting is underway so our environmental management plan in order to put drill roads and pads in, we're going to conduct a ground magnetic survey to help identify the locations of individual structures and intrusions under volcanic or overburdened copper. If we were to do that contingent drill program, it would be about 2,500 metres of core in the second half of the year.

That's the presentation on Aida. What I'd like to do now is move to our second project, Paloma, Page 59. The photograph featured on the Paloma presentation, here we are standing close to the top of the hydrothermal system, looking to the east. Again, you can see just how extensive this hydrothermal alteration is. All of the whites and yellows and oranges in this photograph are related to a very large and strong high sulfidation epithermal alteration event at Paloma.

Page 60, so what are we targeting here? It's a classic Chilean high sulfidation epithermal gold belt. Further south in the belt, so on Page 60 you can see the map, and some of the other type examples of these high sulfidation gold deposits, Alturas 7 million ounces, Pasua-Lama 24 million ounces, La Colpa 5 million ounces, the most recent one discovered by Anglo Gold, Solares Norte 6 million ounces, and we're just north of that. You can see Paloma on the map.

Slide 61, the location is in Chile Region 2. It's not that far from Aida at about an elevation of 5,000 metres above sea level, and we are about 150 kilometres to the east of Calama where the Chuquicalmata mine is located and about 50 kilometres west of Aida. We're almost on the paved Highway 27 and we have access right now by one dirt road; we're expecting to put more road access in as we get to permitting drill pads. The town of San Pedro de Atacama is about 60 kilometres west of Paloma and there you can find all modern infrastructure.

Page 62, a brief property description we have on this property, taking an option to acquire up to a 70% interest from a large Chilean mining, CMP. We are looking at paying them \$0.75 million and spending \$5 million over a five-year period with a final payment due in 2023. That would be followed by a second option. The first option is for 51%. The second option would allow us to go up to 70% by completing first a preliminary economic assessment and then a prefeasibility study by 2025. We have applied for additional concessions to the west and we currently control 5,100 hectares in eight separate concessions.

Page 63, let's take a quick look at the regional and property geology for Paloma. Paloma sits as the northwest extension of the famous Maricunga gold belt that runs from central Chile to southern Peru. The target type here is, again, a bulk tonnage target. It can be low-grade or high-grade, disseminated or stock-work, breccias or veins, and these high sulfidation epithermal deposits are typically related to intrusive dome at or near the tops of porphyry systems. These intrude andesitic and dacitic volcanic rocks within typically a (inaudible 59:48) volcano. We suspect that Paloma may be Miocene, but we don't have any dates yet.

Type examples I mentioned already, El Indo, Pascua Lama, Salares Norte. On the property, Paloma, like Aida, covers a massive alteration zone, 3.5 kilometres long by 2 kilometres wide. Classic acid sulfate alteration at the tops of the porphyry system with silicic, phyllic, advanced argillic, and argillic alteration within those volcanic tuff breccias and flows.

Rock sampling at Paloma has returned highly anomalous indicator elements for these types of high sulfidation epithermal gold systems. We've sampled a broad area and basically the entire alteration zone is highly anomalous in these indicated elements. We have in the core area of the alteration zone, outcropping vuggy quartz breccias and gypsum stockworks that are both hallmarks of these high sulfidation gold systems.

Slide 64, so, coming back to some photographs, you can see here our Manager and Chief Geo, Lorenzo Barrera, surrounded by, literally, the high sulfidation epithermal alteration at Paloma. In fact, behind him you can see the few rock ledges that stick out are typically either these vuggy silica breccias or silica ledges, and they are part of the drill targets at Paloma.

Slide 65, so let's have a look at some comparable alterations. This is a photograph from the Anglo Gold presentation on Salares Norte and remarkably similar. You've got outcropping breccia in the middle. It was not ore-grade gold, it was simply high indicator elements flanked by a couple of domes. The drilling returned some prolific results, like one hole shown on this slide, 96 meters and 1.5 grams gold, 61 grams silver.

