

**BRITISH COLUMBIA SECURITIES COMMISSION**

**QUARTERLY AND YEAR END REPORT  
BC FORM 51-901F**

Incorporated as part of:  Schedule A  
 Schedules B and C

**ISSUER DETAILS**

Name of Issuer: Endeavour Gold Corp.  
For Quarter Ended: May 31, 2003  
Date of Report: July 30, 2003  
Issuer's Address: #800 - 850 West Hastings Street  
Vancouver, BC, V6C 1E1  
Issuer Fax Number: (604) 685-9744  
Issuer Telephone Number: (604) 685-9700  
Contact Person: Bradford J. Cooke  
Contact's Position: President  
Contact Telephone Number: (604) 685-9700  
Contact E-Mail Address: [bcooke@canarc.net](mailto:bcooke@canarc.net)

**CERTIFICATE**

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

Director's Signature: /s/ *Bradford J. Cooke*  
Director's Full Name: Bradford J. Cooke  
Date Signed: July 30, 2003

Director's Signature: /s/ *Godfrey Walton*  
Director's Full Name: Godfrey Walton  
Date Signed: July 30, 2003

**ENDEAVOUR GOLD CORP.**

**First Quarter Report**

**May 31, 2003**

**Schedule A**

**SHAREHOLDER UPDATE**  
**First Quarter Review 2004**

Bradford Cooke, President of Endeavour Gold Corp. (EDR: TSX-V), provides the following review of the Company's activities for the 1<sup>st</sup> Quarter of 2004.

Since the Company was successfully reactivated on the TSX Venture Exchange in November 2002, your management team has been evaluating gold and silver mine properties in Mexico for possible acquisition. To date, we have looked at over four dozen projects on paper and our consultants have visited some two dozen properties in person.

We have been very patient in waiting for the "right" projects to become available and we now hope to close our first transactions shortly. Our business plan is to acquire a number of attractive, gold-silver projects in Mexico, carry out early stage exploration programs to identify drill targets, and then seek partners to drill these properties while Endeavour continues to evaluate and acquire larger and more advanced prospects. Once a significant drill discovery is made, our focus will obviously shift more towards mine development and away from prospect acquisitions.

On the Company's Otish diamond properties, an aeromagnetic survey is planned for late this summer. Ashton Canada recently discovered a 4 carat diamond in drill core on their Renaud property, 100 km to the north, lending further credence to the upside potential of the Otish region.

*On Behalf Of The Board Of Directors*

**ENDEAVOUR GOLD CORP.**

*/s/ Bradford J. Cooke*

Bradford J. Cooke  
*President*

July 28, 2003

**ENDEAVOUR GOLD CORP.**

**BALANCE SHEETS**

(Unaudited – Prepared by Management)

	<u>Notes</u>	<u>May 31, 2003 (Unaudited)</u>	<u>February 28, 2003 (Audited)</u>
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash		\$ 62,496	\$ 151,574
Accounts receivable		754	4,368
Prepaid expenses		<u>7,596</u>	<u>2,125</u>
		<b>70,846</b>	158,067
<b>CAPITAL ASSETS</b>	3	-	316
<b>RESOURCE PROPERTIES</b>	2	<u>51,100</u>	<u>51,100</u>
		<u><b>\$ 121,946</b></u>	<u><b>\$ 209,483</b></u>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities		\$ 8,729	\$ 30,744
Loans payable	4	<u>27,186</u>	<u>26,584</u>
		<u><b>35,915</b></u>	<u><b>57,328</b></u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	4,346,067	4,346,067
Deficit		<u>(4,260,036)</u>	<u>(4,193,912)</u>
		<u><b>86,031</b></u>	<u>152,155</u>
		<u><b>\$ 121,946</b></u>	<u><b>\$ 209,483</b></u>

**ENDEAVOUR GOLD CORP.**

**STATEMENTS OF LOSS AND DEFICIT**

(Unaudited – Prepared by Management)

For the three months ended May 31,	Notes	<b>2003</b>	2002
<b>EXPENSES</b>			
Accounting and audit		\$ -	\$ 1,685
Amortization		-	64
Consulting	6(a)	<b>20,000</b>	-
Filing and regulatory		<b>3,455</b>	2,045
Interest and finance charges		<b>601</b>	-
Legal	6 (b)	<b>3,043</b>	-
Office and sundry		<b>191</b>	915
Rent	6(c)	<b>4,500</b>	1,200
Travel		<u>-</u>	<u>179</u>
Loss before the undernoted		<b>(31,790)</b>	(6,088)
Gain on sale of investments		-	7,627
Property investigations		<b>(34,017)</b>	-
Write-off of capital assets		<b>(316)</b>	-
Other expenses		<u>(2)</u>	<u>(1,828)</u>
<b>NET LOSS FOR THE PERIOD</b>		<b>(66,125)</b>	(289)
Deficit, beginning of the period		<u>(4,193,911)</u>	<u>(4,008,063)</u>
<b>DEFICIT, END OF PERIOD</b>		<u><b>\$ (4,260,036)</b></u>	<u><b>\$ (4,008,352)</b></u>
 <b>LOSS PER SHARE</b>		 <u><b>\$ (0.01)</b></u>	 <u><b>\$ (0.00)</b></u>

