

FINLAY MINERALS LTD.

Condensed Interim Financial Statements
First Quarter ended March 31, 2023

(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 March 31, 2023 have been prepared by management and have not been subject to review by the Company's auditors.

FINLAY MINERALS LTD.**Condensed Interim Statement of Financial Position****AS AT MARCH 31, 2023 AND DECEMBER 31, 2022***See accompanying notes to the condensed interim financial statements**All values expressed in Canadian dollars*

	March 31 2023 \$	December 31 2022 \$
ASSETS		
Current Assets		
Cash and cash equivalents	128,488	216,599
GST receivable	3,660	35,695
Investment in ATAC Resources Ltd. (Note 4 and Note 5)	114,923	63,846
Prepaid expenses	21,990	29,373
	<u>269,061</u>	<u>345,513</u>
Non-Current Assets		
Reclamation deposits	107,500	107,500
Exploration and evaluation assets (Note 5)	11,211,252	11,178,281
	<u>11,587,813</u>	<u>11,631,294</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	31,168	33,125
Due to Related Parties (Note 7)	8,945	26,726
	<u>40,113</u>	<u>59,851</u>
Non-Current Liabilities		
Deferred income taxes	1,701,532	1,707,924
	<u>1,741,645</u>	<u>1,767,775</u>
Shareholders' Equity		
Share capital (Note 8)	12,203,606	12,203,606
Contributed surplus	2,290,782	2,290,782
Investment revaluation reserve	26,828	(24,249)
Deficit	(4,675,048)	(4,606,620)
	<u>9,846,168</u>	<u>9,863,519</u>
	<u>11,587,813</u>	<u>11,631,294</u>

Approved by the Board of Directors and authorized for issue on May 30, 2023.

_____, "Robert F Brown", Director

_____, "Ilona B Lindsay", Director

FINLAY MINERALS LTD.**Condensed Interim Statement of Comprehensive Loss****FOR THE QUARTER ENDED MARCH 31, 2023**

See accompanying notes to the condensed interim financial statements

All values expressed in Canadian dollars

	Three Months Ended March 31, 2023 \$	Three Months Ended March 31, 2022 \$
Operating Costs and Expenses		
Advertising and promotion	19,071	41,748
Bank charges and interest	723	3,786
Consulting	2,503	-
Insurance	4,580	4,552
Legal	3,678	35,278
Office and administration	8,175	8,546
Rent	4,056	3,600
Salaries and benefits	18,523	17,486
Travel	4,418	121
Trust and filing fees	8,138	10,794
	<u>73,865</u>	<u>125,911</u>
Loss before other items	(73,865)	(125,911)
Flow-through recovery (Note 11)	-	10,506
Part XII.6 tax	(1,963)	-
Exchange loss	(1)	(236)
Interest Income	1,009	457
	<u>(74,820)</u>	<u>(115,184)</u>
Loss before income tax	(74,820)	(115,184)
Deferred income tax recovery	6,392	20,545
	<u>(68,428)</u>	<u>(94,639)</u>
Net loss for the period	(68,428)	(94,639)
Other comprehensive income items that may not be reclassified subsequently to profit or loss:		
Net change in fair value of investment in ATAC Resources Ltd.	51,077	6,264
	<u>(17,351)</u>	<u>(88,375)</u>
Net loss and comprehensive loss for the period	<u>(17,351)</u>	<u>(88,375)</u>
Weighted average number of common shares	<u>127,666,788</u>	<u>125,916,788</u>
Basic and diluted loss per share	<u>0.00</u>	<u>0.00</u>

FINLAY MINERALS LTD.**Condensed Interim Statement of Cash Flow****FOR THE QUARTER ENDED MARCH 31, 2023**

