

**DAYTON MINING CORPORATION**

**Consolidated Balance Sheets**

in thousands of US dollars

	<b>Mar 31</b>	<b>Dec 31</b>
	<b>2001</b>	<b>2000</b>
	(unaudited)	(audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and short term investments	3,669	4,396
Investments in marketable securities	175	175
Other receivables	155	196
Inventories	7,810	7,676
	<u>11,809</u>	<u>12,443</u>
<b>Property, plant and equipment</b>	12,701	13,341
<b>Closure fund (note 3)</b>	2,752	2,769
<b>Other assets</b>	-	10
	<u>27,262</u>	<u>28,563</u>
	<u><u>27,262</u></u>	<u><u>28,563</u></u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	2,360	2,578
<b>Loan payable to a related party</b>	1,849	1,849
<b>Accrued closure costs</b>	3,767	3,767
	<u>7,976</u>	<u>8,194</u>
	<u><u>7,976</u></u>	<u><u>8,194</u></u>
<b>Shareholders' Equity</b>		
<b>Share capital</b>	53,810	53,810
<b>Deficit</b>	(34,524)	(33,441)
	<u>19,286</u>	<u>20,369</u>
	<u>27,262</u>	<u>28,563</u>
	<u><u>27,262</u></u>	<u><u>28,563</u></u>

**DAYTON MINING CORPORATION**

**Consolidated Income Statements**

in thousands of US dollars

(unaudited)

	Three months ended Mar 31, 2001	Three months ended Mar 31, 2000
<b>Revenues</b> (note 1 & 4)	2,997	7,369
<b>Cost of sales</b>		
Operating costs	3,079	7,113
Depreciation, depletion and amortization	673	1,260
	3,752	8,373
<b>Operating loss</b> (note 1)	(755)	(1,004)
<b>Expenses</b>		
Exploration	236	316
Foreign exchange	19	246
General and administrative	146	483
Interest expense	(36)	186
Interest income	(37)	(34)
	328	1,197
<b>Net income (loss) for the period</b>	<b>(1,083)</b>	<b>(2,201)</b>
<b>Per share:</b>		
Net loss per share (note 2)	(0.03)	(0.13)

**DAYTON MINING CORPORATION**  
**Consolidated Statements of Cash Flow**  
in thousands of US dollars  
(unaudited)

	Three months ended <u>Mar 31, 2001</u>	Three months ended <u>Mar 31, 2000</u>
<b>Net income (loss) for the period</b>	(1,083)	(2,201)
Depletion, depreciation and amortization	673	1,260
Foreign exchange loss	116	10
Closure fund valuation adjustment	17	-
Amortization of other assets	-	6
<b>Cash flow from operations</b>	<u>(277)</u>	<u>(925)</u>
Bullion settlements receivable	-	1,339
Other receivables	41	135
Inventories	(134)	(509)
Accounts payable	(218)	490
Deferred revenue	-	424
Accrued closure costs	-	167
<b>Cash flow provided by operating activities</b>	<u><b>(588)</b></u>	<u><b>1,121</b></u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(23)	(119)
Deferred stripping	-	(250)
Other assets	-	(239)
<b>Cash flow used for investing activities</b>	<u><b>(23)</b></u>	<u><b>(608)</b></u>
<b>FINANCING ACTIVITIES</b>		
Issuance of share capital	-	21
Issuance of special warrants	-	5,859
Restricted cash	-	(4,292)
Principal repayments of bank loan	-	(1,667)
Principal repayments of capital lease	-	(374)
<b>Cash flow used for financing activities</b>	<u><b>-</b></u>	<u><b>(453)</b></u>
<b>FOREIGN EXCHANGE</b>	<u><b>(116)</b></u>	<u><b>(10)</b></u>
<b>Net increase (decrease) in cash</b>	(727)	50
<b>Cash and cash equivalents, beginning of period</b>	4,396	3,669
<b>Cash and cash equivalents, end of period</b>	<u><u><b>3,669</b></u></u>	<u><u><b>3,719</b></u></u>

**DAYTON MINING CORPORATION**  
**Notes to the Interim Consolidated Financial Statements**  
**at March 31**

all financial figures stated in thousands of US Dollars

**1. Nature of Operations and Basis of Presentation**

The Company is involved in the exploration, development and operation of gold properties.

Operating figures for the three months ended March 31, 2001 present results only for the Company's 49% joint venture interest in the Denton-Rawhide Mine which was acquired on April 1, 2000 while operating figures for the three months ended March 31, 2000 present results only for the Andacollo Gold Mine which was permanently closed and deconsolidated in December 2000.

**Basis of Presentation**

The accompanying interim consolidated financial statements have been prepared following the same accounting policies and their method of application as those used for the annual financial statements contained in the Company's December 31, 2000 annual report with the following exceptions:

a) Disclosure:

Full and complete disclosure of accounting policies and their method of application are not included in these notes. Reference should be made to the audited consolidated financial statements contained in the Company's December 31, 2000 annual report for full and complete disclosure.

b) Revenue Recognition

The Company, effective January 1, 2001 has changed its revenue recognition policy from recognizing sales revenue based on the spot prices existing when metals are available for sale to recognizing sales revenue when the price has been fixed and title to the metal has transferred to a buyer. This change in accounting policy has resulted in a small deferral of sales revenues and bullion receivables to closing inventories.

**2. Loss per Share**

Prior year per share figures have been restated for comparative purposes to conform to post consolidated shares outstanding.

**3. Closure Fund**

The value of the closure trust fund held as collateral for future estimated reclamation and severance obligations is recorded at the lower of cost or net realizable value.

**4. Segmented Information**

The Company operates in one business segment, namely; gold mining with its sole producing asset being a 49% joint venture interest in a gold mine in Nevada, USA(acquired April 1, 2000), exploration activities in El Salvador(commencing April 6, 2000) and administrative offices in Canada.

There has been no material change in segmented assets from those disclosed in the Company's annual consolidated financial statements contained in the Company's December 31, 2000 annual report.

	Three months ended	
	<u>Mar 31,2001</u>	<u>Mar 31,2000</u>
Revenue, excluding interest income		
USA	\$ 2,997	\$ -
El Salvador	-	-
Canada	-	-
Chile	-	7,369
<b>Total</b>	<u>\$ 2,997</u>	<u>\$ 7,369</u>
Net (loss) for the period		
USA	\$ (777)	\$ -
El Salvador	(214)	-
Canada	(92)	(487)
Chile	-	(1,714)
<b>Total</b>	<u>\$ (1,083)</u>	<u>\$ (2,201)</u>

**5. Management Discussion and Analysis of Financial Condition and Results of Operations**

Management's discussion and analysis of the Company's results as reported in the attached interim financial statements are contained in the Company's May 25, 2001 Press Release reporting on the results for the quarter ending March 31, 2001.