ANNUAL REPORT 2004

ENDEAVOUR
MINING
CAPITAL CORP.

Table of Contents

Corporate Profile

Endeavour Mining Capital Corp. is a merchant banking company focused on the global natural resources sector. The company originates and invests in equity, equity-linked and debt transactions where we can generate value by using the extensive international expertise of our Board of Directors and that of our investment advisor, Endeavour Financial.

Our business strategy is implemented in a sophisticated manner, but the underlying concept is simple: we invest and partner with aggressive management teams where we can add value. We actively manage our capital base to produce investment income through capital appreciation, fees and interest.

By combining investment discipline with an entrepreneurial spirit, Endeavour Mining offers a unique combination of financial and intellectual capital to help build companies and create shareholder value. Our common shares are listed on the Toronto Stock Exchange under the symbol EDV and offer a distinctly different way of investing in the natural resources sector.

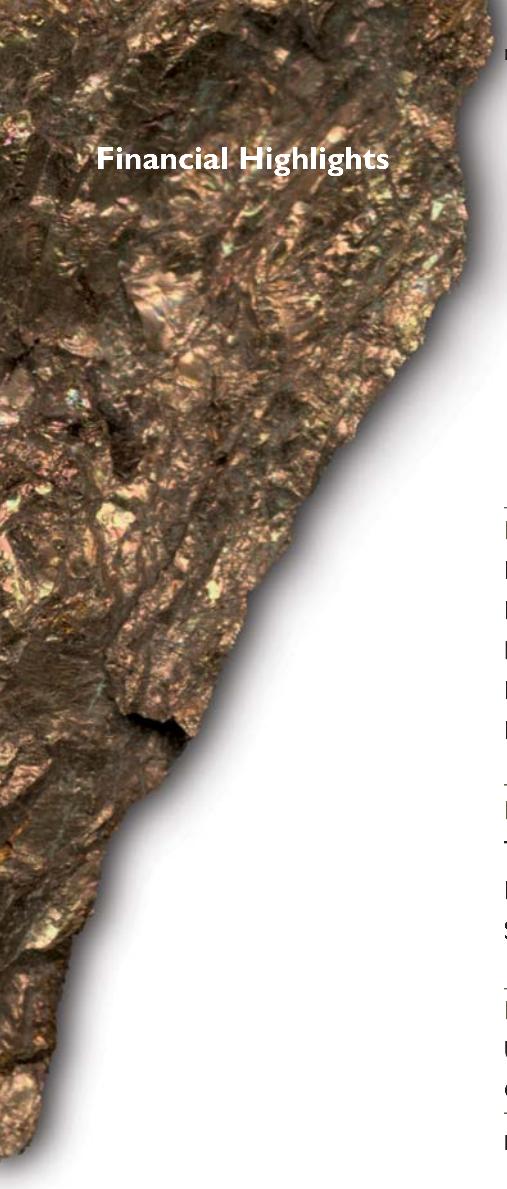
Our Investment Advisor: Endeavour Financial

Endeavour Mining relies on the advice of Endeavour Financial for new business recommendations, analytical support and guidance. Our reliance on Endeavour Financial's services continues throughout the lifecycle of a transaction to optimize investment income. In providing its support, Endeavour Financial draws on the extensive financial, technical, legal and business experience of its expanding multi-disciplined team of professionals.

Endeavour Financial's considerable expertise has established it as a leading investment banking firm in the global natural resources sector. Since its formation in 1988, Endeavour Financial has earned an enviable reputation for achieving success for its clients. In the past three years its clients have raised in excess of US$1.9 billion of financing in debt and equity markets, and has advised on over US$4 billion of mergers and acquisitions.

Endeavour Financial's global natural resources and financial sector networks provide it with access to numerous investment opportunities, which it utilizes to play an integral role in supporting Endeavour Mining's successful approach to capturing and delivering value.

To learn more about Endeavour Financial, please visit www.endeavourfinancial.com.



Financial Highlights

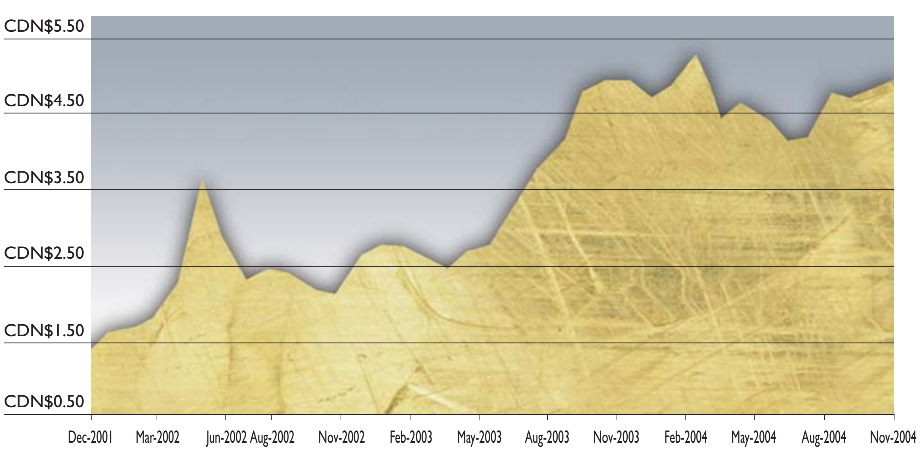
	Year Ended August 31, 2004	Year Ended August 31, 2003	Eight Months Ended August 31, 2002
Financial results			
Investment income	$19,101	$22,215	$11,158
Net income	14,669	17,408	8,732
Profit margin	76.8%	78.4%	78.3%
Earnings per share (diluted)	0.67	1.12	0.70
Dividend per share (CDN$)	0.07	–	–
Financial position			
Total assets	75,291	46,502	22,420
Long-term debt	–	–	–
Shareholders' equity	73,521	41,736	20,006
Net asset value per share			
U.S. dollars	3.18	2.69	1.54
Canadian dollars	4.17	3.72	2.39

Note: All amounts are in thousands of U.S. dollars, except per share data, or unless otherwise indicated

BUSINESS AND PROFITABILTY TRENDS

Growing Net Asset value per Share

2002, 2003, 2004 and Q1 2005 (ended November 30, 2004), Monthly Values, Converted to Canadian Dollars



2004 Achievements

- Investment capital base grew 76% to US$73.5 million
- Common shares graduated to the Toronto Stock Exchange
- Share Purchase Warrants listed for trading on the Toronto Stock Exchange
- Completed CDN$25.0 million equity financing
- Semi-annual dividend policy adopted

Subsequent Events

- Sustained strong earnings performance: net income of US$19.8 million with earnings per share of US$0.85 during first quarter of fiscal 2005
- Growth in investment capital base of 27%, to US$93.3 million, as of November 30, 2004, from US$73.5 million

Letter to Shareholders

"Endeavour Mining's core strengths are well suited to capitalizing on these emerging opportunities"

To Our Shareholders,

Endeavour Mining's profitable growth continued in fiscal 2004. This was our second full year of operation as a public company and our third year since the implementation of our merchant banking business plan.

We are pleased to report that our operations generated net income of US$14.7 million, or US$0.68 per share, and a return on weighted average equity of 26 percent. We maintained a high level of profitability and increased our investment capital base 76 percent to US$73.5 million at year-end, despite the challenge of weak mid-year equity market valuations.

Several years of substantial cash flow from operations and confidence in the long-range outlook for our business, led to our adoption of a semi-annual dividend policy in fiscal 2004. Accordingly, we paid two cash dividends totalling US$1.2 million for the year.