See accompanying notes to the condensed interim financial statements

All values expressed in Canadian dollars

	Three Months Ended March 31, 2023 \$	Three Months Ended March 31, 2022 \$
CASH PROVIDED BY (USED FOR):		
Operating Activities		
Net loss for the period	(68,428)	(94,639)
Add (deduct) non-cash items		
Flow-through recovery	-	(10,506)
Deferred income tax recovery	(6,392)	(20,545)
	<u>(74,820)</u>	<u>(125,690)</u>
Changes in non-cash working capital		
GST receivable	32,035	(4,675)
Prepaid expenses	7,383	44,294
Accounts payable and accrued liabilities	4,194	(24,715)
Due to related parties	7,898	(51,207)
	<u>(23,310)</u>	<u>(161,993)</u>
Investing Activities		
Mineral property costs	(64,801)	(33,815)
Cash received pursuant to Option Agreement	-	50,000
	<u>(64,801)</u>	<u>16,185</u>
DECREASE IN CASH POSITION	<u>(88,111)</u>	<u>(145,808)</u>
Cash position, beginning of the period	<u>216,599</u>	<u>1,892,589</u>
CASH POSITION, END OF PERIOD	<u><u>128,488</u></u>	<u><u>1,746,781</u></u>
 <i>Cash position includes cash and short term investments.</i>		
Cash	64,435	127,860
Short-term deposits	13,080	13,027
Term deposit and high interest savings account	50,973	1,605,894
	<u><u>128,488</u></u>	<u><u>1,746,781</u></u>

FINLAY MINERALS LTD.**Interim Statement of Changes in Equity****FOR THE QUARTER ENDED MARCH 31, 2023**

See accompanying notes to the condensed interim financial statements

All values expressed in Canadian dollars

	Number of Shares	Share Capital	Contributed Surplus	Investment Revaluation Reserve	Deficit	Total Equity
		\$	\$	\$	\$	\$
December 31, 2022	127,666,788	12,203,606	2,290,782	(24,249)	(4,606,620)	9,863,519
Other comprehensive						
income for the period	-	-	-	51,077	-	51,077
Net loss for the period	-	-	-	-	(68,428)	(68,428)
March 31, 2023	127,666,788	12,203,606	2,290,782	26,828	(4,675,048)	9,846,168
December 31, 2021	125,916,788	12,063,606	2,281,282	-	(4,246,031)	10,098,857
Other comprehensive						
income for the period	-	-	-	6,264	-	6,264
Net loss for the period	-	-	-	-	(94,639)	(94,639)
March 31, 2022	125,916,788	12,063,606	2,281,282	6,264	(4,340,670)	10,010,482

FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements FOR THE QUARTER ENDED MARCH 31, 2023

All values 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 a 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 with a comprehensive loss for the three months ended March 31, 2023 of \$17,351, 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, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of preparation

These financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements FOR THE QUARTER ENDED MARCH 31, 2023

All values expressed in Canadian dollars

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having terms to maturity of 90 days or less when acquired.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- the determination that the Company will continue as a going-concern for the next year; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable.

Exploration and evaluation expenditures

Once a license to explore an area has been secured, expenditures on mineral properties are capitalized to exploration and evaluation assets.

Exploration and evaluation expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration and evaluation expenditures are not expected to be recovered they are charged to operations.

Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

Impairment of non-financial assets

At the end of each reporting year, and when relevant triggering events and circumstances occur, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year.

FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements FOR THE QUARTER ENDED MARCH 31, 2023

All values expressed in Canadian dollars

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

The Company uses the statement of financial position method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Flow-through shares

The Company has issued common shares as flow-through shares, whereby the investor may claim the tax deductions arising from the related resource expenditures. When flow-through shares are issued, the sale of the tax deduction is valued (using the residual method) and deferred as a flow-through liability. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, the flow-through liability is reversed, and a deferred income tax liability is recognized.

Previously unrecognized deferred income tax assets may be used to reduce the deferred income tax liability amount recognized, and the Company will recognize a future income tax recovery to this extent.

Share-based payments

The Company's Stock Option Plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to exploration and evaluation assets with a corresponding increase in contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and a corresponding amount is transferred to share capital from contributed surplus.

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements FOR THE QUARTER ENDED MARCH 31, 2023

All values expressed in Canadian dollars

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclamation deposits

The Company maintains cash deposits as required by regulatory bodies as assurance for the funding of reclamation costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled. Reclamation deposits are classified as non-current assets.

Mineral Exploration Tax Credit ("METC")

The Company recognizes METC amounts when the Company's METC application is approved by the Canada Revenue Agency or when the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial assets

Cash and cash equivalents are classified as subsequently measured at amortized cost.

