Preliminary Prospectus

THIS IS A PRELIMINARY PROSPECTUS RELATING TO THESE SECURITIES, A COPY OF WHICH HAS BEEN FILED WITH THE SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY IN BRITISH COLUMBIA AND ONTARIO, BUT WHICH HAS NOT YET BECOME FINAL FOR THE PURPOSE OF A DISTRIBUTION OR A DISTRIBUTION TO THE PUBLIC. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME A RECEIPT FOR THE FINAL PROSPECTUS IS OBTAINED FROM THE APPROPRIATE SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY.

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. The securities have not been and will not be registered under the United States Securities Act of 1933 (the "U.S. Securities Act"), as amended, and may not be offered, sold or delivered in the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Private Placement and Plan of Distribution".

New Issue *April 19, 2000*

DAYTON MINING CORPORATION

(the "Corporation")

$9,000,000
4,090,909 Common Shares
to be issued upon the exercise of
81,818,182 previously issued Special Warrants

Dayton Mining Corporation (the "Corporation") is hereby qualifying for distribution 4,090,909 common shares in the capital of the Corporation (the "Common Shares") which will be issued to holders of 81,818,182 previously issued special warrants of the Corporation (the "Special Warrants"). The Special Warrants were issued on March 1, 2000 at a price of $0.11 per Special Warrant pursuant to an agreement dated February 24, 2000 (the "Underwriting Agreement") between the Corporation, Newcrest Capital Inc. and Dundee Securities Corporation (collectively, the "Underwriters"). The issue price of $0.11 per Special Warrant was determined by negotiation between the Corporation and the Underwriters. The Special Warrants were issued under and are governed by a special warrant indenture dated March 1, 2000 (the "Special Warrant Indenture") between the Corporation and Montreal Trust Company of Canada (the "Trustee"). The Corporation has agreed to use its reasonable efforts to obtain receipts from the securities regulatory authorities in each of the Provinces of British Columbia and Ontario (the "Receipts") for this prospectus on or before June 29, 2000. The Special Warrants are exercisable at any time on or before 4:00 p.m. (Vancouver time) (the "Time of Expiry") on the date (the "Expiry Date") which is the earlier of: (i) March 1, 2001; and (ii) five business days following the issuance of the last Receipt. Any Special Warrants not exercised by the Time of Expiry will be deemed to be exercised immediately prior to the Time of Expiry.

Each Special Warrant entitles the holder thereof, upon exercise of the Special Warrant and without payment of additional consideration, to receive 0.05 of a Common Share. In the event the Receipts are not issued on or before June 29, 2000, holders of the Special Warrants will be entitled to receive 0.055 of a Common Share for each Special Warrant exercised.

The outstanding Common Shares of the Corporation are listed for trading on The Toronto Stock Exchange and on the American Stock Exchange under the trading symbol "DAY". On February 16, 2000, the last trading day before the Corporation agreed to issue the Special Warrants, the closing price of the Common Shares on The Toronto Stock Exchange was $0.135 (before adjustment for a 1 for 20 consolidation of the Common Shares effective April 7, 2000).

	Price	Underwriters' Commission(1)	Net Proceeds(2)(3)
Per Special Warrant	$0.11	$0.0044	$0.1056
Total	$9,000,000	$360,000	$8,640,000

(1) The Underwriters' Commission was paid at the closing of the private placement of the Special Warrants.
(2) Before deducting expenses of the Offering estimated to be approximately $150,000 to be paid by the Corporation from the proceeds of the Offering.
(3) The net proceeds of the sale of Special Warrants was placed in escrow with the Trustee under the terms of the Special Warrant Indenture (the "Escrowed Proceeds"). The Escrowed Proceeds will be released to the Corporation at the Time of Expiry.

An investment in the Common Shares are subject to certain risks. See "Risk Factors". The effective issue price for each Common Share being qualified hereby will exceed the net tangible book value per Common Share of the Corporation by $0.64 after giving effect to the distribution, representing a dilution factor of 29.1%. See "Dilution".

Definitive certificates representing the Common Shares will be available for delivery upon the exercise of the Special Warrants. Certain legal matters relating to the Common Shares issuable upon exercise of the Special Warrants will be passed upon on behalf of the Corporation by Blake, Cassels & Graydon LLP, Vancouver, British Columbia, and on behalf of the Underwriters by Stikeman Elliott, Toronto, Ontario.

TABLE OF CONTENTS

Except as set forth in the Consolidated Financial Statements attached hereto or otherwise indicated herein, all references to Common Shares and price per Common Share have been adjusted to reflect the consolidation of the Common Shares on a 1 for 20 basis effective April 7, 2000.

Information set forth herein with respect to Mirage Resource Corporation and its subsidiaries (other than the Geological Report prepared for the Corporation by JAMine Inc. on the El Dorado Property) and the Denton-Rawhide Mine has been derived from publicly available documents, including the audited consolidated financial statements of Mirage Resource Corporation filed with the securities regulatory authorities in accordance with applicable law and from documents provided by, and from discussions with, the management of Mirage Resource Corporation and Kinross Gold Corporation. The Corporation does not believe, based on its investigations and its review of other publicly available material provided to it by the sellers and associated consultants, that there is any reason to question the material accuracy of this information or to believe that there are material omissions therefrom.

SUMMARY

The following is a summary of the principal features of this Offering. More detailed information is contained in the body of the Prospectus.

Issuer:	Dayton Mining Corporation (the "Corporation")
Issue:	4,090,909 Common Shares upon exercise of 81,818,182 Special Warrants previously issued by the Corporation. See "Private Placement and Plan of Distribution".
Special Warrants:	A total of 81,818,182 Special Warrants were issued and sold to investors in British Columbia and Ontario by the Corporation on March 1, 2000 at a price of $0.11 per Special Warrant. The Special Warrants were issued pursuant to a special warrant indenture dated as of March 1, 2000 (the "Special Warrant Indenture") between the Corporation and Montreal Trust Company of Canada as Trustee. Each Special Warrant will upon exercise, without payment of additional consideration, entitle the holder to receive 0.05 of a Common Share. The Special Warrants are exercisable at any time on or before 4:00 p.m. (Vancouver time) (the "Time of Expiry") on the date (the "Expiry Date") which is the earlier of: (i) March 1, 2001; and (ii) five business days following the issuance of the last Receipt. Any Special Warrants not exercised by the Time of Expiry will be deemed to be exercised immediately prior to the Time of Expiry. See "Private Placement and Plan of Distribution".
Partial Escrow of Proceeds:	The net proceeds of the sale of Special Warrants of $8,640,000 (the "Escrowed Proceeds") was placed in escrow with the Trustee under the terms of the Special Warrant Indenture. The Escrowed Proceeds will be released to the Corporation at the Time of Expiry.
Use of Proceeds:	The Corporation intends to use the net proceeds of the Offering approximately as follows: 1. $8,065,000 to undertake exploration and development activities on the El Dorado property in El Salvador; 2. $150,000 to pay estimated expenses of the Offering; and 3. the balance for general corporate purposes. See "Use of Proceeds".
Business of the Corporation:	The Corporation is an international mineral resource corporation engaged, both directly and indirectly through its wholly-owned subsidiaries, in the acquisition, exploration and development of precious metals properties. The Corporation holds a 100% interest in the producing Andacollo Gold Mine in Andacollo, Chile, a 49% interest in the producing gold and silver Denton-Rawhide Mine near Fallon, Nevada and a 100% interest in the El Dorado exploration project in El Salvador.
Risk Factors:	An investment in the Common Shares are subject to certain risks including: (i) the volatility of the price of gold; (ii) the difficulties associated with accurately estimating reserves; (iii) risks inherent in mining and production operations; (iv) the risk of currency fluctuations; (v) the risk that future financing may not be available, or only available on unacceptable terms; (vi) the risk of changes to government regulations; (vii) the potential inadequacy of insurance coverage; (viii) the need to compete with other companies for exploration properties; (ix) the recognition that hedging activities intended to offset the risk of gold price volatility carry their own risks that may adversely affect the Corporation; (x) the fact that certain directors and officers of the Corporation are also directors, officers or shareholders of other companies engaged in the business of acquiring, developing and exploiting natural resource properties, and conflicts of interest

may arise; (xi) the fact that most of the Corporation's activities are carried on in foreign countries; (xii) the potential that the Corporation's properties may be subject to competing title claims; (xiii) the fact that the Corporation has operations in the United States, the mining laws of which carry their own risks regarding title and operations and the potential for changes to both the mining law and environmental regulations; and (xiv) the risk that the Corporation's due diligence efforts on the Denton-Rawhide and Mirage properties failed to identify all material issues.

EXCHANGE RATES

On April 18, 2000 the noon rate in Toronto, payable in Canadian dollars, as reported by the Bank of Canada was $1.4839 for each US$1.00. The closing, low, high and noon spot rates for the U.S. dollar in terms of Canadian dollars at the end of the five years ended December 31, 1999 and for the three months ended March 31, 2000 as reported by the Bank of Canada were as follows:

	2000 (Three months ending March 31)	1999	1998	1997	1996	1995
Closing	1.4500	1.443	1.531	1.431	1.370	1.366
High	1.447	1.443	1.408	1.335	1.331	1.309
Low	1.4703	1.531	1.577	1.439	1.382	1.424
Average Noon	1.449	1.490	1.483	1.384	1.364	1.369

FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, all references to "$" or "dollars" in this prospectus refer to the Canadian dollar. The audited consolidated financial statements and the pro forma financial statements included herein are reported in U.S. dollars. All such financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The pro-forma statements do not reflect a full financial year of Dayton as the statements have been prepared on a "fresh start" basis in accordance with Canadian generally accepted accounting principles as a result of the comprehensive revaluation resulting from the reorganization of Corporation's debt on March 31, 1999.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other statements contained herein regarding matters that are not historical facts are forward-looking statements (as such term is defined in the U.S. Exchange Act) and because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements.

GLOSSARY OF MINING TERMS AND DEFINITIONS

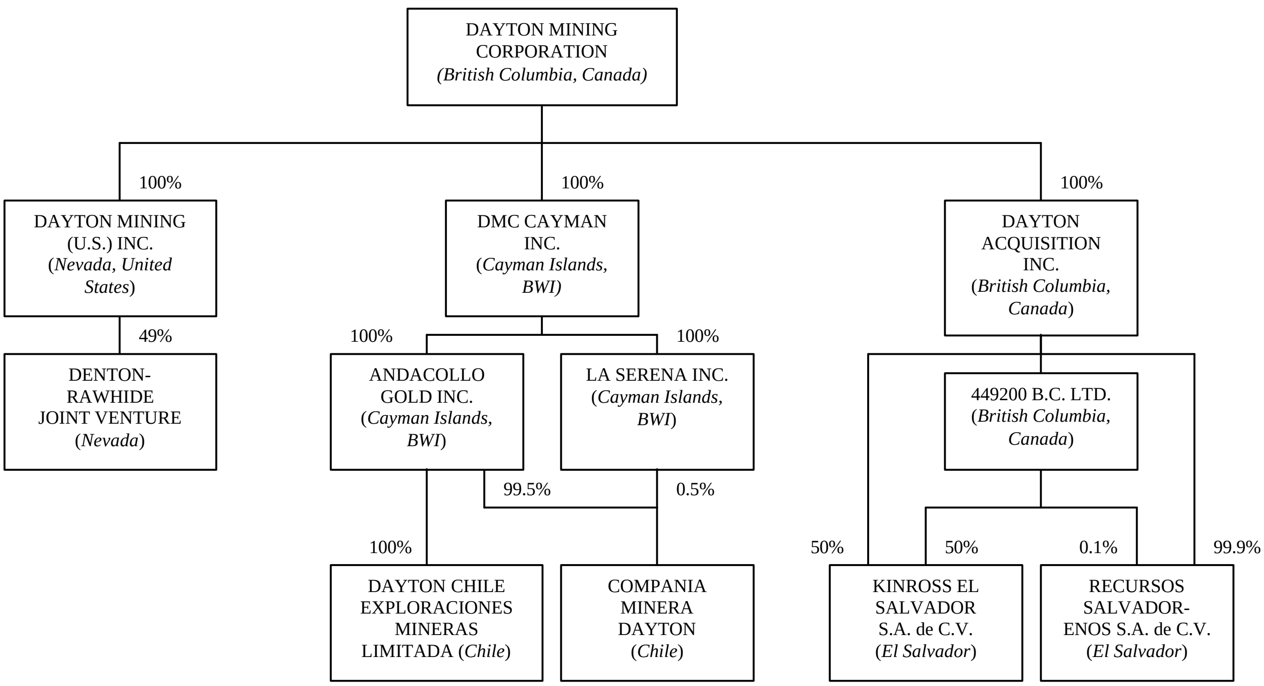
The following terms have the following meanings in this prospectus:

"Contained Gold"	Represents troy ounces of gold in the ground after appropriate extraction and dilution factors have been applied but without reduction for ounces of gold not recoverable by the applicable metallurgical process.
"Dore"	A compound containing gold and silver metal and various impurities.
"Mineable Reserves"	Proven Reserves and Probable Reserves which are included within a current mining plan.
"Mineralized Material"	Mineralized material is a mineralized body which has been intersected by a sufficient number of closely spaced drill holes and or underground sampling to support sufficient tonnage and average grade of metal(s) estimates to justify further exploration or development work.
"Ore"	A natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.
"Probable Reserves"	Material for which tonnage and grade are computed partly from specific measurements, samples or production data (information similar to that used for Proven Reserves), and partly from projection for a reasonable distance based on geological evidence and appropriate statistical certainty, and for which the sites available for inspection, measurement and sampling are too widely or otherwise inappropriately spaced to outline the material completely or to establish its character with the same assurance as Proven Reserves.
"Proven Reserves"	Material for which tonnage is computed from dimensions revealed in outcrops or trenches or underground workings or drill holes and for which the grade is computed from the results of detailed sampling, and for which the sites for inspection, sampling and measurement are sufficiently closely spaced and the geological character sufficiently defined that the size, shape and mineral content are established, and for which the computed in-situ tonnage and grade are judged to be accurate with a high degree of confidence based on standard industry practices of sampling and computation.
"tpd"	Tonnes per day.

THE CORPORATION

Dayton Mining Corporation ("Dayton" or the "Corporation") was incorporated under the laws of the Province of British Columbia on May 7, 1985 under the name Stanley Developments Corp. The name of the Corporation was changed to Dayton Developments Corp. on November 27, 1985 and changed to its current name on August 26, 1991. The Corporation altered its Memorandum of Association effective April 7, 2000 to consolidate its then 1,000,000,000 Common Shares of authorized capital into 50,000,000 Common Shares and to subsequently increase its authorized capital (post-consolidation) to 1,000,000,000 Common Shares.

The head office of the Corporation is located at Suite 2393, Three Bentall Centre, 595 Burrard Street, P.O. Box 49186, Vancouver, British Columbia, V7X 1K8 and the registered and records office of the Corporation is located at Suite 2600, Three Bentall Centre, 595 Burrard Street, P.O. Box 49314, Vancouver, British Columbia, V7X 1L3.



BUSINESS OF THE CORPORATION

The Corporation is an international mineral resource corporation engaged, both directly and indirectly through its wholly-owned subsidiaries, in the acquisition and development of precious metals properties. The Corporation holds a 100% interest in the producing Andacollo Gold Mine in Andacollo, Chile, a 49% interest in the producing gold and silver Denton-Rawhide Mine near Fallon, Nevada and a 100% interest in the El Dorado exploration project in El Salvador.

In 1989, the Corporation, through its wholly-owned subsidiary Compañía Minera Dayton ("Dayton Chile"), acquired the Andacollo Gold Mine property in central Chile from Chevron Exploration Corporation of Chile. From 1989, the Corporation focused its activities on the exploration, financing, development and construction of the Andacollo Gold Mine. Development and construction of the Andacollo Gold Mine as a 12,700 tonnes per day ("tpd") heap leach gold mine began in July 1994 and was completed in September 1995. In 1997 the capacity of the mine was expanded to 18,100 tpd. Commercial production of gold from the Andacollo Gold Mine commenced in January 1996. In 1999, the Andacollo Gold Mine produced 134,955 ounces of gold at a cash cost of US$204 per ounce.

By agreement dated April 6, 2000, the Corporation acquired a 49% interest in the Denton-Rawhide Mine near Fallon, Nevada from Kinross Gold Corporation ("Kinross") for 7,235,500 Common Shares at an effective price of $2.26 per share for a total acquisition price of $16,352,230. Kennecott Rawhide Mining Company ("Kennecott

Rawhide”), an indirect wholly-owned subsidiary of Rio Tinto Plc., holds a 51% interest in and is the operator of the Denton-Rawhide Mine.

On April 6, 2000, the Corporation acquired 100% of Mirage Resource Corporation (“Mirage”) through an amalgamation of Dayton Acquisitions Inc., a wholly-owned subsidiary of the Corporation, and Mirage. The Corporation issued a total of 888,005 Common Shares at an effective price of $2.26 per share for a total acquisition price of $2,006,891. In addition, the Corporation acquired from Kinross Gold Corporation shareholder loans made to Mirage in exchange for 1,328,976 Common Shares at an effective price of $2.26 for a total acquisition price of $3,003,486.

The Corporation’s only properties which are sufficiently advanced to estimate Mineable Reserves, are the Andacollo Gold Mine and the Denton-Rawhide Mine described under “Properties” below. The Corporation has from time to time acquired interests in properties other than those described in “Properties” below. However, properties where exploration programs did not produce encouraging results have been abandoned and the associated costs written off.

The Corporation continues to evaluate property submissions made to it with respect to additional potential mineral resource projects as well as various acquisition and merger opportunities.

The Corporation may choose to manage its exposure to fluctuations in the market price of gold and to establish minimum prices for certain of its future production by entering into gold hedging contracts. See “Risk Factors – Hedging”.

PROPERTIES

General

The Corporation conducts mining exploration and development through wholly-owned subsidiary corporations incorporated in the countries in which it operates or for selected projects. The Corporation’s mineral properties consist of a 100% interest in the producing Andacollo Gold Mine near Andacollo, Chile, a 49% interest in the producing Denton-Rawhide Mine near Fallon, Nevada and a 100% interest in the El Dorado exploration project and the Potonico and El Paisnal properties in El Salvador.

The Andacollo Gold Mine (100%)

Summary Information

The Andacollo Gold Mine is an open-pit, heap leach gold mine which achieved commercial production in January 1996. The Andacollo Gold Mine property was optioned by Compania Minera Dayton in late 1989 and purchased in early 1990 from Chevron Exploration Corporation of Chile ("Chevron") which had undertaken extensive exploration on the property. The Corporation conducted further exploration on the property and construction of the Andacollo Gold Mine heap leaching facility began in July 1994 and was completed in September 1995 at a direct construction cost of US$55 million. The facility was designed to process ore at a rate of 12,700 tpd over a seven year period.

Location

The Andacollo Gold Mine is located near Andacollo in Central Chile, 56 kilometres south-east from the cities of La Serena and Coquimbo (combined population: 300,000). The Andacollo Gold Mine varies in elevation from 1,000 metres to 1,280 metres above sea level and is accessible from La Serena by paved road. The Andacollo Gold Mine benefits from low elevation, limited rainfall, a moderate climate, and reasonable access to water and power.

Development and Exploration

The Andacollo Gold Mine property hosts a number of mineral deposits. The mine plan based on December 31, 1999 mineable reserves, calculated on a long term gold price of US$325 per ounce, involves the development of the

Tres Perlas, Churrumata, Natalia, Chisperos and Floridor deposits by way of conventional open-pit mining operations. Initial mining commenced in 1995 at the Tres Perlas deposit and late in 1996 at the Tres Perlas West deposit. Mining commenced at the Socorro deposit in the first half of 1997 and at the Churrumata deposit in the first half of 1998. Mining is planned to continue in the Tres Perlas, Chisperos, Churrumata and Natalia deposits in 2000 and production will begin in the Floridor deposit in 2000. At planned rates of production and based on the estimated mineable reserves below, assuming no change in economic criteria, mining should continue into 2002 with gold production continuing into 2004.

