

FINLAY MINERALS LTD.

Unaudited Interim Financial Statements

March 31, 2010

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

FINLAY MINERALS LTD.

Balance Sheets

As at

	March 31, 2010 (unaudited)	December 31, 2009
	\$	\$
A S S E T S		
Current		
Cash and short-term deposits	97,284	109,777
GST receivable	995	1,719
	<u>98,279</u>	<u>111,496</u>
Reclamation deposits	57,200	57,200
Mineral property costs (schedule)	5,904,235	5,903,381
	<u>6,059,714</u>	<u>6,072,077</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	11,393	11,651
Due to related parties (note 4)	12,077	9,668
	<u>23,470</u>	<u>21,319</u>
Future income taxes	1,088,668	1,094,016
	<u>1,112,138</u>	<u>1,115,335</u>
SHAREHOLDERS' EQUITY		
Share capital (note 3)	4,895,035	4,895,035
Contributed surplus (note 3)	467,590	467,590
Deficit	(415,049)	(405,883)
	<u>4,947,576</u>	<u>4,956,742</u>
	<u>6,059,714</u>	<u>6,072,077</u>

See notes to the financial statements

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

	For the Three Months ended March 31,	
	2010	2009
	\$	\$
Expenses		
Advertising and promotion	680	-
Bank charges and interest	89	94
Office and administration	1,086	-
Professional fees	1,472	187
Rent	2,551	2,502
Travel and accommodation	2,173	-
Telephone	199	134
Trust and filing	6,350	6,010
Interest income	(86)	(465)
	<hr/>	<hr/>
Loss before tax	(14,514)	(8,462)
Future income tax recovery	5,348	2,412
	<hr/>	<hr/>
Net loss for the period	(9,166)	(6,050)
Deficit, beginning of period	(405,883)	(490,271)
Deficit, end of period	<u>(415,049)</u>	<u>(496,321)</u>
	<hr/>	<hr/>
Loss per share	\$ (0.00)	\$ (0.00)
	<hr/>	<hr/>
Weighted average number of shares	41,730,907	37,655,907
	<hr/>	<hr/>

FINLAY MINERALS LTD.
Statements of Cash Flows
(Unaudited)

	For the Three Months ended March 31,	
	2010	2009
	\$	\$
Cash provided by (used for):		
Operations		
Net loss for the period	(9,166)	(6,050)
Items not affecting cash:		
Future income tax (recovery) expense	(5,348)	(2,412)
	<u>(14,514)</u>	<u>(8,462)</u>
Changes in non-cash working capital components:		
Accounts payable and accrued liabilities	(258)	(11,081)
Amounts receivable	724	2,554
Due to related parties	2,409	(26,246)
	<u>(11,639)</u>	<u>(43,235)</u>
Investing Activities		
Mineral property costs	(854)	(4,018)
	<u>(854)</u>	<u>(4,018)</u>
Financing Activities		
Cash from shares issued	-	21,250
	<u>-</u>	<u>21,250</u>
Net cash used during the period	(12,493)	(26,003)
Cash, beginning of period	<u>109,777</u>	<u>79,288</u>
Cash, end of period	<u><u>97,284</u></u>	<u><u>53,285</u></u>

Supplemental Disclosure of Non-Cash Investing Activity

During the period ended March 31, 2010, the Company accrued \$4,727 exploration expenditures in accounts payable.

During the period ended March 31, 2009, the Company accrued no exploration expenditures in accounts payable.