Endeavour Mining's continued profitable financial performance reflects the strength of its growing merchant banking business, where we are providing financial and intellectual capital to a growing list of clients. It also demonstrates the success of our disciplined yet opportunistic strategy of capitalizing on prevailing and emerging market trends.

Creating value for shareholders

We take a long-term approach to growing our business. Our ultimate measure of success is our ability to create enduring shareholder value.

Our share price remains at a discount to net asset value (NAV) per share. The Board of Directors is addressing this situation and considers the discount to be unjustifiable. Endeavour Mining's share price has yet to reflect the company's consistently high level of profitability, increasing net asset value and exceptional long-term growth prospects.

In the meantime, we have taken the following steps to enhance shareholder value:

Adoption of a dividend policy
Our semi-annual dividend is set at CDN$0.035 per share (CDN$0.07 annually).

Posting of monthly NAV per share
Timely NAV per share information is now available on our website. It supplements our quarterly earnings results, allowing investors to better assess the company's financial performance.

Graduation of common shares to TSX
Listing of our common shares and warrants on the Toronto Stock Exchange (TSX), the premier international mining stock exchange, maximizing their visibility and liquidity.

Evolving our growth strategy

Our continued financial achievements confirm the effectiveness of our merchant banking business strategy. They also give us the confidence and the financial resources to augment our strategy to take advantage of growth opportunities in a broader range of natural resource sectors.

"We are providing financial and intellectual capital to a growing list of clients"

As we projected a rise in the price of gold it led us to focus on gold-related transactions when we implemented our business plan. Subsequently, we expanded our focus as we recognized the early resurgence in a broadening metals and mining cycle. Indeed, 2004 was a remarkable year: gold and copper traded at 16-year highs, and the prices of energy-related commodities such as coal, uranium, and oil and gas, climbed dramatically.

Even though this positive environment has improved access to capital for the junior and intermediate mining companies that make up our primary client and investment base, successful financings still require intelligent sponsorship and guidance. Our merchant banking strategy to provide intellectual capital in addition to financial capital is therefore increasingly relevant.

Our view is that strong, positive forces will continue driving the natural resources sector, sustaining and possibly increasing high commodity prices. We see the sector's favourable economic drivers creating opportunities in a broader range of minerals and in energy, and we are confident that Endeavour Mining's core strengths are well suited to capitalizing on these emerging opportunities.

Endeavour Mining will remain focused on metals and mining. But, we are well positioned to apply our business approach and investment strategies to other facets of the natural resources sector, which also depend on capital markets for growth. Our growing reputation as a capable investor and our international network across financial markets provide us with an expanding flow of transactions. All indicators suggest that the time is right for us to evolve our growth strategy by deploying our investment capital base into other natural resource sectors while continuing to be highly selective in our investment decisions.

Thanking those who support our success

We rely on Endeavour Financial as our investment advisor. And we thank its professional staff for guidance and analysis in support of our transactions during the year.

In September 2004, Hurricane Ivan caused significant damage on the Cayman Islands, where our head office is located. Fortunately, all our staff members and their families were unharmed and damage to our corporate office was limited. We wish to recognize the extremely difficult conditions under which staff operated to keep our business functioning efficiently. Your extraordinary efforts are very much appreciated.

Lastly, we say thank you to our shareholders for your continued support and confidence in our business.

Michael E. Beckett
Chairman

Neil Woodyer
Chief Executive Officer

Business and Financial Review

Capitalizing on our strengths

Endeavour Mining's performance in fiscal 2004 builds on the strong results of the previous two years. Our flexible, aggressive merchant banking strategy combined with our growing financial strength enabled us to continue to prosper in changing market conditions and to further broaden our investment profile.

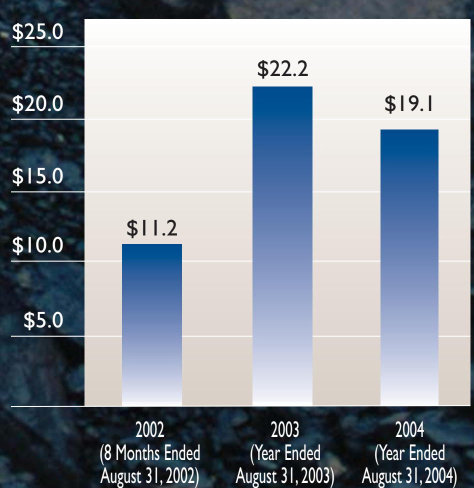
Our success in fiscal 2004 was due to our ability to originate a number of attractive deals and the continued strength in the precious metals and base metals markets. These market factors enabled our equity and equity-linked investments to perform very well.

Driving continued profitability through flexibility and efficiency

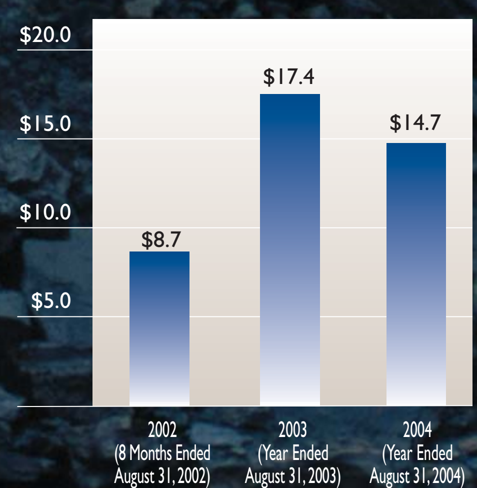
Equity and commodity market conditions remained favourable throughout most of fiscal 2004, however, during the mid-year period equity market valuations experienced a correction. As a result, our net income for fiscal 2004 was US$14.7 million compared with US$17.4 million in fiscal 2003. Our profit margin for fiscal 2004 was 77 percent, a modest decrease from 78 percent in both fiscal 2003 and fiscal 2002, highlighting our efficient cost structure.

In response to the softening in equity markets during mid-year, we originated several new investments utilizing loan and convertible debenture structures. As of August 31, 2004, our capital allocation to debt-related investments was 14.6 percent compared with 3.6 percent as of August 31, 2003.

Revenue
(US$million)



Earnings
(US$million)



Our merchant banking business strategy again proved effective in fiscal 2004, generating an annualized return on weighted average equity of 26 percent, which is attractive relative to industry competitors. Our earnings per share were US$0.68 compared with US$1.12 in fiscal 2003. This decline is due to an increase in the number of common shares outstanding that resulted primarily from a CDN$25 million equity financing that we completed in fiscal 2004 and to slightly lower net income.

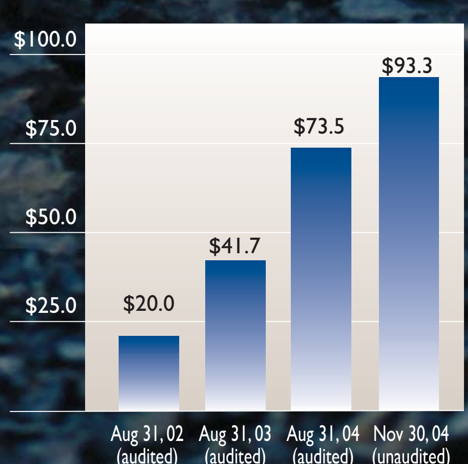
Growing and diversifying our investment capital base

Investment income of US$19.1 million and CDN$25 million in new equity enabled us to increase our investment capital base 76 percent to US$73.5 million, at year-end. This compares with an investment capital base of US$41.7 million a year earlier.

