

FINLAY MINERALS LTD.

Condensed Interim Financial Statements
Third Quarter ended September 30, 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 September 30, 2023 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****AS AT SEPTEMBER 30, 2023 AND DECEMBER 31, 2022**

See accompanying notes to the condensed interim financial statements

All values expressed in Canadian dollars

| | September 30 | December 31 |
|---|---------------------|--------------------|
| | 2023 | 2022 |
| ASSETS | \$ | \$ |
| Current Assets | | |
| Cash and cash equivalents | 196,199 | 216,599 |
| Amounts receivable (Note 14) | 290,069 | 35,695 |
| Marketable securities (Notes 4 and 5) | 101,496 | 63,846 |
| Prepaid expenses | 46,203 | 29,373 |
| | <u>633,967</u> | <u>345,513</u> |
| Non-Current Assets | | |
| Reclamation deposits (Note 13) | 120,900 | 107,500 |
| Exploration and evaluation assets (Note 5) | 11,224,125 | 11,178,281 |
| | <u>11,978,992</u> | <u>11,631,294</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 36,787 | 33,125 |
| Due to related parties (Note 7) | 3,320 | 26,726 |
| | <u>40,107</u> | <u>59,851</u> |
| Non-Current Liabilities | | |
| Deferred income taxes | 1,711,134 | 1,707,924 |
| | <u>1,751,241</u> | <u>1,767,775</u> |
| Shareholders' Equity | | |
| Share capital (Note 8) | 12,718,878 | 12,203,606 |
| Contributed surplus | 2,427,132 | 2,290,782 |
| Investment revaluation reserve | 13,401 | (24,249) |
| Deficit | (4,931,660) | (4,606,620) |
| | <u>10,227,751</u> | <u>9,863,519</u> |
| | <u>11,978,992</u> | <u>11,631,294</u> |

Nature and continuance of operations (Note 1)

Subsequent events (Note 15)

Approved by the Board of Directors and authorized for issue on November 28, 2023.

"Robert F Brown", Director

"Alvin Jackson", Director

FINLAY MINERALS LTD.**Condensed Interim Statements of Comprehensive Loss****FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

See accompanying notes to the condensed interim financial statements

All values expressed in Canadian dollars

| | Three Months Ended | Three Months Ended | Nine Months Ended | Nine Months Ended |
|--|-----------------------|-----------------------|----------------------|----------------------|
| | September 30 | September 30 | September 30 | September 30 |
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Operating Costs and Expenses | | | | |
| Accounting | 11,700 | 9,225 | 14,930 | 13,700 |
| Advertising and promotion | 23,903 | 15,193 | 57,109 | 93,383 |
| Bank charges and interest | 973 | 1,028 | 2,788 | 5,752 |
| Consulting | 1,790 | 4,946 | 7,156 | 4,946 |
| Insurance | 4,580 | 4,552 | 13,738 | 13,657 |
| Legal | 4,315 | 32,772 | 25,081 | 124,364 |
| Office and administration | 2,734 | 9,090 | 18,078 | 29,388 |
| Rent | 4,056 | 3,900 | 12,168 | 11,400 |
| Salaries and benefits | 17,536 | 17,486 | 53,594 | 52,457 |
| Stock-option compensation (Note 8) | 136,350 | 9,500 | 136,350 | 9,500 |
| Travel and accommodation | - | - | 5,195 | - |
| Trust and filing fees | 4,667 | 11,483 | 22,106 | 45,616 |
| | <u>212,604</u> | <u>119,175</u> | <u>368,293</u> | <u>404,163</u> |
| Loss before other items | (212,604) | (119,175) | (368,293) | (404,163) |
| Flow-through recovery (Note 11) | 30,871 | 33,378 | 33,333 | 87,724 |
| Part XII.6 tax | 1,963 | - | - | - |
| Exchange loss | (134) | (330) | (762) | (1,417) |
| Dividend income, net of withholding tax | 104 | - | 104 | - |
| Interest Income | 9,972 | 6,272 | 13,788 | 8,303 |
| | <u>(169,828)</u> | <u>(79,855)</u> | <u>(321,830)</u> | <u>(309,553)</u> |
| Loss before income tax | (169,828) | (79,855) | (321,830) | (309,553) |
| Deferred income tax expense | (30,132) | (35,380) | (3,210) | (31,145) |
| | <u>(199,960)</u> | <u>(115,235)</u> | <u>(325,040)</u> | <u>(340,698)</u> |
| Net loss for the period | (199,960) | (115,235) | (325,040) | (340,698) |
| Other comprehensive income items that may not be reclassified subsequently to profit or loss: | | | | |
| Net change in fair value of marketable securities | (9,167) | (7,502) | 37,650 | (19,992) |
| | <u>(209,127)</u> | <u>(122,737)</u> | <u>(287,390)</u> | <u>(360,690)</u> |
| Net loss and comprehensive loss for the period | (209,127) | (122,737) | (287,390) | (360,690) |
| Weighted average number of common shares | <u>138,111,232</u> | <u>126,582,549</u> | <u>132,398,983</u> | <u>126,141,147</u> |
| Basic and diluted loss per share | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |

FINLAY MINERALS LTD.
Condensed Interim Statement of Cash Flows
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

See accompanying notes to the interim financial statements

All values expressed in Canadian dollars

| | Nine Months Ended September 30 2023 \$ | Nine Months Ended September 30 2022 \$ |
|--|---|---|
| CASH PROVIDED BY (USED FOR): | | |
| Operating Activities | | |
| Net loss for the period | (325,040) | (225,462) |
| Add (deduct) non-cash items | | |
| Stock-option compensation | 136,350 | - |
| Flow-through recovery | (33,333) | (54,346) |
| Deferred income tax recovery | 3,210 | (4,235) |
| | <u>(218,813)</u> | <u>(284,043)</u> |
| Changes in non-cash working capital | | |
| Amounts receivable | 12,200 | 20,266 |
| Prepaid expenses | (16,830) | 67,792 |
| Accounts payable and accrued liabilities | (25,753) | 11,519 |
| Due to related parties | (23,406) | (51,149) |
| | <u>(272,602)</u> | <u>(235,615)</u> |
| Investing Activities | | |
| Reclamation deposit | (13,400) | (16,000) |
| Mineral property costs, net of BC METC refund | (283,003) | (262,444) |
| Cash received pursuant to Option Agreement | - | 50,000 |
| | <u>(296,403)</u> | <u>(228,444)</u> |
| Financing Activities | | |
| Warrants exercised | 5,555 | - |
| Private placements | 550,000 | - |
| Share issue costs | (6,950) | - |
| | <u>548,605</u> | <u>-</u> |
| DECREASE IN CASH POSITION | (20,400) | (464,059) |
| Cash position, beginning of the period | <u>216,599</u> | <u>1,892,589</u> |
| CASH POSITION, END OF PERIOD | <u>196,199</u> | <u>1,428,530</u> |
| <i>Cash position includes cash and short term investments.</i> | | |
| Cash | 183,119 | 114,451 |
| Short-term deposits and GIC | 13,080 | 13,027 |
| Term deposit and high interest savings account | - | 1,301,052 |
| | <u>196,199</u> | <u>1,428,530</u> |

FINLAY MINERALS LTD.**Condensed Interim Statement of Changes in Equity****FOR THE QUARTER ENDED SEPTEMBER 30, 2023***See accompanying notes to the interim financial statements**All values expressed in Canadian dollars*

