

# BC FORM 51-901F

## Quarterly and Year End Report

Incorporated as part of:

Schedule A

Schedules B & C

### ISSUER DETAILS:

**For Quarter Ended:** November 30, 2002

**Date of Report:** January 28, 2003

**Name of Issuer:** ENDEAVOUR GOLD CORP.

**Issuer's Address:** Suite 800 – 850 West Hastings Street  
Vancouver, BC V6C 1E1

**Issuer's Fax Number:** (604) 685-9700

**Issuer's Phone Number:** (604) 685-9744

**Contact Person:** Bradford J. Cooke

**Contact Position:** President

**Contact Telephone Number:** (604) 685-9700

**Contact E-mail:** bcooke@canarc.net

**Web Site Address:** not available

### CERTIFICATE

The Schedule(s) required to complete this Quarterly Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Quarterly Report will be provided to any shareholder who requests it. Please note this form is incorporated as part of both the required filing of Schedule A and Schedules B & C.

BRADFORD J. COOKE	<i>"Bradford J. Cooke"</i>	03/01/28
<b>Name of Director</b>	<b>Signed (typed)</b>	<b>Date Signed (YY/MM/DD)</b>
GODFREY WALTON	<i>"Godfrey Walton"</i>	03/01/28
<b>Name of Director</b>	<b>Signed (typed)</b>	<b>Date Signed (YY/MM/DD)</b>

**ENDEAVOUR GOLD CORP.**

**(formerly LEVELLAND ENERGY & RESOURCES LTD.)**

**FINANCIAL STATEMENTS**

**NOVEMBER 30, 2002**

# G. Ross McDonald\*

Chartered Accountant

---

\*Denotes incorporated professional

Suite 1402, 543 Granville Street  
Vancouver, B.C. V6C 1X8  
Tel: (604) 685-8646  
Fax: (604) 684-6334

## NOTICE TO READER

I have compiled the balance sheet of Endeavour Gold Corp. (formerly Levelland Energy & Resources Ltd.) as at November 30, 2002 and statements of operations and deficit and cash flows for the period then ended from information provided by the Company. I have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

*"G. Ross McDonald" (signed)*

G. Ross McDonald  
Chartered Accountant

Vancouver, British Columbia  
January 20, 2003

**ENDEAVOUR GOLD CORP.**

**(formerly LEVELLAND ENERGY & RESOURCES LTD.)**

**BALANCE SHEETS**

**(Unaudited – See Notice to Reader)**

	<b>November 30, 2002</b>	<b>February 28, 2002</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 217,265	\$ 2,388
Accounts receivable	2,957	348
Prepaid expenses and deposit	-	1,366
	220,222	4,102
RESOURCE PROPERTIES (Note 3)	51,100	6,612
EQUIPMENT (Note 4)	555	747
INVESTMENTS	-	11,776
	\$ 271,877	\$ 23,237
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 11(a))	\$ 21,818	\$ 25,185
Loan payable (Note 5)	25,980	3,500
	47,798	28,685
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
SHARE CAPITAL (Note 6)	4,027,617	4,002,617
SHARE SUBSCRIPTIONS (Note 11(b))	297,500	-
STOCK BASED COMPENSATION (Note 7)	7,500	-
DEFICIT	(4,108,538)	(4,008,065)
	224,079	(5,448)
	\$ 271,877	\$ 23,237

APPROVED BY THE DIRECTORS

*"Bradford J. Cooke"*

Director – Bradford J. Cooke

*"Godfrey Walton"*

Director – Godfrey Walton

**ENDEAVOUR GOLD CORP.****(formerly LEVELLAND ENERGY & RESOURCES LTD.)****STATEMENTS OF OPERATIONS AND DEFICIT****(Unaudited – See Notice to Reader)**