Investment in ATAC Resources Ltd. is irrevocably classified, at the Company's election, as subsequently measured at fair value through other comprehensive income. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. Fair values are determined by reference to quoted market prices at the statement of financial position date.

Reclamation deposits are classified as subsequently measured at amortized cost.

Financial liabilities

Trade payables are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Trade payables are subsequently measured at amortized cost.

Due to related parties is subsequently measured at amortized cost.

3) NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

The Company has not adopted any new IFRS pronouncements as at January 1, 2023 as any new standards are not applicable to the Company's financial statements.

4) INVESTMENT IN ATAC RESOURCES LTD.

At March 31, 2023, the Company owned 851,285 (2022 – 851,285) shares of ATAC Resources Ltd., the shares of which are traded on the TSX Venture Exchange.

	March 31, 2023	December 31, 2022
	\$	\$
Marketable securities -- fair value	114,923	63,846
Marketable securities -- cost	88,095	88,095

See Note 5.

FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements FOR THE QUARTER ENDED MARCH 31, 2023

All values expressed in Canadian dollars

5) EXPLORATION AND EVALUATION ASSETS

Omineca Mining Division

British Columbia

Silver Hope Claims

The Company has a 100% interest in 45 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 \$1 million dollars.

PIL-Gold Claims

The Company has a 100% interest in 39 mineral tenures (formerly 376 mineral claim units) of which 23 mineral claims were acquired from a private company controlled by common directors 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 \$2 million dollars (the "Buy Back Right").

On February 21, 2022, and subsequently amended on February 28, 2022, the Company entered into a Property Option Agreement with ATAC Resources Ltd. ("ATAC") whereby ATAC has the option to earn a 70% interest in the Company's wholly-owned PIL Property. Pursuant to the Property Option Agreement, ATAC may exercise the option and acquire a 70% interest in the property by making cash and share payments having an aggregate cash equivalent value of \$1,900,000 (\$111,905 cash and 851,258 shares received to date) and incurring an aggregate of \$12,000,000 in exploration expenditures, in staged amounts, on or before December 31, 2026. Following the exercise of the option, ATAC and the Company will hold interests in the property of 70% and 30%, respectively, and a joint venture will be formed.

Upon exercise of the option and formation of the joint venture, the Company will transfer the Buy Back Right to the joint venture in consideration for ATAC assuming the obligation to fully fund the \$2,000,000 Buy Back Right as long as ATAC's interest in the joint venture exceeds 50%.

As at May 30, 2023, the Property Option Agreement with ATAC Resources Ltd. remains in full effect.

ATTY Claims

The Company has a 100% interest in 15 mineral tenures which are all in good standing until 2031 and 2032.

On March 1, 2018, in connection with entering into the Option Agreement ("OA"), the Company and Electrum Resource Corporation ("the RH") entered into an amending agreement to amend the purchase agreement between the Company and the RH dated as of July 29, 1999 (the "PA") so that (i) certain clauses only apply to the ATTY claims and not the PIL claims; and (ii) to provide for a separate royalty agreement between the Company and the RH relating to the PIL claims. The PA was amended as follows:

- As additional consideration for the original purchase, the Company will issue 500,000 shares of the Company to the RH immediately following an ATTY Project Production Decision (as defined in the OA); and
- Prior to an ATTY Project Production Decision (as defined in the OA), the Company may, at its sole discretion, purchase one half (1.5%) of the NSR from RH by paying \$1 million.

On August 26, 2022, the Company acquired the ATG Property, comprised of 3 tenures adjacent and contiguous to the ATTY Claims, from the RH for consideration consisting of 1,750,000 common shares of the Company with a fair value of \$140,000. As a result of the ATG Property purchase, the NSR now applies over the ATG Property and the pre-existing ATTY Claims and, pursuant to the terms of the Purchase Agreement, the Buy-Back Right has been amended such that the Company retains the right to buy back one-half of the NSR (1.5%) for an aggregate payment to the RH in the amount of \$1,500,000. On November 17, 2022, the Company received Exchange acceptance of the ATG Purchase Transaction. The RH and the Company are related by way of common directors.

