

**FINLAY MINERALS LTD.**

Condensed Interim Financial Statements  
Third Quarter ended September 30, 2014

*(Expressed in Canadian Dollars)*  
*(Unaudited)*

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

These interim financial statements of the Company for the period ending September 30, 2014 have been prepared by management and have not been subject to review by the Company's auditors.

**FINLAY MINERALS LTD.**Condensed Interim Statements of Financial Position  
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2014	December 31, 2013
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	111,299	56,412
Amounts receivable	785	3,625
Income tax receivable	8,000	-
Prepaid expenses	3,966	2,945
	124,050	62,982
<b>Reclamation deposits</b>	57,200	57,200
<b>Mineral properties (note 3)</b>	7,650,614	7,649,550
	7,831,864	7,769,732
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	14,066	10,383
Due to related parties (note 5)	2,329	5,303
	16,395	15,686
<b>Non-current liability</b>		
Deferred income taxes	1,357,358	1,428,524
	1,373,753	1,444,210
<b>Equity</b>		
Share capital (note 6)	7,687,889	7,570,399
Contributed surplus	1,115,290	1,115,290
Deficit	(2,345,068)	(2,360,167)
	6,458,111	6,325,522
	7,831,864	7,769,732

*See accompanying notes to the condensed interim financial statements*

Approved by the Board of Directors and authorized for issue on November 27, 2014.

**"Robert F. Brown"**

Robert Brown, Director

**"John Barakso"**

John Barakso, Chairman of the Board &amp; Director

## FINLAY MINERALS LTD.

Condensed Interim Statements of Comprehensive Loss  
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
	\$	\$	\$	\$
<b>Operating costs and expenses</b>				
Advertising and promotion	750	638	4,550	1,538
Bank charges and interest	57	85	271	313
Consulting	-	8,831	-	8,831
Insurance	982	981	2,945	2,945
Legal and accounting	3,043	2,052	15,305	10,195
Office and administration	2,069	1,911	6,909	6,173
Rent	2,881	2,777	8,627	8,330
Shareholder relations	-	1,000	-	7,145
Telephone	218	203	659	591
Travel and accommodation	-	-	1,858	4,662
Trust and filing fees	6,937	2,788	15,252	16,016
<b>Loss before other item</b>	(16,937)	(21,266)	(56,376)	(66,740)
Interest income	-	10	309	618
<b>Loss before tax</b>	(16,937)	(21,256)	(56,067)	(66,122)
Future income tax recovery	4,235	5,564	71,166	18,375
<b>Net loss and comprehensive loss for the period</b>	(12,702)	(15,692)	15,099	(47,747)
Weighted average number of common shares outstanding	59,007,705	56,507,705	57,524,189	54,709,628
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

*See accompanying notes to the condensed interim financial statements*

**FINLAY MINERALS LTD.**

Condensed Interim Statements of Cash Flows  
(Unaudited - Expressed in Canadian dollars)

	<b>Nine Months Ended September 30, 2014</b>	<b>Nine Months Ended September 30, 2013</b>
	\$	\$
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Net loss for the period	15,099	(47,747)
Item not involving the use of cash		
Future income tax recovery	(71,166)	(18,375)
	(56,067)	(66,122)
Changes in non-cash operating capital:		
Amounts receivable	(5,160)	(839)
Prepaid expenses	(1,021)	(11,215)
Accounts payable and accrued liabilities	3,683	(3,607)
Due to related parties	(2,974)	(2,419)
	(61,539)	(84,202)
<b>Investing activity</b>		
Mineral property costs	(1,065)	(33,809)
	(1,065)	(33,809)
<b>Financing activity</b>		
Cash from shares issued	125,000	203,740
Share issue costs	(7,510)	(6,559)
	117,490	197,181
Increase in cash and cash equivalents	54,887	79,170
Cash and cash equivalents, beginning of the period	56,412	59,640
Cash and cash equivalents, end of the period	111,299	138,810
<i>Cash and cash equivalents consist of:</i>		
Cash	99,284	126,794
Short-term deposits	12,015	12,015
	111,299	138,810

*See accompanying notes to condensed interim financial statements*

**Supplementary disclosure:**

*During the nine month period ended September 30, 2014, the company received \$309 (2013 - \$618) in interest and accrued \$ Nil (2013 - \$3,473) in exploration expenditures in accounts payable and accrued liabilities and due to related parties.*

**FINLAY MINERALS LTD.**

Condensed Interim Statements of Changes in Equity  
(Unaudited - Expressed in Canadian dollars)