Slide 66, so what is the model for Paloma? Well, if we use Salares Norte, what we're talking about are layered volcanic rocks, dacites in the pink, and andesites in the green, basaltic andesites in the green checks, intruded or crosscut by hydrothermal breccias in the red, purple, and white. Again, some of the Anglo Gold drill holes, and there are some spectacular holes in these breccia pipes, 132 metres of 53 grams of gold and 59 grams silver. So, we're not saying that's what we've got at Paloma, but it turns of the current knowledge of Paloma, it certainly fits the Salares Norte model.

Page 67, so, our rock sampling at Paloma, while only adding up to 33 rocks so far because we just literally signed this deal in the last month, we've got some really, really strong indicator anomalies, up to 2.5 ppm mercury, 300 ppm arsenic, 80 ppm bismuth, 160 ppm antimony, 100 ppm lead, 27 ppm tellurium. As we go through the slides, arsenic on Page 67, bismuth and antimony on Page 68, tellurium and lead on Page 69, you can see we have quite a broad area to explore.

Page 70, let's have a look at some mineralized rock samples from Paloma. Out on the left is a classic vuggy silica breccia. These are typically the best hosts for high sulfidation gold in Chile. Related to them, though, are the quartz alunite jarosite stockwork shown on the right.

Page 71, so what are we going to do at Paloma this year? Other than the rock sampling, there's still a lot of work to do. We're going to map and sample the entire property. We've got environmental studies underway so that we can build roads, trenches, and, ultimately, drill pads. We're going to put a geochemical grid on the property, do spectral analysis of the place, run an IP resistivity survey so that we are ready to define targets late summer, and drill in the last half of the year 2,500 metres at Paloma.

In summary on Paloma, Page 72, this is a classic high sulfidation epithermal gold target. It ticks a lot of boxes. It covers a 3.5 kilometre by 2 kilometre massive hydrothermal alteration zone. We think it's Miocene. It's a volcanic caldera with domes and intrusions, breccias, and tuffs; and the mineralization already (phonetic 1:04:51) outcrops the alteration related to it in silica ledges, vuggy quartz, breccias, and gypsum stockworks. This is classic acid sulfate alteration, grading from silicic to phyllic to advanced argillic to argillic. Again, we have distinct northwest trending lineaments cut by northeast trending silica ledges; these are cross structures. The geochemistry in the rocks is very strong.

Let's move now to the third and final project to be presented today called Cerro Marquez, Page 73. The photograph shows Luis on his trusty steed. This is going back a few years when we didn't have road access and it was a multi-hour ride to get into the core of the system. What you see, obviously, everything in the picture is basically volcanic rocks, completely blasted by hydrothermal alteration; the whites, the yellows, the oranges, it's all altered. It's a massive alteration system. We believe it's related to porphyry mineralization below surface.

Page 74, so what are we targeting here? Basically a classic Chilean Miocene porphyry copper discovery. The belt or map shown on the right side of Page 74, you can just see so many classic copper deposits up and down the full length of Chile. We are in the Miocene belt and a little bit off on our own in the far north, just south of the town of Tignamar. But not far away to the south is a world-class mine called Cerro Colorada, and just south of it, one of the big daddies of them all, Collahuasi. So, I think we have the right address.

Page 75, where are we located? We are in Chile Region 15, about 90 kilometres from the Peruvian border at an elevation of 4,200 metres above sea level. We're only 100 kilometres east of the port city of Arica and the PanAmerican Highway, and we can be accessed by paved highway A31 and a dirt road, which we put in in the last 12 months. The town of Ticnamar lies about 20 kilometres north of us and has reasonably modern infrastructure and grid power.

Page 76, a brief description of the property, we currently cover 7,800 hectares and 8 historic mineral concessions shown in the red, and 20 new mineral concessions staked by Endeavour in the blue. Again, you can see the alterations all poking up there.

