Endeavour Silver Corp.

Third Quarter 2014 Financial Results

Conference Call Transcript

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Speakers:

Meghan Brown
Director, Investor Relations

Bradford Cooke
Chief Executive Officer

Dan Dickson
Chief Financial Officer

Terry Chandler
Vice President, Corporate Development

OPERATOR:

Thank you for standing by. At this time, I would like to turn the conference over to Meghan Brown, Director of Investor Relations. Please go ahead.

MEGHAN BROWN:

Thank you Operator. Good morning everyone, and welcome to the Endeavour Silver third quarter conference call. On the line today we have the company's CEO, Brad Cooke, as well as our CFO, Dan Dickson, and our VP Corporate Development, Terry Chandler.

Before we get started, I'm required to remind you that certain statements on this call will contain forward-looking information within the meaning of applicable securities laws. These may include statements regarding Endeavour's anticipated performance in 2014, and future years, including revenue and cost forecasts, silver and gold production, grades and recoveries, and the timing and expenditures required to develop new silver mines in mineralized zones. The company does not intend to and does not assume any obligation to update such forward-looking statements or information, other than as required by applicable law.

With that, I'll turn the call over to Endeavour's CEO, Brad Cooke.

BRADFORD COOKE:

Thanks Meg, and welcome everybody to our Q3 conference call. There's been a lot of fear and loathing in our sector in recent months, and in particular in recent weeks. It's been an interesting time for us all, I can assure you of that, and there's been a lot of concern expressed in the silver mining sector with regard to operating and all-in costs, whether or not miners can cut it at these prices. Endeavour's no different. We've had a lot of questions about our ability to hone our operations and keep our costs down, and that's certainly a theme going forward. First, let's touch on the highlights for the third quarter, though.

In general, our revenue and earnings, cash flow and EBITDA were all lower in Q3 this year compared to last year due to the combination of lower metal prices, slightly lower mine production, a sharp increase in silver inventories and corresponding decrease in silver sales.

In fact, on that point, I'd like to make sure people understand that if we'd actually sold all of the metal that we produced during the quarter, our revenues, instead of being $40.5 million, would have been $11 million higher; our cash flows, instead of being $4.4 million, would have been $11 million higher; EBITDA, at $2.2 million, would have been almost $4 million higher; and the net loss of $11.5 million would have been at least $3 million less. So we are not enjoying a great quarter in Q3, but we had a great quarter in Q1, and two quarters back to back, Q2 and Q3, where our costs were higher, and forecasted to be higher, largely because of the increase in capital and exploration spending for all-in sustaining reasons.

We finished the quarter off with cash costs at $10.70 per silver payable ounce and all-in sustaining costs of $20.18 per silver payable ounce. The bullion inventory was over 0.5 million ounces of silver and almost 1,000 ounces of gold. Capital investments and exploration and expenditures, however, did peak in Q3 and are declining quickly here in Q4, as scheduled.

I'll touch on the operations and then we can wrap up my initial comments and open it up for Q&A.

Silver production dipped a little bit to 1.6 million ounces, but we're still well on track to meet our silver production guidance for the year. Gold production was down a bit, to 14,000 ounces, and we're trying to get to the bottom end of our guidance for the year. Silver equivalent production was 2.5 million ounces at a 60 to 1 ratio. I did a quick calculation at 75 to 1, just to see what it would look like, and it's 2.7 million ounces. We are on track for silver and silver equivalent production. Our cash costs and all-in sustaining cost guidance all remain on track for the year.

Each mine received its annual awards for Corporate Social Responsibility from the arm of the Mexican government, and El Cubo actually received a Guanajuato state award for its proactive environmental programs. Perhaps one of the bigger pieces of news during the quarter was our receipt of the umbrella mine development permit, called an MIA, for our San Sebastián project from the Mexican government. That was subsequent to quarter end. We've also accelerated all of our cost-cutting and productivity enhancement programs post-September 30th, given the precipitous drop in precious metal prices since that time.