During fiscal 2004, several of our merchant banking investments matured, and certain of these holdings were realized, in whole or in part. We nonetheless retain core merchant banking positions in Bema Gold, Bolivar Gold, Century Mining, Northern Orion, Silver Wheaton and Wheaton River Minerals, among others.

During the year, we broadened our investment capital base by adding a number of special situations in coal, platinum and oil and gas to our predominately metals-based core positions. When originating transactions, we target investment opportunities where we can capitalize on the unique strengths of our professional staff and its ability to create value.

Shareholders' Equity
(US$million)



Earnings Per Share
(Basic EPS Converted to Canadian Dollars)

Board of Directors

The Board of Directors and Executive Officers of the Corporation are, in alphabetical order:

Michael E. Beckett
Chairman, Director

Jorge L. Gamarci
Director

Frank Giustra
Director

Bill Koutsouras
Chief Financial Officer, Secretary, Director

Patrick J. Mars
Director

Wayne McManus
Director

Anthony J. Williams
Director

Neil Woodyer
Chief Executive Officer, President, Director

Corporate Governance

Endeavour Mining is fully committed to best practices in corporate governance for our shareholders. The Board of Directors, as part of its overall stewardship, is taking proactive steps to ensure Endeavour Mining meets existing requirements of the Toronto Stock Exchange and other regulatory authorities to which it is subject.

The Corporate Governance and Nominating Committee is responsible for overseeing our progress and compliance with Corporate Governance guidelines established by the Corporation. In addition the Corporation has an Audit Committee and an Investment Committee.

Corporate Governance & Nominating Committee

Michael E. Beckett, *Chair*
Jorge L. Gamarci
Patrick J. Mars
Wayne McManus

Audit Committee

Wayne McManus, *Chair*
Michael E. Beckett
Jorge L. Gamarci
Patrick J. Mars

Investment Committee

Frank Giustra, *Chair*
Jorge L. Gamarci
Wayne McManus
Anthony J. Williams

Management's Discussion and Analysis of Results of Operations and Financial Condition

Year Ended August 31, 2004 and 2003

Introduction

This discussion and analysis should be read in conjunction with the financial information included in the consolidated financial statements. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The functional currency of the business is the United States Dollar. All monetary values are expressed in United States Dollars, unless otherwise indicated. This discussion and analysis is prepared as of October 26, 2004.

Endeavour Mining Capital Corp. ("Endeavour" or "Corporation") is a mining merchant banking company. It seeks to generate superior earnings by originating and investing in mining transactions and companies where it uses the experience of its management, directors and investment advisor to add value. Types of transactions undertaken include equity investments, equity linked investments and debt financing. The Corporation actively manages its investment capital base and earnings are generated through capital appreciation, fees, and interest.

Annual highlights

- Net income of $14.7 million or $0.68 per share
- Net asset value per share of CDN$4.17 at August 31, 2004
- Completed a CDN$25 million equity financing
- Dividend policy adopted (CDN$0.07 in dividends paid per share)
- Common Shares graduated to the Toronto Stock Exchange
- Share purchase warrants listed for trading on the Toronto Stock Exchange

Critical accounting policies

A detailed description of all the Corporation's significant accounting policies is included in Note 2 to the annual consolidated financial statements for the year ended August 31, 2004.

The Corporation's investment valuation policy is critical to the understanding of the results described below. For portfolio investments, securities, held in long or short positions, that are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at carrying values based on the last quoted sales price at the balance sheet dates or the closing price on the last day the security traded if there were no trades at the balance sheet dates.

Securities that are traded on a recognized exchange but that are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. In determining the discount for such investments, the Corporation considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume, price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments.

Securities in privately-held companies are recorded at cost unless an upward adjustment is considered appropriate and supported by persuasive and objective evidence such as a significant subsequent equity financing by an unrelated, professional investor at a transaction price higher than the Corporation's carrying value. Downward adjustments to carrying value are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on operational results, forecasts, financing and other developments since acquisition.

Included in the Corporation's investments are certain instruments that are accounted for as follows:

- Loans are valued at the lesser of the loan value amount plus accrued interest or the amount of the loan deemed to be recoverable.
- Convertible loans and debentures are valued at the greater of their loan value amount as described above or as though converted to the underlying securities.
- Options and warrants for public companies which are not listed or traded on a national exchange are valued at the difference between the exercise price and the quoted market price of the underlying shares, plus an adjustment for time value.
- Options and warrants for private companies are valued at the difference between the exercise price and the carrying value of the underlying shares.

At each quarterly financial reporting period, the Corporation's management determines the valuation of investments based on the criteria above and reflects such valuations as corporate investments in the consolidated financial statements. The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Corporation's privately-held investments could be disposed of currently may differ from the carrying value assigned due to changes in valuation assumptions resulting from current market conditions. The amounts at which the Corporation's publicly-traded investments could be disposed of currently may differ from the carrying value based on market quotes as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity.

The Corporation's accounting policy for stock based compensation impacts results as follows: all stock-based awards made to non-employees are measured and recognized using a fair value based method. A fair value based method is used for direct awards of stock, stock appreciation rights, and awards that call for settlement in cash or other assets. Awards that a company has the ability to settle in stock are recorded as equity, whereas awards that the entity is required to or has a practice of settling in cash are recorded as liabilities. For stock options granted to employees, the Corporation has adopted the disclosure-only provisions whereby pro-forma net income and pro-forma earnings per share are disclosed in the notes to the financial statements, as if the fair value based method of accounting had been used.

Risks and Uncertainties

Management is unaware of any trends, commitments, events or uncertainties that can reasonably be expected to have a material effect on the Corporation's business, except the general risk factors and investment considerations relating to investments in Common Shares disclosed below:

Speculative Nature of Common Shares

The Corporation's Common Shares are highly speculative in nature and suitable only for investors able to sustain a total loss of their investment. Shareholders should not rely upon realizing any significant returns from Common Shares and should be aware that the value of Common Shares and the income from them could, in common with other shares and bonds, fluctuate. There is no assurance that the investment objectives of the Corporation will actually be achieved.

Risk of Limited Number of Investments

The Corporation intends to participate in a limited number of investments and, as a consequence, the aggregate return of the Corporation may be substantially adversely affected by the unfavourable performance of even a single investment. In addition, as the Corporation's investments are concentrated in the resource sector, their performance will be disproportionately subject to adverse developments in the resource sector.

Mining Development Risks

Mining development involves a high degree of risk which cannot be avoided, even with a combination of careful evaluation, experience and knowledge. Although the Corporation will typically be investing in projects, or companies having projects, in later stages of development, there is no assurance that such projects will prove to be economically feasible and there is also no assurance that the projects owned by companies in which the funds of the Corporation may be invested will be brought into, or continue to be in, commercial production.

Currency and Foreign Exchange Rate Risks

It is anticipated that a substantial proportion of the Corporation's investments will be made in Canadian dollars and the Corporation may also invest in securities denominated or quoted in other foreign currencies. Therefore, changes in currency exchange rates as well as associated transaction costs could adversely affect the value of the Common Shares during any period. In addition, the Corporation could also make investments in jurisdictions which may place restrictions on the repatriation of funds. The Corporation does not enter into hedging or derivative arrangements to manage its foreign exchange risk.