The Corporation is continuing its exploration activities on the Andacollo Gold Mine property. This includes drilling, mapping and sampling of additional deposits in order to identify and prioritize additional drill targets.

Property

The main Andacollo Gold Mine property was acquired through an option to purchase, entered into by the Corporation with Chevron in 1989. The purchase option was exercised in 1990 with Chevron retaining a 4% net smelter return royalty. In 1991, the Corporation completed the acquisition of one-half of the 4% net smelter royalty from Chevron, with the other half being acquired by a private corporation controlled by Wayne D. McClay, the former President of the Corporation, on terms identical to those for the Corporation's purchase. As a result, Dayton Chile is required to pay a 2% net smelter royalty to the private corporation on revenue from the Andacollo Gold Mine. Minimum advance royalty payments of US$200,000 annually are required to be made and advance royalties previously paid are credited against future 2% royalties payable. Once US$5.0 million has been paid, the royalty obligation terminates. To March 31, 2000, a total of US$2.13 million had been paid.

The Andacollo Gold Mine property covers approximately 1,113 hectares and hosts most of the known major gold occurrences in the Andacollo District. In 1996, Dayton Chile acquired or optioned approximately 243 hectares of additional property in the Andacollo District. Gold has been mined in the Andacollo District since the time of the Incas. Historical production from the Inca period to the present has been estimated at 3.3 million ounces of gold, mostly from surface placer and vein mineralization.

Geology and Mineralization

The Andacollo District occurs within a near coastal, volcanic-intrusive arc of lower Cretaceous age. The gold deposits are hosted in the Quebrada Marquesa Formation. In the Andacollo area, these rock units consist of dacite and andesite flows, tuffs, flow breccias and pyroclastic breccias. The regional strike is north and the regional dip is 25 to 30 degrees east.

Locally, the stratigraphic column consists of a lower andesite sequence, a middle dacite sequence and an upper andesite or rhyolite sequence. The middle dacite sequence is stratigraphically complex in detail with numerous individual volcanic units including flows, tuffs, flow breccias, pyroclastic units, and minor epiclastic units. Andesitic units may also occur within the dacite sequence. Flow breccias and pyroclastic breccias within the dacite sequence were subjected to significant hydrothermal activity which altered and mineralized these units. The resulting stratigraphically-confined ore units are termed mantos and are the hosts for the majority of the gold mineralization at Andacollo. The rhyolites are locally mineralized, and are discontinuous or totally absent, probably due to erosion. The andesites are seldom mineralized in manto form, but may host mineralization in either near vertical structures or hydrothermal altered zones.

Gold mineralization was identified in 1996 associated within a brecciated contact zone between a diorite intrusive dike and manto units at the Churrumata deposit. Northwest trending veins and vein faults are common and often are mineralized with sulfides, gold and associated quartz and carbonate. Extensive small mining activities by pirquineros are ongoing throughout the district on these veins.

Several fault systems are noted in the Andacollo District. Northwest faults were probably associated with mineralizing events and may have been reactivated after mineralization. Major north trending structures significantly displace the stratigraphy vertically. Intense potassic alteration occurs within the manto units that host gold. This potassic alteration is selective to these manto units and does not develop in non-mineralized volcanic units.

Gold mineralization was deposited by ascending hydrothermal solutions of mesothermal temperature ranges. Gold is associated with potassic alteration, pyrite and hematite. Pyrite mineralization was probably later than most of the gold deposition. Pyrite does not appear to significantly hinder gold recovery by cyanide leaching.

Reserves

The mineable reserves and mineralized material at the Andacollo Gold Mine as at December 31, 1999, 1998 and 1997 and as audited by the Winters Company (1999) and Mine Reserve Associates of Denver, Colorado (1998 and 1997) are as follows:

Mineable Reserves:

	Gold Price	Ore Tonnes (000s)	Gold Grade (grams/tonne)	Contained Gold (ounces)	Stripping Ratio
December 31, 1999	US$325	17,797	0.88	502,000	1.79
December 31, 1998	US$325	30,983	0.865	862,100	1.84
December 31, 1997	US$350	45,415	0.870	1,265,000	1.67

Mineralized Material (Includes Mineable Reserves): 0.3 grams/tonne cut-off

	Tonnes (000s)	Gold Grade (grams/tonne)	Contained Gold (ounces)
December 31, 1999	79,991	0.65	1,674,000
December 31, 1998	134,582	0.64	2,787,000
December 31, 1997	132,905	0.67	2,874,000

Based on US$325 mineable reserves, the Corporation estimates crushing will continue at the Andacollo Gold Mine into 2002, with gold production continuing into 2004.

Dayton Chile spent US$250,000, US$1.1 million and US$2.8 million in 1999, 1998 and 1997, respectively on exploration on the Andacollo Gold Mine property. Dayton Chile anticipates spending an additional US$0.6 million on exploration in 2000 using cash-flow generated from operations.

Mining and Processing

The current mineable deposits at the Andacollo Gold Mine are being and will be mined by conventional open-pit mining methods using five or seven and one-half metre benches and conventional drilling and blasting techniques to excavate ore and waste. The ore is being transported to the crushing plant in 77 and 90 tonne haulage trucks.

The crushing plant was originally designed to handle 12,700 tonnes of ore per day through three crushing stages but was expanded in 1997 to handle 18,100 tonnes per day. After passing through the primary and secondary crushers, the crushed ore is stockpiled for later feeding to the tertiary crushers and onto a second stockpile. The final crushed ore is transported from the second stockpile to the heap leach pad by a series of portable conveyers. The heap leach pad has been designed to hold approximately 43.67 million tonnes of crushed ore. Approximately 22.4 million tonnes of ore had been crushed and stacked on the leach pad as at December 31, 1999. Andacollo has sufficient leach pad space for its stated Mineable Reserves. After stacking on the leach pad, a solution pumping and distribution system distributes leaching solution to the ore to dissolve the gold. The gold-bearing pregnant leach solution from the leach pad is gravity fed to a pump-box from which it is pumped to the carbon adsorption and stripping circuit. The gold-bearing strip solution is then processed in the on-site refinery facility to produce dore.

The dore is shipped to a commercial refinery to produce bullion for sale. The crushing plant, process plant and conveyors are powered by electricity. The mining equipment is powered by diesel fuel.

Based on Dayton Chile's original metallurgical tests and data, including column leach tests on four of the ore bodies, together with numerous bottle roll tests, recoveries varying from 65% to 76% were indicated for the various deposits tested. The weighted average recovery figure used for pit designs is 65.6%. Since operations commenced, column leach tests, each of approximately four months duration, have been performed on monthly composite crusher samples. The weighted average results of these tests have indicated recoveries averaging approximately 70% on material crushed to date.

The material mined and crushed at the Andacollo Gold Mine in 1999 and 1998 are estimated as follows:

	Tonnes (000's)		**Gold Grade (grams/tonne)**		**Stripping Ratio**	
	1999	**1998**	**1999**	**1998**	**1999**	**1998**
Crushed Ore	6,346	5,525	0.93	0.83	3.2	3.62
Mined Ore	6,305	5,705	0.94	0.96		
Mined Material	25,985	26,357				

Surface Facilities

The Andacollo Gold Mine is serviced by a single office and administration building containing offices, computer rooms, a conference room and a file room. Other on-site facilities include a laboratory, an equipment maintenance shop, an electrical substation and a water storage facility.

Operating Costs and Mining Equipment

During 1999, cash operating costs at the Andacollo Gold Mine averaged US$204 per ounce. In 1998 the Corporation commenced allocating mining costs based upon the life-of-mine average stripping ratio, in accordance with the Gold Institute guidelines.

Dayton Chile has entered into a lease/purchase agreement with an equipment dealer for the initial and ongoing acquisition of new mining equipment for the Andacollo Gold Mine. The initial mining fleet and equipment had a total lease/purchase price of approximately US$7 million. An additional US$2.6 million of mining equipment was added to the lease/purchase agreement with the equipment dealer in 1996, US$5 million in 1997 and US$4.5 million in 1998 and US$0.4 million in 1999. Title to the mining equipment will transfer to Dayton Chile following the final lease financing payment relating to each equipment item. The cash operating costs do not include a charge in relation to leasing mining equipment. All lease financing is being repaid with principal being repaid in quarterly payments over five years from the date of delivery of the equipment. In April 1999 the Corporation obtained agreement for the extension of the terms of the lease/purchase agreement such that the principal balance outstanding at that date would be payable over 20 quarterly payments.

The Denton-Rawhide Mine (49%)

General

The Denton-Rawhide Mine is a heap leach mine, located in west-central Nevada, approximately 190 kilometres south-east of Reno. The principal mineral properties consist of 55 patented and 842 unpatented mining claims, claim fractions and partial interest claims owned or held under lease approximating 6,974 hectares.

Acquisition

The Corporation acquired its interest in the Denton-Rawhide Mine on April 6, 2000 pursuant to an acquisition agreement dated February 13, 2000 (the "Acquisition Agreement") between the Corporation, Kinross Gold Corporation ("Kinross"), Kinross Rawhide Mining Company ("Kinross Rawhide") and Kinross Fallon Inc. ("Kinross Fallon"). The Acquisition Agreement provided, among other things, that:

(a) Kinross Rawhide and Kinross Fallon assigned all of their 49% interest in the Denton-Rawhide Mine, including all of their rights under the Rawhide Joint Venture Agreement (as described below), to the Corporation in exchange for 7,235,500 Common Shares at a deemed price of $2.26 per share for a total acquisition price of $16,352,230.

(b) Kinross Rawhide agreed to keep in place a US$1,297,356 reclamation letter of credit posted by it in connection with the Denton-Rawhide Mine until March 31, 2002. The Corporation shall pay to Kinross Rawhide a standby fee equal to the cost to Kinross Rawhide of the letter of credit (which is currently 1.125%) plus a support fee equal to 1.75% per annum, payable on the first day of January, April, July and October in each year.

(c) Kinross Fallon and Kinross USA Inc. ("Kinross USA") agreed to keep in place a US$1,246,780 surface management surety bond posted by them in connection with the Denton-Rawhide Mine until March 31, 2001. The Corporation shall pay to Kinross Fallon a standby fee equal to the cost to Kinross Fallon of the surety bond (which is currently 0.40%) plus a support fee equal to 1.75% per annum, payable on the first day of January, April, July and October in each year.

(d) The Corporation shall use its reasonable commercial efforts to replace the reclamation letter of credit and surety bond prior to March 31, 2002 and March 31, 2001, respectively. In the event Kinross and its affiliates' ownership of the Corporation falls below 20% of the Common Shares on a non-diluted basis, the Corporation shall replace the reclamation letter of credit and surety bond within 6 months.

(e) Kinross Fallon and Kinross Rawhide assigned all of their interest in the revocable reclamation and severance trust agreement dated effective January 1, 1999 (the "Reclamation Trust Agreement") among Kennecott Rawhide Mining Company ("Kennecott Rawhide"), Kinross, Kinross Rawhide, Kinross USA and Bank of America, as trustee, to the Corporation for an amount equal to $2,118,403 (being the amount held in the trust created thereby for the benefit of Kinross Rawhide and Kinross Fallon). Pursuant to a promissory note dated April 6, 2000, the Corporation agreed to pay the amount held in the trust, by no later than December 31, 2004 provided that the Corporation shall make minimum annual prepayments on December 31st in each year equal to 25% of the net internal cash flow received by the Corporation from its 49% interest in the Denton-Rawhide Mine.

Joint Venture Agreement and Other Agreements

The ownership, management and operation of the Denton-Rawhide Mine is governed by a construction and post-construction operating agreement dated as of June 23, 1989, as amended by a first amendment agreement dated as of December 15, 1992, (the "Rawhide Joint Venture Agreement") between Kennecott Rawhide and the Corporation (as assignee of interest from Kinross Rawhide and Kinross Fallon). The Rawhide Joint Venture Agreement provides, among other things, that:

(a) Kennecott Rawhide holds a 51% interest in the Denton-Rawhide Mine;

(b) the Corporation holds a 49% interest in the Denton-Rawhide Mine;

(c) Kennecott Rawhide shall be the operator of the Denton-Rawhide Mine;

(d) the operation of the Denton-Rawhide Mine shall be overseen by a coordinating committee (the "Coordinating Committee") comprised of three members nominated by Kennecott Rawhide and two members nominated by the Corporation; and

(e) the parties to the Rawhide Joint Venture Agreement are required to establish a trust as security for the payment of reclamation and severance costs resulting from the eventual closure of the Denton-Rawhide Mine (the "Reclamation Trust").

The Reclamation Trust is established under the Reclamation Trust Agreement, and is governed by the terms of the Reclamation Trust Agreement and the Rawhide Joint Venture Agreement which, together provide, among other things, that:

(a) the Coordinating Committee of the Denton-Rawhide Mine shall, by a vote of two-thirds or greater of the participating interests in the Denton-Rawhide Mine, periodically determine an estimate for the reclamation and severance costs relating to closure of the Denton-Rawhide Mine as well as the estimated remaining mine life;

(b) each party shall fund on a monthly basis its share of total estimated reclamation and severance costs divided by the number of months of estimated remaining mine life at the Denton-Rawhide Mine; and

(c) each party has the right to fund its portion of the Reclamation Trust through the payment of cash or the posting of an irrevocable letter of credit or similar surety.

The Coordinating Committee of the Denton-Rawhide Mine has previously determined, for the purposes of the Reclamation Trust, reclamation and severance costs for the Denton-Rawhide Mine of US$7.74 million of which 49% will be to the account of the Corporation. This determination currently requires a monthly contribution by the Corporation of approximately US$39,090 to the Reclamation Trust. As of April 7, 2000, a total of US$2,118,403 is held in the Reclamation Trust for the benefit of the Corporation. This determination of reclamation and severance costs is for the purposes of the Reclamation Trust only and may not be a true reflection of actual reclamation and closure costs of the Denton-Rawhide Mine.

Under the terms of a royalty deed and purchase agreement dated June 23, 1989, as amended, (the "Royalty Agreement") between Kennecott Rawhide, as the underlying lessor of the mineral properties comprising the Denton-Rawhide Mine, and the Corporation (as assignee from Kinross Fallon), the Corporation is entitled to a 2.45% gross proceeds royalty in all precious metals and other minerals produced from the Denton-Rawhide Mine. Kennecott Rawhide is entitled to 2.55% gross proceeds royalty.

The relationship between Kinross Rawhide and Kinross Fallon in respect of their interest in the Denton-Rawhide Mine was governed by a participation agreement dated as of June 23, 1989 between Kinross Rawhide and Kinross Fallon. Under that agreement, each party assigned to the other a pre-emptive right over the sale of any part of its entitlement to the net proceeds from the Denton-Rawhide Mine. Under an agreement dated August 3, 1993, Kinross Rawhide assigned all of its rights under this pre-emptive right to Kennecott Corporation. The interests of Kinross Fallon and Kinross Rawhide in the participation agreement were each assigned to the Corporation. Accordingly, Kennecott Corporation holds a right of first refusal over the sale of any of the Corporation's entitlement to the net proceeds from the Denton-Rawhide Mine which were acquired from Kinross Fallon (approximately one-half of the Corporation's 49% interest in the Denton-Rawhide Mine).

Operations

The Denton-Rawhide Mine is an open-pit, heap leach operation that has a nominal crushing production capacity of 6,200,000 tonnes of ore per year. Access to the mine site from Fallon, the closest major town, is by way of 90 kilometres of paved highways and seven kilometres of a well-maintained gravel road.

The following table presents operating data for the Denton-Rawhide Mine for the years indicated:

	Year ended December 31,		
	1999	1998	1997
Tonnes Crushed (100%)	6,129,000	5,435,000	5,283,000
Gold grade (gpt)	0.86	0.86	0.93
Silver Grade (gpt)	11.72	10.6	14.74
Gold Produced (49%)	56,645	60,619	59,115
Silver Produced (49%)	339,200	411,700	544,900
Cash Production Costs (US$/oz)	243	232	235

Note: Cash production costs for Gold are net of by-product silver credits.

Rock is drilled and blasted and then loaded into 77 tonne trucks. Ore is crushed to a 9.5 millimetre size in a three stage crushing plant and then placed on permanent heaps by conveyor. A leach solution is circulated through the heaps to dissolve gold and silver. The gold and silver are then precipitated from solution with the addition of zinc dust. Doré is made on site and then the doré bars are sent to a refinery to produce gold and silver bullion which, is distributed to each co-owner.

The Denton-Rawhide mining plan currently encompasses zones in the Balloon Hill, Murray Hill, Hooligan Hill and Grutt Hill areas. This arrangement provides flexibility for grade control, expansion, and efficient use of human and equipment resources. The plan for 2000 calls for mining and crushing 5,987,400 tonnes of ore, which will be crushed and stacked on heaps, and 2,180,900 tonnes of run-of-mine ore. Crushing and stacking of ore is expected to be maintained at a rate of 16,400 tpd. An expansion of the leach pad is expected to begin in late 2000 or 2001. The Corporation may have to provide financial assistance to the mine to finance this expansion, should gold prices or production be less than expected.

Geology and Ore Reserves

Gold and silver mineralization in the Rawhide area is hosted within altered Tertiary volcanics which cover several square kilometres in a large caldera system. The Rawhide caldera is situated along an intersection between the north-west trending Walker Lane Structural Zone and north-east trending Basin and Range structures. All of the Rawhide deposits are structurally controlled, volcanic hosted epithermal ore bodies. The Rawhide gold-silver deposits are mid-Miocene in age and are hosted in a variety of volcanic rocks of early-to-mid Miocene age.

Lithology plays a critical role in the style of mineralization. Primary permeability amenable to disseminated mineralization is a characteristic of the ashes and tuffs, volcanogenic sediments, and vent breccias. The andesitic flow rocks are a tight, more brittle material which reacts to tectonics and hydrostatic pressures by shattering and crackle brecciating to create a secondary permeability. The andesite characteristically has more, and higher grade, veins than the other host rocks. Rhyodacite is an important ore host characterized by more intrusive and extrusive fracture controlled mineralization.

The following table shows the proven and probable reserves at the Denton-Rawhide Mine as at December 31, 1999 as calculated and reported by Kinross:

Proven and Probable Reserves at the Rawhide Mine as at December 31, 1999

	Tonnes (000s)	**Gold Grade (grams/tonne)**	**Silver Grade (grams/tonne)**	**Gold Content (ounces)**	**Silver Content (ounces)**	**Dayton's 49% Share of Gold Content (ounces)**
Reserves	31,900	0.705	11.68	723,000	11,978,000	354,000

These reserves are calculated using a gold price of US$325 per ounce and a cut-off grade of 0.5 grams per tonne for crusher oxide ore and a cut-off grade of 0.8 grams per tonne for sulphide ore. Kinross estimated the average ultimate recovery of gold at the Denton-Rawhide Mine to be approximately 64% and silver to be approximately 36% for the remaining reserves.

El Salvador Exploration Properties

General

The Corporation, indirectly through wholly-owned subsidiaries, holds 100% interests in four exploration licence areas in El Salvador. The Corporation's most advanced property in El Salvador is the El Dorado Property which consists of two exploration licences. The Corporation also holds the Potonico and El Paisnal Exploration licences. Although the El Dorado Property contains geological resources, none of the Corporation's properties in El Salvador, including the El Dorado Property, contain a known body of commercial ore.

Acquisition

On April 6, 2000, the Corporation acquired 100% of Mirage Resource Corporation ("Mirage") through an amalgamation of Dayton Acquisitions Inc., a wholly-owned subsidiary of the Corporation, and Mirage. The Corporation issued a total of 888,005 Common Shares at an effective price of $2.26 per share for a total acquisition price of $2,006,891. In addition, the Corporation acquired from Kinross Gold Corporation shareholder loans made to Mirage Resource Corporation in exchange for 1,328,976 Common Shares at an effective price of $2.26 for a total acquisition price of $3,003,486.