FINLAY MINERALS LTD.
Statements of Deferred Mineral Property Costs
(Unaudited)

	Balance December 31, 2009	Net Expenditures	Balance March 31, 2010
	\$	\$	\$
BRITISH COLUMBIA			
Atty and Pil Claims			
Acquisition	73,220	-	73,220
Assay, IP and linecutting	528,514	-	528,514
Camp accommodations and travel	1,020,059	-	1,020,059
Drilling	1,466,687	-	1,466,687
Equipment rentals	129,613	-	129,613
Field Office expense	118,409	-	118,409
Geological and geophysical	1,450,054	-	1,450,054
Road construction	392,273	-	392,273
	<u>5,178,829</u>	<u>-</u>	<u>5,178,829</u>
Silver Hope Claims			
Acquisition	180,352	-	180,352
Assay, IP and linecutting	161,798	-	161,798
Camp accommodations and travel	20,761	-	20,761
Drilling	230,428	-	230,428
Equipment rental	3,233	-	3,233
Field office	811	-	811
Geological and geophysical	108,293	854	109,147
Roads	18,876	-	18,876
	<u>724,552</u>	<u>854</u>	<u>725,406</u>
Total Deferred Mineral Property Costs	<u><u>5,903,381</u></u>	<u><u>854</u></u>	<u><u>5,904,235</u></u>

FINLAY MINERALS LTD.
Notes to the Financial Statements
March 31, 2010 and December 31, 2009

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, 2009. 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, 2010 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.

All accounting policies are the same as described in note 2 of the Company's audited financial statements for the year ended December 31, 2009, with the exception of the following accounting policies adopted by the Company on a prospective basis with no restatement of prior period financial statements.

CICA Handbook Section 1535 - Capital Disclosures

The Company's objectives in managing capital are to safeguard them in order to utilize them to explore its mineral properties. The Company considers shareholders' equity, cash and equivalents and short term investments as capital. The Company issues shares to maintain its capital structure and is not subject to any external capital requirements. The Company's policy is to maintain sufficient capital to conduct its operations and has not made any changes to this policy in the three months ended March 31, 2010.

Financial Instruments - Disclosure (Section 3862) and Presentation (Section 3863)

The carrying amount of the Company's cash and short term deposits, amounts receivable and accounts payable approximates their fair values. The Company manages its capital as follows; credit, liquidity and counterparty risk is managed by investing only in Canadian bank financial instruments, or government securities which are capable of prompt liquidation.

The Company maintains all of its investments and conducts all of its business in Canada and so has no foreign exchange risk nor does it have any currency or other hedge related risks.

Interest rate risk is minimized by investing in short term securities with floating rates of interest. Commodity risk is not hedged as the Company has no production and any market risk is outside of the Company's control.

2. **ACCOUNTING PRINCIPLES AND USE OF ESTIMATES** (continued)

International Financial Reporting Standards (“IFRS”)

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS has not yet been determined.

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: unlimited number of 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, 2009	41,730,907	4,895,035	467,590
	-	-	-
Issued at March 31, 2010	<u>41,730,907</u>	<u>4,895,035</u>	<u>467,590</u>

- b) Summary of stock options outstanding at March 31, 2010:

Expiry Date	Exercise Price \$	December 31, 2009	Expired	March 31, 2010
May 18, 2011	0.22	200,000	-	200,000
May 29, 2012	0.20	1,125,000	-	1,125,000
June 29, 2014	0.10	1,150,000	-	1,150,000
		<u>2,475,000</u>	<u>-</u>	<u>2,475,000</u>
Weighted average exercise price		<u>\$ 0.16</u>	<u>\$ -</u>	<u>\$ 0.16</u>
Weighted average remaining life		<u>3.30</u>		<u>3.05</u>

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

c) Summary of warrants and agent warrants outstanding at March 31, 2010:

Number	Exercise Price	Expiry Date
	\$	
<i>Warrants:</i>		
<u>4,075,000</u>	0.10	June 22, 2014

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 period ended March 31, 2010, the Company incurred \$2,409 (December 31, 2009 - \$9,668) for administrative expenses and is owed \$12,077 (December 31, 2009 - \$9,668) for the unpaid portions

5. **SUBSEQUENT EVENT**

The Company announced a non-brokered private placement of 3 million units at a price of \$0.10 per unit, each unit comprised of one common share and one-half of a share purchase warrant with a term of 24 months and an exercise price of \$0.20 per share for each whole warrant. Finder's fees may be paid on portions of the private placement.