ENDEAVOUR MINING CAPITAL CORP.

ANNUAL REPORT 2003

Building on our Momentum

Fiscal 2003 Achievements & Milestones

- Completed acquisition of Welcome Opportunities Ltd.
- Attained initial public listing of shares on Canada's TSX Venture Exchange
- More than doubled investment capital base to US$41.7 million from US$20.0 million
- Increased earnings per share to US$1.12 from US$0.70 in fiscal 2002, an increase of 60%

Subsequent Events

- Shares graduated to the Toronto Stock Exchange
- Dividend policy adopted by the Board of Directors
- Completed a CDN$25.0 million equity financing
- Appointed Jorge L. Gamarci and Patrick J. Mars to the Board of Directors
- More than doubled investment capital base at end of first quarter of fiscal 2004 (November 30, 2003) from US$41.7 million to US$87.0 million

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Corporate Profile

Endeavour Mining Capital is a merchant banking company focused on the global mining industry. The company provides financing to mining companies for project development and other strategic growth initiatives.

While we implement our business plan in a sophisticated manner, the concept is simple: we invest and partner with aggressive management teams where we can add value.

Combining a culture of investment discipline with a spirit of entrepreneurship, Endeavour has achieved impressive investment returns. Our shares are listed on the Toronto Stock Exchange, symbol EDV.

Our Fundamental Strengths

Our fundamental strengths offer investors a distinctly different way to invest in the metals and mining industry.

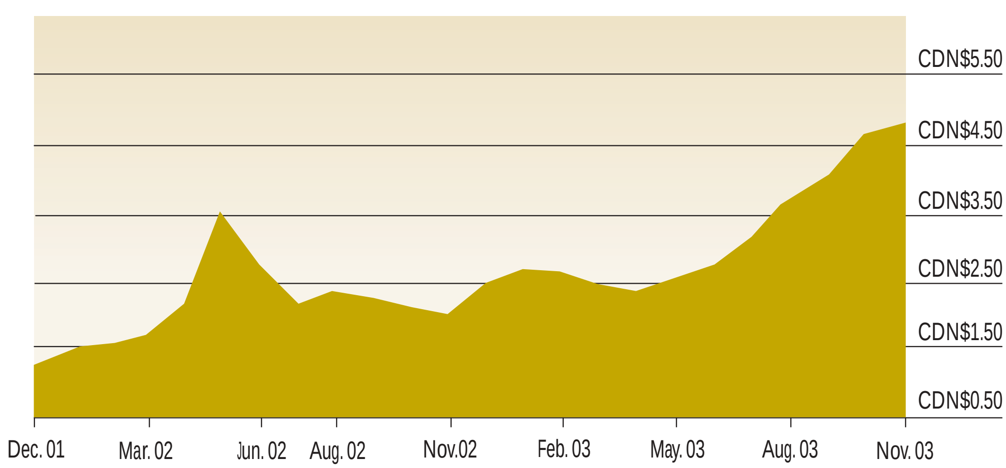
Focus: Endeavour is an entrepreneurial mining industry investor with an extensive global network of experienced professionals that identify and capture investment opportunities ahead of the majority of other market participants.

Experience: Endeavour is managed by a team of professionals with a demonstrated performance history and a deep understanding of international mining finance markets.

Discipline: Our business strategy ensures rigorous due diligence, active investment management and a disciplined, yet opportunistic, approach to profit from rapidly changing market opportunities.

GROWING NET ASSET VALUE PER SHARE

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



Notes: NAV per Share converted to Canadian Dollars at historic month end US$:CDN$ rates, source: Bloomberg
September 2003 through November 2003 (or Q1 2004) unaudited

"We are particularly proud of what these results say about our mining merchant banking business strategy"

Dear Shareholders,

Fiscal 2003 was an excellent year for Endeavour. In its first full year of operation as a public company, Endeavour generated net income of US$17.4 million, or US$1.12 per share, and a return on equity of 71 per cent.

While this performance is very gratifying, we are particularly proud of what these results say about our mining merchant banking business strategy.

It has been equally satisfying to see our clients grow and succeed. We are providing an expanding list of clients with investment capital enabling them to take advantage of opportunities in the mining industry.

We are pleased to provide this review of our company and share our plans for sustainable, profitable growth.

An active, profitable year

Last year was a very active and profitable one for Endeavour. We continued to focus our activities in gold mining, providing merchant banking services to several well-managed companies.

