

Auditors' Report and Consolidated Financial Statements of

ENDEAVOUR MINING CAPITAL CORP.

August 31, 2002

(Expressed in United States Dollars)

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Auditors' Report

To the Shareholders of
Endeavour Mining Capital Corp.

We have audited the consolidated balance sheet of Endeavour Mining Capital Corp. as at August 31, 2002 and the related consolidated statements of operations and accumulated deficit and cash flows for the eight months 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 audit.

We conducted our audit 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, 2002 and the results of its operations and its cash flows for the eight months then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at and for the year ended December 31, 2001 were prepared in accordance with International Accounting Standards which was substantially in accordance with Canadian generally accepted accounting principles. Those statements were audited by other auditors who performed their audit in accordance with International Standards on Auditing which are substantially equivalent to Canadian generally accepted auditing standards and expressed an opinion without reservation on those statements in their report dated June 12, 2002.

Deloitte & Touche

October 11, 2002

ENDEAVOUR MINING CAPITAL CORP.
Consolidated Balance Sheet
(Expressed in United States Dollars)

	August 31, 2002	December 31, 2001
ASSETS		
Cash and cash equivalents	\$ 8,545,482	\$ 1,845,930
Investments (cost \$9,675,036; 2001 - \$12,704,652) (Note 3)	13,499,474	10,349,516
Receivable for investments sold	17,681	21,817
Other assets	2,000	2,000
	<u>22,064,637</u>	<u>12,219,263</u>
Deferred acquisition costs (Note 7(a))	355,220	-
	<u>\$ 22,419,857</u>	<u>\$ 12,219,263</u>
LIABILITIES		
Payable for investments purchased	\$ -	\$ 1,282,039
Investment advisor fees payable (Note 5 (b))	36,725	18,164
Accrued performance fees (Note 5 (b))	2,032,195	-
Payable to related companies (Note 5 (d))	15,530	12,473
Accrued expenses and other liabilities	330,000	26,509
	<u>2,414,450</u>	<u>1,339,185</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	29,411,370	29,016,748
Accumulated deficit	(9,405,963)	(18,136,670)
	<u>20,005,407</u>	<u>10,880,078</u>
	<u>\$ 22,419,857</u>	<u>\$ 12,219,263</u>

APPROVED BY THE BOARD

"Bill Koutsouras"

Director

"Wayne W. McManus"

Director

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

ENDEAVOUR MINING CAPITAL CORP.
Consolidated Statement of Operations and Accumulated Deficit
(Expressed in United States Dollars)

	Eight months ended August 31, 2002	Year ended December 31, 2001
INVESTMENT INCOME (LOSS)		
Net realized gain (loss) on investments	\$ 4,963,129	\$ (1,078,401)
Change in net unrealized appreciation (depreciation) of investments and foreign currencies	6,192,897	(629,113)
Interest	1,574	54,509
Dividends, net of withholding taxes	-	46,981
Loan facility fees	-	33,387
	<u>11,157,600</u>	<u>(1,572,637)</u>
EXPENSES		
Performance fee (Note 5 (b))	2,032,196	-
Investment advisory fee (Note 5 (b))	263,251	220,859
General office expenses	74,745	76,030
Professional fees	38,290	64,216
Computer software	4,311	41,385
Custodian's fee (Note 5 (c))	-	10,494
Administrator's fee (Note 5 (a))	-	40,150
Interest expense	1,166	-
Office equipment	-	5,774
Other administrative expenses	12,934	20,947
	<u>2,426,893</u>	<u>479,855</u>
NET INCOME (LOSS)	8,730,707	(2,052,492)
ACCUMULATED DEFICIT, BEGINNING OF PERIOD	(18,136,670)	(16,084,178)
ACCUMULATED DEFICIT, END OF PERIOD	\$ (9,405,963)	\$ (18,136,670)
BASIC EARNINGS (LOSS) PER SHARE		
	\$ 0.70	\$ (0.17)
DILUTED EARNINGS (LOSS) PER SHARE		
	\$ 0.70	\$ (0.17)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING	12,475,537	12,379,331
DILUTED WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING	12,475,537	12,379,331

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

ENDEAVOUR MINING CAPITAL CORP.
Consolidated Statement of Cash Flows
(Expressed in United States Dollars)

