



Unaudited Consolidated Financial Statements of

ENDEAVOUR MINING CAPITAL CORP.

Third Quarter Report

May 31, 2003

(Expressed in United States Dollars)

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

	May 31, 2003	August 31, 2002
ASSETS		
Cash and cash equivalents	\$ 3,059,508	\$ 8,545,482
Investments (cost: \$22,036,696 - Aug/02 - \$9,675,036) (Note 2)	26,649,878	13,499,474
Receivables	378,207	19,681
	<u>30,087,593</u>	<u>22,064,637</u>
Deferred acquisition costs	-	355,220
	<u>\$ 30,087,593</u>	<u>\$ 22,419,857</u>
LIABILITIES		
Investment advisor fees payable	\$ 50,080	\$ 36,725
Performance fees payable	416,624	2,032,195
Accrued expenses and other liabilities	39,807	345,530
	<u>506,511</u>	<u>2,414,450</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 3)	33,686,448	29,411,370
Accumulated deficit	(4,129,589)	(9,405,963)
Currency translation reserve (Note 1 (a))	24,223	-
	<u>29,581,082</u>	<u>20,005,407</u>
	<u>\$ 30,087,593</u>	<u>\$ 22,419,857</u>

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

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

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2003	2002	2003	2002
INVESTMENT INCOME				
Net realized gain on investments	\$ 1,053,339	\$ 3,438,152	\$ 5,223,377	\$ 3,832,554
Change in net unrealized appreciation of investments and foreign currencies	853,482	17,261,693	828,691	19,471,834
Interest	48,583	250	184,455	749
Dividends, net of withholding taxes	14,386	-	23,155	13,791
Loan facility fees	75,000	-	425,000	-
	<u>2,044,790</u>	<u>20,700,095</u>	<u>6,684,678</u>	<u>23,318,928</u>
EXPENSES				
Performance fee accrual	345,289	4,120,126	416,624	4,228,958
Investment advisory fee	138,104	110,227	379,912	222,341
General office and administrative (Note 4 (a))	108,072	39,536	315,067	92,233
Professional fees (Note 4(b))	47,164	3,000	296,701	41,318
	<u>638,629</u>	<u>4,272,889</u>	<u>1,408,304</u>	<u>4,584,850</u>
NET INCOME	<u>1,406,161</u>	<u>16,427,206</u>	<u>5,276,374</u>	<u>18,734,078</u>
ACCUMULATED DEFICIT, BEGINNING OF PERIOD	<u>(5,535,750)</u>	<u>(16,015,613)</u>	<u>(9,405,963)</u>	<u>(18,322,485)</u>
ACCUMULATED (DEFICIT) EARNINGS, END OF PERIOD	<u>\$ (4,129,589)</u>	<u>\$ 411,593</u>	<u>\$ (4,129,589)</u>	<u>\$ 411,593</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.09</u>	<u>\$ 1.34</u>	<u>\$ 0.34</u>	<u>\$ 1.49</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.09</u>	<u>\$ 1.34</u>	<u>\$ 0.33</u>	<u>\$ 1.49</u>
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING	<u>15,592,868</u>	<u>12,303,018</u>	<u>15,587,312</u>	<u>12,583,902</u>
DILUTED WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING	<u>16,167,868</u>	<u>12,303,018</u>	<u>16,206,757</u>	<u>12,583,902</u>

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

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

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2003	2002	2003	2002
OPERATING ACTIVITIES				
Net income	\$ 1,406,161	\$ 16,427,206	\$ 5,276,374	\$ 18,734,078
Item not affecting cash:				
Stock-based compensation (Note 4 (b))	20,961	-	62,883	-
Adjustments to reconcile net income to net cash provided from (used in) operating activities (net of effects of acquisition of Welcome Opportunities Ltd.):				
Net realized gain on investments	(1,053,339)	(3,438,152)	(5,223,377)	(3,832,554)
Change in net unrealized appreciation of investments and foreign currencies	(853,482)	(17,261,693)	(828,691)	(19,471,834)
Decrease (increase) in receivables	40,611	-	(333,420)	62,937
Decrease in income taxes recoverable	855,166	-	855,166	-
Increase in investment advisor fees payable	2,967	32,698	13,355	29,081
Increase (decrease) in accrued performance fees	345,289	4,120,126	(1,615,571)	4,228,958
Increase (decrease) in accrued expenses and other liabilities	17,577	1,113	(312,783)	(21,404)
Decrease in future income taxes payable	(517,318)	-	(517,318)	-
Purchase of investments	(9,685,822)	(4,835,775)	(19,759,153)	(15,470,869)
Sale of investments	5,330,718	9,856,453	19,904,519	19,988,691
	(4,090,511)	4,901,976	(2,478,016)	4,247,084
INVESTING ACTIVITIES				
Deferred acquisition costs	-	-	30,000	-
Proceeds from the redemption of Welcome Opportunities Ltd. common shares	-	-	1,962,042	-
	-	-	1,992,042	-
FINANCING ACTIVITY				
Paid on redemption of shares	-	(1,105,380)	(5,000,000)	(1,105,380)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,090,511)	3,796,596	(5,485,974)	3,141,704
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	7,150,019	954,905	8,545,482	1,609,797
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 3,059,508	\$ 4,751,501	\$ 3,059,508	\$ 4,751,501