Notable among these were Wheaton River Minerals, Bema Gold, Northern Orion Resources and Bolivar Gold. We have provided capital to these and several other client companies at critical points in their development. During fiscal 2003, we succeeded in generating investment income of US$22.2 million due to a combination of three factors: our effective investment decisions, the success of our clients' initiatives and favourable market conditions.

Initially, our client base was comprised of junior and intermediate producers. Today, thanks to our success and that of our clients, our global network is providing a steady stream of new investment opportunities across a broadening spectrum of companies and commodities.

A strategy for sustainable, profitable growth

One of the fundamental elements of our success has been our ability to position Endeavour in advance of major market moves in the mining industry. We correctly identified the combination of fundamentals that rejuvenated the gold sector: a declining U.S. dollar, low interest rates and a widening demand/supply gap.

Now, we believe that the economic fundamentals bode well for a broad set of commodities, with particularly attractive opportunities in the base metals sector. Our investment focus already reflects these evolving trends while we remain positioned to take advantage of continued strong gold markets.

Looking ahead, we see strong, positive forces driving the mining sector. The long-term picture is naturally less predictable. We will use our experience in managing financial risks and our intimate industry knowledge to continue to intelligently position Endeavour ahead of major market trends.

The corporation is well positioned to build on its performance over the prior two years and to continue to provide innovative, timely mining merchant banking capital to meet the evolving needs of its clients.

Stronger by all measures

Our financial performance has been outstanding, our balance sheet is strong and the business outlook is very favourable, but we cannot become complacent. Accordingly, subsequent to our fiscal year end, we took several steps to strengthen Endeavour and position it to take advantage of new opportunities.

"Our performance has been outstanding, our balance sheet is strong and the business outlook is very favourable, but we cannot become complacent"

We are pleased to welcome two new independent directors, Jorge L. Gamarci and Patrick J. Mars. Their wealth of international banking and investment industry experience will be most helpful in guiding our company. These appointments increase the Board to eight members, including four independent directors.

In November, we successfully completed a CDN$25 million equity financing, which expands our ability to make investments in the mining industry. Coincident with this financing, Endeavour's shares were listed on the Toronto Stock Exchange (TSX), the world's premier mining exchange.

In addition, the board has voiced its confidence in our business strategy and long-term earnings outlook by endorsing a dividend policy that will pay a semi-annual dividend of CDN$0.035 per share commencing in February 2004. Dividends are unusual for a young company such as ours and even more so in the mining industry. In combination with our TSX listing, we believe this policy will help us broaden and strengthen our shareholder base.

While last year was a very active and profitable one, we are very optimistic about our long-term outlook. During our recently ended first quarter (November 30, 2003), Endeavour generated net income of US$26.9 million or US$1.54 per share, clearly demonstrating that we are building on our momentum.

Special thanks

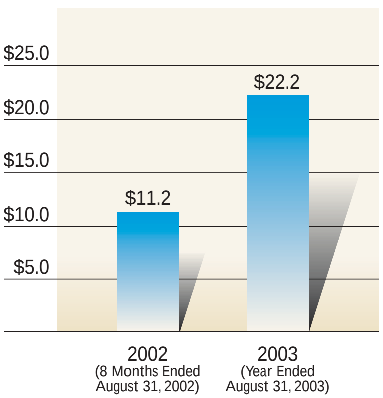
It takes a team effort to build a successful company. We rely on Endeavour Financial, our Investment Advisor, for origination and analysis, recommendations and implementation of our transactions. Accordingly, we would like to extend our sincere appreciation to the Endeavour Financial team, our valued merchant banking clients and partners, and last but far from least, our shareholders for their confidence and support.

Sincerely,

Michael E. Beckett
Chairman

Neil Woodyer
Chief Executive Officer

Growing Revenue
(US$million)



"Our strategy is to provide innovative debt and equity capital that will drive growth"

A disciplined, opportunistic approach

Endeavour's merchant banking business focuses exclusively on the mining industry. We take an active, entrepreneurial approach by providing a combination of financial and intellectual capital to enable our clients to take full advantage of opportunities to build their companies.

Our strategy is to provide innovative debt and equity capital that will drive growth for projects such as:

- Mine construction
- Optimization projects
- Corporate mergers and acquisitions
- Asset acquisitions
- Exceptional early development opportunities.

