

**FINLAY MINERALS LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014**

Introduction

This management's discussion and analysis is intended to supplement the unaudited interim financial statements and the financial condition and operating results of Finlay Minerals Ltd. (the Company or "FYL") for the six months ended June 30, 2014. The discussion should be read in conjunction with the unaudited interim financial statements of the Company and the notes thereto for six months ended June 30, 2014 and the year ended December 31, 2013. The unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and include the operating results of the Company. Unless expressly stated otherwise, all financial information is presented in Canadian dollars. This information is current to August 25, 2014.

Operations

The Company is focused on the exploration for gold-rich copper porphyry, epithermal gold, and mesothermal silver-copper targets in northern British Columbia, Canada. Details of the Company's properties in the Toodoggone (Atty, Pil, & Gold) and the Silver Hope Property in Houston, BC can be found in news releases and on the Company website at www.finlayminerals.com.

On June 12, 2014 the Company announced the closing of a private placement financing through the sale of 2,500,000 units at \$0.05 per unit for proceeds of \$125,000. Each unit consists of one common share at \$0.05 and one share purchase warrant. Each warrant is exercisable until June 10, 2015 at an exercise price of \$0.06 per share.

The private placement shares and any shares acquired upon exercise of the warrants will be subject to a four-month hold period. The funds will be used for working capital and for further delineation of drill targets on the Silver Hope Property as a result of the field exploration work completed in 2013.

The management team is lead by John Barakso, M.Sc., Geochemistry, who has 40 years of exploration experience and success in northern British Columbia. Mr. Barakso, as a member of the Kemess & Equity Silver deposits discovery teams in the 1960's with Kennco Explorations (Western) Ltd., has focused his attention in the Toodoggone over the last 20 years, accumulating key properties now within Finlay Minerals Ltd. Additional members of the management team are Robert F. Brown, P. Eng. President & CEO and Warner Gruenwald, P. Geo, Vice President, Exploration who each have over 30 years in the mineral exploration field.

Silver Hope Property:

The Silver Hope Property surrounds and is contiguous with the past producing Equity Silver Mines Property (33,800,000 tonnes @ 0.4% copper, 64.7g/t silver, and 0.46g/t gold from open pit and underground mining) and covers prospective stratigraphy for discovery of stratabound copper-silver-gold mineralization. The next exploration step for the Silver Hope is deep drilling around SH11-12, its most southerly drill-hole to date and further drilling in all four horizons: West, East, Main and Main Deep. There was no exploration work conducted on the Silver Hope in the second quarter of 2014.

Previous Quarters relating to the Silver Hope Property

In the first quarter of 2014, the Company completed reviewing the data collected from its 2013 field season which included deep I.P. geophysics, mapping and soil sampling. Also, the first two proposed drill holes were plotted adjacent to SH11-12 which is the Company's most southerly drill hole to date and which intersected brittle fracture-related mineralization of 76.0m @ 0.43 g/t gold, 29 g/t silver and 0.20% copper (0.91% copper or 1.24 g/t gold equivalent*) in the Company's last drill program. The 2013 field season also correlated the five known geophysical anomalies from the 2012 ZTEM survey and identified four other anomalies that warrant further investigation.

In the first quarter of 2013, 1.1 km of bulldozer trail were completed south from the SH11-08 drill site, on the East Horizon geophysical anomaly, linking the drill site to another section of road previously built by the Company. A number of rock samples were collected for examination and analysis. This area was part of the detailed geological mapping in Q3.

In the fourth quarter of 2012, the Company announced the completion of its review of all historic and recent drilling, geophysical, geological, and geochemical data related to the Silver Hope Property.

From a detailed analysis of the IP surveys and drilling, it was noted that the MAIN Horizon has a deep component that can be traced for >2.1 kilometers from the northern property limits due south. The most southern drill hole on what is referred to as the "MAIN Deep" Horizon is SH11-12 which intersected brittle fracture-related mineralization of 76.0m @ 0.43g/t gold, 29g/t silver, and 0.20% copper (0.91% copper or 1.24g/t gold equivalent*). South from SH11-12, the MAIN Deep Horizon is untested by drilling for at least a 1.0 kilometer length, parallel to, and east of the Gaul silver-copper mineralized zone. The MAIN Deep Horizon is postulated as the intersection of a deep feeder fault and a permeable tuff horizon.