**ENDEAVOUR GOLD CORP.**

**STATEMENTS OF CASH FLOWS**

(Unaudited – Prepared by Management)

For the three months ended May 31,	2003	2002
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING:</b>		
Loss for the period	\$ (66,125)	\$ (289)
Items not affecting cash:		
Accrued interest on loan	601	
Amortization	-	64
Write-off of capital assets	316	
Write-off of other assets	2	
	<u>(65,206)</u>	<u>(225)</u>
Changes in non-cash working capital items:		
Accounts receivable	3,614	85
Investments	-	6,688
Prepaid expenses	(5,471)	(74)
Accounts payable and accrued liabilities	<u>(22,015)</u>	<u>(1,294)</u>
	<u>(89,078)</u>	<u>5,180</u>
<b>FINANCING:</b>		
Loan payable	<u>-</u>	<u>(3,500)</u>
<b>NET CASH (OUTFLOW) INFLOW</b>	<b>(89,078)</b>	<b>1,680</b>
<b>CASH, BEGINNING OF THE PERIOD</b>	<b><u>151,574</u></b>	<b><u>2,388</u></b>
<b>CASH, END OF THE PERIOD</b>	<b><u>\$ 62,496</u></b>	<b><u>\$ 4,068</u></b>

**1. NATURE OF OPERATIONS**

The Company's principal business activities are the acquisition, exploration and development of resource properties. Effective August 27, 2002, the Company consolidated its share capital on the basis of one new common share for each four old common shares (Note 5(a)) and changed its name from Levelland Energy & Resources Ltd. to Endeavour Gold Corp.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts capitalized for resource properties is dependent upon the existence of economically recoverable reserves in its resource properties, the ability of the Company to arrange appropriate financing to complete the development of its properties, confirmation of the Company's interest in the underlying properties, the receipt of necessary permitting and upon future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred significant operating losses and currently has no significant source of revenue. The Company has financed its activities principally by the sale of equity securities. The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders and other related parties, the ability of the Company to raise equity financing, and the attainment of profitable operations to fund its operations. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis.

**2. RESOURCE PROPERTIES**

Management periodically reviews the carrying value of its resource properties with internal and external mining related professionals. A decision to abandon, reduce or expand a specific project is based upon many factors including general and specific assessments of reserves, anticipated future prices, anticipated future costs of exploring, developing and operating a producing mine, expiration term and ongoing expense of maintaining leased resource properties and the general likelihood that the Company will continue exploration. The Company does not set a pre-determined holding period for properties with unproven reserves. However, properties which have not demonstrated suitable resource concentrations at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and their carrying values are appropriate.

If any area of interest is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the period of abandonment or determination of value. The amounts recorded as resource properties represent costs incurred to date and do not necessarily reflect present or future values.

The accumulated costs of resource properties that are developed to the stage of commercial production will be amortized to operations through unit of production depletion.

**NOTES TO THE FINANCIAL STATEMENTS, May 31, 2003**  
(Unaudited – Prepared by Management)

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**2. RESOURCE PROPERTIES** (continued)

At May 31, 2003, the Company's resource properties are comprised of properties located in Canada.

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	Otish Mountain
Balance, February 28, 2003	\$ 51,100
Additions during the period:	
Acquisition costs	-
Exploration costs	-
Balance, May 31, 2003	\$ 51,100

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(a) Otish Mountain properties:

Pursuant to an agreement dated June 20, 2002, the Company acquired a 50% interest in two properties located in the Mistassini-Otish area of northern Quebec. In consideration, the Company paid \$31,000 and issued 150,000 post-consolidation common shares to the vendor in the 2003 fiscal year. The properties are subject to a 3% gross over-riding royalty on all diamond production and a 3% net smelter royalty on all other mineral production. The Company has the option to purchase ½% of each of the two royalties for \$250,000. Subsequent to the transaction, the vendor became President and a director of the Company.

(b) Resource property contingencies:

The Company has diligently investigated rights of ownership of all of the resource properties to a level which is acceptable by prevailing industry standards with respect to the current stage of development of each property in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, all properties may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

**3. CAPITAL ASSETS**

During the three months ended May 31, 2003, the Company wrote-off all its equipment by \$316.