Where financial capital drives growth, we see intellectual capital driving success. Accordingly, our Investment Advisor plays an active role in advising the management of client companies, contributing its expertise to improve business performance in critical areas, including:

- Strategy development
- Strategy execution
- Management performance
- Financial structure.

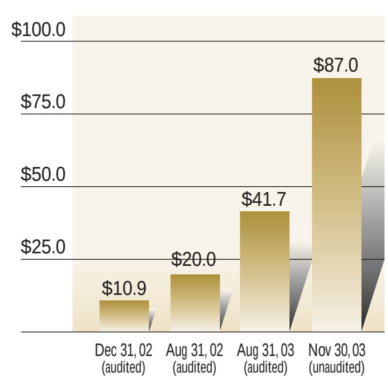
To ensure that we maintain a disciplined yet opportunistic approach, our investment process is continually refined to profit from changing market trends. When equity markets are strong, our merchant banking transactions are mostly structured through equity investments. Alternatively, our preference may be various forms of debt finance, including convertible debentures and secured loans. Regardless of market conditions, our primary goals are to manage investment risk and maximize liquidity.

Endeavour employs an operating style that allows us to add value quickly and efficiently by aggressively applying our experience and creativity to market opportunities. It has proven to be a tremendously effective approach.

Business outlook: Base metals look promising

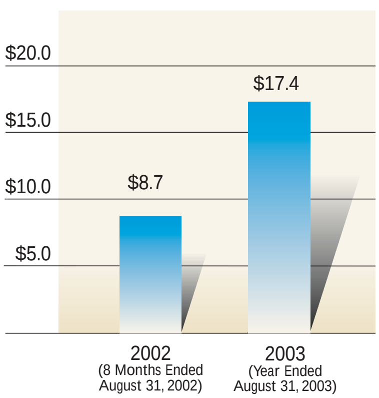
We have seen a resurgence in the metals and mining sector driven by stronger commodity prices, a sharp slide of the U.S. dollar as well as expectations of strong global growth led by Chinese demand. Although the magnitude remains a topic of debate, we believe that recent economic data indicates a growing global economy. Often, the most dramatic moves in metal prices tend to take place later in the economic cycle, and are driven more by

Growing Investment Capital Base
(US$million)



"It has proven to be a tremendously effective approach"

Growing Earnings
(US$million)



supply limitations than demand. While there may be some price volatility for short periods, our view is that the long-term trends will hold, which has triggered our movement towards a broader range of metal investments.

As our merchant banking business has grown, so too has our reputation for providing innovative, timely solutions. Consequently, we are seeing strong deal flow from a widening spectrum of companies – from junior exploration companies to senior mining companies – in search of financial and intellectual capital.

Financial Review: An outstanding year

Last year, we invested in a number of mining industry clients, primarily through equity investments. Of these companies, the most significant were, in alphabetical order:

- Bema Gold Corporation
- Bolivar Gold Corp.
- Glencairn Gold Corporation
- Northern Orion Resources Inc.
- Oxus Gold plc
- Wheaton River Minerals Ltd.

During fiscal 2003, our investments in mining companies resulted in the purchase and sale of US$51 million of investments representing a high level of capital turnover. Our investments generated investment income of US$22.2 million, and after operating expenses and fees to our Investment Advisor, net income was US$17.4 million (US$1.12 per share), compared to net income of US$8.7 million (US$0.70 per share) in fiscal 2002.

In compliance with internationally recognized accounting standards, we "mark-to-market" our publicly traded securities based on market prices at the close of each fiscal period. We have been conservative sellers in a rising gold market, believing that by applying our market knowledge, greater returns would be attained by holding select positions. As a result, Endeavour's investment income of US$22.2 million includes US$15.3 million of unrealized gains. Endeavour captured US$6.9 million of realized gains, interest and fee income during the year.

Growing Earnings Per Share
(Basic EPS, converted to Canadian Dollars)

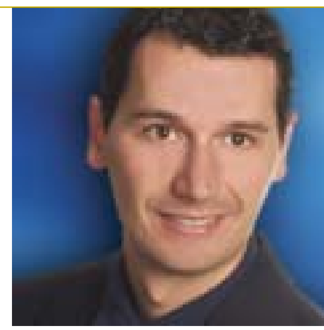
Board of Directors

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

MICHAEL E. BECKETT
Chairman, Director
Michael Beckett is the Chairman of several international public mining corporations.