	Eight months ended August 31, 2002	Year ended December 31, 2001
OPERATING ACTIVITIES		
Net income (loss)	\$ 8,730,707	\$ (2,052,492)
Adjustments to reconcile net income (loss) to net cash provided from (used in) operating activities:		
Net realized (gain) loss on investments	(4,963,129)	1,078,401
Change in net unrealized (appreciation) depreciation of investments and foreign currencies	(6,192,897)	629,113
Decrease in receivable for investment sold	4,136	44,504
Decrease in interest and dividends receivable	-	36,499
Increase in other assets	-	(2,000)
Decrease in loan receivable	-	548,217
(Decrease) increase in payable for investments purchased	(1,282,039)	1,282,039
Increase (decrease) in investment advisor fees payable	18,561	(22,301)
Increase in accrued performance fees	2,032,195	-
Increase in payable to related companies	3,057	12,473
Increase (decrease) in accrued expenses and other liabilities	303,491	(36,213)
	<u>(1,345,918)</u>	<u>1,518,240</u>
INVESTING ACTIVITIES		
Purchase of investments*	(14,973,365)	(17,769,543)
Sale of investments	22,979,433	16,500,148
Deferred acquisition costs (Note 7 (a))	(355,220)	-
	<u>7,650,848</u>	<u>(1,269,395)</u>
FINANCING ACTIVITY		
Received from issuance of shares*	1,500,000	-
Paid on redemption of shares	(1,105,378)	(32,700)
	<u>394,622</u>	<u>(32,700)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,699,552	216,145
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,845,930	1,629,785
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 8,545,482	\$ 1,845,930

* See Note 4 for significant non-cash investing and financing activities.

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

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
(Expressed in United States Dollars)

1. REORGANIZATION AND ACTIVITY

Endeavour Mining Capital Corporation (“EMCC” or the “Corporation”) was incorporated under the Companies Law (2002 Revision) of the Cayman Islands on July 25, 2002, for the express purpose of completing the terms of the business combination with Welcome Opportunities Ltd. (“Welcome”) (Note 7).

The Corporation acquired 99.6% of the issued and outstanding Endeavour Capital Corporation (“ECC”) shares on August 28 and 29, 2002, whereby each shareholder of ECC received one share of the Corporation in exchange for every three shares held in the capital of ECC. A total of 12,978,124 shares of the Corporation were exchanged for 38,934,372 shares of ECC. Subsequent to August 31, 2002 the Corporation acquired the remaining 0.4% of the issued and outstanding ECC shares. This business combination has been accounted for as a continuity-of-interests, and as such, the assets, liabilities, equity and operations of ECC have been presented at their historical amounts in these financial statements.

The Corporation is a publicly traded mining merchant banking company. 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 debt financing, equity linked investments or equity investments. The Corporation actively manages its portfolio of publicly traded fixed income and equity securities (“portfolio investments”). Earnings are generated through interest, fees and capital appreciation.

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) *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 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.

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
(Expressed in United States Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) *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 common shares.
- 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 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 as a substantial period of time may have elapsed since the latest adjustment in valuation. 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.

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
(Expressed in United States Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) 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.

(c) 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.

(d) 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.

(e) Cash and cash equivalents

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

(f) 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, receivables for investments sold, 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.

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
(Expressed in United States Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) *Financial instruments and associated risks (continued)*

(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 they hold a long position that is restricted for resale until a later date. This practice allows the Corporation to shelter unrealized gains on particular securities.

(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 usually be subject to senior indebtedness, the Corporation's security will generally have second or third priority. The equity investments which the Corporation may make will generally be unsecured.

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
(Expressed in United States Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments and associated risks (continued)

(vi) Fair values

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

(g) Stock-based compensation

As of January 1, 2002, the Corporation adopted the standard in Section 3870 "Stock-based Compensation and Other Stock-based Payments", of the Canadian Institute of Chartered Accountants Handbook to be applied prospectively. This section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for good and services. The standard requires that all stock-based awards made to non-employees be measured and recognized using a fair value based method. The standard encourages the use of a fair value based method for all awards granted to employees, but only requires the use of a fair value based method 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 of the new standard 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. At August 31, 2002 no employee stock options were issued or outstanding.

(h) 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.