FINLAY MINERALS LTD.
**Notes to the Condensed Interim Financial Statements
FOR THE QUARTER ENDED MARCH 31, 2023**
All values expressed in Canadian dollars
5) EXPLORATION AND EVALUATION EXPENDITURES (continued)

	December 31 2021	Net Additions	December 31 2022	Net Additions	March 31 2023
BRITISH COLUMBIA					
Silver Hope Claims					
Acquisition	166,873	-	166,873	-	166,873
Assay	280,145	151,209	431,354	13,507	444,861
Camp and travel	326,610	348,875	675,485	-	675,485
Drilling	1,682,114	355,650	2,037,764	-	2,037,764
Equipment rental	74,239	60,946	135,185	-	135,185
Field office	26,017	12,201	38,218	-	38,218
Geological	797,301	262,668	1,059,969	18,712	1,078,681
Geophysical	917,213	-	917,213	-	917,213
Road construction	45,239	79,436	124,675	-	124,675
Tenure management	51,617	10,197	61,814	-	61,814
BCMETC refund	(67,479)	(67,434)	(134,913)	-	(134,913)
	<u>4,299,889</u>	<u>1,213,748</u>	<u>5,513,637</u>	<u>32,219</u>	<u>5,545,856</u>
PIL Claims					
Acquisition	28,536	-	28,536	-	28,536
Assay	262,918	-	262,918	-	262,918
Camp and travel	889,224	1,593	890,817	-	890,817
Drilling	1,466,687	-	1,466,687	-	1,466,687
Equipment rental	110,607	-	110,607	-	110,607
Field office	105,081	-	105,081	-	105,081
Geological	1,010,249	8,438	1,018,687	-	1,018,687
Geophysical	527,360	-	527,360	-	527,360
Road construction	402,273	-	402,273	-	402,273
Tenure management	35,215	-	35,215	-	35,215
Recovery	-	(200,000)	(200,000)	-	(200,000)
BCMETC refund	(94,188)	-	(94,188)	-	(94,188)
	<u>4,743,962</u>	<u>(189,969)</u>	<u>4,553,993</u>	<u>-</u>	<u>4,553,993</u>
ATTY Claims					
Acquisition	540	140,000	140,540	-	140,540
Assay	41,405	11,462	52,867	-	52,867
Camp and travel	342,258	43,582	385,840	-	385,840
Equipment rental	28,420	2,305	30,725	-	30,725
Field office	12,674	418	13,092	-	13,092
Geological	67,627	45,627	113,254	752	114,006
Geophysical	489,198	-	489,198	-	489,198
Tenure management	20,135	-	20,135	-	20,135
Recovery	(125,000)	-	(125,000)	-	(125,000)
Royalty buyback payment	(10,000)	-	(10,000)	-	(10,000)
	<u>867,257</u>	<u>243,394</u>	<u>1,110,651</u>	<u>752</u>	<u>1,111,403</u>
Total exploration and evaluation expenditures	<u><u>9,911,108</u></u>	<u><u>1,267,173</u></u>	<u><u>11,178,281</u></u>	<u><u>32,971</u></u>	<u><u>11,211,252</u></u>

FINLAY MINERALS LTD.**Notes to the Condensed Interim Financial Statements
FOR THE QUARTER ENDED MARCH 31, 2023***All values expressed in Canadian dollars***6) RELATED PARTY TRANSACTIONS**

	Three Months Ended March 31, 2023 \$	Three Months Ended March 31, 2022 \$
Key management personnel compensation:		
Mineral property geological consulting *	19,464	34,033
Wages and benefits, and other compensation	21,520	23,390

*The officer in common is no longer associated with the geological consulting company as of March 10, 2023, and therefore all subsequent transactions with this entity will not be considered related party transactions.

7) DUE TO RELATED PARTIES

At March 31, 2023, the Company owes \$8,945 (December 31, 2022 - \$20,769) to two officers of the Company. The amounts are unsecured, do not bear interest and have no fixed terms of repayment.

8) 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

On August 21, 2022, the Company issued 1,750,000 common shares pursuant to the purchase agreement of the ATG Property from Electrum Resource Corporation.