**4. LOAN PAYABLE**

In June 2002, the Company received a loan of \$25,000 which bears an interest rate of 9% per annum with repayment due on or before September 30, 2002. A loan bonus of 50,000 shares was issued at a deemed price of \$0.10 per share in the 2003 fiscal year. On May 31, 2003, the loan was not repaid and interest of \$2,186 has been accrued.

**NOTES TO THE FINANCIAL STATEMENTS, May 31, 2003**  
(Unaudited – Prepared by Management)

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**5. SHARE CAPITAL**

(a) Authorized and issued:

Authorized share capital consists of 100,000,000 common shares without par value. During fiscal 2003, the Company consolidated its authorized and issued share capital on a four old for one new basis and subsequently increased its authorized share capital from 5,000,000 post-consolidated common shares to 100,000,000 post-consolidated common shares. All share references prior to the share consolidation have been restated for this share consolidation.

Details of shares issued are as follows:

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	Number of Shares	Amount
Balance, February 28, 2003	6,191,550	\$ 4,346,067
Issued during the period	-	-
Balance, May 31, 2003	6,191,550	\$ 4,346,067

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As at May 31, 2003, a total of 93,750 common shares are held in escrow, the release of which is subject to regulatory approval.

(b) Share options:

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant.

A summary of the status of the Company's outstanding stock options as at May 31, 2003 and changes during the three months then ended is as follows:

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	Number of Shares	Weighted Average Exercise Price
Outstanding as at February 28, 2003	275,000	\$0.10
Granted	-	-
Cancelled	-	-
Outstanding as at May 31, 2003	275,000	\$0.10

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**NOTES TO THE FINANCIAL STATEMENTS, May 31, 2003**  
(Unaudited – Prepared by Management)

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**5. SHARE CAPITAL (continued)**

(c) Warrants:

As at May 31, 2003, the Company had outstanding warrants for the purchase of an aggregate of 3,000,000 common shares at \$0.12 per share to November 29, 2004.

(d) Shares reserved for issuance:

	Number of Shares
Outstanding, May 31, 2003	6,191,550
Stock options	275,000
Warrants	3,000,000
Fully Diluted, May 31, 2003	9,466,550

**6. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties during the three months ended May 31, 2003:

- (a) Consulting fees of \$7,500 were charged by the President of the Company.
- (b) Legal fees of \$3,043 were charged by a law firm in which an officer of the Company is an employee.
- (c) Rent of \$4,500 was incurred and paid to a company with certain common directors.

**7. COMPARATIVE FIGURES**

Certain of the prior periods' comparative figures have been reclassified to conform to the presentation adopted in the current year.

**8. SUBSEQUENT EVENTS**

At the Company's annual general meeting held on July 24, 2003, Leonard Harris joined the Board of Directors.

On July 28, 2003, the Company granted 380,000 incentive stock options to directors and employees, exercisable at \$0.22 per share for a two year period, subject to regulatory approval.

**8. SUBSEQUENT EVENTS** (continued)

In accordance with the requirements of Section 111(1) of the Securities Act of British Columbia, Bradford J. Cooke, interim President and a Director of the Company, announced in July 2003 that he has acquired beneficial ownership of 865,000 common shares of the Company, representing 13.9% of the currently issued share capital of Company. Mr. Cooke also holds 500,000 warrants entitling him to purchase an additional 500,000 shares of the Company on or before November 29, 2004 at a price of \$0.12 per share, and incentive stock options entitling him to purchase up to 90,000 common shares of the Company at a price of \$0.22 per share at any time up to July 28, 2005. Based on the Company's issued and outstanding share capital of 6,236,550 shares as at July 28, 2003, if Mr. Cooke:

- (a) exercises his options in full, he would beneficially own 955,000 common shares, representing 15.1% of the then issued and outstanding shares; and
- (b) also exercises the warrants in full, he would beneficially own 1,455,000 shares, representing 21.3% of the then issued and outstanding shares of the Company.

## **CORPORATE INFORMATION**

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<b>HEAD OFFICE</b>	#800 – 850 West Hastings Street Vancouver, BC, Canada V6C 1E1  Telephone: (604) 685-9700 Facsimile: (604) 685-9744
<b>DIRECTORS</b>	Bradford Cooke Donald Coates Godfrey Walton Leonard Harris Mario Szotlender
<b>OFFICERS</b>	Bradford Cooke ~ President Stewart Lockwood ~ Secretary
<b>REGISTRAR AND TRANSFER AGENT</b>	Computershare Trust Company of Canada #401 - 510 Burrard Street Vancouver, BC V6C 3B9
<b>AUDITORS</b>	KPMG LLP 777 Dunsmuir Street Vancouver, BC V7Y 1K3
<b>SOLICITORS</b>	Vector Corporate Finance Lawyers #1040 – 999 West Hastings Street Vancouver, BC V6C 2W2
<b>SHARES LISTED</b>	TSX Venture Exchange Trading Symbol ~ EDR