	<b>Number of shares</b>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total Equity</b>
		\$	\$	\$	\$
<b>December 31, 2013</b>	56,507,705	7,570,399	1,115,290	(2,360,167)	6,325,522
Private placement	2,500,000	125,000	-	-	125,000
Share issue costs	-	(7,510)	-	-	(7,510)
Net loss for the period	-	-	-	15,099	15,099
<b>September 30, 2014</b>	59,007,705	7,687,889	1,115,290	(2,345,068)	6,458,111
<b>December 31, 2012</b>	53,532,705	7,398,458	1,115,290	(2,252,771)	6,260,977
Private placement	1,262,000	100,960	-	-	100,960
Share issue costs	1,713,000	102,780	-	-	102,780
Share-based compensation	-	(6,559)	-	-	(6,559)
Net loss for the period	-	-	-	(47,747)	(47,747)
<b>September 30, 2013</b>	56,507,705	7,595,639	1,115,290	(2,300,518)	6,410,411

*See accompanying notes to condensed interim financial statements*

## **FINLAY MINERALS LTD.**

Notes to the Condensed Interim Financial Statements  
Nine months ended September 30, 2014  
(Unaudited - Expressed in Canadian dollars)

### **1) NATURE AND CONTINUANCE OF OPERATIONS**

The Company was incorporated under the Business Corporations Act (British Columbia) and its principal business activity is the acquisition and exploration of resource properties. The properties of the Company are without a known economically feasible ore body. The exploration programs undertaken and proposed constitute an exploratory search. There is no assurance that the Company will be successful in its search. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is not possible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Although the Company has taken steps to verify title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

These financial statements have been prepared on the going-concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Several adverse conditions cast substantial doubt on the validity of this assumption. The Company has incurred operating losses since inception and a loss for the nine months ended September 30, 2014 of \$56,067 (2013 - \$66,122), has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects.

The application of the going-concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going-concern and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts differing from those reflected in the financial statements.

Management plans to continue to pursue equity or debt financing to support operations. Management believes this plan will be sufficient to meet the Company's liabilities and commitments as they become payable over the next twelve months. There can be no assurance that management's plan will be successful. Failure to maintain the support of creditors and obtain additional external equity financing will cause the Company to curtail operations and the Company's ability to continue as a going-concern will be impaired. The outcome of these matters cannot be predicted at this time.

### **2) SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. Accordingly, these Financial Statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes. These financial statements should be read in conjunction with the Company's financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies applied by the Company in these financial statements are the same as those applied by the Company in its most recent annual financial statements for the year ended December 31, 2013.

## **FINLAY MINERALS LTD.**

Notes to the Condensed Interim Financial Statements  
Nine months ended September 30, 2014  
(Unaudited - Expressed in Canadian dollars)

### **2) SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

#### **b) Critical accounting estimates and judgments**

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the financial statements.

- Impairment

The Company considers both external and internal sources of information in assessing whether there are any indicators that mineral interests are impaired. External sources of information include changes in the market, and the economic and legal environment in which the Company operates. Internal sources of information include the manner in which mineral interests are being used or are expected to be used. Management has assessed impairment indicators on the Company's mineral interests and has concluded that no impairment indicators existed as of September 30, 2014.

#### **c) New accounting standards and recent pronouncements**

The following standards are effective for annual years beginning on or after January 1, 2013. The Company has assessed the impact of these standards and has determined that they would not have a material impact on the Company.

- IFRS 13, Fair Value Measurement, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement under IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

There are no other IFRS or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company.

### **3) EXPLORATION AND EVALUATION EXPENDITURES**

#### **Omineca Mining Division British Columbia**

##### **Silver Hope Claims**

The Company has a 100% interest in 29 mineral tenures, eight of which are subject to a 1½% Net Smelter Returns royalty ("NSR"), and were acquired during 2006 by the issue of two million common shares. One half of the NSR (3/4 %) is purchasable prior to a production decision for one million dollars.

##### **Atty and Pil-Gold Claims**

The Company has a 100% interest in 49 mineral tenures, a number of which were acquired from a private company controlled by a director of the Company with consideration for the issuance to that private company of nine million common shares (post subdivision) and a 3% NSR. The Company is also obligated to issue a further two million shares to this private company when the property is put into commercial production and may also, prior to that date, purchase a 1½ % NSR (½ of the 3% NSR) for two million dollars.

## FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements  
 Nine months ended September 30, 2014  
 (Unaudited - Expressed in Canadian dollars)