	Three Months Ended March 31, 2023		Year Ended December 31, 2022	
	Number of Shares	\$	Number of Shares	\$
Opening balance	127,666,788	12,203,606	125,916,788	12,063,606
Issued for:				
Shares issued for exploration and evaluation	-	-	1,750,000	140,000
Ending Balance	<u>127,666,788</u>	<u>12,203,606</u>	<u>127,666,788</u>	<u>12,203,606</u>

FINLAY MINERALS LTD.**Notes to the Condensed Interim Financial Statements
FOR THE QUARTER ENDED MARCH 31, 2023***All values expressed in Canadian dollars***8) SHARE CAPITAL (continued)**

b) Share purchase options

The Company has a stock option plan (the "Plan") for directors, officers, employees, and consultants. The Plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the minimum prescribed amount allowed under the TSX. The options can be granted for a maximum term of 5 years with vesting provisions determined by the Company. The Plan was amended in 2022 in order to meet Exchange requirements under the new TSX-V Policy 4.4 - Security Based Compensation. Accordingly, the new Plan has a provision that disinterested shareholder approval will be obtained for any extension of the term of a stock option granted to an insider.

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

	Three Months Ended March 31, 2023		Year Ended December 31, 2022	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Balance, beginning of the period	5,350,000	0.13	6,100,000	0.13
Expired	-	-	(850,000)	0.10
Issued	-	-	100,000	0.08
Balance, end of the period	<u>5,350,000</u>	<u>0.13</u>	<u>5,350,000</u>	<u>0.13</u>
Exercisable, end of the period	<u>5,350,000</u>	<u>0.13</u>	<u>3,750,000</u>	<u>0.13</u>
Weighted average years to expiry		<u>3.28</u>		<u>3.53</u>

c) Share purchase warrants

The continuity of share purchase warrants is as follows:

	Three Months Ended March 31, 2023		Year Ended December 31, 2022	
	Number of Warrants	Weighted Average Exercise Price \$	Number of Warrants	Weighted Average Exercise Price \$
Balance, beginning of the period	42,325,131	0.16	42,325,131	0.16
Balance, end of the period	<u>42,325,131</u>	<u>0.16</u>	<u>42,325,131</u>	<u>0.16</u>
Weighted average years to expiry		<u>0.44</u>		<u>0.68</u>

FINLAY MINERALS LTD.**Notes to the Condensed Interim Financial Statements
FOR THE QUARTER ENDED MARCH 31, 2023***All values expressed in Canadian dollars***8) SHARE CAPITAL (continued)**

d) Compensation Options

The continuity of the Compensation Options is as follows:

	Three Months Ended March 31, 2023		Year Ended December 31, 2022	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Balance, beginning of the year	1,511,323	0.10	1,511,323	0.10
Balance, end of the year	1,511,323	0.10	1,511,323	0.10
Weighted average years to expiry		0.27		0.52

e) Contributed surplus

Contributed surplus records the fair value of share-based payments, agent options and agent warrants until such time that the options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

The fair value of the stock options granted during the years ended December 31, 2022 and 2021 was estimated as at the date of issuance using the Black-Scholes option-pricing model applying the following assumptions:

	2022 \$	2021 \$
Dividends	nil	nil
Volatility	168.39%	152.67%
Risk-free interest rate	3.38%	0.81%
Expected life	5 years	5 years
Expected rate of forfeiture	0%	0%

9) 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.

The Company currently has no externally-imposed capital requirements except to maintain sufficient cash and deposit balances to meet exploration commitments.

FINLAY MINERALS LTD.**Notes to the Condensed Interim Financial Statements
FOR THE QUARTER ENDED MARCH 31, 2023***All values expressed in Canadian dollars***10) 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 \$128,488 at March 31, 2023 (December 31, 2022 - \$216,599). 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 March 31, 2023.

Interest Rate Risk

The Company has cash balances and only fixed interest-bearing guaranteed investment certificates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. 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 are not based on observable market data.

The fair value classification of the company's financial instruments as at March 31, 2023 and December 31, 2022 is as follows:

		Three Months Ended March 31, 2023	Year Ended December 31, 2022
	Fair value level	Fair value through other comprehensive income \$	Fair value through other comprehensive income \$
<i>Financial assets:</i>			
Investment in ATAC Resources Ltd.	1	114,923	63,846

During the quarter ended March 31, 2023 and year ended December 31, 2022, there were no transfers between level 1, level 2, and level 3 classified assets and liabilities.