Before I move on to 77, let's discuss the option to purchase. The red plains (phonetic 1:07:39) were held by some prior owners and we have a recently signed deal to acquire up to 100% interest, subject to an NSR on their concessions. These concessions, we need to spend \$1.5 million and pay \$2.5 million over a four-year period with a final payment in 2020, and we can buy down the NSR.

Page 77, a quick look at the regional and property geology. Again, we're talking about a northwest trending Miocene belt and porphyry copper deposits. The target here is a bulk tonnage disseminated/stockwork, porphyry copper—gold, silver molybdenum—deposit related to granodiorite porphyry intrusions cutting andesite and dacitic volcanic rocks within a classic Miocene volcanic caldera. Examples would include Chuquicamata, Escondida, and El Teniente, which is exactly the same age as Cerro Marquez.

Like the other projects, Cerro Marquez covers a massive alteration zone, 6.5 kilometres long by 3 kilometres wide. It ranges from advanced argillic to argillic to phyllic to silicic, and these are hosted by the volcanic tuffs, breccias, and flows within the caldera. Spectral clay analysis shows a 1.5 kilometre long by 800 metre wide core zone of high-temperature plays (phonetic 1:09:12), including sericite, pyrophyllite, and (inaudible 1:09:16) with a peripheral zone of montmorillonite, kaolinite, alunite, and jarosite. This is typical of these porphyry copper deposits in Chile.

In the quartz zone, we've actually got an outcrop of what we call D-type quartz pyrite stockworks and veins and semi-massive pyrite zones related to the phyllic alteration containing rare bleds (phonetic 1:09:41) of chalcopyrite and digenite—these are both copper minerals—and the outcrop in an arroyo cutting the main alteration zone. We have done dating of the rocks at Cerro Marquez, the intrusions returned a 10 million year date; the alteration returned a 9.6 million year date; and the mineralization and post-mineral came in at around 9.3 million years. So, very similar to El Teniente.

Page 78, another photograph of the extensive alteration at Cerro Marquez: moly, arsenic, gold, copper anomaly is basically the entire center of the photo. We're standing on part of the first main target. Again, you can see that the alteration ranges from white to yellow to orange. It's basically a massive hydrothermal system that invaded volcanic rocks and altered them to plays.

Page 79, the mineralization model at Cerro Marquez is very well known. You have an eroded volcanic called (inaudible 1:10:54) with propylitic alteration on the outside shown in green, and as you move progressively towards the core of the caldera where the hydrothermal alteration is centered, you go through alunite-kaolinite alteration, illite-pyrite alteration, ultimately ending up with the silica and sericite and pyrite alteration in the middle. These types of deposits are typically sitting above or at the top of buried intrusions, porphyry intrusions. At Cerro Marquez we have some intrusions, some porphyries outcropping, but we believe that the militarizing intrusions are still below our feet.

Page 80, Cerro Marquez geology, again, from the outside in, the dark green and light-green rocks are more andacitic rocks and flows, tuffs, and breccias on the realm of the caldera. As you move into the center of the caldera you get into more of the pink dacites and rhyodacites, and then you get into more intrusive phases; porphyry is shown in the red, orange, and purple. The whole thing is following a northwest trend. These multiphased porphyry intrusions are very typical of porphyry systems. That's what you want to see.

Page 81, the alteration at Cerro Marquez, simplistically, again, from outside to inside, is green propylitic alteration, then the light-yellow argillic, orange silicic, yellow sericite, and brown potassic. The middle of the system is where the potassic and sericite zones are located. That's basically going from lower temperature on the outside to higher temperature on the inside.

Page 82, a more detailed look at the clay alteration, we conducted (phonetic 1:13:00) clay spectral analysis to analyse individual clay minerals. Here we have very distinct high-temperature core to the alteration zone shown by the kind of purplish whitemica sericite, the orangey dickite, and the blue pyrophyllite all clustered in that black boundary. Outboard of that is extensive kaolinite, montmorillonite, etc.