Mirage initially acquired an option (the "Option") on the two exploration concessions comprising the El Dorado Property (as hereinafter defined) on June 23, 1993 from Zinc Metal Corporation ("ZMC") of Toronto, and its wholly-owned subsidiary New York and El Salvador Mining Company ("NYESMC"). Immediately following the signing of the option agreement, Mirage granted Dejour Mines Limited ("Dejour") and Bethlehem Resources Corporation ("Bethlehem"), both of Vancouver, the right to participate in the option on a joint venture basis as to 25% each, by payment of a pro rata share of costs. Under the joint venture arrangements, Kinross had a right (the "Back-In Right") to acquire 50% of each of the parties' interests by completing a "Bankable Feasibility Study", arranging for development, financing and reimbursing the parties for 50% of their costs incurred in relation to the property all within specified time constraints from completion of a Pre-Feasibility Study by Mirage. The Option was exercised on August 25, 1994 in accordance with its terms by payment of US$175,000 to ZMC and by the parties having incurred aggregate expenditures in excess of US$800,000.

Accordingly, as at September, 1994 Mirage, Bethlehem and Dejour operated the project as a 50% /25% /25% joint venture, subject to the Back-In Right. In May 1995, Mirage acquired Bethlehem's and Dejour's respective 25% joint venture interests in the El Dorado project. In August 1996, following completion of a study (the "Pre-feasibility Study"), Kinross advised Mirage that it would waive its Back-In Right because of time constraints relating to completion of the Bankable Feasibility Study.

As a result, the Corporation holds a 100% undivided interest in the El Dorado Property. The El Dorado Property is, however, subject to a royalty of 3% of net smelter returns in favour of ZMC. The Corporation has the right to purchase the royalty from ZMC for US$4,000,000 (US$1,000,000 for the first one-half and US$3,000,000 for the second one half) provided that at least one-half of the royalty is acquired within six months of the commencement of commercial production.

Mirage, through a wholly-owned El Salvador subsidiary, applied for and has been granted exploration licences for the Potonico and El Paisnal properties directly from the Government of El Salvador.

Legal Status of Properties

The two exploration licences comprising the El Dorado Property expire on July 19 and 26, 2001 respectively. The exploration licenses for the Potonico and El Paisnal properties expire on August 27, 2001 and July 8, 2000 respectively. Under the current mining laws of El Salvador, the El Dorado and Potonico exploration licenses cannot be further extended. The El Paisnal exploration license may be extended for two years from its date of expiry. In order to convert these exploration licenses into exploitation concessions, the Corporation is required to make application prior to expiry of the exploration licenses. These applications must be accompanied by, among other things, a feasibility study, an environmental impact study and a program of exploitation. There is no guarantee that the Corporation will succeed in converting any of these exploration licences into exploitation concessions.

E1 Dorado Property

The Corporation retained JA Mine Inc. ("JA Mine") to complete an independent geological report relating to the El Dorado Property. Except as otherwise noted, the following information is summarized from the Report dated March, 2000 prepared by JA Mine.

Location and Access

The El Dorado Property is located 65 kilometres north-east of San Salvador, the capital city of El Salvador. The main E1 Dorado vein system is located immediately north of the paved highway which connects San Salvador with Sensuntepeque, a city of approximately 49,000 inhabitants, 12 kilometres north-east of the property. A three-phase, 60 cycle, 22,000 volt transmission line parallels the highway. Access throughout the El Dorado Property is provided by numerous dirt and gravel roads. Vehicle access to some parts of the El Dorado Property may be limited during the rainy season because of high water levels at the river crossings.

History and Prior Work

Gold was discovered in the El Dorado Property area by Spaniards who conducted shallow surface trenching and pitting. Limited operations began in colonial times but ceased in 1894 and the district remained dormant until 1942 when NYESMC acquired the property. It commenced mining and milling in 1948. Four levels were developed at 15.2 metres, 53.3 metres, 91.4 metres and 129.5 metre intervals, serviced by two vertical shafts. The mine is currently flooded to the 15.2 metre level. Total production for the five years that the mine was operating was approximately 270,200 tonnes with recovered minerals of 72,487 ounces of gold and 355,123 ounces of silver.

The average vein width mined was 1.52 metres and both shrinkage sloping and cut-and-fill methods were used. Milling averaged 162 tonnes per day and eventually reached 272 tonnes per day. The ore was crushed to minus 200 mesh and cyanided with a reported recovery of 88% for the gold and 75% for the silver. The mine is believed to have been shut down in 1953 because of union problems, operating costs, and a refocus of the owners' attention to a mine elsewhere in Central America.

In 1975, the El Dorado property was under option to Bruneau Mining Company. During 1975 and 1976 Bruneau carried out geological mapping, sampling of 380 metres of adits, surface trenching and the drilling of four diamond drill holes, two of which tested the Minita, Minita 3 and Zancudo veins. Although additional work was recommended, the lack of funding and the subsequent civil war prevented any significant work between 1977 and 1993 at which time Mirage optioned the El Dorado Property.

Mirage conducted drilling on the El Dorado Property between July and December, 1993. Also at this time, a reconnaissance geological mapping, and sampling program was initiated which continued until June, 1994. Several new veins and prospects were discovered both north and south of the El Dorado mine and the exploration license area was expanded.

Exploration continued throughout 1994 and consisted of drilling, mapping and trenching. During this time discoveries were made at Neuva Esparanza La Huerta, San Francisco and La Coyotera areas. The majority of the drilling was carried out on the El Dorado vein system (Minita, Minita 3 and Zancudo veins) and the Nueva Esperanza, Coyotera and Nance Dulce veins.

In 1994, Mirage commissioned James Askew Associates Inc. to carry out a Pre-Feasibility Study which was completed in October, 1995 and issued to Kinross on December 20, 1995.

From January, 1996 until June, 1996, exploration work was financed by Kinross. This program was primarily designed to obtain additional data on the structures and definition of the Nueva Esperanza and La Coyotera North veins. Mirage undertook further drilling programs at El Dorado and Nueva Esperanza between October 1996 and March 1997 with the objective of expanding resources at El Dorado, La Coyotera, Nueva Esperanza, La Huerta and Potonico. With this new information, a revised in situ geological resource was prepared in mid-1997 as described under "Mineral Resources" below.

Also in 1997, surface exploration was conducted at several promising prospects in the southern part of the El Dorado district. These prospects included the El Gallardo, Coyolito and Plan de Las Minas areas along with the Hacienda and Nance Dulce veins. A drilling program commenced on these prospects in December, 1997. The overall goal of this drilling program was to test the southern district's shallow, upside potential with several drill holes.

Subsequent to these field activities, a limited drilling program was conducted at three of the prospects, Plan de Las Minas (including Cerro de La Flor and Quebrada Las Marias), the Hacienda vein and the El Gallardo zone, to determine if economic deposits existed within 100 metres to 150 metres of the current surface. Although significant veining and alteration was identified in all holes 'bonanza'-type precious metal veins were not encountered at these shallow depths. These results are similar to other low sulfidation, epithermal systems throughout the Circum Pacific region where gold deposition dominantly occurs from 200 metres to 400 metres below the original surface.

Since the completion of this program in the first quarter of 1998 Mirage has dedicated its activities to data compilation and analysis of its previous exploration programs and to the completion of the pending feasibility study.

Regional Geology

El Salvador can be divided into four morphological-geological units: Coastal Plains, Coastal Ranges, Great Interior Valley and Northern Mountain ranges. The El Dorado Property straddles the boundary between the Interior Valley and the Northern Mountain Ranges. The Interior Valley is a heterogeneous basin with low mountain topography composed of eroded volcanoes and intermountain basins. The Northern Mountain ranges are dominantly composed of the Tertiary Chalatenango and Morazan Formations.

The structure of El Salvador is dominated by several fault systems, the most important of which strikes east-west and extends from the Guatemalan border eastward to the northern edge of the Olomega basin. This fault system is largely masked by volcanic complexes of the Santa Ana group extending from Santa Ana on the west, eastward to San Miguel. The northwest-trending faults are part of a prominent tectonic element which trends across Central America and includes the Nicaragua Depression which contains the intra-volcanic basins. A major set of northeast-trending faults is referred to as the Trans-Salvador Fault Zone and may be the oldest of the three structural fabrics discussed above.

The El Dorado district, occurs at the intersection of the three structural trends summarized above. It is speculated that this regional fault intersection may have had some bearing on the implacement of the heat sources for the district.

Mineralization and the Exploration Model

The gold bearing veins, dominated by chalcedonic quartz, accompanied by calcite and generally less than 1% to 2% sulfides, range in width from one metre to 15 metres in surface exposures. The veins are up to two kilometres in length and dip steeply and generally form ridges. Pyrite is a minor constituent in both the wall rocks and veins and rarely exceeds more than 1% to 2%.

The chalcedonic quartz veins of the El Dorado district are texturally and mineralogically zoned. These features play an important role in the exploration model for the district as described below.

A number of geologists (Heald, et al 1987, Berger and Eimon 1985) have developed models for volcanic hosted epithermal deposits, including: acid-sulphate and adularia-sericite. The basis of distinction includes; mineralogy, distribution of the mineral assemblages, host rocks, regional settings and fluid composition. Exploration in the El Dorado district has revealed numerous similarities with the adularia-sericite model, including; the presence of adularia and sericite near or in the veins, low sulfur mineral assemblages, vertical extent less than 1,000 metres and, metal deposition occurring at low temperatures, in the range from 200^0C to 300^0 C. The district is a large gold-rich, adularia-sericite-type district and may be composed of several deep intrusive centers. Other well known examples of these types of deposits include: Round Mountain and the Comstock Lode in Nevada, the Republic Mine, Washington, and Ohguchi, Japan.

Guoyi (1992) has developed an empirical textural zoning model which can be used to both estimate the vertical position within the boiling vein system and to predict the locus of gold mineralization. The model correlates the precious metal zone with the crustiform-colloform zone. By observing the various textures of the vein and comparing them to the location of the gold values within the vein, one can estimate the elevation necessary to intersect the most favorable portion of the vein. The height of the shoots in the El Dorado district may be in excess of 300 metres and they generally occur 100 metres to 200 metres below the paleosurface, in this case, the base of the Chalatenango formation. Exploration in the El Dorado, Nueva Esperanza, La Coyotera North, and Nance Dulce have extended into the precious metal horizon whereas the other veins have been intersected above the Bonanza horizon. This model has been used to guide the exploration drilling to intersect high grade gold values at depth.

Significant Exploration Results

El Dorado Veins

The El Dorado veins are those which had been partially mined between 1948 and 1952. These include the El Dorado, Zancudo, Minita, Minita 3, Portillo, Moreno, and Moreno 2 veins. A total of 39 core holes totaling 13,026 metres have been drilled across the vein system identifying oreshoots over a 350 metre strike length and a dip length of 200 metres below the EL Dorado mine workings. In order to test the Minita vein system, which dips steeply west on its north end and steeply east in the south, holes targeted on it did not necessarily effectively test the other veins at depth. Only the Minita, Minita 3 and Zancudo veins have been explored below the mine workings to an extent such that resources can be estimated. Collectively, these veins contain 50% of the contained ounces of gold estimated for the El Dorado property to date.

The El Dorado vein is the western-most vein in the mine area and has a strike length of 400 metres. Vein widths are generally less than two metres. The majority of the drilling to date has been collared east of the El Dorado vein and only a few holes have intersected the vein, all within 50 metres of the surface. There is insufficient information to estimate a resource on this vein.

The Zancudo vein is located between the El Dorado vein on the west and the Minita vein on the east and extends for a strike length of at least 550 metres. Vein widths are generally less than three metres. The northern part of the vein has been intersected by at least one hole every 50 metres between sections 301460N and 301819N but has been only been tested within 100 metres of the surface and potential exists for the discovery of additional resources at depth.

The Minita vein has been a primary target in the exploration program to date and is located between the Zancudo vein on the west and the Minita 3 vein on the east. The interpretation of the Minita and Minita 3 vein has been ongoing. At the current time the Minita and Minita 3 are considered separate veins although they may be as close as 0.7 metres apart. The Minita has a strike length in the order of 600 metres with widths on the surface generally less than three metres but at depth true widths of up to eight metres have been intersected. The Minita vein remains open at depth to the south and down-plunge to the north where it may be offset by post-mineral faulting.

The Minita 3 vein, located between the Minita vein and the Portillo vein has a strike length of at least 600 metres and a surface width of about three metres, but at depth true widths are up to 13 metres. The vein has been drill tested by at least one hole every 50 metres between 301225N and 301825N. Drilling results to date indicate the vein is weakening at depth and to the north. The vein remains open at depth to both the north and south.

The Portillo and Moreno veins, located a short distance east of the Minita system, underwent limited development above the 300 Level. Holes targeting the Minita system from the east side have passed through the Portillo, Moreno and Moreno 2 veins. Intercepts have generally been narrow and low grade at these higher elevations, ranging between 0.75 g/t Au to 15.98 g/t Au over widths of 0.9 metres to 3.62 metres. The best intersection on the Portillo vein is 2.05 metres at 15.98 g/t Au, 102.60 g/t Ag. The best intercept on the Moreno vein is 3.52 g/t Au, 33.18 g/t Ag over 3.62 metres. There is insufficient data to calculate a resource on these veins.

Nueva Esperanza Vein

In surface trenches, the Nueva Esperanza vein ranges in width from 2.7 metres to 8.8 metres over a strike length of 250 metres. The vein strikes north-south and dips 50^{o}-65^{o} west. Forty-one holes totaling 4,722 metres have been drilled into the vein with the goal of defining a near-surface bulk-mineable deposit. In the subsurface, the vein is eight metres to 15 metres wide and averages 10 metres. The vein is open down plunge to the northeast.

La Coyotera Norte Vein

La Coyotera Norte vein has been extensively trenched on surface. The vein strikes northeast, dips steeply east at 75° to 85°, averages five metres to 15 metres wide and consists of a colloform-banded chalcedony-calcite vein, best developed below the 300 metre elevation where gold values range up to 16.59 g/t Au over 10 metres true width. The vein is structurally complex and consists of two splits. The west or footwall split, is generally at a lower elevation, and it extends to the surface on strike to the north. Further to the north the two splits merge, and only one vein with a low grade footwall zone is present. A total of 15,620 metres of drilling has been completed to date on the Coyotera vein. The vein remains open to the south and down plunge to the north.

La Huerta Vein

The La Huerta vein is located 500 metres northwest of La Coyotera vein. Initial reconnaissance samples returned values of up to 3.22 g/t Au and 48.34 g/t Ag. The vein can be traced for 900 metres and possibly extends for an additional 500 metres to the north. Three trenches showed widths from four metres to six metres composed of massive chalcedony cut by hydrothermal breccias containing up to 3% fine-grained pyrite. The trench samples were widely anomalous (>0.30 g/t Au), with the best being 1.65 g/t Au and 17.83 g/t Ag. An additional six trenches show the vein to be anomalous throughout its exposure, the highest value being 1.5 g/t Au over 2.90 metres. Four core holes completed in 1997 intersected only low grade values at depth. No further work is planned for La Huerta at this time.

San Francisco Veins

The San Francisco area is part of the South El Dorado area which includes the Rosario and Veta Grande Veins. These veins trend north-northwest and extend southward from the mine area for approximately one kilometre where they terminate against the Avila fault. Trench No. 1 between the highway and the San Francisco River reveals extensive massive chalcedony hosted by broad vein swarms, with gold values exceeding 2 g/t Au over widths of 10 metres.

At a depth of 35 metres the Veta Grande vein consists of massive chalcedony containing up to 3.0 g/t Au. At a depth of 70 metres, the vein contains more banded chalcedony and gold grades are up to 7.9 g/t Au. During the last drill program two core holes tested the vein. One hole intersected 7.90 metres of 5.98 g/t Au, and 10.54 g/t Ag while the other which intersected the vein 40 metres down dip returned 14.55 metres of 4.32 g/t Au and 22.8 g/t Ag. Although not a priority at this time, further drilling is warranted on the Veta Grande vein.

Significant veining and gold grades were also observed at depth across the Rosario vein. Near surface the vein intercept varied from 0.5 g/t Au to 1.5 g/t Au over six metres. Thirty metres below the surface, a 1.52 metre interval returned 12.40 g/t Au while at a depth of 80 metres the vein contains 1.92 g/t Au over 15.24 metres. One core hole, intersected the vein 90 metres below the previously drilled RC hole and assayed 6.06 g/t Au and 32.35 g/t Ag over 3.0 metres. Although not a current priority, additional drilling is recommended on this system in the future.

Mineral Resources

Kinross most recently estimated that in situ geological resources ("Resources") for the El Dorado Property are as set forth below:

In Situ Geological Resources[(1)]

Vein	Cut-Off Grade (grams per tonne Gold)	Tonnes	Gold Grades (grams per tonne Gold)	Silver Grades (grams per tonne Silver)	Contained Gold Ounces	Contained Silver Ounces
El Dorado Veins						
Zancudo	4.0	63,200	10.23	75.9	20,800	154,000
Minita	3.0	833,300	11.25	72.3	301,400	1,937,000
Minita 3	3.0	402,000	10.44	79.2	134,900	1,023,000
Subtotal		1,298,500	10.95	74.6	457,100	3,114,000
La Coyotera Vein	2.0	1,997,200	5.58	45.7	358,500	2,936,000
Nueva Esperanza	1.0	868,800	3.08	19.4	86,000	541,000
Vein						
TOTAL		4,164,500	6.73	49.2	901,600	6,591,000

(1) 85% of the geological resource is classified as an indicated resource and 15% as an inferred resource.

The above estimate of Resources was prepared by Kinross for Mirage and incorporates the majority of the results from the drilling carried out in 1997 and all previous drilling programs.

In estimating the Resources a computer model was developed utilizing a widely used geological and mine planning software package. Technologies employed in the geostatistical analyses and modelling process are commonly used in the industry.

Pre-feasibility Study

A Pre-feasibility Study on the El Dorado Property was completed in October, 1995 by Jim Askew Associates Inc. It assured a production rate of 504,000 tonnes/annum over a 10 year life of mine and considered that mine development would be carried out in three phases, the Feasibility Phase, Pre-Production Phase and Production Phase. The Feasibility Phase was to be aimed at confirming and enhancing Mineable Reserves, particularly at the El Dorado veins and the La Coyotera Norte vein. The objective of the Pre-Production Phase was to develop the mine to the stage at which pre-production could be maintained at 85% of the plant capacity at startup.

Initial access was to be via the El Dorado main shaft which was to be rehabilitated after the old workings have been dewatered. At the La Coyotera Norte veins, a decline was to be driven to 275 metre elevation, approximately 130 metres below surface to provide access for exploration.

During the Feasibility Stage, limited development was to be carried out on the old 425 metre level prior to an extensive definition diamond drilling program to define the deposit on centers 50 metres longitudinally and 25 metres vertically to the 100 metre elevation. An alternate approach is to dewater the old workings and drive a decline from the surface, intersecting the main levels en route to unmined zones below the 425 metre level. Shaft rehabilitation and development and drilling from the 425 metre level would be eliminated or deferred, using this approach.

At La Coyotera Norte a total of 700 metres of development was to be carried out on strike. Underground drilling was to produce similar coverage to that at El Dorado to at least the 100 metre elevation. Work at Nueva Esperanza was to consist of limited definition drilling.

The Pre-production Phase was to involve declines to the main productive horizons at El Dorado and La Coyotera Norte and development in both waste and ore to bring the stopes into production. Sub-level open stoping is considered the suitable method for the extraction of vein and stockwork ore which exceeds 3 metres in width. This method can be used at both El Dorado and La Coyotera Norte providing high grade ore at low cost. At El Dorado, shrinkage stoping will be used on veins with widths of two metres or less. Nueva Esperanza will be an open-pit.

Test work has been carried out on composite samples from El Dorado, La Coyotera and Nueva Esperanza by CMRI of Denver Colorado. Given the previous history of the milling characteristics of the ore, the metallurgical investigation was limited to cyanidation and related work. The samples consisted of drill cuttings, assay rejects, composited to form high, medium, and low-grade samples of each type of mineralization and a surface oxidized sample from Nueva Esperanza. The test work indicated that:

(a) the ores crushed readily but had above average abrasive characteristics;

(b) the Bond Work Index varied depending on the proportions of calcite and chalcedony;

(c) all ore types responded readily to cyanidation, but required fine grinding (80% passing -270 mesh); and

(d) leach extractions ranged from 91%-98% for gold and 66% to 89% for silver.

