ENDEAVOUR MINING CAPITAL CORP.

Third Quarter Report
May 31, 2005

(Expressed in Thousands of United States Dollars)

Introduction

This discussion and analysis should be read in conjunction with the financial information included in the unaudited consolidated financial statements. The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The functional currency of the business is the United States Dollar. All monetary values are expressed in United States Dollars, unless otherwise indicated. This discussion and analysis is prepared as of June 28, 2005.

Endeavour Mining Capital Corp. ("Endeavour" or "Corporation") is a merchant banking Corporation focused on the global natural resources sector. The Corporation originates and invests in equity, equity-linked and debt transactions where it can generate value by using the extensive international expertise of its Board of Directors and its investment advisor, Endeavour Financial. The Corporation actively manages its investment capital base and earnings are generated through capital appreciation, fees and interest.

Third quarter highlights

- Net loss of $12.1 million or $0.53 per share for the quarter (2004: Net loss of $6.6 million or $0.25 per share)
- Net income of $9.7 million or $0.42 per share for the nine month period (2004: Net income of $18.7 million or $0.88 per share)
- Net asset value per share of $3.57 (CDN$4.48) at May 31, 2005; $3.18 (CDN$4.17) at August 31, 2004

Critical Accounting Policies

Effective September 1, 2004, the Corporation adopted the amended recommendations of the CICA Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments". Under the amended standards of this Section, the fair value of all stock-based awards granted are estimated using the Black-Scholes model and are recorded in operations over the vesting periods. The compensation cost related to stock options granted after September 1, 2004 is recorded in operations.

Previously, the Corporation provided note disclosure of pro forma net earnings per share as if the fair value based method had been used to account for stock options granted to employees, directors and officers after September 1, 2002. The amended recommendations have been applied retroactively from September 1, 2002 without restatement of prior periods. As a result, as of September 1, 2004, retained earnings decreased by $0.5 million and contributed surplus increased by $0.5 million.

There were no options granted by the Corporation in the three or nine months ended May 31, 2005 and therefore no compensation expense for stock options is included in the statement of operations. Had the same basis been applied to 2004 stock options granted, net income for the three and nine months ended May 31, 2004 would have been as follows:

(in thousands, except per share amounts)		Three Months Ended May 31, 2004		Nine Months Ended May 31, 2004
Net (loss) income	$	(5,833)	$	18,669
Additional compensation expense for options		-		(301)
Pro forma net income	$	(5,833)	$	18,368
Pro forma basic earnings per share	$	(0.25)	$	0.86
Pro forma diluted earnings per share	$	(0.25)	$	0.86

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

Results from Operations

	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Total investment income (loss)	$ (14,167)	$ 3,479	$ 22,616	$ (4,381)
Net income (loss)	(12,147)	2,006	19,796	(3,999)
Basic earnings (loss) per share	$ (0.53)	$ 0.09	$ 0.86	$ (0.17)
Diluted earnings (loss) per share	$ (0.53)	$ 0.09	$ 0.85	$ (0.17)

	Q3 2004	Q2 2004	Q1 2004	Q4 2003
Total investment income (loss)	$ (6,693)	$ (2,317)	$ 32,492	$ 15,530
Net income (loss)	(5,833)	(2,435)	26,936	12,132
Basic earnings (loss) per share	$ (0.25)	$ (0.11)	$ 1.54	$ 0.78
Diluted earnings (loss) per share	$ (0.25)	$ (0.10)	$ 1.54	$ 0.78

During the three month period ended May 31, 2005 the Corporation recorded an investment loss of $14.2 million and a net loss of $12.1 million (or $0.53 per share), which compares to an investment loss of $6.7 million and net loss of $5.8 million (or $0.25 per share) during the three month period ended May 31, 2004. In the current quarter, the resource equity markets experienced a sharp decline, which had an impact on the carrying value of our investment portfolio as of May 31, 2005. Despite the soft equity market conditions, the Corporation continued to realize gains on positions that were liquidated. During the three months ended May 31, 2005 realized gains totaled $2.8 million compared to $3.0 million during the comparative quarter in the prior year.

During the nine month period ended May 31, 2005, investment income totaled $11.9 million and net income totaled $9.7 million (or $0.42 per share), which compares to investment income of $23.5 million and net income of $18.7 million (or $0.88 per share) during the nine month period ended May 31, 2004. Net realized gains in the nine month period ended May 31, 2005 totaled $18.0 million compared to $11.7 million during the comparative period in the prior year.

