

FINLAY MINERALS LTD.

Interim Financial Statements

September 30, 2007

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

FINLAY MINERALS LTD.

Balance Sheets

As at

	September 30, 2007 (unaudited)	December 31, 2006
	\$	\$
A S S E T S		
Current		
Cash and short-term deposits	303,205	324,445
GST receivable	64,452	41,416
Prepaid expense	4,493	6,373
	<u>372,150</u>	<u>372,234</u>
Deferred mineral property costs	5,750,151	4,818,284
Reclamation deposit	30,000	30,000
	<u>6,152,301</u>	<u>5,220,518</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	144,510	80,584
Due to related parties	-	-
	<u>144,510</u>	<u>80,584</u>
Future income taxes	1,512,667	1,302,565
	<u>1,657,177</u>	<u>1,383,149</u>
SHAREHOLDERS' EQUITY		
Share capital (note 3)	4,880,528	4,122,597
Contributed surplus	247,401	199,934
Deficit	(632,805)	(483,750)
	<u>4,495,124</u>	<u>3,838,781</u>
	<u>6,152,301</u>	<u>5,221,930</u>

See notes to the financial statements

FINLAY MINERALS LTD.
Statements of Operations and Deficit
(Unaudited)

	For the Three Months ended September 30,		For the Nine Months ended September 30,	
	2007	2006	2007	2006
	\$	\$	\$	\$
Expenses				
Advertising and promotion	939	1,127	8,774	2,330
Bank charges and interest	77	542	1,167	5,468
Consulting	9,358	-	18,546	3,000
Insurance	-	252	1,963	252
Office	5,959	176	8,118	1,315
Professional fees	327	3,516	3,945	14,918
Shareholders communication		-	4,000	4,000
Stock-option compensation	-	7,423	47,468	47,813
Travel and accommodation	593	-	29,771	2,286
Telephone	126	196	542	591
Trust and filing	1,170	5,154	11,478	17,361
Interest income	(15,752)	(2,224)	(19,907)	(4,859)
Loss before tax	(2,797)	(16,162)	(115,865)	(94,475)
Future income tax (expense) recovery	(204,516)	(50,778)	(33,190)	69,405
Net (loss) income for the period	(207,313)	(66,940)	(149,055)	(25,070)
Deficit, beginning of period	(425,492)	(393,948)	(483,750)	(435,818)
Deficit, end of period	(632,805)	(460,888)	(632,805)	(460,888)
(Loss) earnings per share	\$ (0.02)	\$ (0.00)	\$ (0.02)	\$ (0.00)
Weighted average number of shares	37,655,907	30,294,496	35,949,904	27,677,503

See notes to the financial statements

FINLAY MINERALS LTD.

Statements of Cash Flows

(Unaudited)

	For the Three Months ended September 30,		For the Nine Months ended September 30,	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash provided by (used for):				
Operations				
Net (loss) income for the period	(207,313)	(66,940)	(149,055)	(25,070)
Items not affecting cash:				
Future income tax expense (recovery)	204,516	50,778	210,102	(69,405)
Stock-option compensation	-	7,423	-	47,813
	(2,797)	(8,739)	61,047	(46,662)
Changes in non-cash working capital components:				
Accounts payable and accrued liabilities	(175,064)	102,104	63,926	89,152
GST receivable	(37,080)	(24,299)	(23,036)	(26,452)
Due to related parties	-	(4,576)	1,412	(22,090)
Prepaid expense	(1,389)	(24,450)	1,880	(51,286)
	(216,330)	40,040	105,229	(10,676)
Investing Activities				
Mineral property costs	(599,402)	(518,838)	(931,867)	(597,809)
	(599,402)	(518,838)	(931,867)	(597,809)
Financing Activities*				
Cash from shares issued	-	518,500	1,087,468	518,500
Share issue costs	-	(21,470)	(282,070)	(21,470)
	-	497,030	805,398	497,030
Net cash provided (used) during the period	(815,732)	18,232	(21,240)	(158,117)
Cash, beginning of period	1,118,937	458,756	324,445	635,105
Cash, end of period	303,205	476,988	303,205	476,988

* *Supplemental Disclosure of Non-Cash Investing Activity*

During the period ended September 30, 2007, the Company issued 173,913 common shares at \$0.23 per share for a finder's fee and recorded \$227,912 in exploration expenditures recorded in accounts payable.