Additional metallurgical work is recommended in order to optimize recoveries and grinding requirements. A report by Hyyppa Engineering Ltd. prepared for Kinross in 1996 recommended that a Merrill-Crowe Plant be considered for recovery of the precious metals from the leach solutions. This should be further evaluated.

Conclusions and Recommendations

Conclusions

JAMine concluded that: (i) the El Dorado Property is at an advanced stage of exploration and development; and (ii) a three Phase program as outlined below to further define and expand the Resources is warranted.

Recommendations and Budget

The Corporation has proposed a three Phase program and budget for all the El Dorado property. Phase I will include an assay check program, dewatering and inspection of the shaft. Upon completion of the drilling, the resources will be recalculated. The Corporation anticipates that Phase I will take three months to complete at an estimated cost of US$1,350,000 as shown in the following Table:

El Dorado
Proposed Budget - Phase I

Item	Amount ($US)
Contractor Drilling Costs 5,200 metre @ $120 per metre	572,000
Extras: mobilization, supplies, tests, assaying.	100,000
Check assays	6,000
Field management (3 months)	100,000
Project Management and Administration	50,000
Dewatering	400,000
Contingency (10%)	122,000
Total	**1,350,000**

The Phase II program will consist of rehabilitation of the shaft and the establishment of drill stations on the 425 metre level. It is assumed that a 10,000 metre program of underground drilling, assuming a 25 metre spacing, will be required to upgrade the geological resource into the reserve category. JAMine recommends that additional metallurgical tests be carried out on a bulk sample from underground. If required, additional base-line environmental studies will commence during this Phase which is estimated to take six to nine months to complete. The Corporation estimates that the cost of the Phase II program will be US$3,225,000 as shown in the following Table:

El Dorado
Proposed Budget - Phase II

Item	Amount ($US)
Shaft Rehabilitation	1,000,000
Level 425 Rehabilitation	800,000
Underground drilling 6,000 metres @ $105	630,000
Extras: mobilization, supplies, tests, assaying.	100,000
Field Management (6 months)	200,000
Project Management and Administration	100,000
Metallurgical Testing	100,000
Contingency (10%)	295.000
Total	**3,225,000**

Phase III will consist of completion of a feasibility study, environmental assessment study and additional drilling if required. Phase III is estimated to take three to six months to complete. The Corporation estimates that the cost of the Phase III program will be US$990,000 as shown in the following Table:

El Dorado
Proposed Budget - Phase III

Item	Amount ($US)
Feasibility Study	600,000
Environmental Assessment	100,000
Field Management (3 months)	100,000
Project Management and Administration	100,000
Total	**990,000**

The total costs of Phases I to III is estimated to be US$5,565,000.

JAMine has reviewed the above programs and budgets and recommends that the programs be carried out as presented in the budgets.

The exploration programs are subject to variation depending upon results which are encountered by the Corporation in the course of the program. The Corporation may determine that increased spending is warranted if favorable results are encountered and may conclude that less spending or discontinuation of the programs is appropriate if unfavorable results are encountered.

Potonico and El Paisnal Properties

The Potonico Property is located in north-central El Salvador, five kilometres southeast of the city of Chalatenango, and 30 kilometres west-northwest of the El Dorado Property.

The El Paisnal exploration license area is located about 30 kilometres north of San Salvador and can be reached by travelling north on the major highway linking El Salvador and Honduras. The property is located approximately five kilometres west of the highway.

The two properties represent early stage exploration properties and the Corporation has not yet commissioned a geology report to determine whether further exploration is warranted.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

General

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with and is qualified by the Audited Financial Statements and the related notes which have been prepared in accordance with accounting principles generally accepted in Canada and it is intended to discuss the results of operations up to December 31, 1999 and for the quarter ending March 31, 2000. The consolidated balance sheet for the year ending December 31, 1999 and the quarter ending March 31 and the income statements, and the statements of cash flow for the period ending March 31, 1999 and December 31, 1999, give effect to a significant financial restructuring of the Corporation which occurred on March 31, 1999 whereby the Corporation proposed and its debentureholders and shareholders approved the conversion of the US$69 million of convertible debentures into Common Shares at a rate of 4,500 pre-consolidation Common Shares per US$1,000 principal amount of debentures. This redemption resulted in the issuance of 310,500,000 pre-consolidation Common Shares of the Corporation which increased the number of issued Common Shares from 40,856,779 pre-consolidation outstanding at December 31, 1998 to 351,356,779 pre-condolidation outstanding at December 31, 1999. The issuance of Common Shares to the debentureholders resulted in a material change of control in the ownership of the Corporation and necessitated the adoption of "fresh start" accounting which established new values for all of the assets and liabilities of the Corporation.

The Corporation adopted the U.S. dollar as its principal currency as at January 1, 1999. Please refer to Note 1 (b) for more details on the change in reporting currency.

Overview

The Corporation's principal asset as at December 31, 1999 was the wholly owned Andacollo Gold Mine, located in central Chile. This mine was placed into commercial production on January 1, 1996, as a 12,700 tonne per day heap leach mine. In 1997 modifications were made to the mine's crushing circuit which increased the nominal capacity to 18,100 tonnes per day. With improvements to the mine's annual leaching capacity, the repayment in January 2000 of all the Corporation's remaining long-term debt under the project loan which financed construction of the Andacollo Gold Mine and the March 1999 conversion of the convertible debentures into Common Shares, the Corporation has established a strong base for growth. The focus of this growth is intended to be primarily through the acquisition of existing gold production assets, the acquisition of late stage exploration or developmental projects and the expansion of gold reserves in and around the Andacollo Gold Mine.

On April 6, 2000, the Corporation acquired a 49% interest in the Denton-Rawhide Mine near Fallon, Nevada from Kinross Gold Corporation for 7,235,500 Common Shares at an effective price of $2.26 per share for a total acquisition price of $16,352,230. The remaining 51% of the Denton-Rawhide Mine is owned by Rio Tinto Plc. of London, England through its wholly-owned subsidiary Kennecott Rawhide Mining Company. The Denton-Rawhide Mine commenced operations in April 1990 and currently has the capacity to crush 6.2 million tonnes of ore per year. The crushing capacity of the Denton-Rawhide Mine is supplemented with varying amounts of run-of-mine material placed on the leach pads.

On April 6, 2000, the Corporation acquired 100% of Mirage Resource Corporation through an amalgamation of Dayton Acquisitions Inc., a wholly-owned subsidiary of the Corporation, and Mirage Resource Corporation. The Corporation issued a total of 888,005 Common Shares at an effective price of $2.26 per share for a total acquisition price of $2,006,891. In addition, the Corporation acquired from Kinross Gold Corporation shareholder loans made to Mirage Resource Corporation in exchange for 1,328,975 Common Shares at an effective price of $2.26 for a total acquisition price of $3,003,486. Mirage Resource Corporation through its wholly-owned subsidiaries owns the El Dorado and other exploration properties in El Salvador. It is the Corporation's intention to focus its energies on advancing the El Dorado property to development, if economically feasible, during 2000 and 2001.

The financial performance of the Corporation is largely dependent upon the price of gold. 1999 was a difficult year for producers of gold as the London P.M. gold fix averaged only US$279 per ounce versus US$294 per ounce in 1998 and US$306 per ounce in 1997. This was the lowest average gold price since 1978, and between June and September of 1999 the price failed to average above US$260 per ounce. As the Corporation remains almost fully unhedged, its financial performance is directly related to increases and decreases in the spot price of gold.

Results of Operations

First Quarter 2000 Versus First Quarter 1999

In the first quarter of 2000 the Corporation lost US$2.2 million versus a profit of US$410,000 in the first quarter of 1999. In the first quarter of 2000 gold production was 25,805 ounces at a cash production cost of US$279 per ounce compared to production of 32,882 ounces at a cash production cost of US$205 per ounce during the first quarter of 1999. The reduction in production in 2000 accounted for US$2.06 million of the US$2.84 million reduction in sales revenue. During the first quarter of 2000, the Corporation did not receive any revenue for hedging activities, whereas in the first quarter of 1999 hedge revenue totalled US$1.1 million. In 2000 all gold sales were at spot.

Operating costs of US$7.11 million in the first quarter of 2000 were US$600,000 greater than the comparable period in 1999. In 2000, only US$250,000 of mining costs were deferred compared to the first quarter of 1999 when US$1,400,000 of mining costs were deferred. Depreciation, depletion and amortization charges in 2000 of US$1.26 million were US$920,000 less than in 1999 because of the lower level of production. Gross profit was negative US$1.0 million in 2000 versus a positive gross profit of US$1.52 million in 1999.

Other costs in 2000 increased by US$84,000 mostly due to an increase in exploration spending of US$250,000. Interest expense of US$186,000 in the first quarter of 2000 was US$422,000 less in the current period because the project loan was retired in January, 2000 and the debentures were converted to equity on April 1, 1999. Interest income in 2000 was only US$34,000 compared to US$96,000 the previous year because the Corporation used its cash to repay the Andacollo project loan.

Finally, the decline in gold production in the first quarter of 2000 compared to 1999 was largely due to a 14% reduction in grade of ore placed on heaps and tonnes crushed and placed on heaps was reduced due to the unexpected failure of the boom on a loader.

1999 Compared to 1998

The consolidated net loss for the April 1 through December 31 nine month period was US$2.1 million, with a profit of US$0.4 million realized during the first quarter of 1999. This is an improvement upon the loss of US$42.4 million incurred for the full twelve months of 1998. In the first quarter of 1998, the Corporation lost US$2.2 million. In 1999, the Andacollo Gold Mine produced a record 134,955 ounces of gold at a cash production cost of US$204 per ounce which was also a record low cash cost. Gold production was 92,548 ounces in 1998 at a cash production cost of US$241 per ounce. In the first quarter of 1999, the Andacollo Gold Mine produced 32,882 ounces of gold at a cash cost of US$196 per ounce, which compares to 18,109 ounces produced in the same period in 1998 at a cash cost of US$284 per ounce. In 1999, production for the final nine months totalled 102,072 ounces at a cash cost of US$207 per ounce. The comparable statistics for the final nine months of 1998 are production of 74,439 ounces at a cash cost of US$231 per ounce. The increase in gold production in 1999 as compared to 1998 is mainly a result of a 15% improvement in tonnes crushed and placed on heaps. The grade of ore crushed also increased from 0.83 grams per tonne gold to 0.93 grams per tonne gold. Improved crusher throughput, higher grade and ore control improvements account for the 46% increase in production in 1999 over 1998. In the first quarter of 1999, revenue totalled US$10.2 million versus US$6.7 million in 1998. For the final nine months of 1999, gold revenue totalled US$26.3 million versus the US$23.2 million for the comparable period in 1998. Overall, the gold price realized in 1999 was lower than the price realized in 1998 due to the decline in the spot price and a lower level of hedge revenue. Gold sales revenue averaged US$315 per ounce in the first quarter of 1999 and US$297 per ounce for the

April through December period versus US$336 per ounce for 1998. In the first quarter of 1999, the Corporation realized hedge gains of US$1.1 million. In the final nine months of 1999 there was a US$0.7 million loss reported on the conclusion of the hedge positions. In 1998, hedging gains of US$3.75 million were realized. The gross profit for the first quarter of 1999 was US$1.52 million and US$300,000 was realized for the final nine months of 1999. For 1998, the cumulative gross profit was US$526,000. Depreciation, depletion and amortization in the first quarter of 1999 totalled US$2.2 million and it totalled US$4.7 million for the final nine months of 1999. In 1998, depreciation, depletion, and amortization was US$7.7 million. Non-cash charges declined on a per ounce basis in the final nine months of 1999 because of a US$12.6 million writedown of property, plant, and equipment taken on April 1 resulting from the comprehensive revaluation of the Corporation's assets. Interest expense was US$608,000 in the first quarter of 1999, but only US$816,000 for the final nine months of 1999. Interest was paid on the Corporation's convertible debentures up to March 31, 1999. Interest expense in 1998 was US$3.96 million reflecting interest on the Corporation's convertible debentures and interest on the Corporation's project loan. Interest income was US$96,000 for the first three months of 1999 and US$218,000 for the final nine months of 1999. Total interest income in 1998 was US$1.8 million. The decline in interest income in 1999 versus 1998 was due to lower cash balances as cash was used to retire the Corporation's US$50 million project loan which financed the construction of the Andacollo Gold Mine. General and administrative costs totalled US$529,000 in the first quarter of 1999 and US$1.6 million for the last nine months of 1999. In 1998, general and administrative costs totalled US$4.9 million. General and administrative costs declined in 1999 over 1998 because of a lower corporate staffing complement in 1999 over 1998 and in 1998 there were additional costs which were increased because of the departure of a number of senior executives.

1998 Compared to 1997

In 1998, the net loss increased to US$42.4 million or US$1.13 per share from US$18.0 million or 0.51 per share in 1997. The increase in the loss was due to a US$33.3 million writedown of the Andacollo Gold Mine in 1998 compared to a US$15.7 million writedown in 1997. Both writedowns were a result of management's expectations of a lower long-term price of gold, and also because of a reduction in estimates of proven and probable reserves. In addition, gold sales declined in 1998 by US$2.5 million due to a decline in the spot price of gold. Gross margin declined in 1998 to US$526,000 from US$4,641,000, as operating costs were substantially higher in 1998 compared to 1997. General and administrative costs in 1998 rose to US$4.9 million from US$2.5 million in 1997 primarily due to payments made to departing executives. Interest expense fell in 1998 by US$1,251,000 to US$3,961,000 as the principal balance of the project loan was reduced. Likewise interest revenue declined as the cash balances were reduced in 1998 over 1997.

Liquidity, Capital Resources and Financial Conditions

The Corporation issued the Special Warrants on March 1, 2000 for estimated net proceeds of $8,640,000 which were placed in escrow pending the issuance of the final receipts. See "Private Placement and Plan of Distribution". The funds from the special warrants are currently recorded as restricted cash. Cashflow from operations in the first quarter of 2000 was negative US$689,000 versus US$2,604,000 in 1999. Lower production of gold was the major factor in the reduced cashflow from operations in 2000 compared to 1999. During the first quarter of 2000 bullion receivables fell by US$1,339,000 as the Company recently negotiated much more favourable payment terms from a customer. In addition, payment was received on dore for which settlement was delayed in 1999 when the refinery declined to accept any metal shipments over the year end. Also, other receivables were reduced in the quarter as some large GST and EVA refunds were received during the quarter. Finally, in March, US$424,000 cash was received on the premature close of a spot deferred contract. This revenue will be credited to sales revenue in April, the intended expiry period in accordance with hedge accounting standards. In 1999 all monies received from hedging activities was recorded as income in the period. Purchases of property, plant and equipment were minimal in the first quarter of 2000 compared to the first quarter of 1999 when the Corporation was expanding its leach pad. In the first quarter of 2000 only US$250,000 of mining costs were capitalized versus US$1,400,000 in the first quarter of 1999. The rate at which mining costs are capitalized is dependent upon the mine plan and the resultant waste to ore ratio. The increase in investment in other assets in 2000 as compared to 1999 reflects the capitalization of certain costs incurred as part of the acquisition work undertaken in effecting the purchase of Mirage Resource Corporation and the 49% interest in the Denton-Rawhide Mine. Thus, in the first quarter of 2000, cashflow from investing activities was negative US$608,000 versus negative US$1,695,000 in the first quarter of 1999.

In January of 2000, US$20,000 of equity, represented by the granting of 255,000 common shares pursuant to the Corporation's stock bonus plan, was recognized. As previously discussed the Corporation also sold US$5.8 million of special warrants; the proceeds from which were placed in escrow. During the most recent quarter US$1.67 million of restricted cash was used to make the final payment on the Andacollo project loan. In the first quarter of 1999 the Corporation made substantial principal payments on the Andacollo project loan. The quarterly principal payments on the equipment lease program was reduced in 2000 compared to 1999 as the terms of the lease were renegotiated in March of 1999. Finally, during the first quarter of 2000, the Corporation had an increase of US$50,000 in cash compared to a decrease of US$1,238,000 in cash during the first quarter of 1999.

Cash flow from operations was US$2.6 million in the first quarter of 1999 and US$6.16 million for the final nine months of 1999. These results correspond to cash flow from operations of negative US$360,000 in the first quarter of 1998 and US$3.76 million for the final nine months of 1998. The increase in cash flow in 1999 over 1998 is a function of the increased production of payable metals and the lower cost of producing gold and silver, offset by a decline in the price of gold. In addition, the Corporation realized a gain of US$2.7 million in the final nine months of 1999 on the conclusion of its hedge program. Bullion settlements receivable increased in 1999 over 1998 because the Corporation was restricted from shipping gold-in-dore to the refinery at year end because of transportation and insurance restrictions relating to the Year 2000 changeover. Property, plant and equipment purchases in 1999 declined to US$562,000 from US$10.7 million in 1998. In 1998 the Corporation undertook a major expansion of the leach pad at the Andacollo Gold Mine. During 1999, the Corporation made a total of US$16.2 million in payments against the outstanding US$50 million project loan. Payments in 1998 totalled US$23.8 million. In 1999, capital lease payments totalled US$1.965 million. These payments were made on leases for additional mining equipment necessary to increase gold production. At year end there was sufficient cash available to make the final payment of US$1.67 million on the loan. Also, during 1999 the Chilean subsidiary of the Corporation obtained an unsecured operating line of credit with a limit of US$2 million and at a cost of LIBOR plus 1.6%. During the fourth quarter of 1999, borrowings of US$1.4 million were made against this line of credit to cover short-term cash needs. In January 2000 the long-term debt under the project loan was fully repaid. The Corporation believes that its financial obligations relating to its equipment leases at the Andacollo Gold Mine should be serviced from cash flow generated by mining operations as should the obligations of the line of credit. Capital expenditures at the Andacollo Gold Mine in 2000 are expected to be under US$3.0 million and will relate primarily to completion of the final leach pad expansion, minor process modifications and/or replacing worn out support equipment. In addition, the Corporation will consider the purchase of certain exploration land near the Andacollo Gold Mine. The costs of any such land purchases are not expected to be material. Exploration expenditures in or around the Andacollo Gold Mine are expected to be approximately US$0.6 million. The Corporation's liquidity position has improved substantially over the last few years. Except for the outstanding balance of the operating line of credit and the capital lease obligations, the Corporation is debt free following the final payment in January 2000 on the project loan. The Corporation remains largely unhedged with 10,000 ounces of gold sold forward to November at US$314 per ounce. This contract may be closed or rolled forward at the option of the Corporation and such actions will depend upon the then existing spot price of gold and management's expectations as to future gold prices. Since the Corporation is essentially unhedged, its earnings and liquidity position is largely dependent on the price of gold and the operating costs of producing that gold. It is the policy of the Corporation to remain mostly unhedged so as to allow its shareholders to benefit from any future increases in the gold price over the extremely depressed levels experienced in 1999. From time to time the Corporation may have surplus cash balances which will be kept in U.S. dollar denominated accounts to minimize foreign exchange exposure. Also, this cash is invested in short-term government securities or first-class short-term corporate securities to minimize the risk of default. Finally, the Corporation did not pay any dividends in 1997, 1998 or 1999. It does not plan on paying any dividends in 2000, rather such cash will be reinvested in the Corporation to support is growth.

Regulatory, Environmental and other Risk Factors

Reclamation and Closure

The Corporation is committed to constructing and operating its mines and exploration projects to minimize the effects of its operations on the environment. The operating and contemplated reclamation plan at the Andacollo Gold Mine in Chile generally follows North American standards. The Corporation believes it is in compliance with the environmental laws currently enacted in Chile and is not aware of any proposed changes to these standards which would affect its operations or the proposed closure plan and the related closure costs. The Corporation accrues for the anticipated cost of closure and final reclamation over the life of the Andacollo Gold Mine at a cost of US$0.042 per tonne processed.