The Corporation marks its investments to market at each reporting period, and as highlighted in the above table, the Corporation experiences significant fluctuations in its quarterly results which are substantially driven by changes in the unrealized appreciation and depreciation of its investments. The mark to market value of the Corporation's investments is affected by many factors but the primary forces include metal prices and investor sentiment. The Corporation is highly leveraged to its core merchant banking investments and, in certain periods, these unrealized movements have been very dramatic. In each of the last 8 consecutive quarters, the Corporation has generated net realized gains on investments sold.

Endeavour employs an operating style that has shown strong 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. While the core merchant banking positions remain metals-based, the Corporation has continued to invest in a number of early stage opportunities and has continued developing a number of new investment opportunities.

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

The Corporation relies on their investment advisor, Endeavour Financial, 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 and payable monthly as 1/12th of 2% on the first $50 million of net assets, 1/12th of 1.5% on the next $50 million of net assets, and 1/12th of 1% on net assets in excess of $100 million. The investment advisor also receives an annualized performance fee of 20% of the Corporation's net income from operations in excess of a 15% return on the weighted average Shareholders' Equity during the fiscal period.

During the three month period ended May 31, 2005, the investment advisor received an investment advisory fee totaling $0.4 million and the performance fee accrual decreased by $2.7 million to reduce the accrued performance fee balance to zero. During the comparative three month period ended May 31, 2004, the investment advisor received an investment advisory fee totaling $0.4 million and the performance fee accrual decreased by $1.5 million. The larger decrease in the performance fee accrual during the three month period ended May 31, 2005 is a direct result of the higher loss recorded in the current quarter compared to the same quarter last year. The combined investment advisory fee and performance fee accrual represent the most significant expenses incurred during the three and nine month period ended May 31, 2005. In aggregate, other operating expenses which consist of general administrative costs and professional fees were consistent with the comparative three and nine month periods in the prior year.

Liquidity and Capital Resources

At May 31, 2005 the Corporation held assets totalling $82.8 million comprised mainly of investments (90%), cash and cash equivalents (8%) and other assets (2%), compared to assets held at August 31, 2004 of $75.3 million comprised mainly of investments (93%) and cash and cash equivalents (7%).

The liabilities of the Corporation totalled $0.2 million as of May 31, 2005 of which $0.1 million is payable to the investment advisor and $0.1 million was for other accrued expenses. At August 31, 2004 total liabilities were $1.8 million of which $1.6 million was the performance fee accrual, $0.1 million was payable to the investment advisor, and $0.1 million was for other accrued expenses. The Corporation had adequate cash resources as at May 31, 2005 to settle the liabilities.

The increase of $9.0 million in Shareholders' Equity in the Corporation to $82.5 million at May 31, 2005 from $73.5 million as at August 31, 2004 is attributable to operations that generated $9.6 million of net income. The income was offset by the dividend payment in February 2005 of $0.6 million.

Outstanding Share Data as at May 31, 2005

(a) Voting shares

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

	Nine month period ended May 31, 2005			Year ended August 31, 2004		
	Number of Shares		Amount	Number of Shares		Amount
Issued						
Opening balance	23,120,578	$	51,745	15,592,868	$	33,623
Issued, for cash	-		-	7,250,000		19,071
Share issue costs	-		-	-		(1,504)
Contingent Value Rights exercised	-		-	87,710		235
Stock options exercised for cash	-		-	190,000		320
Closing balance	23,120,578	$	51,745	23,120,578	$	51,745

Share capital includes $51,514 (August 31, 2004 - $51,514) of additional paid in capital. There have been no additional shares issued to June 28, 2005.

The following table summarizes information about the warrants outstanding as at June 28, 2005:

Warrants outstanding & exercisable		Weighted average exercise price (CDN$)	Weighted average remaining contractual life
362,500	$	4.50	0.45 years
3,625,000		5.50	3.45 years
3,987,500	$	5.41	3.18 years

(b) Stock Options

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 June 28, 2005 there were 1,576,286 options available for grant under the plan (August 31, 2004 - 1,576,286).

The following table summarizes information about the options outstanding as at June 28, 2005:

Options outstanding		Weighted average exercise price (CDN$)	Weighted average remaining contractual life
375,000	$	2.55	2.28 years
100,000		3.50	3.44 years
100,000		4.20	3.51 years
575,000	$	3.00	2.69 years

Outlook

In the third quarter the resource equity markets experienced a sharp decline, however the fundamental value of our investments remains strong and they are well positioned for future growth.

This quarter demonstrates the value of our diversified merchant banking business plan, where we are able to advance new business opportunities when market conditions are challenging. Market cycles, shifts in trends and short-term market volatility combine to create opportunities for the Corporation to leverage its strong financial position, its ability to offer a broad range of financial structures, and its knowledgeable and experienced management team.

