

# DAYTON MINING CORPORATION

## Consolidated Balance Sheets

in thousands of US dollars

	<b>Sep 30</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	2,426	4,396
Investments in marketable securities	175	175
Other receivables	66	196
Inventories	8,060	7,676
	<u>10,727</u>	<u>12,443</u>
<b>Property, plant and equipment</b>	11,164	13,341
<b>Closure fund (note 3)</b>	2,983	2,769
<b>Other assets</b>	-	10
	<u><b>24,874</b></u>	<u><b>28,563</b></u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,746	2,578
<b>Loan payable to a related party</b>	1,849	1,849
<b>Accrued closure costs</b>	3,673	3,767
	<u>7,268</u>	<u>8,194</u>
<b>Shareholders' Equity</b>		
Share capital	53,810	53,810
Deficit	(36,204)	(33,441)
	<u>17,606</u>	<u>20,369</u>
	<u><b>24,874</b></u>	<u><b>28,563</b></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>
<b>At December 31, 1999</b>	31,932	–	(2,053)	29,879
Net loss for nine months ended September 30, 2000	–	–	(7,470)	(7,470)
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)		–
<b>At September 30, 2000</b>	<b>53,810</b>	<b>–</b>	<b>(9,523)</b>	<b>44,287</b>
Net loss for the last quarter of 2000	–	–	(23,918)	(23,918)
<b>At December 31, 2000</b>	<b>53,810</b>	<b>–</b>	<b>(33,441)</b>	<b>20,369</b>
Net loss for the first nine months of 2001	–	–	(2,763)	(2,763)
<b>At September 30, 2001</b>	<b>53,810</b>	<b>–</b>	<b>(36,204)</b>	<b>17,606</b>

# DAYTON MINING CORPORATION

## Consolidated Income Statements

in thousands of US dollars

(unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
<b>Revenues</b> (note 1 & 4)	3,894	9,697	11,204	28,784
<b>Cost of sales</b>				
Operating costs	3,410	11,672	10,543	27,931
Depreciation, depletion and amortization	765	1,901	2,267	5,358
	4,175	13,573	12,810	33,289
<b>Operating loss</b> (note 1)	(281)	(3,876)	(1,606)	(4,505)
<b>Expenses</b>				
Exploration	158	886	569	1,671
Foreign exchange	29	(235)	45	(207)
General and administrative	232	299	712	1,188
Interest expense	–	280	(9)	650
Interest income	(57)	(166)	(160)	(337)
	362	1,064	1,157	2,965
<b>Net income (loss) for the period</b>	<b>(643)</b>	<b>(4,940)</b>	<b>(2,763)</b>	<b>(7,470)</b>
<b>Per share:</b>				
Net loss per share (note 2)	(0.02)	(0.16)	(0.09)	(0.29)
Shares outstanding (000)	31,124	31,124	31,124	25,700

## DAYTON MINING CORPORATION

### Consolidated Statements of Cash Flow

in thousands of US dollars

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2001	2000	2001	2000
<b>Net income (loss) for the period</b>	(643)	(4,940)	(2,763)	(7,470)
Depletion, depreciation and amortization	765	1,901	2,267	5,358
Accrued closure costs	-	32	-	237
Foreign exchange loss(gain)	29	(235)	45	(207)
Net interest earned on sinking fund	(15)	-	(77)	-
Closure fund valuation adjustment	-	-	57	-
Administrative expenses settled by issuance of capital stock	-	-	-	21
<b>Cash flow from operations</b>	<u>136</u>	<u>(3,242)</u>	<u>(471)</u>	<u>(2,061)</u>
Bullion settlements receivable	-	362	-	1,400
Other receivables	44	(250)	130	(41)
Inventories	(381)	991	(384)	(1,998)
Accounts payable	55	653	(754)	1,208
Closure cost expenditures	(21)	-	(94)	-
Deferred revenue	-	(2)	-	264
<b>Cash flow provided by operating activities</b>	<u>(167)</u>	<u>(1,488)</u>	<u>(1,573)</u>	<u>(1,228)</u>
<b>INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment	-	197	(90)	(383)
Deferred stripping	-	(250)	-	(750)
Closure Fund contributions	(39)	(316)	(272)	(306)
Other assets	-	-	10	-
<b>Cash flow used for investing activities</b>	<u>(39)</u>	<u>(369)</u>	<u>(352)</u>	<u>(1,439)</u>
<b>FINANCING ACTIVITIES</b>				
Drawdown of operating line of credit	-	600	-	600
Issuance of special warrants	-	-	-	5,805
Restricted cash	-	-	-	1,667
Principal repayments of bank loan	-	-	-	(1,667)
Principal repayments of capital lease	-	(374)	-	(1,122)
<b>Cash flow used for financing activities</b>	<u>-</u>	<u>226</u>	<u>-</u>	<u>5,283</u>
<b>FOREIGN EXCHANGE</b>	<u>(29)</u>	<u>235</u>	<u>(45)</u>	<u>207</u>
<b>Net decrease in cash</b>	(235)	(1,396)	(1,970)	2,823
<b>Cash and cash equivalents, beginning of period</b>	<u>2,661</u>	<u>7,888</u>	<u>4,396</u>	<u>3,669</u>
<b>Cash and cash equivalents, end of period</b>	<u><u>2,426</u></u>	<u><u>6,492</u></u>	<u><u>2,426</u></u>	<u><u>6,492</u></u>

# DAYTON MINING CORPORATION

## Notes to the Interim Consolidated Financial Statements at September 30, 2001

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 nine months ended September 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 nine months ended September 30, 2000 present the Company's 49% joint venture interest in six months operating results of the Denton-Rawhide Mine and nine 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		Nine months ended	
	September 30		September 30	
	2001	2000	2001	2000
Revenue, excluding interest income - US\$(000)				
USA	\$ 3,894	4,307	11,204	8,419
El Salvador	-	-	-	-
Canada	-	-	-	416
Chile	-	5,390	-	19,949
<b>Total</b>	<u>3,894</u>	<u>9,697</u>	<u>11,204</u>	<u>28,784</u>
Net (loss) for the period - US\$(000)				
USA	(314)	(60)	(1,735)	(219)
El Salvador	(108)	(389)	(468)	(623)
Canada	(221)	(272)	(560)	(737)
Chile	-	(4,219)	-	(5,891)
<b>Total</b>	<u>\$ (643)</u>	<u>(4,940)</u>	<u>(2,763)</u>	<u>(7,470)</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 October 17, 2001 Press Release reporting on the results for the quarter ending September 30, 2001.