Results from Operations

	Year Ended August 31, 2004	Year Ended August 31, 2003	Eight Months Ended August 31, 2002
Total Assets	$ 75,291	$ 46,502	$ 22,420
Investment Income	19,101	22,215	11,158
Net Income	14,669	17,408	8,732
Basic earnings per share	0.68	1.12	0.70
Diluted earnings per share	0.67	1.12	0.70
Dividends per share (CDN$)	0.07	-	-

During the year ended August 31, 2004, investment income totalled $19.1 million and net income totalled $14.7 million (or $0.68 per share), which compares to investment income of $22.2 million and net income of $17.4 million (or $1.12 per share) during the year ended August 31, 2003. The Corporation's performance during the year ended August 31, 2004, builds on the results of 2003 and 2002, and demonstrates the ability to effectively deploy an expanding investment capital base to generate strong investment returns. Despite soft mining equity markets during the latter half of fiscal 2004, the Corporation's merchant banking business strategy remained highly profitable and generated a significant level of investment income. The Corporation generated a return on shareholders' equity of 26% for fiscal 2004, which compares to 71% during fiscal 2003. The 2004 return was generated from a significantly larger net asset base relative to 2003.

The primary business trend that resulted in the reduced return on equity during fiscal 2004 as compared to fiscal 2003 was the softening of the mining equity markets during Q2 and Q3 of fiscal 2004 following dramatic upward movements in Q4 2003 and Q1 2004. Soft mining equity markets continued in Q4 2004, however by the end of the quarter there were signs of strengthening trends. The Corporation marks its investments to market at each reporting period, and as highlighted in the table below, the Corporation experiences significant movements in its quarterly results which are substantially driven by changes in the unrealized appreciation and deprecation of its investments. The Corporation is highly leveraged to its core merchant banking investments and, in certain periods, these unrealized movements have been very dramatic. In each of the last 8 consecutive quarters, the Corporation has generated net realized gains on investments.

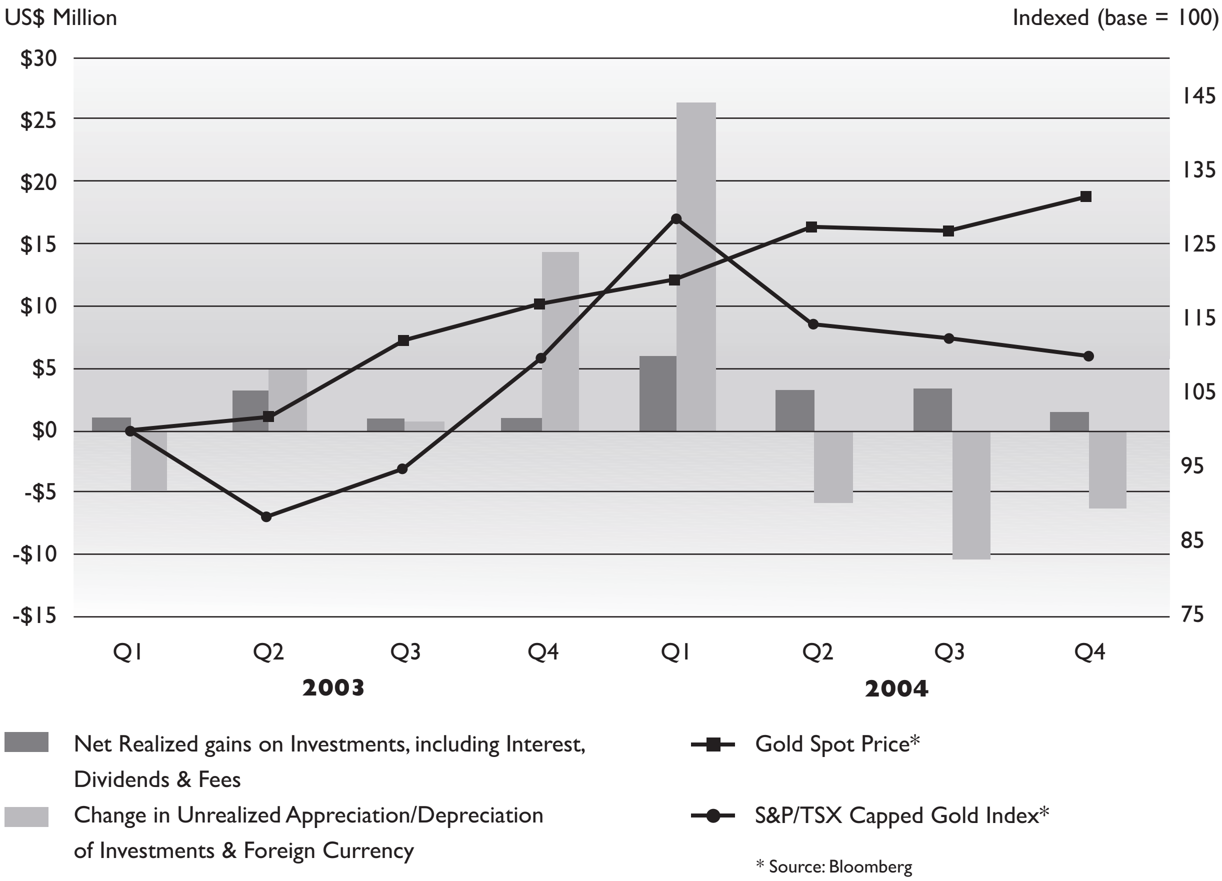
	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Net realized gain on investments	$ 1,272	$ 2,979	$ 2,892	$ 5,864
Change in net unrealized appreciation / depreciation of investments and foreign currency	(6,109)	(10,113)	(5,596)	26,609
Interest, dividends & loan fees	456	441	388	19
Total investment income	$ (4,381)	$ (6,693)	$ (2,316)	$ 32,492
Net income (loss)	(3,999)	(5,833)	(2,435)	26,936
Basic earnings (loss) per share	$ (0.17)	$ (0.25)	$ (0.11)	$ 1.54
Diluted earnings (loss) per share	$ (0.17)	$ (0.25)	$ (0.10)	$ 1.54

	Q4 2003	Q3 2003	Q2 2003	Q1 2003
Net realized gain on investments	$ 857	$ 1,053	$ 3,100	$ 1,070
Change in net unrealized appreciation / depreciation of investments and foreign currency	14,471	853	4,939	(4,964)
Interest, dividends & loan fees	202	138	215	280
Total investment income	$ 15,530	$ 2,044	$ 8,254	$ (3,614)
Net income (loss)	12,132	1,406	7,887	(4,017)
Basic earnings (loss) per share	$ 0.78	$ 0.09	$ 0.51	$ (0.26)
Diluted earnings (loss) per share	$ 0.78	$ 0.09	$ 0.49	$ (0.26)

Note: Due to the increase in shares outstanding resulting from the private placement of 7.25 million units in November 2003, quarterly weighted average earnings per share will not sum to the weighted average earning per share for the year ended August 31, 2004

The Corporation's earnings are derived by the changes in the market valuation of its investments. However, the deal flow generated by the management, directors and investment advisor in transactions such as private placements, convertible debentures, bridge loans and other forms of mine finance provide a significant income stream from interest earned and fees charged as well as capital appreciation through early access to high quality transactions. The Corporation's strong performance in fiscal 2004, despite the softening equity markets, reflects the solid performance of its core and new merchant banking positions and its increased emphasis on originating loans and convertible debentures. The Corporation's allocation to debt-related investments was 14.6% as of August 31, 2004, which compares to 3.6% as of August 31, 2003. The Corporation maintains a flexible investment approach which allows it to prosper in changing market conditions.

