

**Today's Notes:**

**1. Endeavour Silver: Success Breeds Success**

**1. ENDEAVOUR SILVER (CHRIS BERRY, MBA)**

Yesterday Endeavour Silver (EDR TSX) released news on its land package and summarized, in a few words – its expansion. Endeavour has expanded its property holdings near its Bolanitos mine in the Guanajuato Silver District in Mexico. Here's an excerpt from the press release:

*“The Company has acquired the Belen II and Ampliacion de Belen properties (192 hectares), located approximately 2.5 kilometers (km) east of Endeavour's recent Lucero silver-gold vein discovery and midway between the Company's operating Bolanitos and Cebada silver-gold mines at Guanajuato. Endeavour has also optioned the Juanita and Tajo de Adjuntas properties (57 hectares), located about 4 km southeast of Lucero at the south end of the La Luz vein system.”*

We've written about Endeavour in the past (click [here](#) for the Morning Note). Solid management, a solid business plan, and a solid (and growing) land package make for a long-term winning combination – something we look for in Discovery Investing.

Endeavour will obtain a 100% interest in the Belen property by paying 2.5 million Mexican Pesos (~ USD \$200,000) within the next three months. This is also subject to a 15% advance and a 2% net smelter royalty (NSR) on mineral production. Endeavour CEO Brad Cooke said a recent [webcast](#) on the news that the company is “thrilled” with the acquisition and it is “appropriately priced for an early-stage exploration property.”

The Belen properties are a real find as historically. Most believed that the area hosted low-grade mineralization until in 2006 a contractor found that vein thickness and grade of mineralization increased as a production ramp was driven 123 meters down along the Belen vein. At this point Endeavour geologists got involved and took chip and grab samples with the results shown below:

Belén Ramp Samples				
No.	Type	Width (m)	Silver (gpt)	Gold (gpt)
B47	Chip	0.22	100	3.5
B48	Chip	0.23	33	0.7
B49	Chip	0.24	426	3.1
B50	Chip	0.25	272	1.8
B51	Chip	0.26	112	2.1
B52	Chip	0.27	18	1.2
B53	Chip	0.28	27	0.5

B54	Chip	0.29	37	0.6
B10	Grab	NA	174	3.1
B11	Grab	NA	200	2.3
B12	Grab	NA	56	1.4
BSN	Grab	NA	930	3
GB1	Grab	NA	328	2.1
GB2	Grab	NA	78	0.7

The long and short of it is that these are promising results and continue the progress of Endeavour Silver management adding high-grade reserves and resources to their base – a goal for their Guanajuato properties. For a PDF of the Guanajuato district map, click [here](#).

Endeavour’s stock has declined ~ 5% year-to-date owing to the volatility in the price of silver and gyrations in world capital and commodity markets. However as the company continues to build its reserve/resource base and execute its business plan we think the future is a net positive for the company and its shareholders going forward.

In the face of sour capital markets, Endeavour Silver has held its value very well indeed as you can see below.



Perhaps even more important, we think the price of silver has \$22 per ounce upside this year and \$50 upside in the three to five year time horizon. This past week one of

Bloomberg.com's most widely read articles was on the importance and potential appreciation of silver. [Please read it](#) – it speaks for itself and for the shareholders of Endeavour Silver.

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