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2002	2001	2002	2001
EXPENSES				
Property investigations	\$ 19,630	\$ -	\$ 19,630	\$ -
Regulatory and transfer agent fees	5,477	805	18,168	7,051
Consulting fees	15,000	-	16,157	-
Legal, audit and accounting	5,005	2,571	15,676	10,959
Financing costs	11,845	-	11,845	-
Rent and utilities	8,956	1,657	11,557	4,897
Stock based compensation	7,500	-	7,500	-
Office and miscellaneous	3,330	1,492	3,872	582
Travel	-	945	928	2,925
Amortization	64	80	192	239
	76,807	7,550	105,525	26,653
Resource properties written off	6,612	-	6,612	-
Gain on investment	-	-	(11,664)	-
LOSS FOR THE PERIOD	83,419	7,550	100,473	26,653
DEFICIT, BEGINNING OF PERIOD	4,025,119	3,993,790	4,008,065	3,974,687
DEFICIT, END OF PERIOD	\$ 4,108,538	\$ 4,001,340	\$ 4,108,538	\$ 4,001,340
BASIC AND DILUTED LOSS PER SHARE	\$ 0.02	\$ 0.00	\$ 0.03	\$ 0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	2,963,094	2,754,835	2,937,050	2,753,522

**ENDEAVOUR GOLD CORP.****(formerly LEVELLAND ENERGY & RESOURCES LTD.)****STATEMENTS OF CASH FLOWS****(Unaudited – See Notice to Reader)**

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2002	2001	2002	2001
<b>CASH PROVIDED BY (USED IN):</b>				
<b>OPERATING ACTIVITIES</b>				
Loss for the period	\$ (83,419)	\$ (7,550)	\$ (100,473)	\$ (26,653)
Item not involving cash:				
Financing costs	10,000	80	10,000	239
Amortization	64	-	192	-
Stock based compensation	7,500	-	7,500	-
Gain on investments	-	-	(11,664)	-
Resource properties written-off	6,612	-	6,612	-
Net changes in non-cash working capital items:				
Accounts receivable	(1,387)	346	(2,609)	34
Prepaid expenses and deposits	-	-	1,366	1,250
Accounts payable and accrued liabilities	(4,510)	(2,655)	(3,367)	2,651
	(65,140)	(9,779)	(92,443)	(22,479)
<b>FINANCING ACTIVITIES</b>				
Loan payable	(24,020)	-	22,480	(1,500)
Share subscriptions	297,500	-	297,500	-
	273,480	-	319,980	(1,500)
<b>INVESTING ACTIVITIES</b>				
Resource properties, net of recoveries	(3,350)	3,824	(36,100)	1,825
Investments	-	5,463	23,440	7,560
	(3,350)	9,287	(12,660)	9,385
<b>INCREASE (DECREASE) IN CASH</b>	<b>204,990</b>	<b>(492)</b>	<b>214,877</b>	<b>(14,594)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>12,275</b>	<b>1,520</b>	<b>2,388</b>	<b>15,622</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 217,265</b>	<b>\$ 1,028</b>	<b>\$ 217,265</b>	<b>\$ 1,028</b>

**ENDEAVOUR GOLD CORP.**

**(formerly LEVELLAND ENERGY & RESOURCES LTD.)**

**NOTES TO THE FINANCIAL STATEMENTS**

**November 30, 2002**

**(Unaudited – See Notice to Reader)**

---

**1. NATURE OF OPERATIONS**

Effective August 27, 2002 the Company changed its name from Levelland Energy & Resources Ltd. to Endeavour Gold Corp. and consolidated its share capital on the basis of four old common shares for one new common share.

The Company is in the process of exploring and developing its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of presentation**

The accompanying unaudited interim financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim financial statements should be read in conjunction with the Company's consolidated financial statements including the notes thereto for the year ended February 28, 2002.

The consolidated financial statements as at February 28, 2002 included the accounts of the Company's wholly-owned subsidiary, Levelland Energy & Resources Inc. The subsidiary had been inactive for several years and management has allowed its charter to lapse.

**(b) Stock-based compensation**

Effective March 1, 2002, the Company adopted the new accounting standard of the Canadian Institute of Chartered Accountants ("CICA"), Section 3870 "Stock-Based Compensation and Other Stock-Based Payments" for accounting for stock-based compensation expense. Under this standard, stock-based payments to non-employees, and employee awards that are direct awards of stock, call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments, granted on or after March 1, 2002, are accounted for using the fair value based method, and are recorded as an expense in the period the stock-based payments are vested or the awards or rights are granted.