The mark to market value of the Corporation's investments is affected by many factors but the primary forces include metal prices and investor sentiment. During the year ended August 31, 2004, as the chart below demonstrates, both base and precious metal prices experienced significant increases in price. In anticipation of these metal price movements, the mining equity markets experienced compelling increases in Q4 2003 and Q1 2004 which, in turn, led to strong appreciation of the Corporation's investments. During Q2 2004, the mining equity markets softened which, in turn, led to depreciation of the Corporation's investments. This relationship between metal prices and mining equity market ratings is somewhat indirect as investor sentiment, or individual investor's risk appetites and future expectations, also play an important role in market valuations. Noting this, the Corporation now sees an environment with continuing high metal prices and strong potential for further increases in the mining equity markets.



Endeavour employs an operating style that has shown tremendous results and allows it to add value quickly and efficiently. The Corporation offers a unique combination of financial and intellectual capital to help build companies and generate shareholder value. It invests in companies with the potential for significant future growth with aggressive management teams either in-place or brought in as part of the transaction.

Endeavour operates in a highly competitive financial marketplace that demands the utmost discretion and confidentiality. Accordingly, our practice is not to disclose sensitive details regarding individual transactions. This practice has been carefully considered with the primary objective of maximizing our potential returns by limiting the possibility of adverse market impacts caused by inopportune disclosure.

The Corporation relies on the investment advisor for new business recommendations, analytical support and guidance for the optimal realization of existing investments. The Corporation's investment committee is responsible for all investment decisions. The Corporation and the investment advisor are related parties due to the fact that they have common directors.

The Corporation has a material agreement with the investment advisor that defines the services to be rendered and the compensation due. The investment advisory agreement has a term of 3 years to August 31, 2005 and the agreement is renewable by mutual consent. The investment advisor is due an investment advisory fee, calculated as 2% on the first $50 million of net assets, 1.5% on the next $50 million of net assets, and 1% on net assets in excess of $100 million, payable as to 1/12th monthly. The investment advisor also receives an annualized performance fee of 20% of the Corporation's net income from operations in excess of a 15% return on the weighted average Shareholders' Equity during the fiscal period.

During the year ended August 31, 2004 the investment advisor received an investment advisory fee of $1.4 million and the performance fee was $1.6 million. During 2003, the investment advisor received an investment advisory fee totaling $0.6 million and the performance fee was $3.4 million. The increase in the investment advisory fee paid to the investment advisor during the year is a direct result of the growth of the net assets of the Corporation. The decrease of the performance fee for the year is the result of the lower net income and higher weighted average Shareholder's Equity during the 2004 fiscal period.

Other operating expenses increased in aggregate by $0.1 million during the three month period ended August 31, 2004 and by $0.4 million for the year ended August 31, 2004 when compared to the same periods in the prior year. The increases are attributable to increases in shareholder and public relations costs.

Included in other operating expenses are amounts paid to the investment advisor and other related companies with whom the Corporation shares its premises and resources. In conducting its day-to-day operations, the Corporation incurs costs benefiting specifically the Corporation ("specific costs") and costs benefiting both the Corporation, the investment advisor and other related companies ("general costs"). Under the cost share agreement, specific costs are recovered in full from the Corporation. General costs are shared among the respective beneficiaries in accordance with a ratio, based on a use of premises and resources estimate, which is agreed in writing by representatives of all parties and may be amended from time to time in accordance with the cost share agreement. During the three months ended August 31, 2004 $0.07 million (2003: $0.05 million) was paid under the cost share agreement. Amounts paid during the year ended August 31, 2004 totaled $0.25 million (2003: $0.23 million).

Liquidity and Capital Resources

At August 31, 2004 the Corporation held assets totaling $75.3 million comprised mainly of investments (93%) and cash and cash equivalents (7%) compared to assets held at August 31, 2003 of $46.5 million comprised mainly of investments (87%) and cash and cash equivalents (13%).

The liabilities of the Corporation totaled $1.8 million as of August 31, 2004 of which $1.6 million was the performance fee accrual, $0.1 million was payable to the investment advisor, and $0.1 million was for other accrued expenses. At August 31, 2003 total liabilities were $4.8 million of which $3.5 million was payable to the investment advisor, $1.0 million was an unsettled trade and $0.3 million was for other accrued expenses. The Corporation has adequate cash resources to settle outstanding liabilities as they become due. The increase of $31.8 million in Shareholders' Equity in the Corporation to $73.5 million at August 31, 2004 from $41.7 million as at August 31, 2003 is attributable to operations that generated $14.7 million of net income or 46% of the increase, and net financing activities that generated $17.1 million in Shareholders' Equity or 54% of the increase.

During the year ended August 31, 2004 the Corporation received net proceeds of CDN$23.5 million ($17.8 million) from a private placement of 7.25 million units at CDN$3.45 per unit. Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole common share purchase warrant entitles its holder to acquire one common share of Endeavour at a price of CDN$5.50 per common share on or before November 10, 2008. On March 23, 2004, the purchase warrants were listed for trading on the Toronto Stock Exchange.

On February 27, 2004 and August 31, 2004, the Corporation paid a regular semi-annual cash dividend of CDN$0.035 per share.

Outstanding Share Data

Authorized
100,000,000 voting shares of $0.01 par value
100,000,000 undesignated shares

	Year Ended August 31, 2004			Year Ended August 31, 2003		
	Number of Shares		Amount	Number of Shares		Amount
Issued						
Opening balance	15,592,868	$	33,623	13,028,129	$	29,411
Issued, for cash	7,250,000		19,071	-		-
Share issue costs	-		(1,504)	-		-
Contingent Value Rights exercised	87,710		235	-		-
Stock options exercised for cash	190,000		320	-		-
Issued in connection with acquisition of Welcome (Note 3)	-		-	4,466,748		7,140
Issued, for shares	-		-	1,348,966		2,072
Redeemed, for cash	-		-	(3,250,975)		(5,000)
Closing balance	23,120,578	$	51,745	15,592,868	$	33,623

Outlook

The Corporation will continue with its strategy of originating and investing in potentially high-return merchant banking and investment transactions focused on the resource industry.

As shown by the Corporation's fiscal 2002, 2003 and 2004 financial performance, Endeavour has produced strong results. While earnings volatility should be anticipated, management believes that the long-term upward trends in the metal and commodity markets remain favourable and that its superior deal flow and access to potentially high return transactions will result in the continued growth of the Corporation's investment capital base.

Additional information relating to the Corporation is available on the Corporation's web site at www.endeavourminingcapital.com and in the Corporation's Annual Information Form for the year ended August 31, 2004 on SEDAR at www.sedar.com.

Auditors' Report

To the Shareholders of Endeavour Mining Capital Corp.

We have audited the consolidated balance sheets of Endeavour Mining Capital Corp. as at August 31, 2004 and 2003 and the related consolidated statements of operations and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

DELOITTE & TOUCHE
Chartered Accountants
Vancouver, Canada
October 21, 2004

Consolidated Balance Sheets
(Expressed in Thousands of United States Dollars)

	August 31, 2004	August 31, 2003
ASSETS		
Cash and cash equivalents	$ 5,301	$ 5,840
Investments (cost: Aug/04 - $45,995 Aug/03 - $21,522) (Note 4)	69,871	40,600
Receivables and other assets	119	62
	$ 75,291	$ 46,502
LIABILITIES		
Investment advisor fees payable	$ 115	$ 75
Performance fees payable	1,551	3,437
Accrued expenses and other liabilities	104	1,254
	1,770	4,766
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	51,745	33,623
Warrants (Note 5)	240	-
Contributed surplus (Note 5)	84	84
Retained earnings	21,452	8,003
Currency translation adjustment (Note 2(j))	-	26
	73,521	41,736
	$ 75,291	$ 46,502

APPROVED BY THE BOARD

NEIL WOODYER
Director

WAYNE W. MCMANUS
Director

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Operations & Retained Earnings

