



TFSA Investors: 1 Precious Metals Company Trading at a Cheap Valuation

Description

Endeavour Silver ([TSX:EDR](#))([NYSE:EXK](#)) is involved in the evaluation, acquisition, exploration, development, and exploitation of mineral properties. The company produces silver and gold from underground mines. It also has interests and is advancing certain exploration properties in Mexico and in Chile.

Robust business strategy

Since 2002, the company's business strategy has been to focus on acquiring advanced-stage silver mining properties in Mexico. Mexico, despite the country's long and prolific history of metal production, appears to be [relatively underexplored](#) using modern exploration techniques and offers promising geological potential for precious metals exploration and production.

As at December 31, 2020, Endeavour had approximately 15 employees based in its Vancouver corporate office, and it employed over 1,100 full- and part-time employees in Mexico through Mexican subsidiaries. Consultants and contractors are also retained from time to time to assist with specific corporate activities, development, and exploration programs.

Value-added transactions

The company's business model involves [acquiring fully built](#) and permitted silver mines that are about to close for lack of ore. By bringing the money and expertise needed to find new silver ore bodies, Endeavour successfully reopened and expanded several mines to develop the mine's full potential.

In 2012, the company acquired the El Cubo silver-gold mine, which came with substantial reserves and resources. The benefit of acquiring fully built and permitted mining and milling infrastructure is that, if new exploration efforts are successful, the mine development cycle from discovery to production only takes a matter of months instead of the several years normally required in the traditional mining business model. Hence, this was an excellent transaction for Endeavour.

Reduced risk

In addition to operating several mines, the company is also exploring a number of other properties in both Mexico and Chile towards achieving a goal to become a premier senior producer in the silver mining sector. The company's business is not materially affected by intangibles such as licences, patents, and trademarks, nor is it significantly affected by seasonal changes. In an effort to reduce risk, the company is structured so it is not affected by renegotiation or termination of contracts.

As part of the company's business strategy, it has sought new mining and development opportunities in the mining industry. In pursuit of such opportunities, it has selected appropriate acquisition candidates, negotiated appropriate acquisition terms, and negotiated favourable financing terms. Thus far, the company has not encountered difficulties in transitioning the business, nor has it faced issues with the integration of the acquired businesses into Endeavour.

Focus on sustainability

As the company's producing mines and mineral exploration interests are principally located in Mexico, the company's business is dependent on foreign operations. As a developing economy, operating in Mexico has certain risks. Despite these risks, the undervaluation of Endeavour's assets more than make up for the company's exposure to Mexico.

Further, Endeavour is focused on the development of sustainability programs for all stakeholders and understands that such programs contribute to the long-term benefit of the company and society at large. Sustainability programs implemented by the company range from improving the company's safety policies to enhancing environmental stewardship and reclamation. This focus on sustainability should serve long-term shareholders well.

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1. Investing
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1. canada
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2. TSX:EDR (Endeavour Silver Corp.)

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Date

2025/08/17

Date Created

2021/06/09

Author

nikhilwaterloo

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