FINLAY MINERALS LTD.**Notes to the Condensed Interim Financial Statements
FOR THE QUARTER ENDED MARCH 31, 2023***All values expressed in Canadian dollars***11) LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES**

Funds raised through the issuance of flow-through shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

During the year ended December 31, 2021, the Company issued an aggregate of 11,315,050 units on a flow-through basis for gross proceeds of \$1,383,040 and recognized a flow-through liability of \$314,218.

The Company had met the qualifying flow-through expenditure requirements with regard to the December 2021 financing and had fully amortized the associated flow-through recovery of \$87,724 during the year ended December 31, 2022.

12) SUPPLEMENTARY CASH FLOW INFORMATION

	Three Months Ended March 31, 2023 \$	Three Months Ended March 31, 2022 \$
Exploration and evaluation assets included in accounts payable and accrued liabilities	6,982	-
Exploration and evaluation assets included in due to related parties	-	12,648

See Note 5.

13) RECLAMATION BONDS

The Company's reclamation bonds relate to the following properties:

	March 31, 2023 \$	December 31, 2022 \$
Silver Hope	35,500	35,500
PIL	67,000	67,000
ATTY	5,000	5,000
	<u>107,500</u>	<u>107,500</u>

14) SUBSEQUENT EVENTS

On May 8, 2023, the Company announced that it planned to complete a non-brokered private placement financing to raise aggregate gross proceeds of up to \$500,000 (the "Private Placement"). The Company also advised that a director of the Company had agreed to subscribe for and purchase from the Company all of the FT and NFT Units under the Private Placement that are not acquired by other investors.

On May 9, 2023, the Company received conditional approval of the financing from the TSX Venture Exchange ("TSX-V").

On May 30, 2023, the Company announced that it had closed, subject to receipt of final approval from the TSX-V, its oversubscribed Private Placement for total proceeds of \$550,000.

The Private Placement consisted of the issuance of: (i) 3,333,333 flow-through units ("FT Units") at a price of \$0.06 per FT Unit (the "FT Unit Price"), with each FT Unit comprising one common share of the Company which qualifies as a "flow-through share" within the meaning of the Income Tax Act (Canada) and one-half of a non-flow-through warrant (each whole warrant a "Unit Warrant"), and (ii) 7,000,000 non-flow through units ("NFT Units") at a price of \$0.05 per NFT Unit (the "NFT Unit Price"), with each NFT Unit comprising one non-flow-through common share of the Company and one-half of a Unit Warrant.

FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements FOR THE QUARTER ENDED MARCH 31, 2023

All values expressed in Canadian dollars

14) SUBSEQUENT EVENTS (*continued*)

Each whole Unit Warrant entitles the holder thereof to acquire one additional non-flow-through common share of the Company (a "Warrant Share") at an exercise price of \$0.10 per Warrant Share for a period of twenty-four months from the closing of the Private Placement.

All securities issued under the Private Placement are subject to a four-month hold period expiring on September 30, 2023. The Company paid no finder's fees.

In connection with the Private Placement, Ilona B. Lindsay ("Ms. Lindsay"), a director and officer of the Company, purchased a total of 3,333,333 FT Units and 6,000,000 NFT units. The issuance of such FT and NFT Units to Ms. Lindsay constitutes a "related party transaction" within the meaning of Policy 5.9 of the TSX-V and Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101") as a result of Ms. Lindsay being a director, officer and an insider (as defined under applicable securities laws) of the Company. The Company is relying on the exemption from the formal valuation requirement in section 5.5(b) of MI 61-101 (as a result of its common shares being listed on the TSX-V) and the exemption from the minority approval requirement in section 5.7(1)(b) of MI 61-101 (as neither the fair market value of the total FT and NFT Units distributed to Ms. Lindsay pursuant to the Private Placement, nor the consideration paid by Ms. Lindsay, exceeded \$2,500,000).

The Company expects to use the proceeds raised from the Private Placement to continue its work on its Silver Hope and ATTY Properties and for working capital.