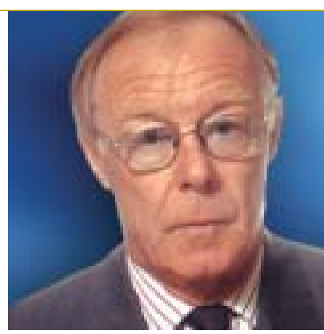
JORGE L. GAMARCI
Director
Jorge Gamarci is a private investor and a member of several corporate boards.

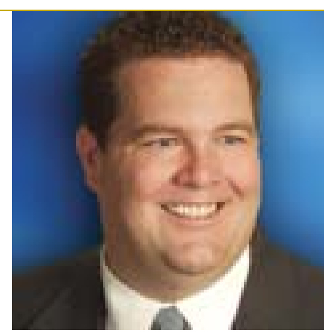
FRANK GIUSTRA
Director
Frank Giustra is Chairman of Endeavour Financial.



BILL KOUTSOURAS
Chief Financial Officer, Secretary, Director
Bill Koutsouras is based in the Cayman Islands and is CFO of Endeavour Financial.

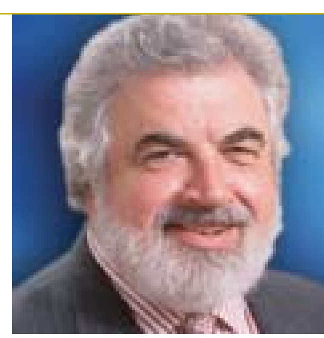
PATRICK J. MARS
Director
Patrick Mars is an independent consultant and director specializing in mining finance and analysis.





WAYNE MCMANUS
Director
Wayne McManus is based in the Cayman Islands and has extensive work experience in the private banking sector.

ANTHONY J. WILLIAMS
Director
Anthony Williams is founder & Chairman of the Dragon Group, a privately owned group of companies with interests in international mining finance.



NEIL WOODYER
Chief Executive Officer, Director
Neil Woodyer is Managing Director of Endeavour Financial.

Corporate Governance

Endeavour 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 meets current and evolving guidelines of the Toronto Stock Exchange and other regulatory authorities to which it is subject. We have established a Corporate Governance Committee to oversee our progress and monitor compliance with new requirements.

The Corporation has also established several other committees, including Audit, Investment and Independent Directors.

Corporate Governance Committee

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

Investment Committee

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

Audit Committee

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

Independent Directors Committee

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

Introduction

This discussion and analysis should be read in conjunction with 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.

Endeavour Mining Capital 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 and directors 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.

During the 2002 fiscal year the Corporation changed its year end from December 31 to August 31. Therefore the comparative results of operations discussed here represent results for the period from January 1, 2002 to August 31, 2002.

Results from Operations

During the year ended August 31, 2003, net investment income totalled $22.2 million which compares to investment income of $11.2 million during the eight months ended August 31, 2002. The dramatic increase in the investment income earned is attributable to the continued effective implementation of the merchant banking business plan, an expanded investment capital base that facilitated larger capital commitments, and an overall strengthening of the mining finance markets primarily driven by rising metal prices.

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. During fiscal 2003, merchant banking investments were made with Wheaton River Minerals Ltd., Northern Orion Resources Inc, Bema Gold Corporation, Bolivar Gold Corp, Glencairn Gold Corporation, Oxus Gold plc, plus several others.

Endeavour operates in a highly competitive financial marketplace that demands the utmost discretion and confidentiality. Accordingly, our practice is to not 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 total investment income achieved during the year ended August 31, 2003 includes $20.9 million of capital appreciation which was generated from $23.3 million of profitable transactions and $2.4 million of unprofitable transactions. The total investment income is related to 35 transactions of which eight have been classified as significant merchant banking transactions. These eight merchant banking transactions generated investment income of $15.5 million or 70% of the total investment income generated over the period. Of the $2.4 million of unprofitable transactions, $1.8 million is attributable to the full write-down of the Namibian Minerals Corp. 10% Convertible Debentures. Management intends to maintain the business focused on the significant merchant banking transactions which have demonstrated high return potential.

The Corporation relies on the Investment Advisor for new business recommendations, analytical support, and guidance for the optimal realization of existing investments. As such, 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 1/12th of 2% on the first US$50 million of net assets, 1.5% on the next US$50 million of net assets, and 1% on net assets in excess of US$100 million payable 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.