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

ENDEAVOUR MINING CAPITAL CORP.
Notes to the Consolidated Financial Statements
May 31, 2003 and 2002
(Unaudited)
(Expressed in United States Dollars)

1. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and they follow the same accounting policies and methods of application as the audited consolidated financial statements of Endeavour Mining Capital Corp. (the "Corporation") for the fiscal period ended August 31, 2002. These unaudited interim consolidated financial statements do not include all the information and note disclosures required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the most recent annual audited consolidated financial statements and the notes below.

(a) Currency translation reserve

These unaudited interim consolidated financial statements include the net assets and results of operations of Welcome Opportunities Ltd. ("Welcome"), the Corporation's wholly owned subsidiary. 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.

(b) Comparative figures

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

ENDEAVOUR MINING CAPITAL CORP.
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2. INVESTMENTS

Investments are comprised of the following:

Investments by location	May 31, 2003		August 31, 2002	
	Value	% of Investments	Value	% of Investments
Equities:				
North America	\$ 5,031,478	18.88%	\$ 4,784,281	35.44%
North America (short position)	(115,250)	-0.43%	(39,600)	-0.29%
South America	6,746,888	25.32%	71,684	0.53%
South America (short position)	(126,656)	-0.48%	(23,099)	-0.17%
Europe and Asia	3,434,394	12.88%	2,157,818	15.98%
Africa	3,074,819	11.54%	1,826,958	13.53%
Oceania	1,035,928	3.89%	-	0.00%
Total equities	19,081,601	71.60%	8,778,042	65.02%
Convertible Loans and Debentures				
North America	432,131	1.62%	997,882	7.39%
South America	4,000,000	15.01%	-	0.00%
Africa	-	0.00%	572,192	4.24%
Total Convertible Loans and Debentures	4,432,131	16.63%	1,570,074	11.63%
Warrants				
North America	600,730	2.25%	2,134,700	15.81%
South America	378,864	1.42%	11,710	0.09%
Europe and Asia	329,032	1.23%	163,108	1.21%
Africa	1,755,526	6.60%	841,840	6.24%
Oceania	71,994	0.27%	-	0.00%
Total Warrants	3,136,146	11.77%	3,151,358	23.35%
Total Investment Portfolio	\$ 26,649,878	100.00%	\$ 13,499,474	100.00%

Investments have been allocated by location based on the primary country or countries in which operations occur.

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 \$10,573,000 at May 31, 2003 (August 31, 2002 - \$8,148,000).

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3. SHARE CAPITAL

Voting shares

Authorized

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

	May 31, 2003		August 31, 2002	
	Number of Shares	Amount	Number of Shares	Amount
Issued				
Opening balance	13,028,129	\$ 29,411,370	12,958,058	\$ 29,016,748
Issued in connection with acquisition of Welcome	4,466,748	7,140,174	-	-
Issued, for shares	1,348,966	2,072,021	1,052,631	1,500,000
Redeemed, for cash	(3,250,975)	(5,000,000)	(982,560)	(1,105,378)
Stock Options Granted (Note 4 (b))	-	62,883	-	-
Closing balance	15,592,868	\$ 33,686,448	13,028,129	\$ 29,411,370

4. EXPENSES

(a) *Operating expenses*

The Corporation entered into a Cost Share Agreement (the "Cost Share Agreement"), in April 2001 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 66.66/33.33 whereby 66.66% of costs are charged to the Corporation and 33.33% to the investment advisor and other related companies. The amount of \$18,201 remains payable under the Cost Share Agreement to the Investment Advisor and other related companies at May 31, 2003 (August 31, 2002 - \$15,530).

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4. EXPENSES (continued)

(b) Professional fees

Non-employee share options are measured and recognized using a fair value based method. When non-employee share purchase options are granted, the fair value is credited to shareholders equity. The company uses the Black-Scholes model to estimate a fair value. Share purchase options with a fair value of \$84,000 were granted to consultants in 2003 (2002 – nil). The expense is allocated over the life of the services contract, which is one year. Accordingly, professional fees expense for the nine month period ended May 31, 2003 include \$63,000 (2002 – nil) of costs relating to share options.

The following weighted-average assumptions were used in calculating the fair value of stock options granted using the Black-Scholes option pricing model:

Risk-free interest rate	3.463%
Expected life of options	2 years
Annualized volatility	48.45%
Dividend rate	0.00%
