

# Endeavour Silver

(EDR-TSX; EXK-AMEX)

**Stock Rating:** Market Perform  
**Stock Price:** \$3.87  
**Target Price:** \$3.70

**September 1, 2010**  
Brief Research Note  
Silver

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## Building Up Exploration Potential at Guanacevi

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### Impact

Potentially Positive

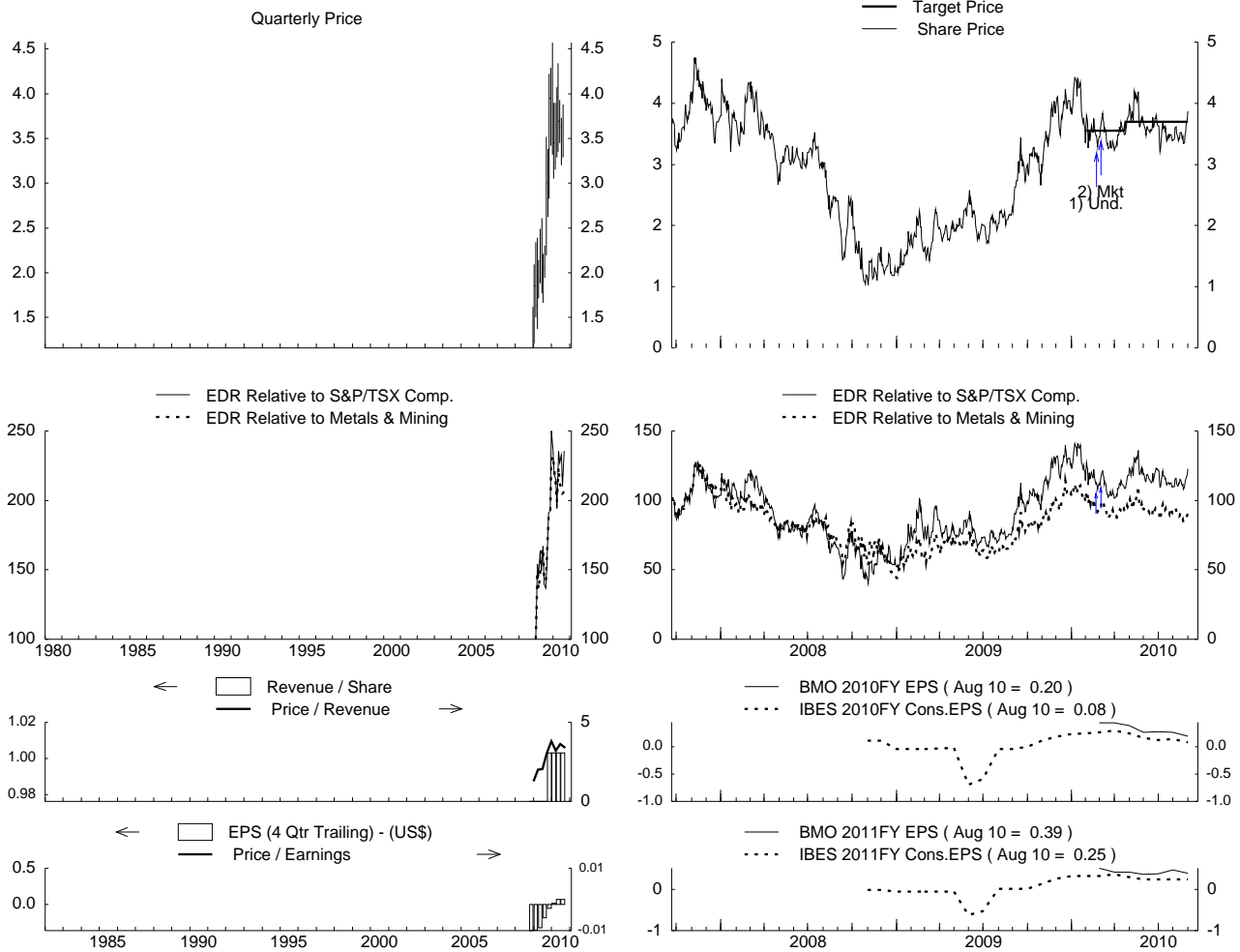
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### Details & Analysis

EDR announced the discovery of three new silver veins and the acquisition of three new properties (25.4ha) that contain additional vein occurrences adjacent to the company's Guanacevi mine in Mexico. While further drilling is required, we believe the potential of these new veins to add to the existing resource is realistic. Drilling is expected to recommence in the San Pedro area of the Guanacevi district in Q4/11. Two of the newly discovered veins (La Blanca and Mi Nina) lie ~2km northwest of the Pornevir Cuatro mine (currently under development), while the third (San Joachin) lies in the eastern portion of the San Pedro mine area. Preliminary sampling and trenching has returned some potentially economic results. Significant surface sample results include up to 549g/t silver and 1.4g/t gold from the Blanca vein, 272g/t silver and 0.4g/t gold from the Mi Nina vein and up to 578g/t silver over 0.25m from the Joachin vein. Also, the addition of the Epsilon, Elizabeth and El Calvario properties add an incremental 25.4ha of prospective ground to EDR's Guanacevi land package. The new project areas cover several veins where previous sampling and limited drilling have encountered economically significant silver mineralization. EDR trades at 1.4x the 10% nominal NPV at spot metal prices, a premium to junior peers within the BMO Research silver coverage universe that trade at 1.0x.

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## Endeavour Silver (EDR)



FYE (Dec.)	EPS US\$	P/E	DPS \$	Yield %	Payout %	BV \$	P/B	ROE %
2008	-0.37	nm	0.00	0.0	0	ND	nm	nm
2009	-0.06	nm	0.00	0.0	0	ND	nm	nm
Current*	0.06	nm	0.00	0.0	0	ND	nm	nm
Average:				0.0	0			

EDR - Rating as of 19-Sep-07 = NR

Date	Rating Change	Share Price
1 22-Feb-10	NR to Und.	\$3.47
2 3-Mar-10	Und.to Mkt	\$3.66

\* Current EPS is the 4 Quarter Trailing to Q2/2010.

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Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	37.1%	13.7%	43.6%	40.9%	51.0%	54.4%
Hold	Market Perform	59.3%	10.4%	52.7%	54.8%	45.4%	40.2%
Sell	Underperform	3.6%	11.8%	3.6%	4.3%	3.6%	5.4%

\* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

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Mkt = Market Perform - Forecast to perform roughly in line with the market;

Und = Underperform - Forecast to underperform the market;

(S) = speculative investment;

NR = No rating at this time;

R = Restricted – Dissemination of research is currently restricted.

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