FINLAY MINERALS LTD.
 Statements of Deferred Mineral Property Costs
 For the nine month period ended September 30, 2007
 (Unaudited)

	Balance December 31, 2006	Net Expenditures	Balance September 30, 2007
	\$	\$	\$
BRITISH COLUMBIA			
Atty and Pil Claims			
Acquisition	73,220	-	73,220
Assay, IP and linecutting	445,484	74,269	519,753
Camp accommodations and travel	912,131	107,343	1,019,474
Drilling	1,219,741	246,946	1,466,687
Equipment rentals	108,966	20,647	129,613
Field Office expense	115,318	-	115,318
Geological and geophysical	1,276,146	168,102	1,444,248
Road constriction	392,273	-	392,273
	<u>4,543,279</u>	<u>617,307</u>	<u>5,160,586</u>
Silver Hope property			
Acquisition	166,540	5,588	172,128
Assay, IP and linecutting	58,769	12,903	71,672
Camp accommodations and travel	6,667	6,805	13,472
Drilling	-	230,427	230,427
Equipment rentals	-	3,232	3,232
Geological and geophysical	43,029	36,730	79,759
Road constriction	-	18,875	18,875
	<u>275,005</u>	<u>314,560</u>	<u>589,565</u>
Total Mineral Property Costs	<u><u>4,818,284</u></u>	<u><u>931,867</u></u>	<u><u>5,750,151</u></u>

FINLAY MINERALS LTD.
Notes to the Financial Statements
September 30, 2007 and December 31, 2006
(unaudited)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting principles and use of estimates

The accompanying unaudited interim financial statements of the Company should be read in conjunction with the Company's annual audited financial statements dated December 31, 2006. All material adjustments which are necessary for a fair presentation of the results for the interim periods have been reflected. The results for the nine month period ended September 30, 2007 are stated utilizing the same accounting policies as those reflected in the Company's most recent annual financial statements but 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
Private placement	4,347,824	894,843 ⁽¹⁾	-
Finder's fee	173,913	40,000	-
Future income tax costs*	-	(176,912)	-
Stock-based compensation	-	-	47,467
Issued at September 30, 2007	<u>37,655,907</u>	<u>4,880,528</u>	<u>247,401</u>

(1) net of share issue costs of \$105,157.

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

3. **SHARE CAPITAL** (continued)

b) Summary of stock options outstanding:

Expiry Date	Exercise Price	December 31, 2006	Expired	September 30, 2007
	\$			
May 15, 2007	0.20	300,000	(300,000)	-
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
May 18, 2011	0.225	200,000	-	200,000
		<u>1,700,000</u>	<u>(775,000)</u>	<u>925,000</u>
Weighted average exercise price		<u>\$ 0.28</u>	<u>\$ 0.23</u>	<u>\$ 0.33</u>
Weighted average remaining life		<u>1.74</u>		<u>1.60</u>

c) Summary of warrants outstanding at September 30, 2007:

Number of Warrants	Exercise Price	Expiry Date
	\$	
2,550,000	0.15	December 27, 2007
4,347,824	0.35	April 10, 2008
<u>6,897,824</u>		

d) Summary of agent's options outstanding at September 30, 2007:

Number of Agent's Options	Exercise Price	Expiry Date
	\$	
<u>347,826</u>	0.20	April 10, 2009

3. **SHARE CAPITAL** (*continued*)

e) Stock-based compensation:

The Company recorded stock-based compensation expense for 2007 of \$47,467 (December 31, 2006 - \$54,546), which amount was expensed and offset to contributed surplus.

The fair values of stock-based compensation are estimated using the Black-Scholes Option Pricing Model based on the following assumptions: a risk-free interest rate of 3.0% (December 31, 2006 - 3.0%); an expected life of 2 years (December 31, 2006 - 1 to 2 years); an expected volatility of 115.40% (December 31, 2006 - 117.62% and 118.42%); and no expectation for the payment of dividends.

Option pricing models require the input of highly-subjective assumptions, particularly as to the expected price volatility of the stock and the expected life of the option. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants and warrant issuances.

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 nine month period ended September 30, 2007, the Company paid two directors and their private companies an aggregate of \$30,398 (December 31, 2006 - \$301,298) for exploration, rental and administration and management services and are owed \$nil (December 31, 2006 - \$1,142).

During the nine month period ended September 30, 2007, the Company paid \$77,187 (December 31, 2006 - \$42,420) in legal expenses to a director and is owed \$nil (December 31, 2006 - \$nil).