** Copper and Gold Equivalents (CuEQ & AuEQ) were calculated using metal price lows over the 2012/2013 one year period and assuming 100% metallurgical recovery and net smelter returns. Gold: \$1,400/oz USD; Copper: \$3.00/lb USD; Silver: \$25.00/oz USD.*

The 2011 exploration program was successful with the aforementioned SH11-12 discovery of gold-silver-copper mineralization, with a distinct geochemical signature related to a deep magmatic source in the MAIN Deep Horizon. The program also resulted in the discovery of high-grade structural-related mineralization in SH11-08 (2.0m @ 498g/t silver and 0.22% copper) in the EAST Horizon. Compellingly, the EAST Horizon has further demonstrated very high pathfinder mineralization soil geochemistry as well as the presence of a very high source of gravity geophysics. The EAST Horizon is postulated to be related to a deep intrusive source not yet intersected by drilling.

Of note was the completion of a property-scale detailed airborne ZTEM geophysical survey in early 2012 and the Company's ability to verify many of the ZTEM targets with pre-existing ground Induced Polarization (IP) surveys, and core drilling. Multiple ZTEM targets were identified over a 5 by 7 kilometer area that requires detailed ground follow-up of geological mapping, soil sampling, and further geophysics to develop drill targets. The positive results of the property-wide ZTEM survey propelled the Company to stake additional ground expanding the size of the Silver Hope Property by 54% to 9,736 ha or 97.36 square kilometers.

The Silver Hope Property has been the site of successful exploration by the Company, with the discovery in 2010 of porphyry copper-molybdenum mineralization associated with the WEST Horizon. This was exemplified by the entirety of SH11-05 (602.0m) intersecting good porphyry mineralization from top to bottom.

The Company is planning exploration programs comprised of follow-up core drilling on more advanced targets such as the MAIN Deep and EAST Horizons, as well as reconnaissance geological and geochemical surveys on the various new airborne ZTEM targets. Funding for these programs will be researched and investor relations initiated, when precious metal prices and stock market sentiment improves, and an investor appetite for funding Canadian exploration returns. A definite plus for the Silver Hope Property is that it can be road accessed year-round for drilling programs.

Atlas East Zones, Pil Property:

No work was conducted on the PIL Property in the second quarter of 2014.

In 2005 and 2006, the Atlas East Zone emerged as a new and very exciting epithermal gold-silver exploration target. Discovery of the Pillar East zone in 2007 greatly adds to the size of the epithermal system. Surface sampling consistently revealed abundant mineralized talus float and outcrop consisting of silicified, quartz stockwork-veined and brecciated andesite Toodoggone Formation volcanic rocks. Gold-silver mineralization is associated with a prominent rusty gossan zone hosted by pyritic andesite. Gold and silver occurring as electrum, native gold, and argentite have been found in both float and bedrock. Soil and PIMA analysis of the clay-silica minerals suggests the Atlas East Zone lies close to the top of a hydrothermal system. In such systems, high-level clay-silica alteration can pass downward into precious metal mineralization.

Atty Property:

There was no work conducted on the Atty Property in the second quarter of 2014.

The fourth quarter of 2013 saw the completion of a small and concise field program to prospect some of the newer ground acquired earlier in 2012 & 2013 and to also assess and sample the road work that has been completed on the property by AuRico

Gold. AuRico sought and gained permission from the Company to build a portion of the roadwork on the Atty Property that permits AuRico to move forward on their Kemess Underground project.

In the fourth quarter of 2012, the Company reported the expansion of the Atty Property by 39% to 3,287 hectares of 32.87 sq.km. With these recent additions, the Atty Property is now contiguous with the north and east side of the AuRico Gold's Kemess Underground Deposit mineral tenures.

The completion of the Titan geophysical program on the Atty program during the summer of 2007 potentially showed that copper-gold porphyry mineralization (East zone of the Kemess North/Underground deposit) being drilled by AuRico Gold extends onto the Atty property. In 2013, AuRico Gold completed its feasibility study on the Kemess Underground deposit with the outline of the development of an underground block cave operation with average annual production of 105,000 ounces of gold and 44 million pounds of copper at cash costs of \$213 per ounce of gold, net of by-product credits, over a mine life of approximately 12 years using base case commodity price assumptions of \$1,300 per ounce for gold, \$3.00 per pound for copper and \$23 per ounce of silver and an exchange rate of US\$/CDN\$1.00.

Summary of Quarterly Results

The following table sets forth selected financial information for each of the last eight most recently completed quarters:

	Quarters Ended			
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Revenue	\$nil	\$nil	\$nil	\$nil
(Loss)/Income	\$39,620	(\$11,818)	(\$59,648)	(\$15,692)
(Loss)/ Income Per Share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012
Revenue	\$nil	\$nil	\$nil	\$nil
(Loss)/Income	(\$15,531)	(\$16,525)	(\$20,074)	(\$14,335)
(Loss)/Income Per Share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

Financial Condition

At June 30, 2014, the Company had Current Assets of \$170,001 (December 31, 2013 - \$62,982). Deferred mineral property expenditures for the period totalled \$30,212 (December 31, 2013 - \$120,822).