(i) Comparative figures

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

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
(Expressed in United States Dollars)

3. INVESTMENTS

Investments are comprised of the following:

Investments by location	August 31, 2002		December 31, 2001	
	Value	% of Investments	Value	% of Investments
Equities:				
Australia	\$ -	- %	\$ 81,390	0.79%
Canada	4,178,483	30.95%	4,198,729	40.57%
Canada (short position)	(23,099)	-0.17%	-	- %
United Kingdom	3,165,953	23.45%	2,589,692	25.02%
United States of America	1,496,306	11.08%	397,172	3.84%
United States of America (short position)	(39,600)	-0.29%	-	- %
Total equities	8,778,043	65.03%	7,266,983	70.22%
Convertible Loans and Debentures (Note 2 (a) (iii))				
Canada	128,329	0.95%	-	- %
United States of America	869,553	6.44%	538,773	5.21%
South Africa	572,192	4.24%	538,904	5.21%
Total Convertible Loans and Debentures	1,570,073	11.63%	1,077,677	10.41%
Warrants (Note 2 (a) (iii))				
Canada	2,214,704	16.41%	2,004,856	19.37%
United Kingdom	868,840	6.44%	-	- %
United States of America	67,814	0.50%	-	- %
Total Warrants	3,151,358	23.34%	2,004,856	19.37%
Total Investment Portfolio	\$ 13,499,474	100.00%	\$ 10,349,516	100.00%

Consistent with the Corporation's merchant banking business plan, the Corporation appoints directors to some of the companies in which it invests.

Investments for which the Corporation has directors in common totaled \$8,148,000 at August 31, 2002 (December 31, 2001 - \$5,032,000).

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
(Expressed in United States Dollars)

4. SHARE CAPITAL

(a) Voting shares

Authorized				
100,000,000	voting shares of \$0.01 par value			
100,000,000	undesignated shares			
		August 31,	December 31,	
		2002	2001	
		Number of	Number of	
		Shares	Shares	
		Amount	Amount	
Issued				
Opening balance		12,958,058	\$ 29,016,748	12,290,252
Issued during period		1,052,631	1,500,000	701,139
Redeemed during period		(982,560)	(1,105,378)	(33,333)
Closing balance		13,028,129	\$ 29,411,370	12,958,058
			\$ 29,016,748	

As described in Note 1, as at August 31, 2002, 99.6% of ECC's shareholders exchanged every three shares held in ECC for one share of the Corporation. As a result, all share and per share amounts have been restated to give effect to this effective share consolidation on a three-for-one basis.

As at August 31, 2002, one shareholder owned 8,843,039 shares (December 31, 2001 - 9,825,600 shares) or 68% of the total shares outstanding.

During the eight months ended August 31, 2002, the Corporation issued 1,052,631 shares for net cash proceeds of \$1,500,000.

During the year ended December 31, 2001, the Corporation issued 701,139 shares. Proceeds for the subscription were received in kind in the form of shares in a public company with a fair value of \$572,129 on the applicable subscription rate.

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
(Expressed in United States Dollars)

4. SHARE CAPITAL (Continued)

(b) Stock-based compensation

Pursuant to the Corporation's acquisition of Welcome (Note 7) 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, would be exchanged with one share purchase option of the Corporation, subject to the completion of the acquisition of Welcome. Each of the 300,000 share purchase options would vest immediately, have an exercise price of C\$2.30, and expire as follows:

December 2002	50,000
February 2003	50,000
September 2003	180,000
October 2003	20,000
	<hr/>
	300,000

These options were issued, subsequent to August 31, 2002, upon completion of the Corporation's acquisition of Welcome.

5. EXPENSES

(a) Administration Agreements

Under an Administration Agreement with Fortis Fund Services (Cayman) Limited (the "Administrator"), the Corporation paid the Administrator a fee based on the month end net asset value of the Corporation calculated at the following rates: 0.15% of the first \$75 million, 0.125% of \$75 million to \$150 million, and 0.06% over \$150 million, subject to a minimum monthly payment of \$6,667. Upon establishing an office in Grand Cayman, the Corporation gave notice to the Administrator for termination of the Administration Agreement. Upon expiry of the three month notice period, the Administration Agreement terminated on July 23, 2001.

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
(Expressed in United States Dollars)

5. EXPENSES (Continued)

(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, 2002 is \$36,725 (December 31, 2001 - \$18,164). In addition, the Investment Advisor is entitled to a performance fee calculated as 20% of the amount by which the net asset value per share as at the end of the current fiscal year exceeds 115% of the net asset value per share as at the end of the immediately preceding fiscal year. The performance fee payable as at August 31, 2002 is \$2,032,195 (December 31, 2001 - \$Nil).