### 3) EXPLORATION AND EVALUATION EXPENDITURES (continued)

	December 31, 2012	Net Additions	December 31, 2013	Net Additions	September 30, 2014
	\$	\$	\$	\$	\$
<b>BRITISH COLUMBIA</b>					
<b>Silver Hope Claims</b>					
Acquisition	166,873	-	166,873	-	166,873
Assay, IP and linecutting	149,555	8,958	159,815	-	159,815
Camp and travel	63,502	-	83,175	-	83,175
Drilling	1,179,317	-	1,179,317	-	1,179,317
Equipment rental	27,913	-	27,913	-	27,913
Field office	8,392	-	8,392	2,238	10,630
Geological and geophysical	694,266	13,122	772,493	3,643	776,136
Road construction	31,208	12,290	43,498	-	43,498
Tenure management	28,914	2,730	31,644	675	32,319
BCMETC refund	(6,664)	(7,850)	(14,514)	(8,000)	(22,514)
	2,343,276	29,250	2,458,606	(1,444)	2,457,162
<b>Atty and Pil Claims</b>					
Acquisition	29,076	-	29,076	-	29,076
Assay, IP and linecutting	253,944	-	254,062	-	254,062
Camp and travel	1,021,979	-	1,022,794	960	1,023,754
Drilling	1,466,687	-	1,466,687	-	1,466,687
Equipment rental	130,483	-	130,483	-	130,483
Field office	117,449	-	117,449	-	117,449
Geological and geophysical	1,725,052	-	1,725,052	1,374	1,726,426
Road construction	392,273	-	392,273	-	392,273
Tenure management	48,941	4,559	53,500	174	53,674
BCMETC refund	(432)	-	(432)	-	(432)
	5,185,452	4,559	5,190,944	2,508	5,193,452
<b>Total exploration and evaluation expenditures</b>	<b>7,528,728</b>	<b>33,809</b>	<b>7,649,550</b>	<b>1,064</b>	<b>7,650,614</b>

### 4) RELATED PARTY TRANSACTIONS

Key management personnel compensation:

	Nine Months Ended September 30, 2014	Year Ended December 31, 2013
	\$	\$
Share-based compensation	-	-
Total management compensation	-	-

All transactions with related parties have occurred in the normal course of operations and management represents that they have occurred on a basis consistent with those involving unrelated parties.

### 5) DUE TO RELATED PARTIES

At September 30, 2014, the Company owes private companies owned by a director and the Company's Chairman of the Board \$2,329 (December 31, 2013 - \$5,303). The amounts are unsecured, do not bear interest and have no fixed terms of repayment.

## FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements

Nine months ended September 30, 2014

(Unaudited - Expressed in Canadian dollars)

### 6) SHARE CAPITAL

- a) The authorized share capital of the Company consists of: an unlimited number of common shares.  
100,000,000 Class A preference shares  
100,000,000 Class B preference shares

	Nine Months Ended September 30, 2014		Year Ended December 31, 2013	
	Number of Shares	\$	Number of Shares	\$
Opening balance	56,507,705	7,570,399	56,507,705	7,570,399
Issued for:				
Private placements	2,500,000 <sup>(1)</sup>	117,490 <sup>(2)</sup>	-	-
Ending balance	59,007,705	7,687,889	56,507,705	7,570,399

(1) Consists of 2,500,000 shares.

(2) Net of issue costs of \$7,510.

- b) Share purchase options

The following is a summary of the changes in the Company's outstanding stock options:

	Nine Months Ended September 30, 2014		Year Ended December 31, 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		\$		\$
Balance, beginning of the period	4,600,000	0.15	4,600,000	0.15
Granted	-	-	-	-
Expired	1,150,000	0.10	-	-
Balance, end of the period	3,450,000	0.17	4,600,000	0.15
Exercisable, end of the period	3,450,000	0.17	4,600,000	0.15
Weighted average years to expiry		2.26		2.38

- c) Share purchase warrants

The continuity of share purchase warrants is as follows:

	Nine Months Ended September 30, 2014		Year Ended December 31, 2013	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		\$		\$
Balance, beginning of the period	10,763,399	0.18	11,450,899	0.19
Issued	2,500,000	0.06	1,487,500	0.15
Expired	(4,075,000)	0.10	(2,175,000)	0.24
Balance, end of the period	9,188,399	0.18	10,763,399	0.18
Weighted average years to expiry		1.31		1.60

## FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements  
Nine months ended September 30, 2014  
(Unaudited - Expressed in Canadian dollars)

### 6) SHARE CAPITAL (continued)

d) The continuity of agent options is as follows:

	Nine Months Ended September 30, 2014		Year Ended December 31, 2013	
	Number of Agent Options	Weighted Average Exercise Price	Number of Agent Options	Weighted Average Exercise Price
Balance, beginning of the period	-	\$ -	-	\$ -
Expired	-	-	-	-
Balance, end of the period	-	-	-	-

e) The continuity of agent warrants is as follows:

	Nine Months Ended September 30, 2014		Year Ended December 31, 2013	
	Number of Agent Warrants	Weighted Average Exercise Price	Number of Agent Warrants	Weighted Average Exercise Price
Balance, beginning of the period	-	\$ -	21,600	\$ 0.45
Expired	-	-	(21,600)	0.45
Balance, end of the period	-	-	-	-
Weighted average years to expiry	-	-	-	-

### 7) CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going-concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash and cash equivalents to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.