So we do expect production to improve this quarter. We expect our costs to improve this quarter, both cash and all-in costs, and that's a function of better operating performance and our expenditures, having peaked, are now declining on both capital and exploration.

Operating costs in Q3 were actually a little bit lower on a per-tonne basis, but they did drift higher on a per-ounce basis, primarily due to the gold grades and gold prices. We take gold as a credit against the cost to produce the silver and the smaller credit had an impact on us in Q3.

We're currently working on San Sebastián to bring an updated resource. That resource – and we'll be using an October 31st cut-off – you'll see in January. We're looking at talking to the Board about our own in-house economic scoping study, which will be followed by a PEA sometime in the first half of 2015, and we're continuing to infill drill at San Sebastián, albeit with only one drill rig.

So, that's our operating review, and, Operator, let's open it up for Q&A.

OPERATOR:
Thank you. Our first question today comes from Benjamin Asuncion of Haywood Securities. Please go ahead.

BENJAMIN ASUNCION:
Good morning guys. Thanks for taking my questions. There are two things here to focus on. First, just touching on San Sebastián, what are your thoughts on development timelines, given where current spot metal prices are?

BRADFORD COOKE:
Well, we had been thinking, Ben, if you recall, of fast-tracking the project, but with the current metal prices, we're just going to treat it as a normal development project. What does that mean in terms of timing? We probably have another six months of *change of soil use* permitting to do, following the umbrella permit which we received in October, and so during that time we'll continue to do some drilling to see if we can step out along strike to the southeast. Obviously, we're doing our mine plan and preparing some initial economics around that mine plan to bring to the Board in December.

I don't have any numbers to give you at this point. The PEA will be out some time in the first half of next year, but we did run some sensitivities on our back-of-envelope resource and the project is not terribly sensitive to silver price. I think we can say that at this point. So if we get our permits in the first of the year and we publish our PEA, we'll then go to the Board looking for a decision. Obviously, it will depend on the state of the markets and our metal price outlook at that time. If we decide to go ahead, let's say a decision by the end of the first half of next year, then we would get straight into ordering long lead-time items, breaking ground, and there'd be probably a minimum one-year construction cycle to see primarily the plant built. There's also obviously some mine development to do. We would look for the initiation of production sometime in the second of 2016, and thereafter.

BENJAMIN ASUNCION:

Okay, perfect. Just touching on cost improvements—I realize you've tightened the belt quite a bit sort of over the past 12 months or so—going forward, where do you see potential for more improvement; and I guess at the mines, where do you think you have some flexibility or opportunity to reduce costs further?

BRADFORD COOKE:

On an operating side, Guanaceví pretty much is what it is for now. We've done a little bit better on operating costs per tonne this year as compared to last year at Guanaceví, but I don't know if there's a whole lot of low-hanging fruit to be gathered on the operating cost side there. At Bolañitos we're actually seeing a slight rise in operating costs, partly due to the gold credit and gold grades, and partly because it's also now becoming a mature mine with more haulage per tonne, so to speak. El Cubo obviously has been the one that we've been very focused on getting costs down. We did have two good operating quarters, Q4 last year and Q1 this year, a couple of tough quarters in Q2 and Q3, and we're absolutely focused on trying to get Q4 looking more like Q1 and Q3. Where there is operating cost gains is at El Cubo.

BENJAMIN ASUNCION:

Okay, and just touching on El Cubo further then, based on the current operating cost structure and where you see potential for improvement—let's call it in grades and costs—what are your thoughts on the ongoing operations where we're seeing kind of $15.50/oz silver right now.

