

FINLAY MINERALS LTD.

FINANCIAL STATEMENTS

March 31, 2005

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited financial statements for the period ended March 31, 2005.

FINLAY MINERALS LTD.

Balance Sheets

As at

(Unaudited)

| | March 31, 2005 | December 31, 2004 <i>(audited)</i> |
|--|-------------------------|--|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash and short-term deposits | 955,398 | 918,215 |
| GST receivable | 2,575 | 130,970 |
| Interest and other amounts receivable | 3,189 | 8,019 |
| Prepaid expense | 6,273 | - |
| | <u>967,435</u> | <u>1,057,204</u> |
| Deferred mineral property costs | 3,150,400 | 3,132,588 |
| Reclamation deposit | <u>30,000</u> | <u>30,000</u> |
| | <u><u>4,147,835</u></u> | <u><u>4,219,792</u></u> |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | <u>29,566</u> | <u>76,886</u> |
| SHAREHOLDERS' EQUITY | | |
| Share capital (note 3) | 4,406,850 | 4,406,850 |
| Contributed surplus | 145,388 | 145,388 |
| Deficit | <u>(433,969)</u> | <u>(409,332)</u> |
| | <u>4,118,269</u> | <u>4,142,906</u> |
| | <u><u>4,147,835</u></u> | <u><u>4,219,792</u></u> |

FINLAY MINERALS LTD.
Statements of Operations and Deficit
For the three month period ended March 31,
(Unaudited)

| | 2005 | 2004 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Expenses | | |
| Advertising and promotion | - | 2,188 |
| Consulting | - | 1,940 |
| Insurance | - | 600 |
| Interest and bank charges | 3,711 | 86 |
| Investor relations | 6,785 | 2,500 |
| Office and administration | 4,366 | 1,665 |
| Professional fees | 2,747 | 2,347 |
| Rent | 5,400 | - |
| Telephone | 264 | 212 |
| Travel and accomodation | 963 | 2,428 |
| Trust and filing fees | 4,003 | 5,650 |
| Interest and miscellaneous income | <u>(3,602)</u> | <u>(702)</u> |
| | | |
| Net loss for the period | (24,637) | (18,914) |
| Deficit - beginning of period | <u>(409,332)</u> | <u>(208,312)</u> |
| Deficit - end of period | <u><u>(433,969)</u></u> | <u><u>(227,226)</u></u> |
| | | |
| Loss per share | <u>\$ (0.00)</u> | <u>\$ (0.00)</u> |
| Weighted-average number of common shares outstanding | <u><u>24,077,503</u></u> | <u><u>21,998,931</u></u> |

See notes to the financial statements

FINLAY MINERALS LTD.
 Statements of Cash Flows
 For the three month periods ended March 31,
(Unaudited)

| | 2005 | 2004 |
|---|-----------------------|-------------------------|
| | \$ | \$ |
| Cash provided by (used for): | | |
| Operating Activities | | |
| Net loss for the period | (24,637) | (18,914) |
| Changes in non-cash working capital components: | | |
| Due to/from related parties | - | (22,816) |
| Prepaid expense | (6,273) | (14,900) |
| Amounts receivable | 133,225 | (3,154) |
| Accounts payable and accrued liabilities | (47,320) | (130,992) |
| | <u>54,995</u> | <u>(190,776)</u> |
| Investing Activity | | |
| Deferred mineral property costs | <u>(17,812)</u> | <u>(26,606)</u> |
| Net cash provided (used) during the period | 37,183 | (217,382) |
| Cash - beginning of period | <u>918,215</u> | <u>2,232,448</u> |
| Cash - end of period | <u><u>955,398</u></u> | <u><u>2,015,066</u></u> |

