

FINLAY MINERALS LTD.

Unaudited Interim Financial Statements

March 31, 2006

These financial statements have not been reviewed by the Company's auditors.

FINLAY MINERALS LTD.

Balance Sheets

As at

	March 31, 2006 (unaudited)	December 31, 2005
	\$	\$
A S S E T S		
Current		
Cash and short-term deposits	543,534	635,105
GST receivable	9,778	6,269
Prepaid expense	669	2,164
	<u>553,981</u>	<u>643,538</u>
Deferred mineral property costs	3,979,115	3,936,306
Reclamation deposit	30,000	30,000
	<u>4,563,096</u>	<u>4,609,844</u>
L I A B I L I T I E S		
Current		
Accounts payable and accrued liabilities	17,845	29,627
Due to related parties	-	22,090
	<u>17,845</u>	<u>51,717</u>
Future income taxes	1,222,808	1,029,507
	<u>1,240,653</u>	<u>1,081,224</u>
S H A R E H O L D E R S ' E Q U I T Y		
Share capital (note 3)	3,634,716	3,819,050
Contributed surplus	145,388	145,388
Deficit	(457,661)	(435,818)
	<u>3,322,443</u>	<u>3,528,620</u>
	<u>4,563,096</u>	<u>4,609,844</u>

See notes to the financial statements

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

	2006	2005
	\$	\$
Expenses		
Advertising and promotion	480	-
Interest and bank charges	2,061	3,711
Investor relations	-	6,785
Office and administration	865	4,366
Professional fees	1,610	2,747
Rent	-	5,400
Telephone	192	264
Travel and accomodation	721	963
Trust and filing fees	7,188	4,003
Interest income	(241)	(3,602)
	<hr/>	<hr/>
Loss before tax	(12,876)	(24,637)
Future income tax expense	(8,967)	-
	<hr/>	<hr/>
Net loss for the period	(21,843)	(24,637)
Deficit - beginning of period	(435,818)	(409,332)
Deficit - end of period	<u>(457,661)</u>	<u>(433,969)</u>
	<hr/>	<hr/>
Loss per share	\$ (0.00)	\$ (0.00)
Weighted-average number of common shares outstanding	<u>27,677,503</u>	<u>24,077,503</u>

See notes to the financial statements

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

	2006	2005
	\$	\$
Cash provided by (used for):		
Operating Activities		
Net loss for the period	(21,843)	(24,637)
Adjustment for item not affecting cash:		
Future income tax expense	8,967	-
	<u>(12,876)</u>	<u>(24,637)</u>
Changes in non-cash working capital components:		
Due to/from related parties	(22,090)	-
Prepaid expense	1,495	(6,273)
GST receivable	(3,509)	133,225
Accounts payable and accrued liabilities	(11,782)	(47,320)
	<u>(48,762)</u>	<u>54,995</u>
Investing Activity		
Deferred mineral property costs	<u>(42,809)</u>	<u>(17,812)</u>
Net cash (used) provided during the period	(91,571)	37,183
Cash - beginning of period	<u>635,105</u>	<u>918,215</u>
Cash - end of period	<u><u>543,534</u></u>	<u><u>955,398</u></u>

FINLAY MINERALS LTD.
Statements of Deferred Mineral Property Costs
For the three month period ended March 31, 2006
(Unaudited)

	Balance December 31, 2005	Net Expenditures	Balance March 31, 2006
	\$	\$	\$
BRITISH COLUMBIA			
Atty and Pil Claims			
Acquisition	73,220	-	73,220
Assay, IP and linecutting	397,024	19,163	416,187
Camp accommodations and travel	806,831	1,737	808,568
Drilling	1,052,424	-	1,052,424
Equipment rentals	96,676	200	96,876
Field Office expense	112,629	658	113,287
Geological and geophysical	1,045,776	19,667	1,065,443
Road constriction	351,726	1,384	353,110
	<u>3,936,306</u>	<u>42,809</u>	<u>3,979,115</u>
Total Mineral Property Costs	<u>3,936,306</u>	<u>42,809</u>	<u>3,979,115</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, 2005. 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, 2006 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.

Flow-through financing

The Company may issue securities referred to as flow-through shares, whereby the inventors may claim the tax deductions arising from the expenditure of the proceeds. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate), and share capital is reduced. Previously unrecognized tax assets may then offset or eliminate the liability recorded.

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, 2005	27,677,503	3,819,050
Future income tax costs*	-	(184,334)
Issued at March 31, 2006	27,677,503	3,634,716

*Associated with flow-through renunciations occurring during the current interim period.

3. **SHARE CAPITAL** (continued)

b) Summary of stock options outstanding at March 31, 2006:

Expiry Date	Exercise Price	December 31, 2005	Granted	March 31, 2006
	\$			
August 15, 2007	0.25	475,000	-	475,000
July 24, 2008	0.35	525,000	-	525,000
May 20, 2009	0.375	200,000	-	200,000
		<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>
Weighted average exercise price		<u>\$ 0.315</u>	<u>\$ -</u>	<u>\$ 0.315</u>
Weighted average remaining life		<u>2.30</u>		<u>2.08</u>

c) Summary of warrants outstanding at March 31, 2006:

Number of Warrants	Exercise Price	Expiry Date
	\$	
<u>2,550,000</u>	0.15	December 27, 2007

4. **RELATED PARTY TRANSACTIONS**

All these related party transactions were in the normal course of operations and are measured at their fair value as determined by management. The amounts are unsecured, bear no interest and have no fixed terms for repayment.

During the three month period ended March 31, 2006, the Company paid two directors and their private companies an aggregate of \$nil (December 31, 2005 - \$332,366) for exploration, rental and administration and management services and are owed \$nil (December 31, 2004 - \$14,934).

During the three month period ended March 31, 2005, the Company paid an aggregate of \$410 (December 31, 2005 - \$19,021) in legal expenses to a director and is owed \$nil (December 31, 2004 - \$7,156).

5. **COMMITMENT**

At March 31, 2006, the Company is to incur approximately \$194,072 (December 31, 2005 - approximately \$237,000) in eligible exploration expenditures prior to December 31, 2006 in order to complete obligations entered into under flow-through share purchase agreements.