Prior to its acquisition of the Denton-Rawhide Mine in Nevada, the Corporation reviewed all available environmental material and closure laws and regulations and also the practices of the owners of Denton-Rawhide Mine and was not aware that the operation was not in material compliance with such requirements. The Denton-Rawhide Mine accrues for the cost of final reclamation and closure at a cost of approximately US$762,000 per annum, of which 49% would be the Corporation's share. In addition, the Corporation is funding the Reclamation Trust from cashflow to provide sufficient cash to meet the closure obligations as they arise. As the El Dorado property remains an exploration property, the Corporation has not yet created or assumed any reclamation obligations which it believes are material. The development of any reclamation plans and the identification of the associated costs will be an important part of the developmental activities undertaken on the El Dorado property during 2000 and 2001.

Year 2000

The Corporation and its related joint venture partners implemented a proactive review and testing program in 1999 to ensure that there would be minimal Year 2000 issues respecting the computer hardware or software employed in its operations. As at January 1, 2000 all systems were operating normally, and there were no major difficulties with respect to its dealings with any of the suppliers or financial parties with which it conducts business. The Corporation will continue to monitor its critical systems, suppliers and third party business partners to minimize any problems should they arise.

Health and Safety

The Corporation and its related joint venture partners have implemented an extensive health and safety program and, further the Corporation believes it is in compliance with all health and safety laws in Chile, the U.S.A. and elsewhere and is not aware of any proposed changes to these laws or regulations which would have a material impact on the financial condition of the Corporation.

Outlook

The Corporation's principal operations are the Andacollo Gold Mine and the Denton-Rawhide Mine and as such its profitability and cash flow are dependent upon the level of production, the related costs of such production and the prevailing price of gold when such production is sold. Reserves are engineering estimates conducted to normal engineering standards employed by such professions and are audited by an independent third party to ensure the reasonableness of such estimates. A gold price of US$325 per ounce was used to estimate its proven and probable reserve and production base at both operations. Employing the reserve estimate and future estimates of gold price, foreign exchange, operating costs and recoveries from the leach pads, the carrying values of the Corporation's assets as stated are believed to be reasonable. However, any material adverse change in these estimates could affect the future carrying value of these assets. With respect to the Andacollo Gold Mine, the Corporation does not hedge its costs denominated in Chilean Pesos and remains exposed to such foreign exchange risk if there were to be a material strengthening of the Chilean Peso against the U.S. dollar, without a corresponding increase in the spot price of gold.

In January 2000, the Corporation repaid the remaining balance on its project loan. Thus, all cash on hand is unrestricted and available to the Corporation to use in financing its growth activities. Effective April 6, 2000, the Corporation acquired a 49% interest in the Denton-Rawhide Mine and 100% of Mirage. It is the Corporation's intention to work aggressively at advancing the El Dorado late stage gold exploration property located in El Salvador, which was owned by Mirage and is now 100% owned by the Corporation. The Corporation raised a total of $8,640,000 pursuant to the private placement of Special Warrants.

USE OF PROCEEDS

The net proceeds of $8,640,000 from the Offering was placed in escrow with the Trustee pursuant to the terms of the Special Warrant Indenture. The net proceeds will be released to the Corporation at the Time of Expiry.

The Corporation intends to use the net proceeds as follows:

Exploration and development of El Dorado Property[1]	$ 8,065,200
Estimated costs of this Offering	$ 150,000
General Working Capital	$ 424,800
TOTAL	$8,640,000

Notes: (1) See "Properties – El Salvador Exploration Properties".

As at March 31, 2000, the Corporation had working capital of US$4,697,000, not including the net proceeds from the Offering.

RISK FACTORS

An investment in the Common Shares is speculative and involves a significant degree of risk. In addition to the other information contained in this prospectus, prospective investors should carefully consider the following factors in evaluating the Corporation and its business:

Risks Associated with Mining

Gold Price Volatility

The Corporation's ability to generate profits from its mining operations is directly related to the international price of gold. The gold price has a history of extreme volatility and there can be significant upward or downward movements in price in a short period of time. If the gold price declines below the cost of production at either of the Corporation's two producing mines, the Corporation may be required to reduce its estimate of reserves and it may determine that future commercial production is not a viable alternative. The premature closure of a mining operation would significantly advance in time, the estimated reclamation and closure costs of that operation, restricting the cash the Corporation has planned to utilize for other capital spending, exploration, development, or acquisition activities.

Gold prices historically have fluctuated widely and are influenced by a number of factors beyond the control or influence of the Corporation. Some industry factors which affect the price of gold include:

- industrial and jewellery demand;
- central bank lending or purchases or sales of gold stocks;
- forward sales of gold by producers and speculators;
- future level of gold production; and
- rapid short-term changes in supply and demand because of speculative or hedging activities by individuals or funds.

Gold prices are also affected by macroeconomic factors including:

- confidence in the global monetary system;
- expectations of the future rate of inflation;
- the availability and attractiveness of alternative investment vehicles;
- the general level of interest rates;

- the strength of, and confidence in the U.S. dollar, the currency in which the price of gold is generally quoted, and other major currencies; and
- global and regional political or economic events.

All of the above factors can, through their interaction, affect the price of gold by increasing or decreasing the demand or supply of gold.

The volatility of gold prices is illustrated by the following table of the high, average and low gold prices per ounce on the London Metals Exchange bullion market: (Source of Data - Gold Fields Mineral Services Ltd.).

Year	**High**	**Average**	**Low**	**Year**	**High**	**Average**	**Low**
	US$	**US$**	**US$**		**US$**	**US$**	**US$**
1988	$485	$437	$389	1994	$398	$384	$370
1989	$417	$381	$356	1995	$396	$384	$372
1990	$421	$384	$346	1996	$416	$388	$367
1991	$404	$362	$344	1997	$368	$331	$293
1992	$360	$344	$330	1998	$313	$294	$273
1993	$407	$360	$326	1999	$325	$252	$278

Risks Associated with Estimating Ore Reserves

Locating mineral deposits depends upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. Whether a mineral deposit once discovered will be commercially viable also depends on a variety of factors, some of which are the particular attributes of the deposit, such as size, grade, metallurgy and proximity to infrastructure, as well as metal prices which are highly cyclical, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, exporting of minerals, importing of materials, the importation of supplies and equipment, and environmental protection. In addition, ore reserves are also affected by future changes in gold prices, differences in ore grades, recovery rates and costs from those used in determining the reserves. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital.

Mining and Production Risks

Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions may be encountered in the mining process. The Corporation may become subject to liability for pollution, accidents or injury to employees, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Corporation's financial position. In addition, there are a number of uncertainties inherent in any program as to the location of economic ore reserves, the development of appropriate metallurgical processes, the receipt of necessary governmental permits, the construction of mining and processing facilities, and the appropriate financing thereof. Accordingly, there can be no assurance that the Corporation’s programs will yield new reserves to replace mined reserves and to expand current reserves.

The Corporation prepares estimates of future production which may or may not be achieved, Also, past production and cost levels may or may not be indicative of future production levels because of:

- the accuracy of ore reserves;
- the accuracy of estimates of production costs and recoveries;
- the availability of labour;
- the availability and cost of critical materials and supplies; and
- the mechanical availability and costs of plant and equipment.

Currency Fluctuations May Affect the Costs of Doing Business

The Corporation's activities are currently based in four countries, Canada, the United States, Chile and El Salvador. Gold and silver are sold in international markets at prices denominated in U.S. dollars. However, except for the Denton-Rawhide Mine in Nevada, a significant portion of the costs associated with the Corporation's activities in Chile and El Salvador are denominated in currencies, not directly related to the price of the U.S. dollar. The appreciation of these currencies vis a vis the U.S. dollar could increase the Corporation's cost of doing business in these countries.

Financing Risks

The Corporation has limited financial resources and has no assurance that operating cash flow will be sufficient (See "Gold Prince Volatility and Production Risks"), or that additional funding will be available to it to meet its capital spending obligations at producing mines, to further exploration and development of its projects or to fulfil its obligations under any applicable agreements. Although the Corporation has been successful in the past in obtaining financing through the sale of its securities, there can be no assurance that the Corporation will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with a possible loss of such properties, or restrict the continued production from mines in production.

Government Laws and Regulations

Andacollo, Mirage and Denton-Rawhide's operations and exploration activities are subject to a complex set of laws and regulations which govern the protection of the environment, waste disposal, worker safety, mine expansion and the protection of endangered and protected species. There may be costs and delays associated with compliance with these laws or regulations that could prohibit the Corporation from the development or expansion of a mine.

Mining operations have inherent risks and liabilities associated with possible pollution of the environment and with the disposal of waste products occurring as a result of mineral exploration or the production of metals from producing mines. Laws and regulations involving the protection and remediation of the environment and governmental policies and regulations for the implementation of such laws and regulations are constantly changing and are, in general, becoming more restrictive and more costly to abide by. Closure cost requirements could change from current estimates.

Each jurisdiction in which the Corporation operates has its own set of laws and regulations which govern mining and exploration activities. Such laws, in El Salvador in particular, remain to be finalized. It is possible that future changes in the laws governing the Corporation's operations, workforce, taxation, and closure plans could have adverse material affects on the Corporation's financial viability and ability to continue its business activities in that jurisdiction.

The Corporation's Insurance Coverage May Be Inadequate

The mining industry is subject to significant risks that could result in:

- damage to or destruction of property and facilities;
- personal injury or death;
- environmental damage and pollution;
- delays in production; or
- expropriation of assets and loss of title to mining claims.

While the Corporation has property, business interruption and liability insurance that it believes is appropriate for the level of risk incurred, it does not have political risk insurance for its assets in jurisdictions outside of the United States, nor does it carry insurance in the United States for environmental damage or pollution, because such coverage cannot be purchased at reasonable costs. This lack of insurance coverage could result in material economic harm to the Corporation if a significant claim against the Corporation should occur.

Competition for Other Assets

Significant and increasing competition exists for the limited number of gold acquisition opportunities available in Canada, the U.S., Central and South America and elsewhere. As a result of this competition, some of which is with large established mining companies having substantial capabilities and substantially greater financial and technical resources than the Corporation, the Corporation may be unable to acquire future potential gold mining properties on terms it considers acceptable. The Corporation also competes with other mining companies in the recruitment and retention of qualified employees.

Hedging Activities

The Corporation's primary business is the acquisition and development of gold properties and its revenue to date has almost entirely been derived from proceeds from, or related to, the sale of gold. See "Risk Factors – Risks Associated with Mining - Gold Price Volatility". Gold prices are subject to significant volatility and these changes, to the extent that the Corporation's production is unhedged, can significantly affect the Corporation's profitability and cash flow. Gold prices have declined steadily since the latter part of 1996, culminating in July 1999 with the lowest price in twenty years, and has since then essentially remained near or below US$300 per ounce.

The Corporation may utilize commodity instruments for other than trading purposes to protect the selling price of a portion of its gold production. The Corporation has in the past used a combination of fixed or spot deferred forward sales, puts and calls, as part of this hedging program. The proceeds derived from writing (selling) the calls have at times paid for the puts, and at other times puts have been closed out and the proceeds used to purchase further puts. The market risk to the Corporation's cash flow of the put instruments relates to the possible failure of the counterparties to honour their commitment to purchase the gold when the put price exceeds the appropriate spot price at maturity. The counterparties to the Corporation's put contracts are, however, large international credit worthy institutions. The market risk to the Corporation of its gold call contracts relate to the possibility that the Corporation may not produce sufficient gold at the appropriate time to meet the call obligations should they arise. All the Corporation's call obligations since December 31, 1998 have expired unexercised.

At March 31, 2000 the Corporation’s gold hedging program consisted of a 10,000 ounces spot deferred contract at a price of $314 per ounce, maturing in November 2000.

Conflicts of Interest

Certain directors of the Corporation are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Corporation will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Corporation may be exposed in its financial position at that time.

Dilution

The issue price of each Special Warrant which is exercisable for 0.05 of a Common Share will exceed the net tangible book value per Common Share as at March 31, 2000 by $0.64 representing a dilution of 29.1%. See “Dilution”.

Specific Risk Factors Associated with the Andacollo Gold Mine and the El Dorado Property

In addition to the risk factors discussed in “Risks Associated with Mining” and “Specific Risk Factors Associated with the Denton-Rawhide Mine” investors should also consider the following factors in evaluating the Corporation and its business:

Risks Associated with Foreign Operations

The Corporation's Andacollo Gold Mine is located in Chile and the El Dorado Property is located in El Salvador. Mineral exploration and mining activities in foreign countries are subject to risks normally associated with the conduct of business in foreign countries and in addition its business activities may be affected in varying degrees by political stability and government regulations as these evolve in sovereign nations. These risks include foreign labour disputes, invalidation of governmental orders, uncertain political and economic environments, war or civil disturbances, changes in laws, regulations and policies of governments, changes in foreign tax laws, delays in obtaining necessary permits, limitations on the repatriation of earnings and original investments and increased costs of and difficulty in obtaining financing.

Under the laws of Chile, all mineral rights are owned by the government. All uncultivated private and government-owned lands are open to exploration and are available through application for a mining permit, with the exception of certain gold placer areas reserved to the state. Land for which a mining permit is obtained is held through a nominal annual fee payment until operations begin. Chilean mining laws do not discriminate between nationals and foreigners.

In El Salvador, the government provides individuals and corporations a licence which provides the holder with the exclusive authority to explore for and locate mineral deposits within the licence area. These licences are normally granted for a term of three years, which may be extended once for an additional two year term by the government. Prior to the expiration of the exploration licence, the Corporation must successfully advance the project and apply to the government to convert the exploration licence to an exploitable concession. To date, no company has successfully obtained an exploitation concession in El Salvador since the new mining law was enacted in 1995. The Corporation's principal assets in El Salvador are two extended exploration licenses relating to the El Dorado Property. These extended exploration licenses expire on July 15, 2001. Under the current mining law of El Salvador, these licenses cannot be further extended. In order to convert these extended exploration licenses into exploitation concessions, the Corporation is required to make application prior to expiry of the exploration licenses. The application must be accompanied by, among other things, a feasibility study, a work program, an environmental impact study and a program of exploitation. Accordingly, there can be no assurance that the Corporation will be successful in converting the exploration licenses it controls in El Salvador into exploitation concessions.

The management of the Corporation uses its collective experience in international mineral exploration and development to assess the complex risk/reward relationships that exist in various countries. When determining whether or not to proceed with an investment in a particular country, management compares the potential benefits of a country's geological potential with the long-term political and economic risks. However, as with all other types of international business operations, currency fluctuations, exchange controls, changes to tax regimes and political action could impair the value of the Corporation's assets in such foreign jurisdictions.

Title to Properties

The Corporation's Andacollo Gold Mine and the El Dorado Property may be subject to prior unregistered agreements or transfers or local land claims and title may be affected by undetected defects. The Corporation is satisfied, however, that evidence of title to its Andacollo Gold Mine is acceptable by prevailing industry standards with respect to the current stage of exploration, development and production on this property. As part of its investigations, the Corporation investigated the title to the El Dorado property. However, the Corporation cannot guarantee that adverse claims to title will not arise in the future, nor can it express an opinion on how difficult the resolution of such claims would be under the laws of El Salvador.

Specific Risk Factors Associated with the Denton-Rawhide Mine

In addition to the risk factors discussed in "Risks Associated with Mining" and "Specific Risk Factors Associated with the Andacollo Gold Mine and the El Dorado Property" investors should also consider the following factors in evaluating the Corporation and its business.

Changes to the General Mining Law of 1872

The majority of the Denton-Rawhide Mine's mineral reserves and processing activities are located on unpatented lode and millsite claims located on U.S. federal public lands. The right to use such claims are granted under the General Mining Law of 1872. Unpatented mining claims are unique property interests in the United States, and are generally considered to be subject to greater title risk than other real property interests because the validity of unpatented mining claims is often uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations under the General Mining Law and the interaction of the General Mining Law and other federal and state laws, such as those enacted for the protection of the environment. Unpatented mining claims are subject to possible challenges of third parties or contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and maintenance, is dependent on strict compliance with a complex body of federal and state statutory or decisional law. In addition, there are few public records that definitively control the issues of validity and ownership of unpatentable mining claims. In recent years, the U.S. Congress has considered a number of proposed amendments to the General Mining Law. If adopted, such legislation could, among other things:

- impose a royalty on the production of metals or minerals from unpatented mining claims;
- reduce or prohibit the ability of a mining company from expanding its operations; and
- require a material change in the method of exploiting the reserves located on unpatented mining claims.

All of the foregoing could adversely affect the economic and financial viability of the Denton-Rawhide Mine.

DIRECTORS AND OFFICERS

The name, municipality of residence, positions with the Corporation and the principal occupation for the last 5 years of each of the directors and officers of the Corporation are as follows:

Name and Municipality of Residence	Office with the Corporation	Principal Occupations for Last 5 Years
William H. Myckatyn[3] North Vancouver, B.C.	Chairman of the Board, President, Chief Executive Officer and Director	President, CEO and Chairman of the Corporation, June 1998 to present; Mining consultant, April 1998 to June 1998; President and Chief Executive Officer and Director of Princeton Mining Corporation (a mining company), 1997 to 1998; President and Chief Executive Officer and Director of Gibraltar Mines Limited (a mining company), 1993 to 1996.
Catherine A. McLeod-Seltzer[2] West Vancouver, B.C.	Director	President and Director of Pacific Rim Mining Corp., 1997 to present; Director of Madison Enterprises Ltd. (since April 1997); Director of Corriente Resources Inc. (since November 1996); Director of Zen International Resources Inc. (since July 1996); President and Director of Arequipa Resources Ltd., November 1994 to September 1996; Director of Francisco Gold Corp. (since July 1993).
David K. Fagin[1][2] Englewood, Colorado	Director	Director of Western Exploration and Development Ltd., Chairman and CEO of Western Exploration and Development Ltd., 1996 – 2000; Chairman and CEO of Golden Star Resources , 1992 – 1996.
Douglas D. Donald[1][2] New York, N.Y.	Director	Independent Financial Advisor, 1996 to present; Director of Stillwater Mining Company (since 1997); Director of Piedmont Mining Company, Inc. (since 1997); Director of Repadre Capital Corporation (since 1997); Manager of Scudder Stevens and Clark's Gold Fund, 1995 – 1997.

Name and Municipality of Residence	Office with the Corporation	Principal Occupations for Last 5 Years
Paul M. Blythe[(3)] Collingwood, Ontario	Director	Vice-President, Special Projects, Billiton Metals Canada Inc. (a mining company), September 1998 to present; Mining Consultant, January 1998 to September 1998; President, Compania Minera Gibraltar Ltda., Chile, 1995 to December 1998.
Herman J. Wilton-Siegel[(1)(3)] Toronto, Ontario	Director	Partner, Torys (a law firm), 1993 to present.
Robert M. Buchan Toronto, Ontario	Director	Chairman, President and CEO of Kinross Gold Corporation, 1993 to present.
John W. Ivany Toronto, Ontario	Director	Executive Vice-President of Kinross Gold Corporation 1996 to present. President of St. Philips Resource Corporation (a mining company), September 1995 to July 1996; Vice-President of Consolidated Ramrod Gold Corporation (a mining company), September 1993 to September 1995.
Scott M. Brunsdon Vancouver, British Columbia	Senior Vice-President and Chief Financial Officer	Senior Vice-President and Chief Financial Officer of the Corporation, December 1999 to present; Vice-President and Chief Financial Officer of Placer Dome North America, August 1997 – May 1999; Vice-President Finance and Administration and Chief Financial Officer; Placer Dome U.S. Inc., May 1991 - September 1997.
Diane Thomas Garrett Willis, Texas	Vice-President, Investor Relations and Corporate Development	Vice-President, Investor Relations and Corporate Development, 1994 to present.

