

**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: August 31, 2003  
Date of Report: October 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: October 30, 2003

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

**ENDEAVOUR GOLD CORP.**

**Second Quarter Report**

**August 31, 2003**

**Schedule A**

## **SHAREHOLDER UPDATE**

### **Second Quarter Review 2004**

Bradford Cooke, President of Endeavour Gold Corp. (EDR: TSX-V), provides the following review of the Company's activities for the 2nd Quarter of 2004.

During the 2<sup>nd</sup> quarter 2004, Endeavour Gold Corp. (the "Company" or "Endeavour") focused on acquiring two attractive new gold and silver exploration properties in Mexico.

In July 2003, the Company entered into an agreement to acquire a 100% interest in the San Jose Property located in Culiacan, Sinaloa, Mexico, by paying US\$300,000 over a four year period, subject to regulatory approval. Then in August 2003, the Company entered into an option agreement for the El Taco property located in Sonora state, Mexico, in which the Company can earn a 100% interest in the property by making cash payments of \$100,000 and issuing 200,000 common shares over a 4 year period, subject to 2% net smelter return, subject to regulatory approval. As at August 31, 2003, the Company had capitalized costs of \$55,391 in resource properties.

The El Taco property (339 hectares) in Sonora state is a gold (zinc-copper) skarn prospect explored by Noranda Mines in the early 1990s. The discovery outcrop returned assays up to 16.8 gpt gold, 9.60% zinc and 5.34% copper over a 10m sample width. Noranda delineated a 400m x 800m soil geochemical anomaly, still open in two directions, that represents a large, open-pit type drill target. Endeavour plans to complete additional geochemical soil sampling and geophysical IP and magnetic surveys prior to the first drilling program to test the "million oz" gold potential at El Taco.

The San Jose property (50 hectares) in Sinaloa state is a silver-gold breccia prospect discovered by old-time miners who drove two short adits in the early 1900s. Recent sampling returned assays of 59.3 gpt silver and 1.09 gpt gold over a sample width of 18.6m, with higher grade grab samples running up to 22.5 gpt gold and 1500 gpt silver. Alteration on the property is widespread, suggestive of a buried intrusive body and a large mineralized system. Endeavour plans to open up the altered and mineralized areas with bulldozer trenching prior to the first drill program to test the silver-gold potential at San Jose.

For the six months ended August 31, 2003, the Company incurred a net loss of \$128,379, reflecting increased expenditures on property evaluations. As at August 31, 2003, the Company had cash of \$13,617 on hand. In October 2003, the Company announced a private placement for 2 million units at \$0.30 per unit. Each unit is comprised of one common share and one-half common share purchase warrant. Each full warrant is exercisable to purchase one common share at a price of \$0.35 for a two year period. The proceeds from the private placement are to finance exploration programs for the Company's mineral properties in Quebec and Mexico and for working capital purposes.

In the 3<sup>rd</sup> quarter, Endeavour plans to acquire additional mining projects in western Mexico that offer excellent potential for the discovery and development of large gold-silver deposits. As a recently re-organized junior exploration company with a new management team and fresh access to capital, Endeavour is in an advantageous position to make a major acquisition in Mexico. Several key mining properties are currently being evaluated.

Endeavour Gold Corp. (EDR : TSX-V) is a small-cap resource company focused on the discovery and development of large gold and silver mines in Mexico. Our strategy for growth is twofold: to explore early stage prospects that have substantial discovery potential, and to acquire a more advanced project for development and production.

