

**FINLAY MINERALS LTD.**

Unaudited Interim Financial Statements

March 31, 2007

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

**FINLAY MINERALS LTD.**

## Balance Sheets

As at

	March 31, 2007 (unaudited)	December 31, 2006
	\$	\$
<b>A S S E T S</b>		
<b>Current</b>		
Cash and short-term deposits	240,974	324,445
GST receivable	5,038	41,416
Prepaid expense	9,790	6,373
Due from related parties	-	1,412
	<u>255,802</u>	<u>373,646</u>
Deferred mineral property costs	4,842,096	4,818,284
Reclamation deposit	30,000	30,000
	<u>5,127,898</u>	<u>5,221,930</u>
<b>L I A B I L I T I E S</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	20,355	80,584
Future income taxes	1,479,477	1,302,565
	<u>1,499,832</u>	<u>1,383,149</u>
<b>S H A R E H O L D E R S ' E Q U I T Y</b>		
Share capital (note 3)	3,945,685	4,122,597
Contributed surplus	205,836	199,934
Deficit	(523,455)	(483,750)
	<u>3,628,066</u>	<u>3,838,781</u>
	<u>5,127,898</u>	<u>5,221,930</u>

See notes to the financial statements

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

	2007	2006
	\$	\$
<b>Expenses</b>		
Advertising and promotion	6,335	480
Consulting	1,339	-
Interest and bank charges	594	2,061
Insurance	1,411	-
Office and administration	1,543	865
Professional fees	2,457	1,610
Stock based compensation	5,902	-
Telephone	209	192
Travel and accomodation	17,116	721
Trust and filing fees	5,397	7,188
Interest income	<u>(2,598)</u>	<u>(241)</u>
Loss before tax	(39,705)	(12,876)
Future income tax expense	<u>-</u>	<u>(8,967)</u>
Net loss for the period	(39,705)	(21,843)
Deficit - beginning of period	<u>(483,750)</u>	<u>(435,818)</u>
Deficit - end of period	<u><u>(523,455)</u></u>	<u><u>(457,661)</u></u>
Loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted-average number of common shares outstanding	<u><u>33,134,170</u></u>	<u><u>24,077,503</u></u>

See notes to the financial statements

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

	2007	2006
	\$	\$
<b>Cash provided by (used for):</b>		
<b>Operating Activities</b>		
Net loss for the period	(39,705)	(21,843)
Adjustment for item not affecting cash:		
Stock based compensation expense	5,902	-
Future income tax expense	-	8,967
	(33,803)	(12,876)
Changes in non-cash working capital components:		
Due to/from related parties	1,412	(22,090)
Prepaid expense	(3,417)	1,495
GST receivable	36,378	(3,509)
Accounts payable and accrued liabilities	(8,382)	(11,782)
	(7,812)	(48,762)
<b>Investing Activity*</b>		
Deferred mineral property costs	(75,659)	(42,809)
Net cash used during the period	(83,471)	(91,571)
Cash - beginning of period	324,445	635,105
Cash - end of period	240,974	543,534

\* **Supplemental Disclosure of Non-Cash Investing Activity**

*During the period ended March 31, 2007, the Company recorded \$51,847 in exploration expenditures recorded in accounts payable.*

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

	Balance December 31, 2006	Net Expenditures	Balance March 31, 2007
	\$	\$	\$
<b>BRITISH COLUMBIA</b>			
<b>Atty and Pil Claims</b>			
Acquisition	73,220	-	73,220
Assay, IP and linecutting	445,484	-	445,484
Camp accommodations and travel	912,131	3,870	916,001
Drilling	1,219,741	-	1,219,741
Equipment rentals	108,966	600	109,566
Field Office expense	115,318	-	115,318
Geological and geophysical	1,276,146	12,304	1,288,450
Road constriction	392,273	-	392,273
	<u>4,543,279</u>	<u>16,774</u>	<u>4,560,053</u>
<b>Silver Hope Claims</b>			
Acquisition	166,540	5,588	172,128
Assay, IP and linecutting	58,769	840	59,609
Camp accommodations and travel	6,667	-	6,667
Geological and geophysical	43,029	610	43,639
	<u>275,005</u>	<u>7,038</u>	<u>282,043</u>
<b>Total Deferred Mineral Property Costs</b>	<u>4,818,284</u>	<u>23,812</u>	<u>4,842,096</u>

**FINLAY MINERALS LTD.**  
Notes to the Financial Statements  
March 31, 2007

**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, 2006. 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, 2007 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 investors 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	Total Value	Contributed Surplus
		\$	\$
Issued at December 31, 2006	33,134,170	4,122,597	199,934
Future income tax costs*	-	(176,912)	5,902
Issued at March 31, 2006	<u>33,134,170</u>	<u>3,945,685</u>	<u>205,836</u>

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

3. **SHARE CAPITAL** (continued)

b) Summary of stock options outstanding at March 31, 2007:

Expiry Date	Exercise Price	December 31, 2006	Granted	March 31, 2007
	\$			
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
	0.21	500,000	-	500,000
		<u>1,700,000</u>	<u>-</u>	<u>1,700,000</u>
Weighted average exercise price		<u>\$ 0.28</u>	<u>\$ -</u>	<u>\$ 0.28</u>
Weighted average remaining life		<u>1.74</u>		<u>1.27</u>

c) Summary of warrants outstanding at March 31, 2007:

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, 2007, the Company paid two directors and their private companies an aggregate of \$20,154 (December 31, 2006 - \$301,218) for exploration and administration and management services and are owed \$Nil (December 31, 2006 were owed - \$1,142).

During the three month period ended March 31, 2007, the Company paid an aggregate of \$1,257 (December 31, 2006 - \$22,088) in legal expenses to a director.

## 5. COMMITMENT

At March 31, 2007, the Company is to incur approximately \$41,300 (December 31, 2006 - approximately \$59,000) in eligible exploration expenditures prior to December 31, 2007 in order to complete obligations entered into under flow-through share purchase agreements.

## 6. SUBSEQUENT EVENTS

In addition to items mentioned elsewhere in the notes, the following events occurred subsequent to March 31, 2007:

- The Company issued 4,521,737 flow-through units at \$0.23 per unit. Each unit consists of one flow-through share and one non-flow-through warrant exercisable at \$0.35 per share for one year and \$0.50 per share for the second year.