Notes: (1) Member of Audit Committee
(2) Member Compensation Committee
(3) Member Environmental Committee

EXECUTIVE COMPENSATION

The following table sets forth all compensation paid in respect of the Chief Executive Officer of the Corporation in any of the years ended December 31, 1999, 1998 and 1997 and each of the Corporation's executive officers whose total salary and bonus exceeded $100,000 for the year ended December 31, 1999 (collectively, the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

		Annual compensation			Long-term compensation	
					Awards	
Name and principal position	Year	Salary	Bonus	Other	Options granted	All other compensation (5)
William H. Myckatyn	1999	$225,000	$90,000 (1)	-	687,500	$87,000
Chairman, President and Chief	1998	121,250	-	-	50,000 (3)	40,417
Executive Officer	1997	-	-	-	-	-
Robert J. MacDonald (2)	1999	183,333	-	$19,775	100,000 (3)	8,000
Former Senior Vice President,	1998	200,000	60,000 (4)	45,228	16,500 (3)	9,341
Finance, and Chief Financial Officer	1997	185,500	-	-	3,000 (3)	9,100
Diane Thomas Garrett	1999	178,776	-	8,220	50,000	7,077
Vice President, Corporate	1998	185,071	37,088 (4)	-	12,750 (3)	7,120

Development and Investor Relations	1997	166,100	-	-	2,000 (3)	6,600
Roland Horst (6) *President and* *Chief Executive Officer*	1999 1998 1997	- 110,678 -	- - -	- 800,000 -	- 30,000 (3) -	- 1,050 -
Wayne D. McClay (7) *President and* *Chief Executive Officer*	1999 1998 1997	- 61,813 346,100	- - -	- 1,112,625 -	- 10,000 11,000 (3)	- 2,250 13,500

Notes

(1) These bonuses were determined and paid in 2000 but pertain to 1999 compensation; $15,000 of the bonus paid to Mr. Myckatyn was paid by the issuance of 6,500 Common Shares at an effective price of $2.30 per share.
(2) Mr. MacDonald left the Corporation in November, 1999, at which time these options were cancelled.
(3) These options were cancelled.
(4) These bonuses were determined and paid in 1998 but pertain to 1997 compensation.
(5) Other compensation amounts represent contributions made by the Corporation on behalf of the Named Executive Officers to a Retirement Compensation Arrangement and/or Group RRSP Plan instituted by the Corporation.
(6) Mr. Horst was replaced as Chairman, President and Chief Executive Officer on June 17, 1998. All of his options were cancelled.
(7) These amounts were paid to Kevmac Developments Corp. and Alexim Developments Corp., private companies controlled by Wayne D. McClay, the former Chairman, President and Chief Executive Officer of the Company. Mr. McClay ceased his employment with the Company on February 3, 1998 and his then outstanding options were cancelled. He was subsequently granted 10,000 options.

Other Compensation Matters

There were no long-term incentive awards made to Named Executive Officers of the Corporation during the most recently completed financial year. The Corporation has entered into a Retirement Compensation Arrangement for William H. Myckatyn under which the Corporation contributed $75,000 during 1999. There were no pension plan benefits in place for any of the other Named Executive Officers during 1999.

Employment Agreements

The Company has entered into employment agreements with each of its Named Executive Officers. Under the terms of these agreements, in the event of termination of employment without cause, change in responsibilities or a change in control of the Corporation, William H. Myckatyn is entitled to 24 to 27.6 months salary depending on the specific circumstances, Diane Thomas Garrett is entitled to 24 months salary and Scott M. Brunsdon is entitled to one to 24 months salary depending on his length of service.

Options to Purchase Securities

There were options to purchase an aggregate of 837,500 Common Shares granted during 1999 to the Named Executive Officers as described in the following table:

OPTION GRANTS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

Name	Securities Under Options Granted	% of Total Options Granted to Employees in Financial Year	Exercise or Base Price ($/security)	Market value of Securities Underlying Options on the Date of Grant ($/security)	Expiration Date
William H. Myckatyn	500,000 187,500	36% 14%	$ 2.40 $ 1.86	$ 2.40 $ 1.86	April 27, 2004 June 29, 2004
Scott M. Brunsdon	100,000	7%	$ 1.90	$ 1.90	December 9, 2004
Diane Thomas Garrett	50,000	4%	$ 2.40	$ 2.40	April 27, 2004

Option Exercised and Notional Year End Option Values

No options were exercised by Named Executive Officers during 1999. The notional value of unexercised but exercisable/unexercisable options at year end is set out in the table below.

AGGREGATED OPTIONS EXERCISED DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR END OPTION VALUES				
Name	**Securities Acquired on Exercise (#)**	**Aggregate Value Realized ($)**	**Unexercised but Exercisable Options at Year End (#)**	**Value of Unexercised but Exercisable Options at Year End (1) ($)**
William H. Myckatyn	Nil	Nil	395,833	27,500
Diane Thomas Garrett	Nil	Nil	16,667	Nil
Scott M. Brunsdon	Nil	Nil	33,333	13,333

Notes

(1) Maximum notional values as at December 31, 1999 based upon a year end stock price of $2.30 per share.

Compensation of Directors

Each non-employee director of the Corporation receives an annual fee of $10,000 and board meeting and committee meeting fees of $1,000 and $500 respectively. An additional $1,500 annual fee is paid to non-employee directors who serve as committee chairmen. Directors are reimbursed for their travel and other expenses incurred in attending board and committee meeting. Directors may also, from time to time, invoice the Corporation for professional services rendered to the Corporation, at standard billing rates.

Compensation Committee

The Compensation Committee of the Board of the Directors of the Corporation is comprised of Catherine McLeod-Seltzer, David Fagin and Doug Donald. The Compensation Committee is responsible for reviewing the level and form of compensation payable to the senior officers of the Corporation and establishing human resource and conduct policies for the Corporation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, senior officer of principal shareholder of the Corporation, or associate or affiliate of any of the foregoing, has any other material interest, direct or indirect, in any transaction or in any proposed transaction which has materially affected or will materially affect the Corporation in the past three years, except as disclosed herein or as follows.

Messrs. Robert Buchan and John Ivany, directors of the Corporation, are also directors and officers of Kinross. Kinross sold to the Corporation a 49% interest in the Denton-Rawhide Mine, its 53.8% shareholding in Mirage and certain shareholder loans made by Kinross to Mirage in exchange for a total consideration of 9,042,049 Common Shares at an effective price of $2.26 per share. See “Properties – Denton-Rawhide Mine – Acquisition” and “Properties – El Salvador Properties – Acquisition”.

CONSOLIDATED SHARE CAPITAL

The pro forma capitalization of the Corporation as at December 31, 1999 and as at March 31, 2000 before giving effect to the distribution of the Special Warrants, but giving effect to the distribution of the Common Shares pursuant to the acquisition of Mirage Resource Corporation and a 49% interest in the Denton-Rawhide Mine and at April 1, 2000 which gives effect to the distribution of Common Shares under this prospectus and incorporates the one for 20 share consolidation effective at April 11, 2000 and as approved by shareholders on March 29, 2000. All figures are in thousands of USD.

Designation of Capital	Amount Outstanding as at December 31, 1999 (Audited)	Pro Forma Amount Outstanding as at March 31, 2000[(2) (5)] (Unaudited)	Amount Outstanding as at April 1, 2000 after giving effect to the consolidation and exercise of Special Warrants[(2)]
Indebtedness:			
Bank Indebtedness	$1,667	0	0
Capital Leases[(1)]	$6,729	$6,355	$6,355
Shareholders' Equity[(3)]			
Common Shares - $	$31,932	$46,695	$52,554
- number	351,356,779	540,661,385	31,123,978
Total Shareholders Equity	31,932	$46,695	$52,554
Special Warrants - $	-	$5,859	-
- number	-	81,818,182	-
Total Capitalization	$40,328	$58,909	$58,909

Notes:
(1) See note 9 of the notes to the audited financial statements attached hereto.
(2) Amounts are minus Underwriters commission of $360,000 and other estimated expenses of the Offering of $150,000 as described under "Use of Proceeds".
(3) An aggregate of 1,429,970 Common Shares are reserved for issuance upon exercise of outstanding stock options. See "Options to Purchase Common Shares".
(4) The retained earnings deficit at December 31, 1999 and March 31, 2000 was US$2,053,000 and US$4,304,000, respectively.
(5) A total of 189,049,606 pre-consolidation shares were issued to effect the acquisition of Mirage and the 49% interest in Denton-Rawhide at a price of $0.113 per share.

OPTIONS TO PURCHASE COMMON SHARES

Director and Employee Stock Options

There are currently options outstanding whereby an aggregate of 1,429,970 Common Shares may be purchased by the executive officers, directors, employees and consultants of the Corporation. These options are issued under the Corporation's 1999 Employee's and Director's Stock Option and Stock Bonus Plan. The following table sets out details of such outstanding options.

Stock Option Table

Designation	Number of Shares Optioned	Exercise Price per Common Share	Expiry Date	Market Value on Date of Grant
Executives				
1 person [(1)]	187,500	$1.86	June, 2004	$1.86
1 person [(1)]	100,000	$1.90	December, 2004	$1.90
1 person [(2)]	50,000	$2.40	April, 2004	$2.40
1 person [(2)]	500,000	$2.40	April, 2004	$2.40
Non-Executive Directors				
6 People[(1)]	300,000	$2.40	April, 2004	$2.40
Employees				
2 persons [(2)]	90,000	$2.40	April 2004	$2.40
13 persons[(2)]	142,500	$2.40	June, 2004	$2.40
4 persons[(1)]	500	$45.00	February, 2003	$45.00
9 persons[(1)]	1,600	$112.00	March, 2002	$112.00
10 persons[(1)]	2,235	$45.00	February, 2002	$45.00
5 persons [(1)]	500	$165.00	April, 2001	$165.00
2 persons	135	$93.00	July, 2000	$93.00

Designation		Number of Shares Optioned	Exercise Price per Common Share	Expiry Date	Market Value on Date of Grant
Consultants					
1 person[1]		45,000	$2.30	January, 2005	$2.30
1 person		10,000	$48.00	February, 2003	$48.00
	Total:	1,429,970			

Notes: (1) 1/3 vest on grant, 1/3 vest on first anniversary of grant, and 1/3 on second anniversary of grant.
(2) 2/3 vest on grant, 1/3 on first anniversary of grant.

Stock Option and Share Bonus Plan

The shareholders and the board of directors of the Corporation have approved and adopted a Stock Option and Stock Bonus Plan which provides for (i) the granting of incentive stock options (the "Option Plan") as well as (ii) the payment of bonuses in Common Shares of the Company (the "Bonus Plan"). The principal purpose of the Option Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Corporation. The total number of Common Shares which may be issued pursuant to the Option Plan is 2,500,000 Common Shares. The number of Common Shares which may be issued pursuant to the Option Plan to any one person shall not exceed 5% of the Common Shares issued and outstanding on a non-diluted basis. The price at which Common Shares may be issued under the Option Plan will be determined from time to time by the board of directors and, in any event, will be in compliance with the rules and policies of any stock exchange upon which the Common Shares are listed. Options may be granted at any time to any employee, consultant or outside director of the Corporation. The Option Plan provides that if an optionee who is a director of the Corporation ceases to be a director for any reason whatsoever, then any options held by such optionee shall fully vest and shall be exercisable in whole or in part from such date for the period which is the shorter of: (i) 12 months; and (ii) such shorter period determined by the board of directors at the time of grant of such options. Options to purchase up to 1,429,970 Common Shares have been granted under the Option Plan. However, to date, no Common Shares have been issued under the Option Plan.

The principal purpose of the Bonus Plan is to permit the Corporation to pay bonuses to employees, directors or consultants in Common Shares instead of cash in order to preserve the Corporation's cash reserves. A total of 500,000 Common Shares may be issued under the Bonus Plan. To date, a total of 12,750 Common Shares have been issued under the Bonus Plan.

The Stock Option and Stock Bonus Plan are administered by the Compensation Committee of the board of directors.

DILUTION

The following table sets forth the dilution per Common Share as at April 7, 2000 based on the balance sheet of the Corporation as at that date and after giving effect to this Offering.

	Per Share
Offering Price	$2.20
Net tangible book value before giving effect to this Offering	$1.482
Increase in net tangible book value attributable to this Offering[1]	$2.075
Net tangible book value after giving effect to this Offering[1]	$1.560
Dilution to new investors per share[1]	$0.640
Percentage of dilution in relation to Offering price	29.1%

Note: (1) As at April 7, 2000, an aggregate of 1,429,970 Common Shares are reserved for issuance upon exercise of outstanding stock options. See "Director and Employee Stock Options". These Common Shares reserved for issuance have not been included in the above calculation.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Corporation, as of April 7, 2000 no person beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the votes attached to the Common Shares of the Corporation except as stated below:

		Before Giving Effect to this Offering (1)		After Giving Effect to this Offering(1)	
Name and Municipality of Residence	**Type of Ownership**	**No. of Common Shares**	**% of Common Shares Outstanding**	**No. of Common Shares**	**% of Common Shares Outstanding**
Kinross Gold Corporation(2) Toronto, Ontario	of record and beneficial	9,094,349	33.6%	10,003,440	32.1%
BGR Precious Metal Funds Toronto, Ontario	of record and beneficial	2,629,125	9.7%	4,447,307	14.3%

Notes: (1) Calculated without giving effect to any Common Shares issuable pursuant to unexercised employee/director stock options. See "Options to Purchase Common Shares". As at April 7, 2000, there are 31,123,979 Common Shares issued and outstanding.

(2) Kinross Gold Corporation acquired a total of 18,181,818 Special Warrants under the private placement of Special Warrants, and BGR Precious Metal Funds acquired a total of 36,363,636.

As at April 7, 2000, the directors and senior officers of the Corporation, as a group, beneficially owned, directly or indirectly, 12,375 Common Shares representing less than 0.1% of the issued Common Shares.

Kinross, Kinross Rawhide and Kinross Fallon (collectively, "the Investors") and the Corporation have entered into a prospectus qualification and standstill agreement dated April 6, 2000 (the "Qualification and Standstill Agreement"). Under the Prospectus Qualification and Standstill Agreement, the Corporation agrees to nominate for election to the Corporation's board of directors: (a) two nominees of Kinross so long as Kinross and its affiliates hold greater than 15% of the Common Shares calculated on a non-diluted basis and; and (b) one nominee of Kinross so long as Kinross and its affiliates hold less than 15% but greater than 5% of the Common Shares on a non-diluted basis. The initial nominees of Kinross on the Corporation's board of directors are Robert M. Buchan and John W. Ivany.

Under the terms of the Qualification and Standstill Agreement, the Corporation has agreed to grant the Investors certain piggyback and demand prospectus qualification rights relating to any Common Shares or securities exchangeable, convertible or exercisable for Common Shares owned at any time by the Investors (the "Investors Securities"). Should the Corporation qualify any Common Shares or securities exchangeable, convertible or exercisable for Common Shares for distribution under the Securities Acts of any Province of Canada other than Quebec or Nova Scotia, then, so long as the Investors collectively hold greater than 20% of the issued and outstanding Common Shares on a non-diluted basis (a "Substantial Interest"), the Corporation shall also qualify for distribution all Investors Securities which the Investors wish to sell. In the event the underwriters of the offering are of the opinion that the distribution of all or part of the Investors Securities will materially and adversely affect the offering proposed by the Corporation, then the Corporation shall not be required to qualify for distribution the Investors Securities. In connection with each qualification of Investors Securities under the piggyback qualification rights, the Corporation shall pay all expenses incidental to the distribution excluding the following which shall be paid by the Investors: (i) any underwriting fees and commissions and applicable transfer taxes, if any, and any prospectus filing fees based upon the number of Common Shares sold and (ii) all fees and disbursements of counsel to the Investors.

The Investors shall have the right to demand that the Corporation qualify for distribution, under the Securities Acts of all of the Provinces of Canada other than Quebec or Nova Scotia, all or any portion of the Investors Securities requested by the Investors provided that: (i) the bona fide estimated aggregate market value of Investors Securities requested to be qualified shall be at least $10,000,000 or, if less, the aggregate market value of all of the remaining Investors Securities; (ii) the proposed distribution is pursuant to a bona fide underwriting and the underwriters agree not to resell any of the Investors Securities pursuant to an offer to acquire where the Investors Securities subject to the offer to acquire, together with the offeror's securities, constitute in the aggregate 15% or more of the outstanding Common Shares at the date of completion of such sale. The Investors shall be entitled to a total of two demand qualifications. The Corporation shall be entitled to postpone any such demand qualification in certain stated events including if the Corporation's board of directors determines that such qualification would materially interfere with any pending material financing, acquisition or corporate reorganization or other material corporate development involving the Corporation. In connection with each demand qualification, the Corporation shall pay all expenses incidental to the qualification excluding the following which shall be paid by the Investors: (i) any underwriting fees and commissions and applicable transfer taxes, if any, and any prospectus filing fees based upon the number of Investors Securities sold; (ii) all fees and disbursements of counsel for the Corporation and its auditors; and (iii) all fees and disbursements of counsel to the Investors.

The Corporation has agreed to indemnify the Investors and any underwriter with respect to misrepresentations in any prospectus filed in connection with the demand or piggyback qualification rights described above except for a misrepresentation arising out of information furnished by the Investors.

The Investors agree that until October 6, 2000 they will not sell any Investors Securities without the prior consent of the Corporation's board of directors. The Investors further agree that, for a period from 6 months until 5 years after from closing of the acquisition of the Denton-Rawhide Mine, they will not sell any of the Investors Securities, pursuant to an offer to acquire where the Investors Securities subject to the offer to acquire, together with the offeror's securities, constitute in the aggregate 15% or more of the outstanding Common Shares at the date of completion of such sale, provided that this restriction shall not apply if the Investors Securities are sold: (a) under the registration rights described above; (b) pursuant to a "formal bid" or "issuer bid" (as those terms are defined in the *Securities Act* (British Columbia)) made to all members of the Corporation for all Common Shares; (c) pursuant to an amalgamation, arrangement or business combination involving the Corporation which is approved by the Corporation's board of directors; or (d) to an affiliate provided that the affiliate agrees to be bound by the terms and conditions of the Prospectus Qualification and Standstill Agreement.

The Investors each agree that, until the earlier of the date upon which the Investors no longer have a Substantial Interest and the date which is five years from the Closing Date, neither it nor any of its affiliates will, without the prior consent of a majority of the Corporation's board of directors:

(a) make, or in any way participate, directly or indirectly, in any solicitation of proxies to vote, or seek to advise or influence any person or entity with respect to the voting of any voting securities of the Corporation any manner or influence any other person or entity in respect of such a "solicitation" except a proxy solicitation by management for a general meeting of shareholders;

(b) make or in any way participate, directly or indirectly, in a requisition of a meeting of the Corporation Shareholders or influence any other person or entity with respect of such a "requisition";

(c) vote any shares of the Corporation in favour of any resolution to remove any or all of the directors of the Corporation;

(d) vote any shares of the Corporation in a manner to elect to the board of directors of the Corporation more than two directors who are, directly or indirectly, nominated by or representatives of Kinross and its affiliates;

(e) form, join or in any way participate in a group acting in concert with respect to any voting securities of the Corporation;

(f) make any public announcement with respect to, or submit to the Corporation or the Corporation's board of directors, a definitive or binding proposal for (with or without conditions) any take-over bid, acquisition, merger, amalgamation, arrangement or business combination or extraordinary transaction involving the Corporation or any of its subsidiaries or any of their respective securities or assets;

(g) otherwise act alone or in concert with others to seek control of the management, the Corporation's board of directors or policies of the Corporation;

(h) form, join, or in any way participate in a group which is acting in concert or in connection with any of the foregoing; and

(i) request publicly or otherwise that any of the foregoing restrictions be waived or amended.

PRIVATE PLACEMENT AND PLAN OF DISTRIBUTION

Private Placement

Pursuant to the Underwriting Agreement between the Corporation, Newcrest Capital Inc. and Dundee Securities Corporation (the "Underwriters"), the Underwriters agreed to purchase 81,818,182 Special Warrants at a price of $0.11 per Special Warrant pursuant to a private placement. The Corporation completed the private placement on March 1, 2000 pursuant to exemptions from prospectus requirements under applicable securities legislation pursuant to subscription agreements (the "Subscription Agreements") between the Corporation and substituted purchasers. The price of $0.11 per Special Warrant was determined by negotiation between the Corporation and the Underwriters. The Corporation paid the Underwriters a commission of $360,000 at the closing of the private placement of the Special Warrants. No additional fee has been or will be paid to the Underwriters in connection with the issue of the Common Shares upon the exercise of the Special Warrants. The Common Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Common Shares or Purchase Warrants in the United States.