**ENDEAVOUR GOLD CORP.**

(formerly LEVELLAND ENERGY & RESOURCES LTD.)

**NOTES TO THE FINANCIAL STATEMENTS**

**November 30, 2002**

**(Unaudited – See Notice to Reader)**

---

**2 SIGNIFICANT ACCOUNTING POLICIES**

The Company has elected to follow the intrinsic method of accounting for stock options granted to directors and employees whereby no compensation expense is recognized when stock options are granted if the exercise price of the stock options granted is at market value. Any consideration paid by directors and employees on exercise of stock options or purchase of shares is credited to share capital. However, additional disclosure of the effects of accounting for stock-based compensation to directors and employees as compensation expense, using the fair value based method, is disclosed as pro-forma information.

**(c) 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

**3. RESOURCE PROPERTIES**

At November 30, 2002, the Company's resource properties are comprised of properties located in Canada. Expenditures incurred on resource properties are as follows:

	Otish Mountain	Ham	Ocock	Total
Balance, February 28, 2002	\$ -	\$ 4,612	\$ 2,000	\$ 6,612
Additions:				
Acquisition costs	47,750	-	-	47,750
Exploration costs				
Mapping and reports	3,350	-	-	3,350
	\$ 51,100	\$ 4,612	\$ 2,000	\$ 57,712
Write-off	-	(4,612)	(2,000)	(6,612)
Balance, November 30, 2002	\$ 51,100	\$ -	\$ -	\$ 51,100

**(a) Otish Mountain Property**

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 shares to the vendor. The properties are subject to a 3% gross overriding royalty on all diamond production and a 3% net smelter royalty on all other mineral production. The Company has the option to purchase a ½% of each of the two royalties for \$250,000.



**ENDEAVOUR GOLD CORP.**

**(formerly LEVELLAND ENERGY & RESOURCES LTD.)**

**NOTES TO THE FINANCIAL STATEMENTS**

**November 30, 2002**

**(Unaudited – See Notice to Reader)**

---

**3. RESOURCE PROPERTIES (continued)**

**(b) Ham Property**

Pursuant to an option agreement dated October 9, 2001, the Company was granted an option to earn up to a 100% interest in a mineral claim located in B.C. in consideration of cash payments in the aggregate of \$30,000 (\$2,700 paid) and issuing an aggregate of 201,600 common shares over a three year period (50,400 issued). During the period ended November 30, 2002, the Company abandoned its option on the property and accordingly, has written off costs incurred on the property in the aggregate of \$4,612.

**(c) Ocock Property**

During the year ended February 28, 2002 the Company acquired the Ocock mineral claim located in British Columbia in consideration of incurring certain exploration expenditures on the property. During the period ended November 30, 2002, the Company abandoned its option on the property and accordingly, has written off costs incurred on the property in the aggregate of \$2,000.

**(d) Resource properties – contingencies**

The Company has investigated rights of ownership of all of the resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties. 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 or agreement transfers, and rights of ownership may be affected by undetected defects.

**4. CAPITAL ASSETS**

---

	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 3,725	\$ 3,505	\$ 220
Equipment	2,370	2,035	335
	<hr/>	<hr/>	<hr/>
	\$ 6,095	\$ 5,540	\$ 555

---

**5. LOAN PAYABLE**

During the period ended November 30, 2002, the Company received two loans in the amount of \$25,000 each to assist in the reactivation of the Company. The loans are payable on demand with interest at the rate of 9% per annum. The lenders also received an aggregate 100,000 common shares of the Company as a loan bonus. Should the loans not be paid by September 30, 2002, the lenders have the right to convert any or all of the unpaid portion of the loan, plus accrued interest, into units of the Company. Each unit will consist of one common share, at the lowest price allowed by regulatory policy, and one warrant, exercisable to acquire one additional common share at the lowest price and for the longest period allowed by regulatory policy.

One of the loans was received from a company controlled by a director of the Company. This loan was paid, with interest in the amount of \$865, in October, 2002.