FINLAY MINERALS LTD.
Statements of Deferred Mineral Property Costs
For the three month period ended March 31, 2005
(Unaudited)

| | Balance December 31, 2004 \$ | Net Expenditures \$ | Balance March 31, 2005 \$ |
|-------------------------------------|---------------------------------------|---------------------------|---------------------------------|
| BRITISH COLUMBIA | | | |
| Atty and Pil Claims | | | |
| Acquisition | 72,620 | 600 | 73,220 |
| Assay, IP and linecutting | 357,483 | 210 | 357,693 |
| Camp accommodations and travel | 710,557 | - | 710,557 |
| Drilling | 766,407 | - | 766,407 |
| Equipment rentals | 59,395 | - | 59,395 |
| Field Office expense | 54,838 | 1,360 | 56,198 |
| Geological and geophysical | 775,065 | 15,642 | 790,707 |
| Road constriction | 319,200 | - | 319,200 |
| | <u>3,115,565</u> | <u>17,812</u> | <u>3,133,377</u> |
| Gold I, II and Spruce Claims | | | |
| Acquisition | 1,854 | - | 1,854 |
| Assay, IP and linecutting | 4,656 | - | 4,656 |
| Camp accommodations and travel | 4,908 | - | 4,908 |
| Field office expense | 530 | - | 530 |
| Geological and geophysical | 5,075 | - | 5,075 |
| | <u>17,023</u> | <u>-</u> | <u>17,023</u> |
| Total Mineral Property Costs | <u><u>3,132,588</u></u> | <u><u>17,812</u></u> | <u><u>3,150,400</u></u> |

FINLAY MINERALS LTD.
Notes to the Financial Statements
March 31, 2005

1. **NATURE AND CONTINUANCE OF OPERATIONS**

The Company's major activity is the acquisition and exploration of mineral properties. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves. The Company does not generate cash flows from operations and has therefore relied principally upon the issuance of equity securities to finance its exploration activities. The Company intends to continue relying upon the issuance of equity securities to finance its operations and exploration activities to the extent that such instruments are issuable under terms acceptable to the Company. Accordingly, the Company's interim financial statements are presented on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates.

2. **ACCOUNTING PRINCIPLES AND USE OF ESTIMATES**

The accompanying unaudited interim financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These interim financial statements should be read in conjunction with the Company's annual audited financial statements dated December 31, 2004. All material adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods have been reflected. The results for the three month period ended March 31, 2005 are stated utilizing the same accounting policies as those reflected in the Company's most recent annual financial statements, but these interim figures are not necessarily indicative of the results to be expected for the full year.

3. **SHARE CAPITAL**

- a) Authorized share capital consist of: 200,000,000 common shares without par value.
100,000,000 Class A preference shares
100,000,000 Class B preference shares

Issued:

| | Number of shares | \$ |
|---|---------------------|-----------|
| Issued at December 31, 2004 and March 31, 2005 | 24,077,503 | 4,406,850 |

3. **SHARE CAPITAL** (continued)

b) Summary of stock options outstanding at March 31, 2005:

| Number of Options | Exercise Price \$ | Expiry Date |
|----------------------------------|----------------------|-----------------|
| 475,000 | 0.25 | August 15, 2007 |
| 525,000 | 0.35 | July 24, 2008 |
| 200,000 | 0.375 | May 20, 2009 |
| <u>1,200,000</u> | | |
| Weighted average exercise price: | \$ 0.31 | |
| Weighted average remaining life: | 3.08 years | |

There was no option activity for the period.

c) Summary of warrants outstanding at March 31, 2005:

| Number of Warrants | Exercise Price \$ | Expiry Date |
|-----------------------|----------------------|----------------|
| <u>725,000</u> | 0.60 | April 7, 2005* |

*Subsequently expired unexercised.

4. **RELATED PARTY TRANSACTIONS**

During the three month period ended March 31, 2005, the Company paid two directors and their private companies an aggregate of \$14,585 (year ended December 31, 2004 - \$34,213) for exploration, rental and administration and management services. These fees were paid in the normal course of operations and are measured at fair value as determined by management.

During the three month period ended March 31, 2005, the Company paid an aggregate of \$1,061 (year ended December 31, 2004 - \$19,621) in legal expenses to a director.

5. **COMMITMENT**

At March 31, 2005, the Company is committed on a "best efforts" basis to incur approximately \$434,000 (December 31, 2004 - approximately \$500,000) in eligible exploration expenditures prior to December 31, 2005 in order to complete obligations entered into under flow-through share purchase agreements.