(Expressed in Thousands of United States Dollars, except per share amounts)

	Year Ended August 31, 2004	Year Ended August 31, 2003
INVESTMENT INCOME		
Net realized gain on investments	$ 13,007	$ 6,080
Change in net unrealized appreciation/depreciation of investments and foreign currencies	4,789	15,300
Interest	596	320
Dividends, net of withholding taxes	31	90
Loan facility fees	678	425
	19,101	22,215
EXPENSES		
Performance fee (Note 6(b))	1,551	3,437
Investment advisory fee (Note 6(b))	1,433	572
General office and administrative	1,150	440
Professional fees	298	358
	4,432	4,807
NET INCOME	14,669	17,408
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	8,003	(9,405)
DIVIDENDS	1,220	-
RETAINED EARNINGS, END OF YEAR	$21,452	$8,003
BASIC EARNINGS PER SHARE	$ 0.68	$ 1.12
DILUTED EARNINGS PER SHARE	$ 0.67	$ 1.12
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING	21,709,672	15,483,465
DILUTED WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING	21,809,240	15,483,465

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Cash Flows

(Expressed in Thousands of United States Dollars)

	Year Ended August 31, 2004	Year Ended August 31, 2003
OPERATING ACTIVITIES		
Net income	$ 14,669	$ 17,408
Items not affecting cash:		
Non-cash stock-based compensation (Note 5 (b))	-	84
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Net realized gain on investments	(13,007)	(6,080)
Change in net unrealized appreciation/depreciation of investments and foreign currencies	(4,789)	(15,300)
(Increase) decrease in receivables and other assets	(57)	844
Increase in investment advisor fees payable	40	38
(Decrease) increase in performance fees payable	(1,886)	1,405
(Decrease) increase in accrued expenses and other liabilities	(1,150)	194
Purchase of investments	(55,524)	(25,042)
Proceeds from the sale of investments	44,023	26,606
	(17,681)	157
INVESTING ACTIVITIES		
Deferred acquisition costs	-	30
Cash acquired on the acquisition of Welcome Opportunities Ltd. (Note 3)	-	2,107
	-	2,137
FINANCING ACTIVITIES		
Received from the issue of common shares (Note 5 (a))	19,626	-
Share issue costs (Note 5 (a))	(1,264)	-
Dividends paid to shareholders	(1,220)	-
Paid on redemption of shares	-	(5,000)
	17,142	(5,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(539)	(2,706)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,840	8,546
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,301	$ 5,840

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE OF OPERATIONS

Endeavour Mining Capital Corp. ("EMCC" or the "Corporation") is a publicly traded mining merchant banking company incorporated in the Cayman Islands. The Corporation, which operates in only one business segment, seeks mutually beneficial investments with mining companies to further their strategic initiatives. Types of transactions undertaken include equity investments, equity linked investments and debt financing. The Corporation actively manages its investment capital base and earnings are generated through capital appreciation, interest, dividends and fees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries: Endeavour Capital Corporation ("ECC") and Welcome Opportunities Ltd. ("Welcome"). All material intercompany transactions and balances have been eliminated.

(b) Investments

(i) Portfolio investments

Securities, held in long or short positions, that are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at carrying values based on the last quoted sales price at the balance sheet dates or the closing price on the last day the security traded if there were no trades at the balance sheet dates.

Securities that are traded on a recognized exchange but that are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. In determining the discount for such investments, the Corporation considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Investments (continued)

(ii) Privately-held investments

Securities in privately-held companies are recorded at cost unless an upward adjustment is considered appropriate and supported by persuasive and objective evidence such as a significant subsequent equity financing by an unrelated, professional investor at a transaction price higher than the Corporation's carrying value. Downward adjustments to carrying value are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on operational results, forecasts, financing and other developments since acquisition.

(iii) Other forms of investment instruments

Included in the Corporation's investments are certain instruments that are accounted for as follows:

- Loans are valued at the lesser of the loan value amount plus accrued interest or the amount of the loan deemed to be recoverable.
- Convertible loans and debentures are valued at the greater of their loan value amount as described above or as though converted to the underlying securities.
- Options and warrants for public companies which are not listed or traded on a national exchange are valued at the difference between the exercise price and the quoted market price of the underlying shares, plus an adjustment for time value.
- Options and warrants for private companies are valued at the difference between the exercise price and the carrying value of the underlying shares.

At each quarterly financial reporting period, the Corporation's management determines the valuation of investments based on the criteria above and reflects such valuations as corporate investments in the consolidated financial statements. The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Corporation's privately-held investments could be disposed of currently may differ from the carrying value assigned due to changes in valuation assumptions resulting from current market conditions. The amounts at which the Corporation's publicly-traded investments could be disposed of currently may differ from the carrying value based on market quotes as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity.

(c) Investment transactions and income

Investment transactions are accounted for on the day that a buy or sell order is executed. Dividend income, including stock dividends, is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Realized gains and losses on investment income are recorded on the accrual basis. Realized gains and losses on the investment transactions and the unrealized appreciation or depreciation of investments are computed on an average cost basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Translation of foreign currencies

Where applicable, foreign currency assets and liabilities are translated into United States dollars at the rate of exchange prevailing on the balance sheet date except for the historical costs of investments which are translated at the rate of exchange prevailing on the date of purchase. The proceeds from sale of investments and investment income in foreign currencies are translated into United States dollars at the approximate rate of exchange prevailing on the date of such transactions.

(e) Unrealized appreciation or depreciation of investments

The unrealized appreciation or depreciation of investments represents the aggregate of the difference between their average cost and market value at the balance sheet date.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances held with banks and brokers and treasury bills with maturities of less than 90 days.

(g) Financial instruments and associated risks

(i) Credit risk

Financial assets which potentially expose the Corporation to credit risk consist primarily of cash and cash equivalents, interest, dividends and convertible loans and debentures. The extent of the Corporation's exposure to credit risk in respect of these financial assets approximates their carrying value as recorded in the Corporation's balance sheet.

(ii) Currency risk

The Corporation may invest in securities denominated in currencies other than its reporting currency. Consequently, the Corporation is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner which has an adverse effect on the value of that portion of the Corporation's assets which are denominated in currencies other than its own currency. In addition, the Corporation may make investments which could result in restrictions on the repatriation of funds.

(iii) Short sales

The Corporation may engage in selling securities short, which creates an obligation of the Corporation to buy the security back at a future date or make future delivery of the specific security. The Corporation generally will short securities for which it holds a long position that is restricted for resale until a later date. This practice allows the Corporation to shelter unrealized gains on particular securities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments and associated risks (continued)

(iv) Mining development risk

Mining development involves a high degree of risk which cannot be avoided, even with a combination of careful evaluation, experience and knowledge. Although the Corporation will typically be investing in projects in later stages of development, there is no assurance that such projects will prove to be economically feasible and there is also no assurance that the properties owned by companies in which the funds of the Corporation will be invested will be brought into, or continue to be in, commercial production.

(v) Security interests

Although it is intended that the investments the Corporation makes in the form of loans will normally be secured, there can be no assurance that such security will completely protect the value of the Corporation's investments. As the assets securing the Corporation's loans will occasionally be subject to senior indebtedness, the Corporation's security may have second or third priority. The equity investments which the Corporation may make will generally be unsecured.

(vi) Fair values

The carrying amounts of the Corporation's financial assets and liabilities approximate their fair values.