We are confident in our merchant banking business strategy and our ability to take advantage of future growth opportunities in the natural resources sector by creating new merchant banking investments. Our view is that strong positive forces will continue driving the natural resource sector. 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.

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

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

		May 31, 2005 (Unaudited)		August 31, 2004
ASSETS				
Cash and cash equivalents	$	6,923	$	5,301
Investments (cost: May 31, 2005 $57,864; Aug 31, 2004 $45,995) (Note2)		74,849		69,871
Receivables and other assets		990		119
	$	82,762	$	75,291
LIABILITIES				
Investment advisor fees payable	$	124	$	115
Performance fees accrued		-		1,551
Accrued expenses and other liabilities		119		104
		243		1,770
SHAREHOLDERS' EQUITY				
Share capital (Note 3)		51,745		51,745
Warrants (Note 3)		240		240
Contributed surplus		536		84
Retained earnings		29,998		21,452
		82,519		73,521
	$	82,762	$	75,291

Approved by the Board:

"Neil Woodyer" Director "Wayne McManus" Director

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

ENDEAVOUR MINING CAPITAL CORP.
Consolidated Statements of Operations & Retained Earnings
(Expressed in Thousands of United States Dollars, except per share amounts)

	Three Months Ended May 31, 2005 (Unaudited)	Three Months Ended May 31, 2004 (Unaudited)	Nine Months Ended May 31, 2005 (Unaudited)	Nine Months Ended May 31, 2004 (Unaudited)
INVESTMENT INCOME				
Net realized gain on investments	$ 2,782	$ 2,979	$ 17,961	$ 11,735
Change in net unrealized appreciation/depreciation of investments and foreign currencies	(17,430)	(10,113)	(6,919)	10,899
Interest	207	282	572	455
Dividends, net of withholding taxes	47	9	58	17
Loan facility fees	227	150	255	375
	(14,167)	(6,693)	11,927	23,481
EXPENSES				
Performance fee	(2,694)	(1,538)	-	2,591
Investment advisory fee	392	382	1,205	1,088
General office and administrative	191	196	757	884
Professional fees	91	101	310	251
	(2,020)	(859)	2,272	4,814
NET INCOME (LOSS)	(12,147)	(5,834)	9,655	18,667
RETAINED EARNINGS, BEGINNING OF PERIOD, as previously reported	42,145	31,900	21,452	8,003
ADJUSTMENT FOR STOCK-BASED COMPENSATION (Note 1(a))	-	-	(452)	-
DIVIDENDS PAID	-	-	(657)	(604)
RETAINED EARNINGS, END OF PERIOD	$ 29,998	$ 26,066	$ 29,998	$ 26,066
BASIC EARNINGS (LOSS) PER SHARE	$ (0.53)	$ (0.25)	$ 0.42	$ 0.88
DILUTED EARNINGS (LOSS) PER SHARE	$ (0.53)	$ (0.25)	$ 0.42	$ 0.87
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING	23,120,578	23,120,578	23,120,578	21,235,937
DILUTED WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING	23,120,578	23,120,578	23,199,724	21,342,077

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

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

	Three Months Ended May 31, 2005 (Unaudited)	Three Months Ended May 31, 2004 (Unaudited)	Nine Months Ended May 31, 2005 (Unaudited)	Nine Months Ended May 31, 2004 (Unaudited)
OPERATING ACTIVITIES				
Net income (loss)	$ (12,147)	$ (5,834)	$ 9,655	$ 18,667
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Net realized gain on investments	(2,782)	(2,979)	(17,961)	(11,735)
Change in net unrealized appreciation/depreciation of investments and foreign currencies	17,430	10,113	6,919	(10,899)
Increase in receivables and other assets	(866)	(33)	(871)	(318)
(Decrease) increase in investment advisor fees payable	(19)	(9)	9	46
Decrease in accrued performance fees	(2,694)	(1,538)	(1,551)	(846)
(Decrease) increase in accrued expenses and other liabilities	(88)	(8)	15	(1,152)
Purchase of investments	(7,494)	(12,957)	(33,066)	(45,814)
Proceeds from the sale of investments	7,855	14,424	39,130	38,600
	(805)	1,179	2,279	(13,451)
FINANCING ACTIVITIES				
Received from the issue of common shares	-	-	-	19,626
Share issue costs	-	-	-	(1,264)
Dividends paid to shareholders	-	-	(657)	(604)
	-	-	(657)	17,758
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(805)	1,179	1,622	4,307
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	7,728	8,969	5,301	5,841
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 6,923	$ 10,148	$ 6,923	$ 10,148

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

1. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. 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 year ended August 31, 2004 except as noted below. 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.