BRADFORD COOKE:

So we're pretty steady as she goes at Guanaceví and Bolañitos, and we're doing several different models, what-if scenarios, at El Cubo, and if we have to live with $15 or $16 silver at El Cubo, there are three approaches. One is care and maintenance, obviously. If we don't feel we can make any money at these prices, then we should just shut her down and preserve the resource for the future. However there are two other bona fide opportunities here and we do need to understand them more before we can make a decision at year end. One of them is, obviously on the grade side, maybe run it at half the capacity and get the grades up. That is a function, however, partly of mine development, because most of the higher grades that we've discovered in Villalpando/Asuncion are not developed, and so we would need that development bullet to get to those grades. Then, the third scenario is actually—we know the plant is quite capable of doing significantly more than 1,500 tonnes a day, because we've had individual days well above that, and so we are modelling significantly higher throughput and pedal-to-the-metal to get both the tonnes and, as best we can, the grades up, in order to knock the costs down. So all three models are being examined and we'll be going to the Board in December with our recommendations, and then we'll bring guidance in the new year.

BENJAMIN ASUNCION:
Perfect. Well thanks a lot. I'll hop back in the queue.

BRADFORD COOKE:
Thanks, Ben.

OPERATOR:
The next question comes from Chris Thompson of Raymond James. Please go ahead.

CHRIS THOMPSON:
Hi, good morning guys. I guess I'm just looking for a little bit of colour on the statement, what you mentioned relating to Bolañitos maybe dropping the throughput from 1,600 to 1,200 tonnes a day. Can you just talk us through that strategy, Brad?

BRADFORD COOKE:
Yes, we had hoped to be able to use the new La Luz/Asuncion discovery sooner than we are currently budgeting in our mine plan, which means there's a shortfall of tonnes from reserves, so we're going to see a tapering of production in the first half of the year down to the 1,200 tonne mark, plus or minus, and then as soon as La Luz/Asuncion is developed and starting to produce, then we'll see an increase in production again at Bolañitos. So I would assume in the second half of next year we'd see that taper up instead of taper down.

CHRIS THOMPSON:

Okay, all right. Brad, I'm looking at the unit costs for El Cubo at the moment and I guess, you know, Q3 against Q3, or Q2 against Q2, this year and last year, they look good, but they haven't really come down so much, I mean, $108 per tonne for this quarter, $113 a tonne last quarter, for instance. Any ideas how and what sort of level we should be modelling looking forward here?

BRADFORD COOKE:

Sure. So, we'll talk about both cash costs and all-in sustaining costs, because we've had a pretty aggressive capital program at El Cubo underground for the last two years. On an operating side, we're targeting mid-90s, and we've been there and we think we can get back there. On an all-in sustaining basis, we've obviously had almost double normal sustaining costs at El Cubo now for two years, and that has been primarily responsible for the opening up of the Villalpando/Asuncion zone. We are seeing some higher grades starting to come to the plant from that particular zone. I think our toughest decision, Chris, to be honest, isn't so much on the operating side, although that's always a battle. I think the tougher decision is whether to make a significant additional investment in capital next year in order to open up the larger higher grade areas, or to minimize capital and just try and get at the high grade as best we can.

I should also point out that on the operating side there are other things currently going on, some of which involve the union, that we feel are critical to getting the costs in the money at the current prices, and we can't give any assurance on those, obviously, it's a two-way street, but we're working very hard on that and we hope to have many of those goals accomplished by year end.

CHRIS THOMPSON:

Finally if you could just sort of comment, I guess, on the success you guys are having. Obviously, we're going to see your new reserve/resource estimates early next year, but looking for a bit of colour on the success potential for replacing production for this year with reserves from next year, the sort of conversion factors we should be modelling for each mine?

BRADFORD COOKE:

I can only give you a qualitative answer to that. At Guanaceví, we're very enthusiastic about the future at Guanaceví, which is a bit of a surprise. We've had some more exploration success there this year and we will bring some news on that before year end. At Bolañitos, we're working on some things to extend the mine life, both in exploration and acquisitions, and it does have the shortest mine life of the group, but we've always enjoyed good reserve replacement. El Cubo is perhaps the best obvious exploration potential of the three mines. We have many untested targets at El Cubo. So in terms of replacing reserves, we don't have any issues at Guanaceví or El Cubo, and the only area that we're going to have to work hard to replace reserves is Bolañitos.