(vii) Written options

The Corporation may write call or put options, for which premiums are received. Premiums received for written covered calls are recorded as income. Expired covered call premiums are recorded as realized gains and premiums received for outstanding covered calls are recorded as unrealized gains. Premiums received for written uncovered calls or puts are recorded as liabilities. The Corporation, as writer of an option, has no control over whether the underlying securities are subsequently sold (called) or purchased (put) and, as a result, bears the market risk of an unfavourable change in price of the security underlying the written option. No uncovered calls were written during the year.

(h) Stock-based compensation

All stock-based awards made to non-employees are measured and recognized using a fair value based method. A fair value based method is used for direct awards of stock, stock appreciation rights, and awards that call for settlement in cash or other assets. Awards that a company has the ability to settle in stock are recorded as equity, whereas awards that the entity is required to or has a practice of settling in cash are recorded as liabilities. For stock options granted to employees, the Corporation has adopted the disclosure-only provisions whereby pro forma net income and pro forma earnings per share are disclosed in the notes to the financial statements, as if the fair value based method of accounting had been used.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Currency translation adjustment

These consolidated financial statements include the net assets and results of operations of Welcome. The Currency Translation Reserve is a result of exchange gains from the translation of the net assets and results of operations of Welcome from Canadian Dollars to United States Dollars.

(k) Comparative figures

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

(l) Earnings per share

The Corporation uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

3. WELCOME OPPORTUNITIES LTD.

In fiscal 2003, the Corporation acquired Welcome Opportunities Ltd. , a public company listed on the TSX Venture Exchange. The transaction was completed by way of a Plan of Arrangement (the "Plan") under which the Corporation acquired all the 4,466,748 issued shares of Welcome and each shareholder of Welcome received one common share of the Corporation and one contingent value right ("CVR").

The CVRs are intended to provide the holders with their proportionate share in the aggregate value as at August 31, 2003, of certain securities held by Welcome that are not publicly traded ("CVR Securities"). Each CVR entitles the holder thereof to receive from EMCC, at any time from September 30, 2003 to the sixth anniversary of completion of the Plan, that number of whole EMCC shares equal to the proportionate share of the aggregate value of the CVR Securities as of August 31, 2003, to a maximum of $2.00 per CVR, divided by the Net Asset Value per EMCC share as of August 31, 2003. As at August 31, 2003, the obligation due to CVR holders totaled $235 which translates into 87,710 shares of the Corporation. As of August 31, 2004, all CVRs had been exercised into shares of the Corporation.

The Corporation also incurred $325 of acquisition costs related to this acquisition. These costs were added to the cost of the acquisition.

During 2004, the Corporation performed a statutory wind up of Welcome.

4. INVESTMENTS

Investments are comprised of the following:

	August 31, 2004		August 31, 2003	
Investments by location	Value	% of Investments	Value	% of Investments
Equities:				
North America	$ 17,529	25.0%	$ 7,354	18.1%
South America	19,751	28.3%	13,684	33.7%
Europe and Asia	9,383	13.4%	6,713	16.5%
Africa	2,559	3.7%	4,633	11.4%
Oceania	2,074	3.0%	1,642	4.0%
Total equities	51,296	73.4%	34,026	83.8%
Convertible Loans and Debentures				
North America	6,130	8.8%	458	1.1%
South America	1,592	2.3%	1,000	2.5%
Africa	2,500	3.5%	-	0.0%
Total Convertible Loans and Debentures	10,222	14.6%	1,458	3.6%
Warrants				
North America	1,334	1.9%	822	2.0%
South America	5,497	7.9%	2,186	5.4%
Europe and Asia	1,125	1.6%	884	2.2%
Africa	50	0.1%	1,089	2.7%
Oceania	347	0.5%	135	0.3%
Total Warrants	8,353	12.0%	5,116	12.6%
Total Investment Portfolio	$ 69,871	100.0%	$ 40,600	100.0%

Consistent with the Corporation's merchant banking business plan, the Corporation appoints directors to some of the companies in which it invests. The market value of investments in companies for which the Corporation has directors in common totaled $15,609 at August 31, 2004 (August 31, 2003 - $18,678).

Included in equities are written covered call options. As at August 31, 2004, no written covered calls were outstanding. As at August 31, 2003, the market value of written covered calls totaled $96.

August 31, 2004 and 2003 (Expressed in Thousands of United States Dollars, except per share amounts)

4. INVESTMENTS (continued)

Included in convertible loans and debentures is a CDN$6.8 ($5.2) million non-revolving convertible debenture facility issued by Century Mining Corporation. Interest on the debenture at a rate of 10% per annum will be payable quarterly in arrears at the Century's option in cash or in shares. The debenture is secured by a charge over the company's Sigma - Lamaque assets except for the mining claims, which are secured by Investissement Quebec. The debenture matures on December 31, 2006. The Corporation may convert any or all outstanding amounts to shares of Century at CDN$0.51 ($0.39) per share at any time. Century may force conversion if the Century shares trade at or above CDN$0.77 ($0.59) for 30 consecutive days. The Corporation will be restricted from increasing the number of shares it holds in Century above 19.9%. Century has the option to repay the debenture at any time prior to maturity. An estimate of the fair value of the conversion feature is not readily calculable due to the number and nature of variables involved in the conversion feature. Therefore, the debenture is recorded at face value plus accrued interest.

5. SHARE CAPITAL

(a) Voting shares

Authorized

100,000,000	voting shares of $0.01 par value
100,000,000	undesignated shares

	Year Ended August 31, 2004		Year Ended August 31, 2003	
	Number of Shares	Amount	Number of Shares	Amount
Issued				
Opening balance	15,592,868	$ 33,623	13,028,129	$ 29,411
Issued, for cash	7,250,000	19,071	-	-
Share issue costs	-	(1,504)	-	-
Contingent Value Rights exercised	87,710	235	-	-
Stock options exercised for cash	190,000	320	-	-
Issued in connection with acquisition of Welcome (Note 3)	-	-	4,466,748	7,140
Issued, for shares	-	-	1,348,966	2,072
Redeemed, for cash	-	-	(3,250,975)	(5,000)
Closing balance	23,120,578	$ 51,745	15,592,868	$ 33,623

In November, 2003, the Corporation completed a unit private placement consisting of 7,250,000 units at a price of CDN$3.45 ($2.63) per unit for gross proceeds of $19,071; (CDN$25,013). Each unit consisted of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CDN$5.50 ($4.19) per share on or before November 10, 2008.

5. SHARE CAPITAL (continued)

(a) Voting shares (continued)

As part of this offering, the Corporation paid the agent a commission equal to 6% of the gross proceeds raised, and issued the agent 362,500 warrants exercisable into common shares at a price of CDN$4.50 ($3.43) per share expiring November 10, 2005. The fair value of the warrants was $240, which has been recorded as a credit to Warrants as a component of Shareholders' Equity.

In September 2002, 4,466,748 common shares of the Corporation were issued in connection with the acquisition of Welcome (Note 3). Included in the net assets of Welcome was $5,208 in the form of shares in public companies.

In September 2002, 1,348,966 common shares of the Corporation were issued to a non-related party for net proceeds of $2,072. Proceeds for the subscription were received in kind in the form of shares in public companies.

In September 2002, as a condition precedent to the acquisition of Welcome (Note 3) a shareholder redeemed 3,250,975 common shares of the Corporation for net proceeds of $5,000.

The following table summarizes information about the warrants outstanding as at August 31, 2004:

	Warrants outstanding & exercisable	Weighted average exercise price (CDN$)	Weighted average remaining contractual life
	362,500	$ 4.50	1.19 years
	3,625,000	5.50	4.20 years
At August 31, 2004	3,987,500	$ 5.41	3.92 years

At August 31, 2003, no warrants were issued or outstanding.