The Corporation generated net income of $17.4 million (or $1.12 per share) over the year ended August 31, 2003 as compared to a net income of $8.7 million (or $0.70 per share) during the eight month period ended August 31, 2002. During the year ended August 31, 2003 and the eight month period ended August 31, 2002 the Corporation generated a net income margin of 78%.

During the year ended August 31, 2003, the Investment Advisor received Investment Advisory fees totalling $0.6 million and a Performance fee of $3.4 million. During the eight month period ended August 31, 2002, the Investment Advisor received Investment Advisory fees totalling $0.3 million and a Performance fee of $2.0 million. The increase in the Investment Advisory fees paid to the Investment Advisor are a result of the growth of the net assets of the Corporation. The Performance fees of $3.4 million and $2.0 million paid to the Investment Advisor are the result of the significant net income generated during the respective periods. The combined Investment Advisory fees and Performance fee of $4.0 million represent the significant expenses incurred during the year ended August 31, 2003. Other operating expenses increased in aggregate by $0.7 million during the year ended August 31, 2003. General

office and administration costs increased $0.3 million as a result of increased overhead and costs associated with being a publicly traded company. Professional fees increased $0.3 million as a result of becoming a publicly traded company.

Liquidity and Capital Resources

At August 31, 2003 the Corporation held assets totalling $46.5 million comprised mainly of investments (87%) and cash and cash equivalents (12.5%) compared to assets held at August 31, 2002 of $22.4 million comprised mainly of investments (60%) and cash and cash equivalents (38%).

The liabilities of the Corporation totalled $4.8 million as of August 31, 2003 of which $3.5 million was payable to the Investment Advisor and $1.0 million was due to an unsettled trade. At August 31, 2002 total liabilities were $2.4 million of which $2.1 million was payable to the Investment Advisor. The Corporation had adequate cash resources as at August 31, 2003 and August 31, 2002 to settle the liabilities.

The increase of $21.7 million in Shareholders' Equity in the Corporation to $41.7 million at August 31, 2003 from $20.0 million as at August 31, 2002 is mainly attributable to operations that generated $17.4 million of net income or 80% of the increase, and net financing activities that generated $4.3 million in Shareholders' Equity or 20% of the increase.

Outlook

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

At the present time, the Corporation is experiencing the benefits of its business strategy and the continued strength of metal prices. While earnings volatility should be anticipated, management believes 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.

To the Shareholders of
Endeavour Mining Capital Corp.

We have audited the consolidated balance sheets of Endeavour Mining Capital Corp. as at August 31, 2003 and 2002 and the related consolidated statements of operations and accumulated earnings (deficit) and cash flows for the year ended August 31, 2003 and for the eight months ended August 31, 2002 (all expressed in United States dollars). 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 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, 2003 and 2002 and the results of its operations and accumulated earnings (deficit) and its cash flows for the year ended August 31, 2003 and for the eight months ended August 31, 2002 in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants

Grand Cayman, Cayman Islands
September 26, 2003

Consolidated Balance Sheets

(Expressed in Thousands of United States Dollars)

	August 31, 2003	August 31, 2002
ASSETS		
Cash and cash equivalents	$ 5,840	$ 8,546
Investments (cost: 2003 - $21,522; 2002 - $9,675) (Note 4)	40,600	13,499
Receivables and other assets	62	20
	46,502	22,065
Deferred acquisition costs (Note 3)	-	355
	$ 46,502	$ 22,420
LIABILITIES		
Investment advisor fees payable (Note 6 (a))	$ 75	$ 37
Performance fees payable (Note 6 (a))	3,437	2,032
Accrued expenses and other liabilities	1,254	345
	4,766	2,414
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	33,707	29,411
Accumulated earnings (deficit)	8,003	(9,405)
Currency translation reserve (Note 2 (j))	26	-
	41,736	20,006
	$ 46,502	$ 22,420

APPROVED BY THE BOARD

NEIL WOODYER
Director

WAYNE MCMANUS
Director

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

Consolidated Statements of Operations and Accumulated Earnings (Deficit)