CHRIS THOMPSON:
Great. Okay, guys, thank you very much.

OPERATOR:
The next question comes from Doug Miller, a private investor. Please go ahead.

DOUG MILLER:
Yes, hello. Recently, Keith Neumeyer of First Majestic announced they are going to be withholding some metal from the market because of the recent weakness in the silver futures market, and I believe it's in the area of around 100,000 ounces. He also commented that he was going to be contacting the CEOs of other primary silver mines. So first, I'm wondering has he contacted you; and secondly, what is your position with respect to his comment. Thank you.

BRADFORD COOKE:
Thanks, Doug, for your questions. Actually, just a quick correction. I think he withheld about a million ounces of silver at the end of September.

DOUG MILLER:
A million ounces, sorry, you're right.

BRADFORD COOKE:
We were actually the first company in the group to start doing that in 2009. We've done it a couple of times since then, and as you saw from our third quarter, we did see an increase in our silver inventory, not to a million ounces, but we got to 0.5 million ounces in the third quarter. It's not something we do all the time. It's primarily to see if we can increase the sale price of our metal. That might be a different strategy than what Keith is talking

about. I think he's alluding to just putting the metal in the bank and sitting on it, and that's not something we do. Our shareholders primarily look to us to deliver value through growth, and then after that, hopefully through dividends. So it's not in our long-term agenda to just sit on silver, for instance. We do it, though, from time to time, and we were the first in the sector to do that.

I haven't heard from Keith. I know there were some comments he made in an interview about the possibility of a group of silver miners maybe doing the same thing, you know, reducing supply and maybe that'll help the metal price. You know, us primary silver producers as a group represent less than 30% of the total silver supply, so the chances of us being able to affect the silver price by withholding metal is slim to none. So we think it's smarter for us to just try to do the best we can for our stockholders on our sales strategy.

Does that answer your question?

DOUG MILLER:
Yes, thank you very much.

BRADFORD COOKE:
Thanks Doug.

OPERATOR:
The next question is a follow-up question from Benjamin Asuncion of Haywood Securities. Please go ahead.

BENJAMIN ASUNCION:
Hey, guys. Sorry, just one thing to touch on here. Just looking at kind of reserve and resource updates coming at year end and carrying values of the assets, I'm noticing that you still carry a significant value for El Cubo on the books. Any thoughts on where you're aligning in terms of silver prices or potential adjustments to those values?

DAN DICKSON:
Hey Ben. Dan Dickson here. Yes, at the end of the day, you're alluding to an El Cubo impairment and what that would do to the company, and there are a

number of variables that go in. Obviously, the new reserves and resources will impact that, but also mainly where we view the long-term silver price. Realistically, we look out to the market, the analyst community, and the buying community, and where they think the silver price is going to be and we tap that into our model. At quarter end, that price ended at $17. Obviously, we're significantly below that now. So it's something we will be looking at.

The impact on us—obviously, it's an accounting adjustment, so it's non-cash— and the question would be whether it affects our debt, and at this point we don't see it affecting our debt. If it did trigger our covenant—it's something we've always talked with the bank about and they understand that that's just an accounting entry, not necessarily a cash flow entry. At this point in time, that's probably as much as I could allude to.

Where we finalize, where we expect silver price to be for the future, is something we handle at the Board level when we go through budget approvals in December, so I think we'll leave it till January when we come out with guidance – where we expect prices to be long term, and that will be in our financial statements.

BENJAMIN ASUNCION:
Perfect. Thanks a lot.

OPERATOR:
The next question comes from Andrew Kaip of BMO Capital Markets. Please go ahead.

ANDREW KAIP:
Hi Brad. Your discussion on El Cubo and your three options that you would be presenting to the Board, I'm just wondering, the third option that you presented, actually moving towards increased capital spending to try to access the zones you've identified and to be able to really boost production and lower, on a per-unit basis, operating costs, have you guys given this much thought, and is there any more information that you could provide to us on, say, where you think your operating costs might go under that scenario and what advantages you might be able to reap, from a mining perspective.