On Behalf Of The Board Of Directors

**ENDEAVOUR GOLD CORP.**

*/s/ Bradford J. Cooke*

Bradford J. Cooke  
*President*

October 29, 2003

**ENDEAVOUR GOLD CORP.**

**BALANCE SHEETS**

(Unaudited – Prepared by Management)

	<u>Notes</u>	<b>August 31, 2003 (Unaudited)</b>	February 28, 2003 (Audited)
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash		\$ 13,617	\$ 151,574
Accounts receivable		3,214	4,368
Prepaid expenses		<u>6,096</u>	<u>2,125</u>
		22,927	158,067
<b>CAPITAL ASSETS</b>	3	-	316
<b>RESOURCE PROPERTIES</b>	2	<u>55,391</u>	<u>51,100</u>
		<u>\$ 78,318</u>	<u>\$ 209,483</u>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities		\$ 20,755	\$ 30,744
Loans payable	4	<u>27,787</u>	<u>26,584</u>
		<u>48,542</u>	<u>57,328</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	4,352,067	4,346,067
Deficit		<u>(4,322,291)</u>	<u>(4,193,912)</u>
		29,776	152,155
		<u>\$ 78,318</u>	<u>\$ 209,483</u>

**ENDEAVOUR GOLD CORP.**

**STATEMENTS OF LOSS AND DEFICIT**

(Unaudited – Prepared by Management)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2003	2002	2003	2002
<b>EXPENSES</b>				
Accounting and audit	\$ 4,900	\$ 840	\$ 4,900	\$ 2,220
Amortization	-	64	-	128
Consulting	10,000	-	30,000	-
Filing and regulatory	6,065	10,646	9,520	12,691
Interest and finance charges	602	-	1,203	-
Legal fees	12,747	8,147	15,790	8,452
Office and sundry	589	1,107	779	3,401
Rent	4,500	-	9,000	-
Loss from operations	(39,403)	(20,804)	(71,192)	(26,892)
Interest income	-	4,037	-	9,836
Property investigations	(22,852)	-	(56,869)	-
Write-off of capital assets	-	-	(318)	-
<b>NET LOSS FOR THE PERIOD</b>	<b>(62,255)</b>	<b>(16,767)</b>	<b>(128,379)</b>	<b>(17,056)</b>
Deficit, beginning of the period	(4,260,036)	(4,008,352)	(4,193,912)	(4,008,063)
<b>DEFICIT, END OF PERIOD</b>	<b>\$ (4,322,291)</b>	<b>\$ (4,025,119)</b>	<b>\$ (4,322,291)</b>	<b>\$ (4,025,119)</b>
<b>LOSS PER SHARE</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>

**ENDEAVOUR GOLD CORP.**

**STATEMENTS OF CASH FLOWS**

(Unaudited – Prepared by Management)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2003	2002	2003	2002
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING:</b>				
<b>OPERATING</b>				
Net loss for the period	\$ (62,254)	\$ (16,767)	\$ (128,379)	\$ (17,056)
Items not affecting cash:				
Accrual of interest charges	602	-	1,203	-
Amortization	-	64	-	128
Gain from disposition of marketable securities	-	(2,209)	-	(9,836)
Write-off of capital assets	-	-	316	-
	<b>(61,652)</b>	<b>(18,912)</b>	<b>(126,860)</b>	<b>(26,764)</b>
Net changes in non-cash working capital items:				
Accounts receivable	(2,460)	(1,305)	1,154	(1,220)
Prepaid expenses and deposits	1,500	1,440	(3,971)	1,366
Accounts payable and accrued liabilities	12,024	2,437	(9,989)	1,143
	<b>(50,588)</b>	<b>(16,340)</b>	<b>(139,666)</b>	<b>(25,475)</b>
<b>FINANCING</b>				
Receipts from loans	-	50,000	-	46,500
Issuance of common shares	6,000	-	6,000	-
	<b>6,000</b>	<b>50,000</b>	<b>6,000</b>	<b>46,500</b>
<b>INVESTING</b>				
Proceeds from sale of marketable securities	-	7,297	-	21,612
Expenditures for resource properties	(4,291)	(32,750)	(4,291)	(32,750)
	<b>(4,291)</b>	<b>(25,453)</b>	<b>(4,291)</b>	<b>(11,138)</b>
<b>NET CASH (OUTFLOW) INFLOW</b>	<b>(48,879)</b>	<b>8,207</b>	<b>(137,957)</b>	<b>9,887</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>62,496</b>	<b>4,068</b>	<b>151,574</b>	<b>2,388</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 13,617</b>	<b>\$ 12,275</b>	<b>\$ 13,617</b>	<b>\$ 12,275</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, August 31, 2003**  
(Unaudited – Prepared by Management)