Page 83, the level of erosion is important because we're talking about potential open-pit deposits and we think that the current level of erosion at Cerro Marquez, based on the clay spectral analysis, is just above the top of the mineralizing porphyrys.

Page 84, so let's move to our rock sampling. We've collected and analyzed 150 rock samples and over 1,000 soil samples to define two, possibly three targets, with rock samples assaying up to 400 ppm copper; 300 ppm moly, which, by the way, is ore-grade; and up to 50 ppb gold. Soil samples define a 2.6 kilometre long, 1.3 kilometre wide molybdenum anomaly within the 4.5 kilometre by 3 kilometre copper anomaly without board gold, arsenic, lead, and zinc.

Page 85, let's look at these individual elements. You can see that the molybdenum rock anomaly, with the red core, is very concentrated; it's like a bull's-eye. Same with the gold on Page 85, it's concentrated bull's-eye target.

Page 86, when you get to lead and zinc, now you're talking about more peripheral broader anomolism, so they're not as effective as the moly and the gold for targeting, but they are a confirmation that you have a massive system.

Then on Page 87, as we look at that copper and molybdenum in soil sampling, the copper gives us a very broad anomaly; the moly gives us a very concentrated anomaly, and that's how you develop targets. The moly is literary a bull's-eye, and you can see a second bull's-eye popping up on the lower right-hand side of the molybdenum plot.

Page 88, arsenic and gold in soils are also very useful. Arsenic much more broadly distributed, like copper; gold, much more concentrated like moly. Again, the main target, and as you go to the southeast, a couple other targets popping up.

Page 89, lead and zinc, again, more broadly distributed. Lead is actually on or above the target zone; zinc is actually peripheral to it.

Page 90, moving to our geophysical surveys, we conducted IP and magnetic surveys here at Cerro Marquez.

Page 91, here you can see within the white dashed lines three white circles. From northwest to southeast, there are basically magnetic anomalies within the volcanic caldera. Northwest 1, which is our main target is blue. That means that it's an area of lower magnetic response where we think the magnetic minerals have been destroyed by the alteration. The middle circle is red. That means that it is still magnetic and so the magnetic minerals have not been destroyed. We think this is some sort of copping zone above the target that would be at a lower elevation compared to the first target with the blue magnetics. Then last but not least, the third circle is more greenish and it is similar to the first one in that it is a magnetic low where we think of alteration has destroyed some of the magnetic minerals.

Page 92, a close look at one of our magnetic sections, and you can see there're some very distinct mag highs in the red and a very pronounced mag low in the blue. We think that's due to alteration.

Page 93, let's move to a couple of IP sections. I just want to point out, by the way, that I think the circles are probably in the wrong locations here because on the upper chart, Page 93, which is the resistivity, what you want to be is on the flank between the very low blue area, so low resistivity, and the very height white area, high resistivity. That flanking red-orange area is where you want to be, and if you look at the lower chart, where the chargeability is located, this reflects the conductivity of the rock where the sulfide minerals containing copper and gold are located. What you'll want is basically the pink, orange, and red. That's the perfect example of an IP target within a porphyry system.

One more section, Page 94; again, I think the circles are in the wrong place here, but if you look at the colours (inaudible 1:18:20) chart above shows a modest resistivity low in the middle, flanked by strong resistivity lows to the left and right. Coincident with that resistivity modern anomaly is a very strong chargeability anomaly on the lower chart shown in the pink, red, and orange.

Page 95, moving on to targeting, we can just show you very simply what the moly anomaly looks like on top of the mag anomalies. They're exactly coincident. Target 1, obviously the biggest and strongest target over the magnetic flow; Target 2, a more modest but still distinct target over the magnetic high; and Target 3, a clear target, but, again, not quite as strong as Target 2 over in the green. I have two, possibly three targets within this volcanic caldera (inaudible 1:19:19) market.