DAN DICKSON:
Hey, Andrew, it's Dan again. It's probably best that I take this. Brad hit

all three iterations at the high level. In fact, the scenarios we've been modelling, looking at lower production, higher production, same production, care and maintenance, we've probably got about 20 different iterations at this point, and we're still looking to cut that up. We haven't brought the final mine plan, so to speak, to the Board, or a final decision to the Board, which comes like I say in December, and then we come out with public guidance in January. At this time, with where prices are and with how many things that we still are looking at and trying to decide on, we'll probably hold back from detailed disclosure on that until January.

But those are very fair questions and something we're still trying to answer and get through all that information. As you can probably imagine, it's a lot of stuff. Not just internally making decisions, but legal decisions and dealing with the union, and how those discussions go also will help dictate where and what iteration of the model that we can go with at El Cubo.

BRADFORD COOKE:

I'll chip in there, as well. Basically, we wouldn't treat it as a bona fide option unless we thought it had a bona fide chance of getting us to free cash flow at these prices.

ANDREW KAIP:

No, I completely understand. The other question I have is on San Sebastián. Congratulations on the recent granting of the MIA. Can you give us a sense of what other steps you have to take with that project to get it to a point where you can be in a position for more talking about development?

BRADFORD COOKE:

Management's assumption is that all other things being equal, we should be ready to go to the Board in late second quarter next year, and what happens between now and then is more drilling, an updated resource, before we go to the Board mid-year, obviously the PEA, based on our own scoping study—and what else? Oh, permitting, yes. The *change of soil use* permits. Under the umbrella MIA, there are individual permits for the mine, plants and tailings, and we've actually already located the areas and done initial engineering on each of the three sites. We actually took the Board there two weeks ago—last week, actually—for our annual on-the-ground Board meeting, so they could see what we're proposing. I'd like to think that—and this is a forward-looking statement—we'll give the project a go in the second quarter.

ANDREW KAIP:

Then what kind of size are we looking at initially, what are your intentions, or what are you thinking, just sort of broadly speaking, and if you're able to answer that question?

BRADFORD COOKE:

Sure. What's in the existing MIA is a 500-tonne-per-day operation within a 2,000-tonne-per-day footprint, and now that we have the MIA, our engineering group is actually working diligently on all of the related engineering for the *change of soil use* permits—they're the detail permits that come under the MIA—and then we could actually file, perhaps even before year end, for an expansion of the 500-tonne rate to whatever our preferred rate is after our scoping study review. We're thinking minimum 1,000 tonnes per day, quite possibly higher.

ANDREW KAIP:

Then, what kind of capex range are you thinking for this kind of approach?

BRADFORD COOKE:

Again, it's too soon for any real numbers, so all I can do is look to comparables in the sector and say that a 1,000-tonne-per-day operation would produce just less than two million ounces of silver a year and maybe 13,000 ounces of gold a year. Capex for that might be in the order of $50 million all-in, and that's just looking at comparables. If we go to 1,500 tonnes per day, then we're talking closer to three million ounces of silver and 20,000 ounces of gold. That's starting to look like the El Cubo rebuild, which came in at about $70 million. If we go higher still, it'll be because of growth in the resource.

ANDREW KAIP:

Okay. Thank you very much.

OPERATOR:

The next question comes from Scott Morrison of Dundee Capital Markets. Please go ahead.

SCOTT MORRISON:

Good afternoon, everyone. Just a quick question on Bolañitos. For the first half of the year next year, if you plan to be running at 1,200 tonnes per day, what does your opex look like on a per-tonne basis or on a gross basis?

