

Endeavour Mining Corp

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Desjardins sets C\$30.00 price target for Endeavour Mining, an uplift of more than 50%, as company enters "harvest mode"

Shares in Endeavour Mining Corporation (TSE:EDV) are set to enjoy a serious uplift in value, according to the latest research from Canadian financial services giant Desjardins.

There are two key planks to the Desjardins analysis.

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The first is that production from the new carbon-in-leach operation at Ity in Côte d'Ivoire is about to hit its stride, with the full impact set to show through in a few months' time.

Combined with existing production from the Houndé mine, also in Côte d'Ivoire, the impact from Ity is set to provide a significant boost to cash flow and move the company into what Desjardins calls "harvest mode."

Commercial production was declared at the Ity CIL operation in April.

The second plank of the Desjardin valuation relates to the Endeavour peer group. According to the Desjardins analysis Endeavour shares trade at around 4.7 times cash flow, a significant discount to the 7.2 times average enjoyed by the company's mid-tier gold producing peer group.

"With the Ity CIL mine in commercial production, we expect Endeavour to start generating positive free cash flow starting in 2Q19, given the major portion of its capital spending has now ended," ran the Desjardins analysis.

"Although the company's share price has lagged recently (year-to-date performance of -14% vs the GDX at -4% and GDXJ at -7%), we see the current share price as a good entry point for investors given the outlook for steady-state operations and FCF generation."

What's more, the Desjardins analysis showed that after a sustained period of asset rationalisation Endeavour's cost profile is now lower than a significant number well-supported peers, including OceanaGold, Centerra, Alamos, IAMGOLD and Detour.

Indeed, in 2020, Ity will move to become the lowest cost producer of any mine in the immediate West African peer group.

And at Kalana in Mali, Desjardins notes that Endeavour boasts one of the highest grade multi-million ounce gold deposits anywhere in West Africa, lagging only behind two well-known Barrick deposits Loulo and Massawa.

"In our opinion, Endeavour's share price should start to do well assuming Ity performs as expected over the coming

Price: 26.71

Market Cap: \$2.94 billion

1 Year Share Price Graph



January 2019 July 2019 January 2020

Share Information

Code: EDV

Listing: TSX

52 week High Low
28.98 17.24

Sector: Gold & silver

Website: www.endeavourmining.com

Company Synopsis:

Endeavour Mining is a premier intermediate gold producer, with a solid track record of operational excellence, project development and exploration in the highly prospective Birimian greenstone belt in West Africa. Endeavour operates 4 mines across Côte d'Ivoire (Agbaou and Ity) and Burkina Faso (Houndé, Karma), which produced 612koz at an All-In Sustaining Cost (AISC) of \$744/oz in 2018.

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quarters," says Desjardins.

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