Page 96, let's look at some rocks. On the left you can see some classic hydrothermal breccias with black silica and the multi-phase silica. On the right, these breccias often occur adjacent to or above classic porphyry copper mineralization. They don't contain ore-grade copper themselves, but they are anomalous and they are evidence that you are in the system.

Page 97, crosscutting all of that you have these silica edges ledges, similar to our other projects. These typically are late-stage silica-filling fault zones. They are a way to target the buried porphyry. On the left we have pyrite stockworks that are typically found with phyllitic alteration, flanking these porphyry copper deposits, and on the right the silica ledges and mark faults and fractures.

Page 98, at Cerro Marquez and in the porphyry copper model, it's very important to have a type of vein that's called D-type pyrite veinlets. Shown on the left are classic D-type pyrite stockworks within the phyllitic alteration flanking the porphyry copper mineralization. We clearly have this outcropping on the property that happens to be in a cabrada or canyon, cutting down into the deepest part of the main target. On the right, some black quartz veinlets, again, confirmation that they're multiphase system.

Page 99, we've done some microscopy of the surface showings and we found not only pyrite but chalcopyrite and digenite, by using the microscope. So, we know we not only have a system, we have copper.

Page 100, so, to wrap up Cerro Marquez, the porphyry targets at Cerro Marquez literally tick all the boxes. We cover a massive alteration anomaly, 6.5 kilometres by 2.5 kilometres; we have all of the geological setting that you would ever want with outcropping porphyrys, diatremes, hydrothermal breccias, stockworks, D-type veinlets, and copper oxides. The alteration is classic porphyry alteration. We, again, have a strong northwest structure, crosscut by secondary northeast faults; the soils and rocks literally give us three bull's-eyes; and in terms of the mineralogy, we are seeing chalcopyrite and digenite on the surface.

The IPG of physics has given us classic chargeability highs related to moderate resistivity zones. The mag is also a very useful tool for targeting, and, as I mentioned earlier, we have three bull's-eye targets in the mags, magnetic map.

Last but not least, this Cerro Marquez volcano was considered for many years to be too young to host a classic porphyry copper deposit. In fact, there was even a paper published in the early 70s that assumed that it was Cretonain (phonetic 1:22:38) age, approximately 2 million years old, too young to host a classic deposit. But, through our own dating of the rocks, we've been able to show that this is a classic Miocene system, 10 million years old.

Page 101, so what are we going to do? Basically you don't need to go further than the mag map and the moly and gold anomalies to see where the main targets are.

Page 102, our exploration program this year is that we are in the middle of our environmental management plan to permit access roads and drill pads, primarily within the main target with perhaps one hole in a secondary target. We want to extend the soil sampling to the southeast to better develop those two other targets, and we plan to drill here in the order of 3,000 metres to 3,500 metres in the second half of 2019.

That, Operator, is the end of our formal presentation. I think we should open it up for Q&A on our Chilean projects.

OPERATOR:

Certainly, Mr. Cooke. We will now begin the final question-and-answer session. To join the question queue you may press star, one on 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, two. We will pause for a moment as callers join the queue.

Our first question comes from Mark Reichman with Noble Capital Markets. Please go ahead.

MARK REICHMAN:

Thank you. Really just wanted to say that these do look like very exciting projects with the potential for significant discoveries. I was wondering if you could, on the property descriptions for each one in the press release, if you could just talk a little bit about each one in terms of the timing of the payments, whether they are equal payments over the five years or what's been spent to date because I think some of these start, like, in 2019; and what considerations go into whether you purchase the NSR or, in the case of Paloma, what changes in terms of the terms when you go from 51%, say, to 70%.



Then I guess the third question would be in terms of regulations in Chile, if you could just maybe provide a thumbnail sketch in terms of permits or processes in terms of working with the mining agencies in Chile, what are the major items? Thank you.