| | Number of Shares | Share Capital | Contributed Surplus | Investment Revaluation Reserve | Deficit | Total Equity |
|--|-----------------------------|--------------------------|--------------------------------|---|--------------------|-------------------------|
| | | \$ | \$ | \$ | \$ | \$ |
| December 31, 2021 | 125,916,788 | 12,063,606 | 2,281,282 | - | (4,246,031) | 10,098,857 |
| Shares issued | 1,750,000 | 140,000 | - | - | - | 140,000 |
| Stock-option compensation | - | - | 9,500 | - | - | 9,500 |
| Other comprehensive income for the period | - | - | - | (19,992) | - | (19,992) |
| Net loss for the period | - | - | - | - | (340,698) | (340,698) |
| September 30, 2022 | <u>127,666,788</u> | <u>12,203,606</u> | <u>2,290,782</u> | <u>(19,992)</u> | <u>(4,586,729)</u> | <u>9,887,667</u> |
| December 31, 2022 | 127,666,788 | 12,203,606 | 2,290,782 | (24,249) | (4,606,620) | 9,863,519 |
| Warrants exercised | 111,111 | 5,555 | - | - | - | 5,555 |
| Private Placements | 10,333,333 | 516,667 | - | - | - | 516,667 |
| Share issue costs | - | (6,950) | - | - | - | (6,950) |
| Stock-option compensation | - | - | 136,350 | - | - | 136,350 |
| Other comprehensive income for the period | - | - | - | 37,650 | - | 37,650 |
| Net loss for the period | - | - | - | - | (325,040) | (325,040) |
| September 30, 2023 | <u>138,111,232</u> | <u>12,718,878</u> | <u>2,427,132</u> | <u>13,401</u> | <u>(4,931,660)</u> | <u>10,227,751</u> |

FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements

FOR THE QUARTER ENDED SEPTEMBER 30, 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 nine months ended September 30, 2023 of \$287,390, 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 SEPTEMBER 30, 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 SEPTEMBER 30, 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 SEPTEMBER 30, 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.

Investments in Cascadia Minerals Ltd. (formerly ATAC Resources Ltd.) and Hecla Mining Company are 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 September 30, 2023 as any new standards are not applicable to the Company's financial statements.

4) MARKETABLE SECURITIES

On July 10, 2023, ATAC Resources Ltd. announced the completion of its merger with Hecla Mining Company and the spin-out of the new exploration company, Cascadia Minerals Ltd. As a result of this transaction, the Company's 851,285 ATAC Resources Ltd. shares were converted to 14,131 Hecla Mining Company shares and 85,128 Cascadia Mineral shares. The shares of these corporations are traded on the TSX Venture Exchange.

| | September 30, 2023 | December 31, 2022 |
|-------------------------------------|--------------------|-------------------|
| | \$ | \$ |
| Marketable securities -- fair value | 101,496 | 63,846 |
| Marketable securities -- cost | 88,093 | 88,095 |

See Note 5.

FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements

FOR THE QUARTER ENDED SEPTEMBER 30, 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 one 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 two 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 Cascadia Minerals Ltd. ("Cascadia") (formerly ATAC Resources Ltd.) whereby Cascadia has the option to earn a 70% interest in the Company's wholly-owned PIL Property. Pursuant to the Property Option Agreement, Cascadia 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, Cascadia 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 Cascadia assuming the obligation to fully fund the \$2,000,000 Buy Back Right as long as Cascadia's interest in the joint venture exceeds 50%.

On June 27, 2023, the Company signed a third amending agreement to the PIL Option Agreement with Cascadia modifying the second and third year additional expenditure requirements from \$900,000 in 2023 and \$1,200,000 in 2024 respectively, to \$400,000 in 2023 and \$1,700,000 in 2024. Cascadia had exceeded the expenditure requirement in 2022 by over \$250,000 which has accrued to 2023.

As at November 28, 2023, the Property Option Agreement with Cascadia Minerals 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 (the "OA"), the Company and Electrum Resource Corp (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 SEPTEMBER 30, 2023**
All values expressed in Canadian dollars
5) EXPLORATION AND EVALUATION EXPENDITURES (continued)