In the Underwriting Agreement, the Corporation has agreed to indemnify the Underwriters in respect of certain liabilities.

Special Warrants

The Special Warrants were issued under and are governed by the Special Warrant Indenture dated March 1, 2000 between the Corporation and the Trustee. The Corporation has agreed to use its commercially reasonable efforts to obtain the Receipts from the securities regulatory authorities in each of the provinces of British Columbia and Ontario for this prospectus dated on or before June 29, 2000. The Special Warrants are exercisable at any time on or before the Time of Expiry on the date which is the earlier of: (i) one year from the date of issue of the Special Warrants; and (ii) the date which is five business days following the issuance of the last Receipt. Any Special Warrants not exercised by the Time of Expiry will be deemed to be exercised immediately prior to the Time of Expiry.

Each Special Warrant entitles the holder thereof, upon exercise of the Special Warrant and without payment of any additional consideration, to receive 0.05 of a Common Share. In the event that the Receipts are not issued on or before June 29, 2000, holders of the Special Warrants will be entitled to receive 0.055 of a Common Share for each Special Warrant exercised.

The net proceeds of the private placement of Special Warrants less the Underwriters' Commission totals $8,640,000. This amount was placed in escrow with the Trustee under the terms of the Special Warrant Indenture (the "Escrowed Proceeds"). The Escrowed Proceeds will be released to the Corporation at the Time of Expiry.

DESCRIPTION OF SHARE CAPITAL

The authorized capital of the Corporation currently consists of 1,000,000,000 Common shares without par value (the "Common Shares"). Effective April 7, 2000, the Common Shares were consolidated on a 20 for 1 basis. As of

April 7, 2000 after giving effect to the consolidation, there were 27,033,070 Common Shares issued and outstanding. All Common Share amounts and Common Share prices in this prospectus reflect the consolidation unless otherwise noted.

Common Shares

The holders of the Common Shares are entitled to receive notice of, attend and vote at all meetings of the members of the Corporation. The Common Shares carry one vote per share and have no par value. The holders of the Common Shares are entitled to receive dividends if, as and when declared by the board of directors of the Corporation. The Common Shares carry no preemptive rights, conversion rights, redemption provisions, sinking fund provisions or liability to further calls or to assessment by the Corporation. There are no restrictions on the repurchase or redemption of the Common Shares by the Corporation except under applicable securities laws and to the extent any such repurchase or redemption would render the Corporation insolvent.

DIVIDEND RECORD

The Corporation does not foresee the declaration or payment of any dividends on the Common Shares in the near future. Any decision to pay dividends on the Common Shares will be made by the board of directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time.

LEGAL MATTERS

Certain legal matters relating to the issuance and sale of Common Shares under this prospectus will be passed upon on behalf of the Corporation by Blake, Cassels & Graydon LLP, Vancouver, British Columbia, and on behalf of the Underwriters by Stikeman Elliott, Toronto, Ontario.

LEGAL PROCEEDINGS

[Dayton to consider. To insert]

PRIOR SALES

The Corporation has not issued any Common Shares during the last twelve months except as follows:

(a) The Corporation previously issued US$69 million principal amount of convertible subordinated unsecured debentures (the "Convertible Debentures"). Pursuant to a plan of arrangement of the Corporation approved by the shareholders of the Corporation and holders of Convertible Debentures, on March 31, 1999, the Corporation converted all of the Convertible Debentures into a total of 15,525,00 Common Shares at an effective price of US$4.44 per Common Share.

(b) The Corporation issued a total of 7,235,500 Common Shares at an effective price of $2.26 per share to Kinross Gold Corporation as consideration for the acquisition of a 49% interest in the Denton-Rawhide Mine on April 6, 2000. See "Properties - Denton-Rawhide Mine - Acquisition".

(c) The Corporation issued a total of 888,005 Common Shares at an effective price of $2.26 per share to the shareholders of Mirage Resource Consideration upon the amalgamation of Mirage Resource Corporation and Dayton Acquisitions Inc,. a wholly-owned subsidiary of the Corporation. In addition, the Corporation issued a total of 1,328,976 Common Shares to Kinross at an effective price of $2.26 per share as consideration for the acquisition by the Corporation of shareholder loans made by Kinross to Mirage. See "Properties - El Salvador Properties - Acquisition".

The following tables list the volume of trading and high and low prices on The Toronto Stock Exchange and the American Stock Exchange for the Dayton Shares for the period ended (all share amounts are converted to reflect the 20 to 1 consolidation):

Toronto Stock Exchange

		High	Low	Volume
2000	April 1- 14	Cdn. $2.20	Cdn. $1.53	2,001,723
	March	$2.80	$2.10	1,359,226
	February	$3.00	$2.20	2,971,538
	January	$2.60	$2.00	1,809,683
1999	Q4	$3.00	$1.80	2,367,491
	Q3	$3.40	$1.80	3,456,295
	Q2	$3.40	$1.60	3,233,914
	Q1	$8.00	$2.20	362,479
1998	Q4	$24.00	$6.20	139,163
	Q3	$20.40	$7.00	218,145
	Q2	$47.80	$19.00	360,831
	Q1	$57.00	$32.00	544,547

The American Stock Exchange

		High	Low	Volume
2000	April 1- 14	US $1.88	US $1.06	2,150,150
	March	$2.18	$1.56	845,250
	February	$2.18	$1.56	1,002,425
	January	$1.88	$1.26	400,715
1999	Q4	$2.20	$1.00	940,800
	Q3	$2.60	$1.00	837,905
	Q2	$2.60	$1.00	1,164,440
	Q1	$6.20	$1.20	908,635
1998	Q4	$16.20	$3.80	237,230
	Q3	$15.00	$5.00	389,665
	Q2	$32.60	$12.60	173,665
	Q1	$40.00	$22.60	118,265

AUDITOR, TRANSFER AGENT AND REGISTRAR

PricewaterhouseCoopers, LLP, Vancouver, British Columbia, has been the Corporation’s auditor since 1995. The transfer agent and registrar of the Corporation is Montreal Trust Company of Canada of 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, telephone (604) 661-0244.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which have been entered into by the Corporation within the past two years:

A. Underwriting Agreement between the Corporation, Newcrest Capital Inc. and Dundee Securities Corporation dated February 24, 2000 as described under “Private Placement and Plan of Distribution”.

B. Special Warrant Indenture dated March 1, 2000 between the Corporation and Montreal Trust Company of Canada as described under “Private Placement and Plan of Distribution”.

C. Amalgamation Agreement dated February 13, 2000 among the Corporation, Dayton Acquisitions Inc. and Mirage Resource Corporation as described under “Properties – El Salvadoran Exploration Properties –Acquisition of Mirage”.

D. Support Agreement dated February 13, 2000 between the Corporation and Kinross Gold Corporation as described under “Properties – El Salvador Exploration Properties –Acquisition of Mirage”.

E. Acquisition Agreement dated February 13, 2000 among the Corporation, Kinross Rawhide Mining Company, Kinross Fallon Inc. as described under “Properties – Denton-Rawhide Mine - Acquisition”.

F. Qualification and Standstill Agreement dated April 6, 2000 among the Corporation, Kinross Gold Corporation, Kinross Rawhide Mining Company and Kinross Fallon Inc. as described under “Properties – Denton-Rawhide Mine - Acquisition”.

G. Stock Option and Stock Bonus Plan as described under “Options to Purchase Common Shares”.

H. Report on the El Dorado Property prepared by JAMine, Inc., as described under “Properties - El Salvador - Eldorado Property”.

Copies of these agreements may be examined at the business office of the Corporation (see “the Corporation”) during normal business hours during the course of the distribution to the public of the Common Shares pursuant to the Offering described herein and for a further period of 30 days thereafter.

OTHER MATERIAL FACTS

There are no material facts relating to the securities proposed to be offered not disclosed elsewhere in this prospectus.

CONTRACTUAL RIGHT OF ACTION FOR RESCISSION

In the event that a holder of a Special Warrant, who acquires Common Shares upon the exercise of the Special Warrant as provided for in this prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder’s exercise of its Special Warrant(s) but also of the private placement transaction pursuant to which the Special Warrant was initially acquired, and shall be entitled in connection with such rescission to a full refund from the Corporation of all consideration paid to the Corporation on the acquisition of the Special Warrant. The foregoing is in addition to any other right or remedy available to a holder of the Special Warrant under Section 131 of the *Securities Act* (British Columbia) and Section 130 of the *Securities Act* (Ontario) or otherwise at law.

PURCHASERS’ STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several provinces securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus or any amendment contains a misrepresentation or is not delivered to the purchase, but such remedies must be exercised by the purchaser within the time limit prescribed by the securities legislation of this province. Each purchase should refer to any applicable provisions of the securities legislation of his province for the particulars of these rights or consult with a legal advisor.

CONSOLIDATED FINANCIAL STATEMENTS

Dayton Audited Consolidated Financial Statements
(for period ended December 31, 1999 and March 31, 2000)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Dayton Mining Corporation

The accompanying consolidated financial statements of the Company were prepared by management in accordance with accounting principles generally accepted in Canada, and within the framework of the summary of significant accounting policies in these consolidated financial statements. Management is responsible for all information in the annual report. All financial and operating data in the annual report is consistent, where appropriate, with that contained in the consolidated financial statements.

A system of internal accounting control is maintained in order to provide reasonable assurance that assets are safeguarded and that transactions are properly recorded and executed in accordance with management's authorization. This system includes established policies and procedures, the selection and training of qualified personnel and an organization providing for appropriate delegation of authority and segregation of responsibilities.

The Board of directors discharges its responsibilities for the consolidated financial statements primarily through activities of its Audit Committee composed of three directors, none of whom are members of management. This Committee meets with management to assure that it is performing its responsibility to maintain financial controls and systems and to approve the annual consolidated financial statements of the Company. The Audit Committee also meets with the independent auditors to discuss the scope and the results of their audit, their review of internal accounting controls and their audit report prior to submitting the consolidated financial statements to the Board of Directors for approval.

The consolidated financial statements have been audited on behalf of the directors by the Company's independent auditors, PricewaterhouseCoopers LLP, in accordance with Canadian generally accepted auditing standards. The auditors' report outlines the scope of their audit and their opinion on the consolidated financial statements.

"W.H. MYCKATYN"

W.H. Myckatyn
President, Chairman and
Chief Executive Officer

"S.M. BRUNSDON"

S.M. Brunsdon
Senior Vice President and
Chief Financial Officer

AUDITORS' REPORT

To the Directors of Dayton Mining Corporation

We have audited the consolidated balance sheets of Dayton Mining Corporation as at December 31, 1999 and 1998 and the consolidated statements of income, shareholders' equity and cash flows for the nine months ended December 31, 1999, the three months ended March 31, 1999 and the years ended December 31, 1998 and 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and the changes in its cash flows for the nine months ended December 31, 1999, the three months ended March 31, 1999 and the years ended December 31, 1998 and 1997 in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
February 14, 2000
Except note 19c, which is as of February 17, 2000

PRICEWATERHOUSECOOPERS LLP
Chartered Accountants

REVIEW ENGAGEMENT REPORT

To the Directors of Dayton Mining Corporation

We have reviewed the consolidated balance sheet of Dayton Mining Corporation as at March 31, 2000 and the consolidated statements of income, shareholders' equity and cash flow for the three months then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by Dayton Mining Corporation.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these consolidated financial statements are not, in all material respects, in accordance with generally accepted accounting principles.

Vancouver, Canada
April _____, 2000

PRICEWATERHOUSECOOPERS LLP
Chartered Accountants

CONSOLIDATED BALANCE SHEETS

In thousands of US dollars

	March 31, 2000 (unaudited)	At December 31 1999 (after comprehensive revaluation, note 1a)	At December 31 1998 (note 1b)
ASSETS			
Current assets			
Cash	$ 3,719	$ 3,669	$ 7,800
Restricted cash (note 7 and 19)	5,959	1,667	12,857
Investments in marketable securities (note 3)	174	175	348
Bullion settlements receivable	942	2,281	1,700
Other receivables	849	984	1,741
Inventories (note 4)	9,567	9,058	8,988
	21,210	17,834	33,434
Property, plant and equipment (note 5)	25,706	26,847	45,016
Deferred stripping	4,050	3,800	-
Other assets (note 6)	295	63	2,913
	$51,261	$48,544	$81,363
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 7,235	$ 6,745	$ 7,063
Operating line of credit (note 8)	1,400	1,401	-
Bank loan (notes 7 and 19)	-	1,667	16,190
Capital lease obligation (note 9)	1,495	1,495	3,376
Convertible debentures – liability	-	-	2,415
	10,130	11,308	29,044
Deferred revenue (note 11)	424	-	-
Bank loan (notes 7 and 19)	-	-	1,667
Capital lease obligation (note 9)	4,860	5,234	5,319
Convertible debentures – liability (note 1)	-	-	12,404
Accrued closure costs	2,290	2,123	1,363
	7,574	7,357	20,753
SHAREHOLDERS' EQUITY			
Share capital (note 10)	31,952	31,932	59,251
Special Warrant	5,859	-	-
2000 – 351,611,779 shares			
1999 – 351,356,779 shares			
1998 – 40,856,779 shares			
Convertible debentures – equity (note 1)	-	-	48,210
Deficit	(4,254)	(2,053)	(75,895)
	33,557	29,879	31,566
	$51,261	$48,544	$81,363

Approved by the Board of Directors:

"W.H. Myckatyn"	"D.K. Fagin"
W.H. MYCKATYN	D.K. FAGIN
Director	Director

See accompanying notes to the financial statements

CONSOLIDATED INCOME STATEMENTS

In thousands of US dollars

		After comprehensive revaluation	Before comprehensive revaluation		
	Three months ended March 31, 2000 (unaudited)	Nine months ended December 31, 1999	Three months ended March 31, 1999	Year ended December 31, 1998	Year ended December 31, 1997
Revenues					
Sales (note 12)	$7,369	$26,320	$10,182	$29,971	$ 32,401
Cost of sales					
Operating costs	7,113	21,320	6,479	21,755	20,866
Depreciation, depletion and amortization	1,260	4,700	2,180	7,690	6,894
	8,373	26,020	8,659	29,445	27,760
	(1,004)	300	1,523	526	4,641
Expenses					
Amortization of deferred financing costs	-	-	115	641	1,168
Exploration	316	72	66	610	950
Foreign exchange	246	(133)	(109)	802	(254)
General and administrative	483	1,589	529	4,809	2,479
Interest expense	186	816	608	3,961	5,212
Interest income	(34)	(218)	(96)	(1,778)	(3,188)
Writedown of property, plant and equipment	-	-	-	33,312	15,676
Writedown of marketable securities	-	227	-	525	638
	1,197	2,353	1,113	42,883	22,681
Net income (loss) for the period	$(2,201)	$ (2,053)	$ 410	$(42,357)	$(18,040)
Per share:					
Net income (loss) per share (note 15)	$ (0.01)	$ (0.01)	$ (0.02)	$ (1.13)	$ (0.51)

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

In thousands of US dollars

	Share Capital	Special Warrants	Convertible debentures – equity	Retained earnings (Deficit)	Total
At December 31, 1998	$ 59,251	-	$ 48,210	$ (75,895)	$ 31,566
Debenture equity accretion during period	-	-	1,029	(1,029)	-
Net income for the period, January 1, 1999 to March 31, 1999	-	-	-	410	410
Estimated restructuring costs	(950)	-	-	-	(950)
Reallocated to share capital for "fresh star" (note 1a.)	(76,514)	-	-	76,514	-
Revaluation adjustment for "fresh start" (note 1a.)	50,037	-	(49,239)	-	798
At March 31, 1999	31,824	-	-	-	31,824
Net loss for the period, April 1, 1999 to December 31, 1999	-	-	-	(2,053)	(2,053)
Adjustment for actual restructuring costs	108	-	-	-	108
At December 31, 1999	31,932	-	-	(2,053)	29,879
Net loss for the period, January 1, 2000 to March 31, 2000	-	-	-	(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

See accompanying notes to the financial statements

CONSOLIDATED STATEMENTS OF CASH FLOW

In thousands of US dollars

	Three months ended March 31, 2000 (unaudited)	After comprehensive revaluation — Nine months ended December 31, 1999	Before comprehensive revaluation — Three months ended March 31, 1999	Before comprehensive revaluation — Year ended December 31, 1998	Before comprehensive revaluation — Year ended December 31, 1997
Net income (loss) for the period	$ (2,201)	$ (2,053)	$ 410	$ (42,357)	$ (18,040)
Adjustment to reconcile net income (loss) to cash provided by operations:					
Depletion, depreciation and amortization	1,260	4,700	2,180	7,690	6,8894
Foreign exchange	246	(133)	(109)	802	(254)
Amortization of deferred financing costs	-	-	115	641	1,168
Amortization of deferred foreign exchange	-	-	-	2,762	464
Amortization of other assets	6	14	8	28	33
Amortization of gold contracts	-	3,400	-	-	-
Writedown of property, plant, and equipment	-	-	-	33,312	15,676
Writedown of marketable securities	-	227	-	526	638
Cash flow from operations	(689)	6,155	2,604	3,404	6,579
Bullion settlements receivable	1,339	(347)	(234)	229	(607)
Other receivables	135	131	114	767	(1,831)
Inventories	(509)	542	(4)	(2,769)	(1,150)
Accounts payable	491	(355)	(341)	1,891	645
Deferred revenue	424	-	-	-	-
Accrued closure costs	167	349	53	357	365
Cash flow provided by operating activities	1,358	6,475	2,192	3,879	4,001
Investing Activities					
Purchases of marketing securities	-	-	-	(327)	(1,186)
Purchases of property, plant and equipment	(119)	(223)	(339)	(10,739)	(12,176)
Settlements with contractors	-	676	-	-	-
Deferred stripping	(250)	(3,800)	(1,400)	(6,219)	-
Other assets	(239)	(19)	44	260	158
Cash flow used for investing activities	(608)	(3,366)	(1,695)	(17,025)	(13,204)
Financing Activities					
Restricted cash	(4,292)	333	10,857	1,826	(10,210)
Operating line of credit	-	1,401	-	-	-
Principal repayments of bank loan	(1,667)	(4,333)	(11,857)	(23,854)	(3,155)
Capital lease obligation	(374)	(1,121)	(844)	945	379
Issuance of share capital	20	-	-	-	149
Issuance of special warrants	5,859	-	-	-	-
Convertible debenture	-	(2,415)	-	(4,692)	59,338
Cash flow provided by (used for) financing activities	(454)	(6,135)	(1,844)	(25,775)	46,501
Foreign exchange	(246)	133	109	(802)	254
Net increase (decrease) in cash	50	(2,893)	(1,238)	(39,723)	37,552
Cash, beginning of period	3,669	6,562	7,800	47,523	9,971
Cash, end of period	$ 3,719	$ 3,669	$ 6,562	$ 7,800	$ 47,523

See accompanying notes to the financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At December 31 and March 31
Tables stated in thousands of US dollars

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

The Company owns the Andacollo Gold Mine, an open-pit, heap-leach mine in Chile. The mine commenced commercial production on January 1, 1996.

Basis of presentation

The consolidated financial statements are presented in accordance with generally accepted accounting principles applicable in Canada.

These financial statements include the accounts of the Company's wholly owned subsidiaries, Dayton Mining (U.S.) Inc., DMC Cayman Inc., Andacollo Gold Inc., La Serena Inc., Dayton Chile Exploraciones Mineras Limitada and Compañía Minera Dayton.

a. *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 principals. 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.