During the six months ended June 30, 2014, general and administrative expenses for the period were \$39,439 compared to \$45,475 in June 30, 2013. The decrease was primarily due to a decrease of \$2,804 in travel and accommodations, decrease of \$4,913 in trust and filing fees and a decrease of \$6,145 in shareholder relations. There was also an increase of \$4,117 in legal and accounting.

At June 30, 2014, the Company had a working capital of \$155,867 (December 31, 2012 - \$47,296).

There has been no change in the nature or manner in which business is conducted nor in business conditions which would affect the Company's financial results. All results are reported in Canadian dollars.

Capital Resources and Liquidity

The Company is in the exploration stage and therefore has no cash flow from operations. At June 30, 2014, the Company had cash and cash equivalents of \$128,447 (December 31, 2013 - \$56,412).

At June 30, 2014, the Company had \$40,172 (December 31, 2013 - \$3,625) in amounts receivable, \$38,601 of which is an income tax receivable.

At present, the Company's operations do not generate cash flows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

The Company currently has sufficient financial resources to meet its administrative overhead and property commitments going forward and is confident that it can raise additional funds to undertake all of its planned exploration activities.

Investor Relations

The Company took investor relations in-house in August, 2013 and continues to liaise directly with investors. The Company also maintains a website at www.finlayminerals.com for investor reference.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

No proposed transactions at this time.

Critical Accounting Estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 of the Company's December 31, 2013 audited financial statements.

Financial Instruments and Financial Risk

The Company's financial instruments, at June 30, 2014, consist of cash, reclamation deposits, amounts receivable, accounts payable and accrued liabilities and due to related parties. Cash has been classified as financial assets at fair value through profit of loss and is recognized at fair value. Reclamation deposits and amounts receivable have been classified as loans and receivables, the carrying values of which approximate their fair values due to their short term nature. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities, measured at amortized cost using the effective interest rate method, however due to their short term nature, their carrying amounts approximate fair value.

Outstanding Share Data

The Company has one class of common share. As at August 25, 2014, there were 59,007,705 common shares outstanding.

No class A or class B preference shares have been issued.

The Company has a stock option plan. As at August 25, 2014, there were 3,450,000 stock options outstanding, all of which have vested.

The Company has 9,188,399 warrants outstanding at August 25, 2014.

The Company has no agent's options or agent's warrants outstanding at August 25, 2014.

Events After The Reporting Period

None at this time.

Financial Instrument Risks

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash and cash equivalents, amounting to \$128,847 at June 30, 2014 (December 31, 2013 - \$56,412). As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities and related party balance obligations. The Company maintained sufficient cash and cash equivalent balances to meet these needs at June 30, 2014.

Interest Rate Risk

The Company has cash balances and only fixed interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value classification of the Company's financial instruments are as follows:

	Fair value level	June 30, 2014		December 31, 2013	
		Fair value through profit or loss	Loans and receivables and other financial liabilities at amortized cost	Fair value through profit or loss	Loans and receivables and other financial liabilities at amortized cost
		\$	\$	\$	\$
<i>Financial assets:</i>					
Cash and cash equivalents	1	128,847	-	56,412	-
Reclamation deposits		-	57,200	-	57,200
		128,847	57,200	56,412	57,200
<i>Financial liabilities:</i>					
Accounts payable and accrued liabilities		-	11,884	-	10,383
Due to related parties		-	2,250	-	5,303
		-	14,134	-	15,686

During the six month period ended June 30, 2014 and the year ended December 31, 2013, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

RISK AND UNCERTAINTIES

Risks of the Company's business include the following:

Mining Industry

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which 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 impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Government Regulation

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Permits and Licenses

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions

in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability.

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the ground water, the Company may become subject to liability for hazards that cannot be insured against.

Commodity Prices

The profitability of mining operations is significantly affected by changes in the market price of gold and other minerals. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of gold and other minerals has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable. Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of gold and other minerals may render reserves uneconomical. Moreover, short-term operating factors relating to the reserves, such as the need for orderly development of the ore bodies or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

Uninsured Risks

The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Land Title

Although the Company has obtained title opinions with respect to certain of its properties, there may still be undetected title defects affecting such properties. Accordingly, such properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations.

Aboriginal Land Claims

No assurance can be given that aboriginal land claims will not be asserted in the future in which event the Company's operations and title to its properties may potentially be seriously adversely affected.

Additional information relating to the Company is available on www.sedar.com.

On behalf of the Board of Directors

"Robert F. Brown"

Robert F. Brown, P. Eng., President & C.E.O.
Vancouver, August 25, 2014