(b) Stock option plan

The Corporation has established a stock option plan whereby the Corporation's directors may from time to time grant options to directors, employees or consultants. The maximum term of any option is five years, but generally options are granted for five years or less. The exercise price of an option is not less than the closing price on the exchange on the last trading day preceding the grant date. At August 31, 2004 there were 1,576,286 options available for grant under the plan (August 31, 2003 - 1,559,000).

August 31, 2004 and 2003 (Expressed in Thousands of United States Dollars, except per share amounts)

5. SHARE CAPITAL (continued)

(b) Stock option plan (continued)

In accordance with the Corporation's stock option plan, the Corporation issued 200,000 stock options to directors during the year ended August 31, 2004. Of the 200,000 stock options issued, 100,000 are exercisable into common shares at a price of CDN$3.50 ($2.67) per share expiring November 6, 2008 and 100,000 are exercisable into common shares at a price of CDN$4.20 ($3.20) per share expiring December 1, 2008.

Pursuant to the Corporation's acquisition of Welcome (Note 3) in September 2002, the Corporation signed an option surrender agreement with the employees of Welcome whereby each of the share purchase options of Welcome, of which 300,000 were outstanding, were exchanged with one share purchase option of the Corporation. In addition, the Corporation issued 200,000 share purchase options to independent directors and 175,000 to Vanguard Shareholder Solutions for consulting services. Each of the 675,000 share purchase options granted were fully vested and 110,000 have expired.

A summary of the changes in stock options is presented below:

	Options outstanding & exercisable		Weighted average exercise price (CDN$)
At September 1, 2002	-	$	-
Granted	675,000		2.44
Expired	(100,000)		2.30
At August 31, 2003	575,000	$	2.46
Granted	200,000		3.85
Exercised	(190,000)		2.30
Expired	(10,000)		2.30
At August 31, 2004	575,000	$	3.00

5. SHARE CAPITAL (continued)

(b) Stock option plan (continued)

The following table summarizes information about the options outstanding as at August 31, 2004 and 2003:

	Options outstanding		Weighted average exercise price (CDN$)	Weighted average remaining contractual life
	375,000	$	2.55	3.02 years
	100,000		3.50	4.18 years
	100,000		4.20	4.25 years
At August 31, 2004	575,000	$	3.00	3.44 years
	200,000	$	2.30	0.04 years
	375,000		2.55	4.02 years
At August 31, 2003	575,000	$	2.46	2.64 years

Stock options with a fair value of $84 were granted to non-employees in 2003. The compensation expense has been recorded in the statement of operations as professional fees during the year ended August 31, 2003.

Pro forma compensation expense

If the Corporation had included stock options granted to directors in the calculation of compensation expense, net income would be as follows:

		Year Ended August 31, 2004		Year Ended August 31, 2003
Net income for the year	$	14,669	$	17,408
Pro forma compensation expense related to directors' options		(301)		(151)
Pro forma income for the year	$	14,368	$	17,257
Pro forma basic and diluted earnings per share	$	0.66	$	1.11

Compensation expense is determined using an option pricing model assuming no dividends are to be paid, a weighted average volatility of the Corporation's share price of 61.2%, an annual risk free interest rate of 4.3% and expected lives of five years (2003 - weighted average volatility of 48%, an annual risk free interest rate of 3.5% and expected lives of five years).

August 31, 2004 and 2003 (Expressed in Thousands of United States Dollars, except per share amounts)

6. RELATED PARTY TRANSACTIONS

The Company incurred the following expenses, on a cost recovery basis, with companies and individuals related by way of directors and/or officers in common:

	Year Ended August 31, 2004	Year Ended August 31, 2003
Operating expenses (a)	$ 253	$ 232
Travel (including aircraft rental)	137	-

(a) Operating expenses

The Corporation has a Cost Share Agreement (the "Cost Share Agreement"), with the Investment Advisor (Note 6(b)) and other related companies with whom the Corporation shares its premises and resources. In conducting its day-to-day operations, the Corporation incurs costs benefiting specifically the Corporation ("specific costs") and costs benefiting both the Corporation, the Investment Advisor and other related companies ("general costs"). Under the Cost Share Agreement, specific costs are recovered in full from the Corporation. General costs are shared among the respective beneficiaries in accordance with a ratio, based on a use of premises and resources estimate, which is agreed in writing by representatives of all parties and may be amended from time to time in accordance with the Cost Share Agreement. The ratio for fiscal 2003 and 2004 has been set at 66.67/33.33 whereby 66.67% of general costs are charged to the Corporation and 33.33% to the investment advisor and other related companies. Under the Cost Share Agreement, the Corporation expensed $253 in general shared costs during the year ended August 31, 2004 (year ended August 31, 2003 - $232). The amount of $32 remains payable under the Cost Share Agreement to the Investment Advisor and other related companies at August 31, 2004 (August 31, 2003 - $18).

(b) Investment Advisor Agreement

The Corporation has an Investment Advisory Agreement with Endeavour Securities Corporation (the "Investment Advisor"). The Corporation pays a monthly investment advisory fee to the Investment Advisor at the annual rate of 2% of the first $50 million of the net asset value of the Corporation, 1.5% on the next $50 million up to $100 million and 1% on the excess over $100 million. The investment advisory fee payable at August 31, 2004 is $115 (August 31, 2003 - $75). In addition, the Investment Advisor is entitled to an annualized performance fee calculated as 20% of the consolidated net income from operations (before such performance fee) in excess of a 15% return on equity. The annualized performance fee is accrued monthly and payable upon completion of the audited financial statements of the Corporation. The performance fee payable as at August 31, 2004 is $1,551 (August 31, 2003 - $3,437).

7. TAXATION

There is presently no taxation imposed by the Government of the Cayman Islands on income or capital gains. If any form of taxation were to be enacted, the Corporation has been granted an exemption therefrom until August 6, 2022. The Corporation is subject to foreign withholding taxes on dividend and interest income.

Corporate Directory

Board of Directors

Michael E. Beckett
Chairman & Director

Jorge L. Gamarci
Director

Frank Giustra
Director

Bill Koutsouras
Chief Financial Officer, Secretary & Director

Patrick J. Mars
Director

Wayne McManus
Director

Anthony J. Williams
Director

Neil Woodyer
Chief Executive Officer, President & Director

Investor Contact

Vanguard Shareholder Solutions
Investors' Line: 866.801.0779
International Line: 604.608.0824
investor@endeavourminingcapital.com

Corporate Web Site

www.endeavourminingcapital.com

Corporate Head Office

P.O. Box 1793 GT
1st. Floor, Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman, BWI
Telephone: 345.946.7603
Facsimile: 345.946.7604

Transfer Agent / Registrar

Computershare Trust Company of Canada

Vancouver Office
2nd Floor, 510 Burrard Street
Vancouver, BC V6C 3B9

Toronto Office
11th Floor
100 University Avenue
Toronto, ON M5J 2Y1

Auditors

Deloitte & Touche LLP
2800 - 1055 Dunsmuir Street
P.O. Box 49279
Four Bentall Centre
Vancouver, BC V7X 1P4

Stock Symbol

The Toronto Stock Exchange: EDV
Share purchase warrants: EDV.WT

Shares Issued & Outstanding: 23,120,578
Shares Fully Diluted: 27,583,078

Annual Meeting

Friday, February 25, 2005
10:00 AM
George Town, Grand Cayman

Design: Benaroch Graphic Communication

www.endeavourminingcapital.com