

DAYTON MINING CORPORATION

Consolidated Balance Sheets

in thousands of US dollars

	Jun 30 2001	Dec 31 2000
	(unaudited)	(audited)
Assets		
Current assets		
Cash and short term investments	2,661	4,396
Investments in marketable securities	175	175
Other receivables	110	196
Inventories	7,679	7,676
	<u>10,625</u>	<u>12,443</u>
Property, plant and equipment	11,929	13,341
Closure fund (note 3)	2,944	2,769
Other assets	-	10
	<u>25,498</u>	<u>28,563</u>
	<u><u>25,498</u></u>	<u><u>28,563</u></u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,706	2,578
Loan payable to a related party	1,849	1,849
Accrued closure costs	3,694	3,767
	<u>7,249</u>	<u>8,194</u>
	<u><u>7,249</u></u>	<u><u>8,194</u></u>
Shareholders' Equity		
Share capital	53,810	53,810
Deficit	(35,561)	(33,441)
	<u>18,249</u>	<u>20,369</u>
	<u><u>25,498</u></u>	<u><u>28,563</u></u>

DAYTON MINING CORPORATION

Consolidated Statement of Shareholders' Equity

in thousands of US dollars

(unaudited)

	<u>Common shares</u>	<u>Special warrants</u>	<u>Retained earnings (deficit)</u>	<u>Total</u>
At December 31, 1999	31,932	–	(2,053)	29,879
Net loss to June 30, 2000	–	–	(2,533)	(2,533)
Issuance of special warrants		5,821		5,821
Issuance of share capital				
In lieu of payment for administrative costs	21	–	–	21
Acquisition of Mirage Resource Corp.	3,761	–	–	3,761
Acquisition of 49% of Denton-Rawhide Mine	12,275	–	–	12,275
Conversion of special warrants	5,821	(5,821)		–
At June 30, 2000	53,810	–	(4,586)	49,224
Net loss for the last half of 2000	–	–	(28,855)	(28,855)
At December 31, 2000	53,810	–	(33,441)	20,369
Net loss for the first half of 2001	–	–	(2,120)	(2,120)
At June 30, 2001	53,810	–	(35,561)	18,249

DAYTON MINING CORPORATION

Consolidated Income Statements

in thousands of US dollars

(unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Revenues (note 1 & 4)	4,313	11,718	7,310	19,087
Cost of sales				
Operating costs	4,054	9,147	7,133	16,260
Depreciation, depletion and amortization	829	2,197	1,502	3,457
	4,883	11,344	8,635	19,717
Operating loss (note 1)	(570)	374	(1,325)	(630)
Expenses				
Exploration	175	468	411	784
Foreign exchange	(3)	(216)	16	30
General and administrative	334	407	480	890
Interest expense	27	184	(9)	370
Interest income	(66)	(137)	(103)	(171)
	467	706	795	1,903
Net income (loss) for the period	(1,037)	(332)	(2,120)	(2,533)
Per share:				
Net loss per share (note 2)	(0.03)	(0.01)	(0.07)	(0.11)

DAYTON MINING CORPORATION

Consolidated Statements of Cash Flow

in thousands of US dollars

(unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Net income (loss) for the period	(1,037)	(332)	(2,120)	(2,533)
Depletion, depreciation and amortization	829	2,192	1,502	3,457
Accrued closure costs	-	38	-	205
Foreign exchange loss(gain)	(79)	68	26	80
Net interest earned on sinking fund	(13)	36	(62)	36
Closure fund valuation adjustment	-	-	57	-
Administrative expenses settled by issuance of capital stock	-	-	-	21
Cash flow from operations	(300)	2,002	(597)	1,266
Bullion settlements receivable	-	(301)	-	1,038
Other receivables	45	74	86	209
Inventories	131	(2,480)	(3)	(2,989)
Accounts payable	(683)	64	(809)	555
Closure cost expenditures	(28)	-	(73)	-
Deferred revenue	-	(155)	-	269
Cash flow provided by operating activities	(835)	(796)	(1,396)	348
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	(57)	(461)	(90)	(580)
Deferred stripping	-	(250)	-	(500)
Closure Fund contributions	(195)	(36)	(233)	(36)
Capitalized acquisition costs	-	-	-	-
Other assets	-	249	10	10
Cash flow used for investing activities	(252)	(498)	(313)	(1,106)
FINANCING ACTIVITIES				
Issuance of special warrants	-	(54)	-	5,805
Restricted cash	-	5,959	-	1,667
Principal repayments of bank loan	-	-	-	(1,667)
Principal repayments of capital lease	-	(374)	-	(748)
Cash flow used for financing activities	-	5,531	-	5,057
FOREIGN EXCHANGE	79	(68)	(26)	(80)
Net decrease in cash	(1,008)	4,169	(1,735)	4,219
Cash and cash equivalents, beginning of period	3,669	3,719	4,396	3,669
Cash and cash equivalents, end of period	2,661	7,888	2,661	7,888

DAYTON MINING CORPORATION
Notes to the Interim Consolidated Financial Statements
at June 30

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 six months ended June 30, 2001 present results only for the Company's 49% joint venture interest in the Denton-Rawhide Mine which was acquired on April 1, 2000. Operating figures for the six months ended June 30, 2000 present the Company's 49% joint venture interest in three months operating results of the Denton-Rawhide Mine and six months operating results of 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		Six months ended	
	June 30		June 30	
	2001	2000	2001	2000
Revenue, excluding interest income				
USA	\$ 4,313	4,112	7,310	4,112
El Salvador	-	-	-	-
Canada	-	416	-	416
Chile	-	7,190	-	14,559
Total	<u>4,313</u>	<u>11,718</u>	<u>7,310</u>	<u>19,087</u>
Net (loss) for the period				
USA	(644)	(159)	(1,421)	(159)
El Salvador	(146)	(234)	(360)	(234)
Canada	(247)	22	(339)	(465)
Chile	-	39	-	(1,675)
Total	<u>\$ (1,037)</u>	<u>(332)</u>	<u>(2,120)</u>	<u>(2,533)</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 August 15, 2001 Press Release reporting on the results for the quarter ending June 30, 2001.