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

	Year ended August 31, 2003	Eight months ended August 31, 2002
INVESTMENT INCOME		
Net realized gain on investments	$ 6,080	$ 4,963
Change in net unrealized appreciation of investments and foreign currencies	15,300	6,193
Interest	320	2
Dividends, net of withholding taxes	90	-
Loan facility fees	425	-
	22,215	11,158
EXPENSES		
Performance fee (Note 6 (a))	3,437	2,032
Investment advisory fee (Note 6 (a))	572	263
General office and administrative	440	93
Professional fees	358	38
	4,807	2,426
NET INCOME	17,408	8,732
ACCUMULATED DEFICIT, BEGINNING OF YEAR/PERIOD	(9,405)	(18,137)
ACCUMULATED EARNINGS (DEFICIT), END OF YEAR/PERIOD	$ 8,003	$ (9,405)
BASIC & DILUTED EARNINGS PER SHARE (Note 2(l))	$ 1.12	$ 0.70
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING	15,483,465	12,475,537

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, 2003	Eight months ended August 31, 2002
OPERATING ACTIVITIES		
Net income	$ 17,408	$ 8,732
Item 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 of effects of acquisition of Welcome Opportunities Ltd.) :		
Net realized gain on investments	(6,080)	(4,963)
Change in net unrealized appreciation of investments and foreign currencies	(15,300)	(6,193)
Decrease in receivables and other assets	844	4
Increase in investment advisor fees payable	38	19
Increase in performance fees payable	1,405	2,032
Increase (decrease) in accrued expenses and other liabilities	194	(976)
Purchase of investments *	(25,042)	(14,974)
Proceeds from the sale of investments	26,606	22,979
	157	6,660
INVESTING ACTIVITIES		
Deferred acquisition costs	30	(355)
Cash acquired on the acquisition of Welcome Opportunities Ltd. (Note 3)	2,107	-
	2,137	(355)
FINANCING ACTIVITY		
Received from the issue of common shares *	-	1,500
Paid on redemption of shares	(5,000)	(1,105)
	(5,000)	395
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,706)	6,700
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR/PERIOD	8,546	1,846
CASH AND CASH EQUIVALENTS, END OF YEAR/PERIOD	$ 5,840	$ 8,546

* See Note 5 for significant non-cash financing activities

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Investments (continued)

(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 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments and associated risks (continued)

(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.

(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. 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.

(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 reserve

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Comparative figures

Certain comparative figures have been reclassified to be consistent with the current period'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 period. For the year/period ended August 31, 2003 and 2002, this calculation proved to be anti-dilutive.

3. ACQUISITION OF WELCOME OPPORTUNITIES LTD.

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 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 Arrangement, 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 87,727 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.

This business combination has been accounted for under the purchase method and the results from Welcome's operations are 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 ECC	$ 7,140
Acquisition costs	325
	$ 7,465

August 31, 2003 and 2002 (Expressed in Thousands of United States Dollars, except per share amounts)

3. ACQUISITION OF WELCOME OPPORTUNITIES LTD. (continued)

The allocation of the purchase price as at September 9, 2002 is summarized below:

Cash and cash equivalents	$ 2,107
Investments	5,208
Income taxes recoverable	829
Other assets	5
Accrued expenses and other liabilities	(196)
Future income tax liabilities	(488)
	$ 7,465

4. INVESTMENTS

Investments are comprised of the following:

	August 31, 2003		August 31, 2002	
Investments by location	**Value**	**% of Investments**	Value	% of Investments
Equities:				
North America *	**$ 7,354**	**18.1%**	$ 4,784	35.4%
North America (short position)	**-**	**0.0%**	(40)	-0.3%
South America	**13,684**	**33.7%**	72	0.5%
South America (short position)	**-**	**0.0%**	(23)	-0.1%
Europe and Asia	**6,713**	**16.5%**	2,158	16.0%
Africa	**4,633**	**11.4%**	1,827	13.6%
Oceania	**1,642**	**4.1%**	-	0.0%
Total equities	**34,026**	**83.8%**	8,778	65.1%
Convertible Loans and Debentures				
North America	**458**	**1.1%**	998	7.4%
South America	**1,000**	**2.5%**	-	0.0%
Africa	**-**	**0.0%**	572	4.2%
Total Convertible Loans and Debentures	**1,458**	**3.6%**	1,570	11.6%
Warrants				
North America	**822**	**2.0%**	2,134	15.8%
South America	**2,186**	**5.4%**	12	0.1%
Europe and Asia	**884**	**2.2%**	163	1.2%
Africa	**1,089**	**2.7%**	842	6.2%
Oceania	**135**	**0.3%**	-	0.0%
Total Warrants	**5,116**	**12.6%**	3,151	23.3%
Total Investment Portfolio	**$ 40,600**	**100.0%**	$ 13,499	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 $18,678 at August 31, 2003 (August 31, 2002 - $8,148).