(c) Custodian Agreement

The Custodian was entitled to a fee of 0.05% of the gross asset value of the Corporation, subject to a minimum monthly payment of \$1,500. In addition, the Custodian was entitled to a transaction fee of \$75 in respect of each purchase or sale of a security and \$25 in respect of each cash transaction, both payable monthly in arrears. On March 31, 2001, the Corporation gave notice to the Custodian that the Corporation would be terminating the Custodian Agreement. Upon expiry of the three month notice period the Custodian Agreement terminated on June 30, 2001. As at August 31, 2002 and December 31, 2001, the investments of the Corporation were held with brokers directly or in the Corporation's safekeeping box held with a reputable financial institution.

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
(Expressed in United States Dollars)

5. EXPENSES (Continued)

(d) Operating expenses

Upon establishing an office in Grand Cayman, the Corporation entered into a Cost Share Agreement (the "Cost Share Agreement"), with the Investment Advisor and other related companies with whom the Corporation shares its premises and resources. In establishing the office and 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 during the period ended August 31, 2002 and the year ended December 31, 2001 has been set at 50/50 whereby 50% of general costs will be charged to the Corporation and 50% to the Investment Advisor and other related companies. The amount of \$15,530 remains payable under the Cost Share Agreement to the Investment Advisor and other related companies at August 31, 2002 (December 31, 2001 - \$12,473).

6. 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 there from until August 6, 2022. The Corporation is subject to withholding taxes on dividend income.

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
(Expressed in United States Dollars)

7. SUBSEQUENT EVENTS

The following summarizes the significant subsequent events of the Corporation:

Balance of voting shares, August 31, 2002	13,028,129	\$ 29,411,370
Issued in connection with acquisition of Welcome Opportunities Ltd. (a)	4,466,748	6,655,442
Redeemed, for cash (b)	(3,250,975)	(5,000,000)
Issued, for shares (c)	1,348,971	2,000,000
	<u>15,592,873</u>	<u>\$ 33,066,812</u>

- (a) On September 9, 2002 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 a 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 will entitle 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.

Prior to August 31, 2002, the Corporation had incurred \$355,220 of acquisition costs related to this acquisition. These costs will be added to the cost of the acquisition.

This business combination will be accounted for under the purchase method and results of Welcome's operations will be included in the Corporation's results of operations as of September 9, 2002. The purchase price can be summarized as follows:

In exchange for 4,466,748 common shares of Welcome:

4,466,748 common shares of EMCC	\$ 6,655,442
Acquisition costs	355,220
	<u>\$ 7,010,662</u>

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
(Expressed in United States Dollars)

7. SUBSEQUENT EVENTS (Continued)

(a) (continued)

The Corporation became the sole shareholder of all of the shares of Welcome, with the result that the Corporation will have two subsidiaries, Welcome as of September 9, 2002 and ECC as of August 29, 2002. Pro forma consolidated balance sheet (unaudited) as at August 31, 2002 giving effect to the acquisition of Welcome by the Corporation is as follows:

	Endeavour Mining Capital Corp. August 31, 2002	Welcome Opportunities Ltd. August 31, 2002	Endeavour Mining Capital Corp. Pro Forma (Unaudited)
ASSETS			
Cash and cash equivalents	\$ 8,545,482	\$ 2,199,751	\$ 10,745,233
Investments	13,499,474	5,145,703	18,645,177
Receivable for investments sold	17,681	-	17,681
Income taxes recoverable	-	832,148	832,148
Other assets	2,000	4,752	6,752
	<u>22,064,637</u>	<u>8,182,354</u>	<u>30,246,991</u>
LIABILITIES			
Investment advisor fees payable	36,725	-	36,725
Accrued performance fees	2,032,195	-	2,032,195
Payable to related companies	15,530	-	15,530
Accrued expenses and other liabilities	330,000	99,605	429,605
Future income tax liability	-	489,894	489,894
	<u>2,414,450</u>	<u>589,499</u>	<u>3,003,949</u>
NET ASSETS	<u>\$ 19,650,187</u>	<u>\$ 7,592,855</u>	<u>\$ 27,243,042</u>
Common shares outstanding	<u>13,028,129</u>	<u>4,466,748</u>	<u>17,494,877</u>

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
August 31, 2002
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7. SUBSEQUENT EVENTS (Continued)

- (b) Subsequent to August 31, 2002, as a condition precedent to the acquisition of Welcome (Note 7 (a)) a shareholder redeemed \$5,000,000 of shares in the Corporation.
- (c) Subsequent to August 31, 2002, 1,348,971 of common shares of the Corporation were issued to a non-related party for net proceeds of \$2,000,000. Proceeds for the subscription were received in kind in the form of shares in public companies.