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**2. RESOURCE PROPERTIES** (continued)

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

	Mining Properties (Cost) <u>2003</u>	Deferred Exploration Expenses <u>2003</u>
Mining assets:		
Otish Mountain, Canada	\$ 47,750	\$ 3,350
San Jose Property, Mexico	-	4,291
	<u>\$ 47,750</u>	<u>\$ 7,641</u>

	<u>2003</u>
Mining properties:	
Balance, beginning of period	\$ 47,750
Additional acquisition costs	-
Balance, end of period	<u>\$ 47,750</u>
Deferred exploration expenses:	
Balance, beginning of period	\$ 3,350
Advances for staking costs	2,531
Assays	1,760
Balance, end of period	<u>\$ 7,641</u>

(a) Canadian Properties:

    Otish Mountain properties (Quebec):

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.



**2. RESOURCE PROPERTIES** (continued)

(b) Mexican Properties:

San Jose property (Sinaloa):

In July 2003, the Company entered into an agreement to acquire a 100% interest in the San Jose Property located in Culiacan, Sinaloa, Mexico, by paying US\$300,000 over a four year period, subject to regulatory approval.

El Taco property (Sonora):

In August 2003, the Company entered into an option agreement for the El Taco property located in Sonora state, Mexico. The Company can earn a 100% interest in the property by making cash payments of \$100,000 and issuing 200,000 common shares over a 4 year period, subject to 2% net smelter return, subject to regulatory approval.

(c) 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**

In the six months ended August 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 August 31, 2003, the loan was not repaid and interest of \$2,787 has been accrued.

**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.

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

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**5. SHARE CAPITAL** (continued)

- (a) Authorized and issued: (continued)

Details of shares issued are as follows:

	Number of Shares	Amount
Balance, February 28, 2003	6,191,550	\$ 4,346,067
Exercise of stock options	60,000	6,000
Balance, August 31, 2003	6,251,550	\$ 4,352,067

As at August 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 August 31, 2003 and changes during the six months then ended is as follows:

	Number of Shares	Weighted Average Exercise Prices
Outstanding as at February 28, 2003	275,000	\$0.10
Granted	380,000	\$0.22
Exercised	(60,000)	\$0.10
Outstanding as at August 31, 2003	595,000	\$0.18

- (c) Warrants:

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

In October 2003, warrants for 100,000 common shares were exercised for total proceeds of \$12,000.

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

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**5. SHARE CAPITAL (continued)**

- (d) Shares reserved for issuance:

	Number of Shares
Outstanding, August 31, 2003	6,251,550
Stock options	595,000
Warrants	3,000,000
<u>Fully Diluted, August 31, 2003</u>	<u>9,846,550</u>

**6. RELATED PARTY TRANSACTIONS**

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

- (a) Consulting fees of \$15,000 were charged by the President of the Company.
- (b) Legal fees of \$15,790 were charged by a law firm in which an officer of the Company is an employee.
- (c) Rent of \$9,000 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 period.

**8. OTHER SIGNIFICANT AND SUBSEQUENT EVENTS**

On July 28, 2003, the Company granted 380,000 incentive stock options to directors and employees, exercisable at \$0.22 per share until July 28, 2005.

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 6,251,550 shares as at July 28, 2003, if Mr. Cooke:

**8. OTHER SIGNIFICANT AND SUBSEQUENT EVENTS** (continued)

- (a) exercises his options in full, he would beneficially own 955,000 common shares, representing 15% of the then issued and outstanding shares; and
- (b) also exercises the warrants in full, he would beneficially own 1,455,000 shares, representing 23% of the then issued and outstanding shares of the Company.

In October 2003, the Company announced a private placement for 2 million units at \$0.30 per unit. Each unit is comprised of one common share and one-half common share purchase warrant. Each full warrant is exercisable to purchase one common share at a price of \$0.35 for a two year period. The proceeds are to fund exploration programs for the Company's mineral properties in Quebec and Mexico and for working capital purposes.

## **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