DAN DICKSON:

Hey Scott. Dan again. In the first half of the year we probably won't be at that 1,200 tonnes per day yet. We're still producing 1,600 tonnes per day now and we'll be producing 1,600 tonnes per day into December, so we're going to taper down towards that 1,200 tonnes per day. Again, we come out with formal guidance in January, so I'd look for more hard numbers at that time, but obviously, from an administrative standpoint, we spend about $1.5 million per quarter on indirect costs there, so you split that amongst the rest of the tonnes. We're hoping, from a mining cost per tonne, to stay similar to that. We're hoping it's actually not that much of an uptick. So at this point we don't see a significant uptick in our costs per tonne, but again, we haven't finalized that and we don't come out with guidance for that until January.

SCOTT MORRISON:

Okay, that helps. Then moving on to the debt, do you guys have a target for year-end debt position, or is there any update to that?

DAN DICKSON:

At the end of the quarter we were at $27 million. We have to be at $25 million per our credit facility with Scotia by July 2015. I guess at this point in time we'd say our target is to be at $25 million for July 2015. We do think we're going to get there a lot sooner. It's just a matter of how we can move money through countries and timing of that stuff. So we're not going to be materially different from the $27 million come year-end, plus or minus two, let's say.

SCOTT MORRISON:

Alright, that's it for me. Thank you.

OPERATOR:

The next question comes from Andy Schopick, a private investor. Please go ahead.

ANDY SCHOPICK:

Thank you. My questions have been answered. I guess the only comment I have to make is it's certainly not been a fun time for many of you trying to manage this business in the mining industry.

BRADFORD COOKE:

Thanks Andy. You're absolutely right. Every day's a new day today. You know, we have to run a business to make money, so everybody in our sector is doing pretty much the same things. Even top-notch companies, like Fresnillo and Tahoe, when I talk to them, they're doing the same process we are, you know, cutting costs, enhancing revenues, cutting back people, and everybody's facing the same thing. So we do what we have to do to build the business.

ANDY SCHOPICK:

Thanks again.

OPERATOR:

The next question comes from Leon Esterhuizen of CIBC. Please go ahead.

LEON ESTERHUIZEN:

Hi, guys. Hi, Brad. Just a quick one, since I'm one of the culprits not taking account of your inventory. I see the inventory build wasn't that significant on a dollar value, so I was just wondering is it an inventory drawdown that is partly sort of aimed at reducing the costs in Q4? Is that part of the deal to get the costs down? I'm a little bit concerned with the inventory, because I didn't—I picked up on a previous question where you said you held back some metal, trying to make more money, and of course the silver prices are a lot lower now.

DAN DICKSON:

Leon, it's Dan here, I can probably provide clarity on that. The $27 million versus $24 million, you're referring to our full inventory, so that's our warehouse inventory, which is our supplies that feed the mine, our stockpiled inventory—we have stockpiles at Guanaceví and Bolañitos. So, at think at Guanaceví, it holds about 35,000 tonnes, and at Bolañitos, we hold 60,000 tonnes, and then also work in process and finished goods. If you look at that detail, which is Note 6 of the financial statements, finished goods inventory from year end went from $1 million carrying costs to $8 million carrying costs. The fair market value of that $1 million of finished goods, I would say was about $1.5 million. The fair market value of the finished goods at the end of Q3 was about $11 million. So that's the big change that Brad's talking about, and that's where, essentially, if we had sold that inventory, we would have had $11 million more of cash flow and cash in the bank. So we're not overly concerned with our cash going from $44 million to $29 million, because we know that we have $11 million we could have put out into the market and turned into cash immediately, and that's what he was referring to.

LEON ESTERHUIZEN:

Okay, well, thanks. Just again to the original question, so that comes into the equation in quarter four, I'm assuming, and why—what is the reason for the build?

DAN DICKSON:

Yes, you're right. The $11 million, if we sell it here in Q4, which is quite likely, we need cash flow. As Brad said, we are a business that is trying to make money and we need that cash flow, no different at these prices. So that will come in in Q4 likely.