(a) Stock-based compensation

Effective September 1, 2004, the Company adopted the amended recommendations of the CICA Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments". Under the amended standards of this Section, the fair value of all stock-based awards granted are estimated using the Black-Scholes model and are recorded in operations over the vesting periods. The compensation cost related to stock options granted after September 1, 2004 is recorded in operations.

Previously, the Company provided note disclosure of pro forma net earnings per share as if the fair value based method had been used to account for stock options granted to employees, directors and officers after September 1, 2002. The amended recommendations have been applied retroactively from September 1, 2002 without restatement of prior periods. As a result, as of September 1, 2004, retained earnings decreased by $452 and contributed surplus increased by $452.

There were no options granted by the Company in the nine months ended May 31, 2005 and therefore no compensation expense for stock options is included in the statement of operations. Had the same basis been applied to 2004 share purchase options granted, net income for the three and nine months ended May 31, 2004 would have been as follows:

(in thousands, except per share amounts)		Three Months Ended May 31, 2004		Nine Months Ended May 31, 2004
Net income (loss)	$	(5,833)	$	18,669
Additional compensation expense for options		-		(301)
Pro forma net income (loss)	$	(5,833)	$	18,368
Pro forma basic earnings (loss) per share	$	(0.25)	$	0.86
Pro forma diluted earnings (loss) per share	$	(0.25)	$	0.86

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

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

2. INVESTMENTS

Investments are comprised of the following:

	May 31, 2005			August 31, 2004		
Investments by location		**Value**	**% of Investments**		Value	% of Investments
Equities:						
North America	**$**	**14,213**	**19.0%**	$	17,529	25.0%
South America		**23,416**	**31.3%**		19,751	28.3%
Europe and Asia		**14,497**	**19.4%**		9,383	13.4%
Africa		**8,115**	**10.8%**		2,559	3.7%
Oceania		**886**	**1.2%**		2,074	3.0%
Total equities		**61,127**	**81.7%**		51,296	73.4%
Convertible Loans and Debentures						
North America		**7,236**	**9.7%**		6,130	8.8%
South America		**1,594**	**2.1%**		1,592	2.3%
Europe and Asia		**700**	**0.9%**		-	0.0%
Africa		**-**	**0.0%**		2,500	3.5%
Total Convertible Loans and Debentures		**9,530**	**12.7%**		10,222	14.6%
Warrants						
North America		**323**	**0.4%**		1,334	1.9%
South America		**2,225**	**3.0%**		5,497	7.9%
Europe and Asia		**1,165**	**1.6%**		1,125	1.6%
Africa		**479**	**0.6%**		50	0.1%
Oceania		**-**	**0.0%**		347	0.5%
Total Warrants		**4,192**	**5.6%**		8,353	12.0%
Total Investment Portfolio	**$**	**74,849**	**100.0%**	$	69,871	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 $7,663 at May 31, 2005 (August 31, 2004 - $15,609).

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

3. SHARE CAPITAL

(a) Voting shares

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

	Nine month period ended May 31, 2005		Year ended August 31, 2004	
	Number of Shares	**Amount**	**Number of Shares**	**Amount**
Issued				
Opening balance	23,120,578	$ 51,745	15,592,868	$ 33,623
Issued, for cash	-	-	7,250,000	19,071
Share issue costs	-	-	-	(1,504)
Contingent Value Rights exercised	-	-	87,710	235
Stock options exercised for cash	-	-	190,000	320
Closing balance	23,120,578	$ 51,745	23,120,578	$ 51,745

Share capital includes $51,514 (August 31, 2004 - $51,514) of additional paid in capital.

The following table summarizes information about the warrants outstanding as at May 31, 2005:

Warrants outstanding & exercisable	Weighted average exercise price (CDN$)	Weighted average remaining contractual life
362,500	$ 4.50	0.45 years
3,625,000	5.50	3.45 years
3,987,500	$ 5.41	3.18 years

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

3. 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 May 31, 2005 there were 1,576,286 options available for grant under the plan (August 31, 2004 - 1,576,286).

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

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

	Options outstanding & exercisable	Weighted average exercise price (CDN$)
At August 31, 2003	575,000	2.46
Granted	200,000	3.85
Exercised	(190,000)	2.30
Expired	(10,000)	2.30
At May 31, 2005 and August 31, 2004	575,000	$ 3.00

The following table summarizes information about the options outstanding as at May 31, 2005:

Options outstanding	Weighted average exercise price (CDN$)	Weighted average remaining contractual life
375,000	$ 2.55	2.28 years
100,000	3.50	3.44 years
100,000	4.20	3.51 years
575,000	$ 3.00	2.69 years