

Consolidated Income Statements

in thousands of US dollars

(unaudited)

	Post Reorganization	Pre Reorganization
	Three months ended	Three months ended
	Mar 31 2000	Mar 31 1999
Revenues (note 2)	7,369	10,182
Cost of sales		
Operating costs	7,113	6,479
Depreciation, depletion and amortization	1,260	2,180
	8,373	8,659
	(1,004)	1,523
Expenses		
Amortization of deferred financing costs	–	115
Exploration	316	66
Foreign exchange	246	(109)
General and administrative	483	529
Interest expense	186	608
Interest income	(34)	(96)
	1,197	1,113
Net income (loss) for the period	(2,201)	410
Per share:		
Net loss per share (after equity accretion)	\$ (0.01)	\$ (0.02)
Pro forma net loss per share (note 3)	\$ (0.13)	\$ (0.30)

Consolidated Balance Sheets

in thousands of US dollars

	Mar 31	Dec 31
	2000	1999
	(unaudited)	(audited)
Assets		
Current assets		
Cash and short term investments	3,719	3,669
Restricted cash	5,959	1,667
Investments in marketable securities	174	175
Bullion settlements receivable	942	2,281
Other receivables	849	984
Inventories	9,567	9,058
	<u>21,210</u>	<u>17,834</u>
Property, plant and equipment	25,706	26,847
Deferred stripping	4,050	3,800
Other assets	295	63
	<u>51,261</u>	<u>48,544</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	7,235	6,745
Operating line of credit	1,400	1,401
Bank loan	–	1,667
Capital lease obligation	1,495	1,495
	<u>10,130</u>	<u>11,308</u>
Deferred revenue (note 2)	424	–
Capital lease obligation	4,860	5,234
Accrued closure costs	2,290	2,123
	<u>7,574</u>	<u>7,357</u>
	<u>17,704</u>	<u>18,665</u>
Shareholders' Equity		
Common shares	31,952	31,932
Special warrants	5,859	–
Deficit	(4,254)	(2,053)
	<u>33,557</u>	<u>29,879</u>
	<u>51,261</u>	<u>48,544</u>

Approved by the Board of Directors:

Consolidated Statements of Cash Flow

in thousands of US dollars

(unaudited)

	Post <u>Reorganization</u>	Pre <u>Reorganization</u>
	Three months ended Mar 31 2000	Three months ended Mar 31 1999
Net income (loss) for the period	(2,201)	410
Depletion, depreciation and amortization	1,260	2,180
Foreign exchange	246	(109)
Amortization of deferred financing costs	–	115
Amortization of other assets	6	8
Cash flow from operations	(689)	2,604
Bullion settlements receivable	1,339	(234)
Other receivables	135	114
Inventories	(509)	(4)
Accounts payable	491	(341)
Deferred revenue	424	–
Accrued closure costs	167	53
Cash flow provided by operating activities	1,358	2,192
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(119)	(339)
Deferred stripping	(250)	(1,400)
Other assets	(239)	44
Cash flow used for investing activities	(608)	(1,695)
FINANCING ACTIVITIES		
Issuance of share capital	20	–
Issuance of special warrants	5,859	–
Restricted cash	(4,292)	10,857
Principal repayments of bank loan	(1,667)	(11,857)
Principal repayments of capital lease	(374)	(844)
Cash flow used for financing activities	(454)	(1,844)
FOREIGN EXCHANGE	(246)	109
Net increase (decrease) in cash	50	(1,238)
Cash and cash equivalents, beginning of period	3,669	7,800
Cash and cash equivalents, end of period	3,719	6,562

Consolidated Statement of Shareholders' Equity

in thousands of US dollars

(unaudited)

	Common shares	Special warrants	Convertible debentures – equity	Retained earnings (deficit)	Total
At December 31, 1998	59,251	–	48,210	(75,895)	31,566
Debt equity accretion during period	–	–	1,029	(1,029)	–
Net income for the period	–	–	–	410	410
Restructuring costs	(950)	–	–	–	(950)
Reallocated to share capital for "fresh start"	(76,514)	–	–	76,514	–
Revaluation adjustment for "fresh start"	50,037	–	(49,239)	–	798
At March 31, 1999	31,824	–	–	–	31,824
Net loss for the period	–	–	–	(2,053)	(2,053)
Restructuring costs	108	–	–	–	108
At December 31, 1999	31,932	–	–	(2,053)	29,879
Net loss for the period	–	–	–	(2,201)	(2,201)
Issuance of share capital	20	–	–	–	20
Issuance of special warrants	–	5,859	–	–	5,859
At March 31, 2000	31,952	5,859	–	(4,254)	33,557

1. BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable in Canada.

Reorganization of the Company's debt and "fresh start" accounting

On March 31, 1999 the Company completed a court approved financial restructuring in which all of the convertible debentures of the Company were converted into 310,500,000 common shares of the Company. This has been reflected in the financial statements as a financial reorganization in accordance with generally accepted accounting principles. As a result of this restructuring, the Company's assets and liabilities have been subject to a comprehensive revaluation and the balance sheet has been prepared on a "fresh start" basis, effective March 31, 1999. Upon the comprehensive revaluation, the assets and liabilities were recorded at their estimated fair values

Under this basis of presentation, comparative statements for prior periods are not required. However, to facilitate the assessment of certain elements of operating performance, a statement of shareholders' equity, comparative income statements, and comparative statements of cash flows for certain prior periods have been presented. The comparative information does not reflect any of the adjustments required to record the "fresh start".

2. REVENUE

	Post Reorganization	Pre Reorganization
	Three months ended Mar 31 2000	Three months ended Mar 31 1999
Gold sales	7,519	9,302
Gold contract proceeds	-	1,069
Royalties	(150)	(189)
	<u>7,369</u>	<u>10,182</u>

Deferred gold contract proceeds of \$424,000 will be recognized in revenue in the second quarter of 2000.

3. SUBSEQUENT EVENTS

- a) At a special meeting on March 29, 2000, the shareholders of the Company approved:
- the consolidation of the Company's outstanding common shares on a 1 for 20 basis,
 - the issuance of approximately 2,217,000 post consolidation common shares for the acquisition of Mirage Resource Corporation ("Mirage"),
 - the issuance of approximately 7,236,000 post consolidation common shares for the acquisition of a 49% interest in the Denton-Rawhide Mine, and
 - the Company's previously completed Cdn\$9 million special warrant financing.

The acquisition of Mirage and the 49% interest in the Denton-Rawhide Mine was completed on April 6, 2000.

- b) The 1 for 20 share consolidation was implemented April 11, 2000 after receipt of appropriate regulatory approvals. Pro-forma per-share figures are presented to reflect this share consolidation.

4. SEGMENTED INFORMATION

The Company operates in one business segment, gold mining.

	As at March 31, 2000					
	Canada	Chile	Total			
Total assets	9,395	41,766	51,161			
Property, plant & equipment	–	29,656	29,656			
				Pre-Reorganization		
	Post-Reorganization			Three months ended		
	Three months ended			March 31, 1999		
	Canada	Chile	Total	Canada	Chile	Total
Purchases of PP&E	–	119	119	–	339	339
DD&A	–	1,260	1,260	–	2,180	2,180
Gold sales revenue	–	7,369	7,369	1,068	9,114	10,182
Interest income	32	2	34	79	17	96
Interest expense	–	186	186	284	324	608
Net income (loss)	(487)	(1,714)	(2,201)	411	(1)	410