**ENDEAVOUR GOLD CORP.****(formerly LEVELLAND ENERGY & RESOURCES LTD.)****NOTES TO THE FINANCIAL STATEMENTS****November 30, 2002****(Unaudited – See Notice to Reader)****6. SHARE CAPITAL**

	Number of Shares	Amount
Authorized 20,000,000 common shares without par value		
Issued		
As at February 28, 2002	11,028,200	\$ 4,002,617
Consolidation 1:4	(8,271,150)	-
	2,757,050	4,002,617
Issued during the period		
For loan bonus (Note 5)	100,000	10,000
For mineral property (Note 3(a))	150,000	15,000
As at November 30, 2002	3,007,050	\$ 4,027,617

**7. 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 November 30, 2002 and changes during the period then ended is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding as at February 28, 2002	990,000	\$ 0.10
Forfeited	(990,000)	0.10
Granted	275,000	0.10
Outstanding as at November 30, 2002	275,000	\$ 0.10

As at November 30, 2002, incentive stock options were outstanding enabling the optionees to acquire up to a total of 275,000 post-consolidation common shares at an exercise price of \$0.10 per share to September 9, 2004. These options are subject to the approval of regulatory authorities.

**ENDEAVOUR GOLD CORP.**

**(formerly LEVELLAND ENERGY & RESOURCES LTD.)**

**NOTES TO THE FINANCIAL STATEMENTS**

**November 30, 2002**

**(Unaudited – See Notice to Reader)**

---

**7. SHARE OPTIONS (continued)**

During the period ended November 30, 2002 the Company granted stock options, subject to regulatory approval, to non-employees to acquire up to an aggregate of 75,000 common shares at \$0.10 per share and to directors and employees to acquire up to an aggregate of 200,000 common shares at \$0.10 per share.

Pursuant to the new CICA policy of accounting for stock-based compensation (note 2(b)), the fair value of stock options granted to non-employees, in the amount of \$7,500, has been recorded as an expense in the period. Compensation expense on stock options granted to directors and employees using the fair value based method is disclosed as pro-forma information.

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Model with the following assumptions:

---

Risk-free interest rate	4.55%
Expected dividend yield	-
Expected stock price volatility	472.6%
Expected option life in years	5

---

The pro forma effect on net loss and loss per share for the period ended November 30, 2002 of the actual results had the Company accounted for the stock options granted to directors and employees using the fair value based method is as follows:

---

Net loss for the period		
Reported	\$	100,473
Stock-based compensation		20,000
Pro forma	\$	120,473
Basic and diluted loss per share		
Reported	\$	0.03
Pro forma	\$	0.04

---

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

**ENDEAVOUR GOLD CORP.**

(formerly LEVELLAND ENERGY & RESOURCES LTD.)

**NOTES TO THE FINANCIAL STATEMENTS**

**November 30, 2002**

(Unaudited – See Notice to Reader)

---

**8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions:

Common shares issued for loan bonus	\$	10,000
Common shares issued for resource property	\$	15,000

Other supplemental cash flow information:

Interest income received		-
Interest expense paid		865
Income tax paid		-

**9. RELATED PARTY TRANSACTIONS**

In addition to the loan received by the Company disclosed in Note 5, the Company entered into the following transactions with related parties:

- (a) Paid rent of \$2,000 to a director of the Company. The Company also paid rent of \$9,000 to a company related by virtue of certain common directors.
- (b) Paid consulting fees of \$15,000 to a company controlled by a director.
- (c) The Otish Mountain property was acquired from a director of the Company.

**10. SEGMENT DISCLOSURES**

The Company has one operating segment, being the exploration and development of resource properties. All of the Company's assets are located in Canada.

**11. SUBSEQUENT EVENTS**

- (a) The Company issued 184,500 common shares in settlement of debt in the amount of \$18,450 owed to a director of the Company. This amount is included in accounts payable as at November 30, 2002.
- (b) The Company issued 3,000,000 units for gross proceeds of \$300,000, of which \$297,000 had been received as at November 30, 2002. The units consist of one common share and one share purchase warrant exercisable to acquire one additional common share at \$0.12 per share to November 29, 2004.