At March 31, 1999, the date of the comprehensive revaluation, the effect on each major class of assets, liabilities and shareholders' equity resulting from the financial reorganization was:

	Before revaluation	Change	After revaluation
Current assets	$ 21,309	$ 327	$ 21,636
Property, plant and equipment	44,575	(12,575)	32,000
Other assets	2,741	717	3,458
Assets	$ 68,625	$ (11,531)	$ 57,094
Current liabilities	$ 22,545	$ 950	$ 23,495
Convertible debentures – liability	12,687	(12,687)	-
Other long term liabilities	1,416	358	1,774
Liabilities	$ 36,648	$ (11,379)	$ 25,269
Share capital	$ 59,251	$ (27,427)	$ 31,824
Convertible debentures – equity	49,239	(49,239)	-
Deficit	(76,514)	76,514	-
Shareholders' equity	$ 31,976	$ (152)	$ 31,824

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 balance sheet at December 31, 1998, a statement of shareholders' equity, comparative to income statements, and comparative statements of cash flows for certain prior periods have been presented. Segmented information for certain comparative periods has also been presented. The comparative information does not reflect any of the adjustments required to record the "fresh start".

b. ***Change in reporting currency***

The consolidated financial statements have historically been expressed in Canadian dollars. As a result of sales revenues and a significant portion of expenses, assets and debt being denominated in, or determined with reference to, United States dollars, the US dollar has become the principal currency of the Company's business. Accordingly, the US dollar has been adopted as the reporting currency and the currency of measurement effective January 1, 1999.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash includes unrestricted cash on hand, demand deposits, and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values.

Property, Plant and Equipment and Deferred Stripping

Property, plant and equipment is stated at estimated fair value at April 1, 1999 less accumulated depreciation using the unit of production method over proven and probable reserves.

Annually, reviews are undertaken to evaluate the carrying values of operating mines and development properties. If it is determined that the net recoverable amount is significantly less than the carrying value and the impairment in value is likely to be permanent, a writedown to the net recoverable amount is made by a charge to earnings.

All exploration expenditures are expensed as incurred. Significant property acquisition payments for active exploration properties are capitalized. If no mineable orebody is discovered, previously capitalized costs are expensed in the period the property is abandoned. Expenditures for the development of new mines, to define further mineralization in existing orebodies, and to expand the capacity of operating mines, are capitalized and amortized on a units of production basis over recoverable ounces.

Costs of waste rock removal associated with current mining operations are deferred and charged to operating expenses on the basis of average stripping ratio for the mine. The stripping ratio is defined as tonnes of waste to be mined over tonnes of ore to be mined.

Marketable Securities

Marketable securities are carried at the lower of cost and market value.

Inventories

Production inventories, comprising ore on the leach pads and gold in process, and mine operating supplies are valued at the lower of average cost and net realizable value.

Convertible Debentures

Upon issuance, the convertible debenture was classified into its equity and financial liability components. The financial liability was accreted by way of a charge to earnings and interest payments were applied against the accrued financial liability. Accretion of the equity instrument was recorded as a direct charge to retained earnings. On March 31, 1999, the convertible debenture was converted into common shares of the Company (see note 1a.)

Stock-based Compensation Plan

The Company has a stock-based compensation plan, which is described in note 10c. No compensation expense is recognized for this plan when stock options are issued to directors, employees or consultants as exercise price equals market price at the time of the grant. Consideration paid by directors, employees or consultants on exercise of stock options or purchase of shares is credited to share capital.

Revenue Recognition

Sales of precious metals are recorded at the estimated net realizable value when the metals are available for delivery.

Financial Instruments

The carrying amounts for cash and short term investments, restricted cash, bullion settlements receivable, accounts receivable and accounts payable on the balance sheet, based on relevant market information and information about financial instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The fair value of investments, bank debt, and line of credit are disclosed in notes 3, 7 and 8, respectively.

Closure Costs

Reclamation costs and related accrued liabilities, which are estimated based on the Company's interpretation of current environmental and regulatory requirements, are accrued and expensed principally by the units of production method based on estimated proven and probable reserves.

Hedging Transactions

To manage its exposure to fluctuations in the market price of gold and to establish minimum prices for certain of its future production, the Company enters into gold hedging contracts. Gains and losses on these contracts are not recognized in income until reflected in sales revenue when the related production is delivered. The estimated fair value of the Company's hedging program is disclosed in note 11.

Translation of Foreign Currency

The accounts of foreign operations are translated into United States dollars as follows:

- monetary assets and liabilities at the rates of exchange prevailing at the balance sheet date.
- other assets and liabilities at applicable historical exchange rates.
- revenues and expenses at the average rate of exchange for the year except for non-monetary expenses which are at the rates used for the translation of the related assets.
- exchange translation gains and losses are treated as a component of the related transaction and included in earnings or capitalized accordingly.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

At December 31 and March 31
Tables stated in thousands of US dollars

Concentration of Credit Risk

Cash includes cash and short-term deposits maturing within 90 days of the original date of acquisition. In order to limit its exposure, the Company diversifies its selection of counterparties for the placement of short-term deposits. The Company places its cash and short-term investments with major chartered banks or in high quality financial instruments. The Company believes that no concentration of credit risk exists with respect to cash and short-term investments.

3. INVESTMENTS IN MARKETABLE SECURITIES

		After reorganization	Before reorganization
	March 31, 2000	December 31, 1999	December 31, 1998
Investments in publicly traded shares	$ 174	$ 175	$ 348
Cost	$ 402	$ 402	$1,512

4. INVENTORIES

		After reorganization	Before reorganization
	March 31, 2000	December 31, 1999	December 31, 1998
Production inventory	$7,700	$7,400	$7,125
Supplies inventory	1,867	1,658	1,863
	$9,567	$9,058	$8,988

5. PROPERTY, PLANT AND EQUIPMENT

		After reorganization	Before reorganization
	March 31, 2000	December 31, 1999	December 31, 1998
Cost	$31,666	$31,547	$ 109,621
Accumulated writedown	-	-	(42,768)
Accumulated depreciation	(5,960)	(4,700)	(21,837)
	$25,706	$26,847	$ 45,016

6. OTHER ASSETS

		After reorganization	Before reorganization
	March 31, 2000	December 31, 1999	December 31, 1998
Deferred financing costs	$ -	$ -	$ 246
Deferred foreign exchange	-	-	2,512
Other assets	295	63	155
	$ 295	$ 63	$2,913

Tables stated in thousands of US dollars

7. BANK LOAN AND RESTRICTED CASH

		After reorganization	Before reorganization
	March 31, 2000	December 31, 1999	December 31, 1998
Restricted cash			
Special Warrant Escrow Account..........	$5,959	-	-
Andacollo Contingency Account	-	$ 1,667	$ 5,000
Deposit and Charge Account	-	-----	7,857
	$5,959	$ 1,667	$ 12,857

		After Reorganization December 31, 1999	Before reorganization December 31, 1998
Bank loan	March 31, 2000		
	$ -	$ 1,667	$ 17,857

a. *Bank Loan*

In October 1994 the Company entered into a $50,000,000 bank credit facility to finance the construction of the Andacollo Gold Mine. The credit facility was for a maximum of approximately five years and the loan principal was originally repayable in fourteen quarterly payments of approximately $3,571,000 beginning in October 1996. Interest was payable at LIBOR plus 1.25% (1998: LIBOR plus 1.25%). The assets of Compañía Minera Dayton were pledged as collateral for amounts borrowed under the credit facility. Under the credit facility the Company had to maintain certain financial ratios and achieve certain operating results on an ongoing basis.

On January 19, 2000, this loan was repaid in its entirety, all security under the loan agreement was released, and the restricted cash accounts were extinguished (see notes 7b and 19).

b. *Andacollo Contingency Account*

The "Andacollo Contingency Account" was held to satisfy the minimum principal repayments due under the terms of the bank loan. These funds would be available to the Company on an unrestricted basis when the loan was repaid. The funds were being invested in money market instruments and the interest income earned was received by the Company on a quarterly basis. On January 19, 2000, the bank loan was repaid and this restricted account was extinguished (see notes 7a and 19).

c. *Special Warrant Escrow Account*

In March, 2000 the Company issued 81,818,182 Special Warrants at a price of $0.076 per Special Warrant. Each Special Warrant is convertible without payment of further consideration into 0.05 of a common share of the Company once the Company obtains receipts for a prospectus from the securities commissions in Ontario and British Columbia, at which time the fund will be released to the Company. In the event receipts are not issued on or before June 29, 2000, holders of the Special Warrants will be entitled to receive 0.055 of a common share for each Special Warrant exercised.

8. OPERATING LINE OF CREDIT

In November 1999 a wholly-owned subsidiary of the Company entered into an unsecured operating line of credit agreement with a large Chilean bank. The operating line of credit has a limit of US$2,000,000 and may be drawn in either US or Chilean currency. Draws from the operating line of credit are repayable in 90 days with interest at an annualized rate of LIBOR plus 1.60%. The balance of the operating line of credit at December 31, 1999 is state at amounts that approximate fair value.

Tables stated in thousands of US dollars

9. CAPITAL LEASE

The Company has mining equipment whose purchase was originally financed by 5 year leases. In March 1999, the repayment schedule was revised to 21 quarterly principal repayments of approximately $374,000 each plus interest at LIBOR plus 3.25% (1998: LIBOR plus 3% to LIBOR plus 4%). At the end of the lease term, the equipment will be owned by the Company. Future minimum annual lease payments, net of interest, are:

2000	$ 1,495
2001	1,495
2002	1,495
2003	1,495
2004	749
	$ 6,729

A payment of $374,000 of principal was made in January 2000.

10. SHARE CAPITAL

a. *Authorized*

Authorized share capital of the Company consists of 1,000,000,000 (1998: 1,000,000,000) common shares without par value.

b. *Issued and Allotted*

	Number of shares
Issued and outstanding, December 31, 1997	40,856,779
Issued and outstanding, December 31, 1998	40,856,779
Issued on conversion of convertible debentures	310,500,000
Issued and outstanding, December 31, 1999	351,356,779
Issued pursuant to the Stock Bonus Plan	255,000
Issued and outstanding, March 31, 2000	351,611,779

c. *Options*

	Number	**Average Exercise price, Canadian dollars**	**Expiry**
Stock Options, December 31, 1998	4,427,100	$ 2.67	1999-2003
Issued during the year	29,400,000	$ 0.12	2004
Cancelled during the year	6,127,700	$ 1.82	1991-2004
Stock options, December 31, 1999	27,699,400	$ 0.15	-
Issued in January, 2000	900,000	0.115	2002
	28,599,400		
Vested as at December 31, 1999	12,681.162	$ 0.17	
Vested as at March 31, 2000	12,981,162	$0.169	

Tables stated in thousands of US dollars

The following table summarizes information about stock options outstanding to directors, employees or consultants at March 31, 2000.

Exercise price (Cdn$)	Expiry date	Number outstanding	Number vested
$ 0.09	June 29, 2004	3,750,000	1,250,000
0.095	February 1, 2002	900,000	300,000
0.10	December 9, 2004	2,000,000	666,667
0.12	April 27, 2004	18,800,000	9,599,997
0.12	June 16, 2004	450,000	150,000
0.12	June 29, 2004	2,400,000	800,000
2.25	March 26, 2002	44,700	29,799
2.25	February 15, 2003	10,000	6,666
2.40	February 4, 2003	200,000	133,333
4.65	July 5, 2000	2,700	2,700
5.60	March 26, 2002	32,000	32,000
8.25	April 14, 2001	10,000	10,000
		28,599,400	12,981,162

At December 31, 1999, the Company had a stock-based compensation plan, entitled the "1999 Employees' and Directors' Stock Option and Stock Bonus Plan". Under this plan, the Company may grant up to 50,000,000 options to directors, employees, or consultants to purchase common shares of the Company. The option price equals the market price of the Company's common shares on the date of the grant, and the term of the options is a maximum of five years. One third of the options granted under this plan vest immediately, another third vest on the first anniversary date of the grant, and the remainder vest on the second anniversary date of the grant. Also under this plan the Company may issue up to 10,000,000 common shares of the Company to directors, employees, or consultants as a stock bonus for past services actually performed for the Company.

11. GOLD CONTRACTS

At December 31, 1999, the Company's gold hedging program consisted of 30,000 ounces of spot deferred contracts at prices ranging from $304 to $314 per ounce, maturing at various dates from January 2000 to November 2000. The January contract designated for April delivery for 20,000 ounces at a price of $304 per ounce was rolled forward to April but subsequently closed in March. Deferred revenue of $424,000 will be recognized as revenue in April. The estimated fair value of the remaining contract at March 31, 2000 was 358,000.

The estimated fair value of the Company's gold contracts was $500,000 which represents the amount that the Company would have received on December 31, 1999 to settle these instruments prior to their expiry dates.

The credit risk exposure related to the Company's gold hedging activities is limited to the unrealized gains on outstanding contracts based on current market prices. The counterparties to the gold contracts are large international credit-worth institutions.

12. REVENUE

		After reorganization	Before reorganization		
	Three months ended March 31, 2000	Nine months ended December 31, 1999	Three months ended March 31, 1999	Year ended December 31, 1998	Year ended December 31, 1997
Gold sales	7,519	27,634	9,302	26,494	26,903
Gold contract proceeds	-	2,672	1,069	3,750	5,679
Royalties	(150)	(586)	(189)	(273)	(181)
		29,720	10,182	29,971	32,401
Amortization of gold contracts	-	(3,400)	-	-	-
Sales	7,369	26,320	10,182	29,971	32,401

Tables stated in thousands of US dollars

As a result of the “fresh start” accounting referred to in note 1a, the Company’s gold contracts were recognized as an asset at March 31, 1999 at their estimated fair value of $3,400,000. These gold contracts expired at various dates to December 31, 1999 and were recognized against revenue over the life of the original contracts.

13. INCOME TAXES

The Company has certain resource related deductions and other losses which are available to be offset against future taxable income. The benefits of these deductions and losses are not reflected in these financial statements as there is no virtual certainty that the benefits will be realized. The Company has tax loss carry-forwards and deductions available to be utilized in future years totaling approximately $0.1 million in Canada and $58 million in Chile.

The non-capital loss carry-forwards in Canada expire in 2006.

14. SEGMENTED INFORMATION

The Company has an operating gold mine in Chile, and administrative office in Canada.

		After reorganization			
	Three months ended March 31, 2000	Nine months ended December 31, 1999	Three months ended March 31, 1999	Year ended December 31, 1998	Year ended December 31, 1997
Total Assets					
Canada	$ 9,853	$ 5,280	$ 9,598	$ 20,228	
Chile	41,408	43,264	59,026	61,135	
Total	$51,261	$48,544	$68,624	$ 81,363	
Total property, plant and equipment					
Canada	$ -	$ -	$ -	$ -	
Chile	25,706	26,847	43,175	45,016	
Total	$25,706	$26,847	$43,175	$45,016	
Revenue, excluding interest income					
Canada	$ -	$ (728)	$ 1,069	$(1,997)	$ -
Chile	7,369	27,048	9,113	31,968	32,401
Total	$ 7,369	$26,320	$10,182	$29,971	$32,401
Depreciation, depletion and amortization					
Canada	$ -	$ -	$ -	$ -	$ -
Chile	1,260	4,700	2,180	7,690	6,894
Total	$ 1,260	$ 4,700	$ 2,180	$ 7,690	$ 6,894
Net income (loss)					
Canada	$ (449)	$(2,104)	$ 411	$ 2,732	$ (7,121)
Chile	(1,752)	51	(1)	(45,089)	(10,919)
Total	$ 2,201	$(2,053)	$ 410	$(42,357)	$(18,040)

15. LOSS PER SHARE

Loss per share has been calculated based on the weighted average number of shares outstanding. For periods prior to the reorganization, loss per share has been calculated by increasing the reported net loss by the amount of the increase in the carrying amount of the equity element of the convertible debentures. Fully diluted per share figures are not presented as they do not differ materially from the basic per share figures presented.

Tables stated in thousands of US dollars

16. COMMITMENTS

Net Smelter Royalty

The Company's 100% interest in the Andacollo Gold Mine is subject to a 2% net smelter royalty. The terms of the royalty call for minimum annual royalty payments of $200,000 payable quarterly in arrears until an aggregate of $5,000,000 in royalty payments have been made. To December 31, 1999 a total of $2,591,000 had been charged, and an additional US$147,380 was accrued for the first quarter of 2000.

17. SUPPLEMENTARY CASH FLOW INFORMATION

	After reorganization		Before reorganization		
	Three months ended March 31, 2000	**Nine months ended December 31, 1999**	**Three months ended March 31, 1999**	**Year ended December 31, 1998**	**Year ended December 31, 1997**
Interest paid during the year	$ 186	$ 888	$ 2,685	$ 5,483	$ 6,056

18. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is process. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Company, including those related customers, suppliers, or other third parties, have been fully resolved.

19. SUBSEQUENT EVENTS

a. *Bank Loan*

In January 2000, the bank loan was repaid in its entirety. All security under the loan agreement was released, and the restricted cash accounts were extinguished (see note 7).

b. *Proposed Business Combinations*

On February 11, 2000, the Board of Directors of the Company approved the acquisition of Kinross Gold Corporation's 49% joint venture interest in the Denton-Rawhide Mine in west central Nevada for 144,710,000 common shares of the Company. Concurrent with this transaction, the Board of Directors also approved the acquisition of 100% of the outstanding common shares of Mirage Resources Corporation, a company traded on The Toronto Stock Exchange, by way of an amalgamation for 17,750,090 common shares of the Company. The amalgamation is subject to approval by the shareholders of Mirage Resource Corporation and in the event such approval is not obtained, Kinross Gold Corporation has agreed to sell its 53.8% interest in Mirage to the Company for 9,551,466 common shares. The Board of Directors also approved the purchase from Kinross Gold Corporation, of a demand note due from Mirage Resources Corporation with an outstanding balance at December 31, 1999, f $2,671,033 plus any further principal advances to March 30, 2000 for 23,637,460 common shares of the Company of which approximately 1,061947 will be issued to satisfy advances made during the first quarter of 2000.

At a special meeting on March 29, 2000, the shareholders of the Company approved:

- 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 issuance of 4,090,909 post-consolidation common shares in respect of the Company's 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.

c. *Financing Agreement*

On February 17, 2000, the Company entered into an agreement for the sale of between a minimum of 81,818,182 to a maximum of 118,181,818 special warrants exercisable into common shares of the Company at a price of Cdn $0.11 per special warrant for gross proceeds of between Cdn $9 million to Cdn $13 million. Each special warrant will be exercisable into one common shares of the Company subject to the satisfaction certain terms and conditions. Closing of the special warrant transaction was scheduled to occur on or about March 1, 2000, and was subject to the execution of definitive legal documentation, regulatory and shareholder approvals.

The net proceeds of the financing will be held in escrow and only released to Dayton upon completion of the transaction referred to in note 19b above.

d. *Share Consolidation*

On March 29, 2000 the Members of the Company approved by special resolution a one for twenty consolidation of the common shares of the Company. This consolidation occurred on April 11, 2000.

CERTIFICATE OF THE CORPORATION AND PROMOTERS

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part 9 of the *Securities Act* (British Columbia) and Part XV of the *Securities Act* (Ontario) and the respective regulations thereunder.

Dated: April 19, 2000

"William H. Myckatyn"	"Scott M. Brunsdon"
WILLIAM H. MYCKATYN	SCOTT M. BRUNSDON
President and Chief Executive Officer	Chief Financial Officer

On behalf of the directors of the Corporation

"David K. Fagin"	"Catherine McLeod-Seltzer"
DAVID K. FAGIN	CATHERINE MCLEOD-SELTZER
Director	Director

CERTIFICATE OF THE UNDERWRITERS

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part 9 of the *Securities Act* (British Columbia) and Part XV of the *Securities Act* (Ontario) and the respective regulations thereunder.

Dated: April 19, 2000

NEWCREST CAPITAL INC.	DUNDEE SECURITIES CORPORATION
Per: “Gordon J. Bogden” GORDON J. BOGDEN	Per: “Richard M. Cohen” RICHARD M. COHEN

The following includes the names of every person or company having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of:

NEWCREST CAPITAL INC.:	a wholly-owned subsidiary of Newcrest Holdings Inc., which is owned by the employees of Newcrest Capital Inc.
DUNDEE SECURITIES CORPORATION:	a wholly-owned subsidiary of Dundee Wealth Management Inc.