BRADFORD COOKE:

Again, thanks for your questions, Mark. A quick history of our involvement in Chile, we had the concept in 2000—I think '10, '11, '12—to see if there were high impact projects available to a company, like Endeavour, and so we went looking for an experienced and very well-connected senior geologist, that's Lorenzo Barrera, and we opened up our office I think in 2012 and literally commenced trying to acquire projects at that time. I think that the first claims we staked were at Aida in the kind of '12, 2013, '14 range. But, we actually didn't get the option to purchase the historic core claims at Aida until last year.

In terms of the terms of these deals, what that means, for instance at Aida, is that the annual cash payments and work commencements really just started. They culminate in 2023, so we've got lots of time. Our claims that we stake obviously we own and the claims that we have optioned at Aida are to acquire 100%, even the royalties can be bought down. I won't get into the details, but we can have a private chat if you want. It'll actually show up in our MD&A.

Moving to Paloma, this is actually the newest project. We've been chasing it for years. It was in another company, a large Chilean company, CMP. We did actually, late last year, sign an option agreement. This one is a bit different. We can go initially to 51% and ultimately to 70% at Paloma, but most of the money goes into the ground, at towards \$1 million worth of (inaudible 1:27:25) spread over five years. So, we really like the Paloma play, obviously, and our goal there, obviously is like Aida and Cerro Marquez: we're going to advance it as quickly as we can this year with all of the initial ground surveys so that we are ready for drilling at Paloma in the second half. Like Aida, if we were to form a joint venture, 70/30—70% Endeavour, 30% CMP—then we don't need to worry about royalties. If one party were to dilute down, they would dilute down to a royalty and we would have a buy-down on the royalty.

Last, but not least, Cerro Marquez, we've been working there for several years; I can't remember which year we started, probably five years ago. But, with the staking of the claims, we did do a deal on the historic concessions there last year, and so we still have several years to run (phonetic 1:28:25) I think up to 2023. That one is also an option to acquire 100% and the royalties can be bought down, offer us all the surrounding claims that we staked; we just don't own.

Now, working in Chile, obviously, we've really enjoyed our short time there. There's great infrastructure, tremendous mining industry, well-developed mining industry. That means the permitting process is also very well-developed. For each of the drill programs that we are permitting now, the exercise is some baseline environmental studies, the formal application, and it's basically a few months, typically three, four months, at least in this part of Chile.

OPERATOR:

There are no more questions at this time. I would now like to turn the conference back over to Bradford Cooke for a summary of the presentation and any closing remarks.

BRADFORD COOKE:

Well, thank you very much, everybody, for joining us today. I'd just like to wrap by doing a quick summary. Our focus on exploration this year around the operating mines is brownfields exploration to extend the mine lives. At Gunacevi we're not only developing two new orebodies to production, we'll be infill drilling one of them and trying to extend other orebodies. At Bolanitos, in addition to extending the existing orebodies, we're looking for new resources at the San Miguel discovery. At El Cubo, it's simply about extending the main Villaplando-Ascencion orebody.

At our development projects, we're just trying to move them on their pipelines to production. El Compas is now in the final stages of commissioning Mine Number 4, and even though it's a small mine, it will be a very high-grade mine and scalable if we find more reserves. At Terronera, which has the potential to be our largest and lowest cost and longest mine life mine, we published a robust PFS last year and we're just in the final stages of hopefully getting a Board decision to break ground this quarter. At Parral, which is really an advanced exploration project, it's moving into the development pipeline this year with preliminary economic assessments, some initial mine permitting, and more aggressive drilling on four—the property hosts four historic high-grade vein areas, and our focus this year is on one of them, Veta Colorada.

Last, but not least, Chile, where does that fit in our growth strategy and outlook? Well, clearly, it's the first opportunity to take a shot on a world-class discovery. We have three shots. We like them all, and they are very different targets. At Aida we're talking about bulk tonnage, Bolivian-style silver; at Cerro Marques we're bulk tonnage copper; and at Paloma, bulk tonnage gold. These all have high-impact discovery potential.

I think that's good enough. Operator, thank you very much and thanks all for attending.

OPERATOR:

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