* Included in equities are written covered call options. As at August 31, 2003, the market value of these options totaled $96 (August 31, 2002 – $Nil).

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, 2003		Eight months ended August 31, 2002	
	Number of Shares	Amount	Number of Shares	Amount
Issued				
Opening balance	13,028,129	$ 29,411	12,958,058	$ 29,016
Issued in connection with				
Acquisition of Welcome (Note 3)	4,466,748	7,140	-	-
Issued, for cash	-	-	1,052,631	1,500
Issued, for shares	1,348,966	2,072	-	-
Redeemed, for cash	(3,250,975)	(5,000)	(982,560)	(1,105)
Stock Options Granted (Note 5 (b))	-	84	-	-
Closing balance	15,592,868	$ 33,707	13,028,129	$ 29,411

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.

During the eight months ended August 31, 2002, the Corporation issued 1,052,631 shares for net cash proceeds of $1,500 and redeemed 982,560 shares for net cash proceeds of $1,105.

August 31, 2003 and 2002 (Expressed in Thousands of United States Dollars, except per share amounts)

5. SHARE CAPITAL (continued)

(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, 2003 there were 1,559,000 options available for grant under the plan.

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

	Options outstanding	Weighted average exercise price (CDN$)
At January 1, 2002 and September 1, 2002	-	$ -
Granted	675,000	2.44
Exercised	-	-
Expired	(100,000)	2.30
At August 31, 2003	575,000	$ 2.46

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

Options outstanding	Weighted average exercise price (CDN$)	Weighted average remaining contractual life
200,000	$ 2.30	0.04 years
375,000	2.55	4.02 years
575,000	$ 2.46	2.64 years

At August 31, 2002 no stock options were issued or outstanding.

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 during the year is fully vested and 100,000 have expired. Subsequent to year end, 170,000 stock options were exercised at a price of CDN$2.30.

5. SHARE CAPITAL (continued)

(b) Stock option plan (continued)

Stock options with a fair value of $84 were granted to non-employees in 2003 (2002 – $Nil). The compensation expense has been recorded in the statement of operations as professional fees.

Pro forma compensation expense

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

	Year ended August 31, 2003	Eight months August 31, 2002
Net income for the year	$ 17,408	$ 8,732
Pro forma compensation expense related to directors' options	(151)	-
Pro forma income for the year	$ 17,257	$ 8,732
Pro forma basic and diluted earnings per share	$ 1.11	$ 0.70

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 48%, an annual risk free interest rate of 3.5% and expected lives of five years.

6. EXPENSES

(a) 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, 2003 is $75 (August 31, 2002 - $37). 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, 2003 is $3,437 (August 31, 2002-$2,032).

6. EXPENSES (continued)

(b) Operating expenses

The Corporation has 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 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 had been set at 50/50 whereby 50% of general costs were charged to the Corporation and 50% to the Investment Advisor and other related companies. The ratio for fiscal 2003 has been set at 66.67/33.33 whereby 66.67% of 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 $232 in general shared costs during the year ended August 31, 2003 (period ended August 31, 2002 - $75). The amount of $18 remains payable under the Cost Share Agreement to the Investment Advisor and other related companies at August 31, 2003 (August 31, 2002 - $15).

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

Annual Meeting

Friday, February 27, 2004
10:00 AM
George Town, Grand Cayman

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 & Director

Investor Contact

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International Line: 604.608.0824
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Corporate Web Site

www.endeavourminingcapital.com

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49 Hospital Road
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Grand Cayman, BWI
Telephone: 345.946.7603
Facsimile: 345.946.7604

Transfer Agent / Registrar

Computershare Trust Company of Canada

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Vancouver, BC V6C 3B9
Canada

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

Auditors

Deloitte & Touche
One Capital Place
P.O. Box 1787GT
George Town
Grand Cayman, BWI

Stock Symbol

The Toronto Stock Exchange: EDV

Shares Issued & Outstanding: 23,120,578
Shares Fully Diluted: 27,583,078
(As of November 30, 2003)

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