The reason for the build is just going up into quarter end, we had some, and we always have some. It's a question always in the last week, last two weeks of a quarter-end to unload our inventory. As Brad said, dating back to 2009, sometimes we choose to, sometimes we choose not to. I think at the end of this quarter we saw a precipitous drop in the last week and we just didn't want to run into that market. Now, hindsight, yes, $17.50, $18.00 would have been great prices, considering today we're sitting at $15.60, but that's the nature of the beast.

LEON ESTERHUIZEN:

Okay. Thanks, guys.

OPERATOR:

The next question is a follow-up question from Doug Miller, a private investor. Please go ahead.

DOUG MILLER:

Yes, thank you. To the gentleman who recently phoned in and commented that his questions had been answered, but he added that it must not be a fun time to be running a silver company, to that I would like to add that it has not been a fun time to be an investor in a silver company.

My comment is around dividends. You mentioned it on my first comment, or my first question. Is there a dollar price of silver, a target that would be required for Endeavour to pay us a dividend? Is there a certain price that would be required for that to become a reality? A follow-up to that is if a dividend was paid, has there been any thought about paying the dividend in physical versus fiat? Thank you.

BRADFORD COOKE:

Thanks for your questions Doug. We did actually go to the Board with discussions about dividends in 2011, and we elected not to go into dividend policy that year, primarily because we felt there was significantly more gain to be had through employing the 's cash for growth. We would not look to a particular price of silver in the future to determine whether or not we're issuing a dividend. I think it will be very much—as long as we're growing fast as a company, then we think that's a better use of cash, shareholders' cash, and when we see long-term growth slow down precipitously, then the other way to return profits to shareholders is the dividend, and we will certainly consider that when our growth looks like it's slowing down.

DOUG MILLER:

And physical versus fiat, if you were to have a dividend, has there been any talk on that?

BRADFORD COOKE:

Well, yes, and while no decisions have been made, we have no problem with physical versus fiat.

DAN DICKSON:

Doug, this is Dan here. We looked at the mechanisms of being able to do physical silver distributions as opposed to a fiat dividend. It's something that's doable. Obviously, some of the investing community would prefer the fiat and some would prefer the physical, but until we get kind of closer to that timeline our dividend comes back into play for the , it's just something that we probably wouldn't look at again until that time.

DOUG MILLER:

Thank you. Thank you very much, I appreciate it.

OPERATOR:

The next question is a follow-up question from Benjamin Asuncion of Haywood Securities. Please go ahead.

BENJAMIN ASUNCION:

Hey guys. This is my last question here, I promise. Just looking forward, in terms of capital and kind of a viewpoint on all-in cost for next year, within Bolañitos and Guanaceví, are we looking at relatively similar levels to what we saw this year; and then are we looking at El Cubo trending towards those two operations from a capital point of view?

BRADFORD COOKE:

Yes, capital at Guanaceví has declined. It peaked a couple or three years ago and has been declining since. That's typical of a mature mine, where less investment has to be made in infrastructure to mine the tonnes, so we would expect that trend to continue, or at the very least stay even. At Bolañitos, now we're seeing the mine mature, I think the same comment can be said. Other than the La Luz tunnel that we initiated in October, we don't have any big development plans at Bolañitos, so it would be reasonable to assume we'll either flatline or come down. At El Cubo, we're certainly targeting—let's see—a couple of years ago, we figured we were running about $10 million to $12 million a year in mine development capital per mine and that's a reasonable target for Cubo.

BENJAMIN ASUNCION:

Okay, perfect. That's it for me. Thanks, guys.

OPERATOR:

There are no further questions at this time. I will now hand the call back over to Brad Cooke for closing comments.

BRADFORD COOKE:

Thank you Operator, and thanks, everybody, for attending this Q3 conference call for Endeavour Silver. We are working on behalf of our shareholders to deliver a strong Q4 here and show that we have a bona fide business at these prices. Stay tuned and we've got lots of news coming not only through the year end, but into next year. Thanks.

OPERATOR:

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