| | December 31 2021 | Net Additions | December 31 2022 | Net Additions | September 30 2023 |
|--|-------------------------|-------------------------|--------------------------|----------------------|--------------------------|
| BRITISH COLUMBIA | | | | | |
| Silver Hope Claims | | | | | |
| Acquisition | 166,873 | - | 166,873 | - | 166,873 |
| Assay | 280,145 | 151,209 | 431,354 | 49,343 | 480,697 |
| Camp and travel | 326,610 | 348,875 | 675,485 | 17,944 | 693,429 |
| Drilling | 1,682,114 | 355,650 | 2,037,764 | - | 2,037,764 |
| Equipment rental | 74,239 | 60,946 | 135,185 | 12,791 | 147,976 |
| Field office | 26,017 | 12,201 | 38,218 | - | 38,218 |
| Geological | 797,301 | 262,668 | 1,059,969 | 160,518 | 1,220,487 |
| Geophysical | 917,213 | - | 917,213 | 70,880 | 988,093 |
| Road construction | 45,239 | 79,436 | 124,675 | - | 124,675 |
| Tenure management | 51,617 | 10,197 | 61,814 | - | 61,814 |
| BC METC refund | (67,479) | (67,434) | (134,913) | (226,588) | (361,501) |
| | <u>4,299,889</u> | <u>1,213,748</u> | <u>5,513,637</u> | <u>84,888</u> | <u>5,598,525</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) |
| BC METC 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 | 942 | 114,196 |
| 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) |
| BC METC refund | - | - | - | (39,986) | (39,986) |
| | <u>867,257</u> | <u>243,394</u> | <u>1,110,651</u> | <u>(39,044)</u> | <u>1,071,607</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>45,844</u></u> | <u><u>11,224,125</u></u> |

FINLAY MINERALS LTD.**Notes to the Condensed Interim Financial Statements****FOR THE QUARTER ENDED SEPTEMBER 30, 2023***All values expressed in Canadian dollars***6) RELATED PARTY TRANSACTIONS**

| | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2022 |
|--|---|---|
| | \$ | \$ |
| Key management personnel compensation: | | |
| Mineral property geological consulting | 6,056 | 233,542 |
| Wages and benefits, and other compensation | 66,315 | 64,815 |
| Stock-option compensation | 136,350 | - |

7) DUE TO RELATED PARTIES

At September 30, 2023, the Company owes \$3,320 to two officers of the Company (December 31, 2022 - \$26,726). 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 May 29, 2023, the Company issued a total of 10,333,333 common shares pursuant to a non-brokered private placement financing. The share issuances were comprised 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. 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. The Company paid cash share issue costs of \$6,950; no finders fees were paid.

On June 27, 2023, the Company issued 111,111 common shares pursuant to the exercise of 111,111 warrants at an exercise price of \$0.05.

| | Nine Months Ended September 30, 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: | | | | |
| Private Placements | 10,333,333 | 516,667 | - | - |
| Warrants exercised | 111,111 | 5,555 | - | - |
| Shares issued for exploration and evaluation | - | - | 1,750,000 | 140,000 |
| Share issue costs | - | (6,950) | - | - |
| Ending Balance | <u>138,111,232</u> | <u>12,718,878</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 SEPTEMBER 30, 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 Plan was approved at the June 23, 2023 Annual General and Special meeting.

On August 21, 2023, the Company issued 5,050,000 stock options to directors and officers of the Company. The stock options are exercisable at a price of \$0.05 per share for a period of five years, expiring on August 21, 2028, are subject to the terms of the Plan, and vested as of the date of the grant; the stock options and any common shares issued upon exercise of the stock options are subject to a four-month resale restriction expiring on December 22, 2023. The grant of the 5,050,000 stock options realized a stock option compensation expense of \$136,350 in the third quarter of 2023. For further information regarding the variables used to calculate this stock option expense, refer to Note 8 (e) below.

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

| | Nine Months Ended September 30, 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 | 5,050,000 | 0.05 | 100,000 | 0.08 |
| Balance, end of the period | <u>10,400,000</u> | <u>0.09</u> | <u>5,350,000</u> | <u>0.13</u> |
| Exercisable, end of the period | <u>10,400,000</u> | <u>0.09</u> | <u>5,350,000</u> | <u>0.13</u> |
| Weighted average years to expiry | | <u>3.81</u> | | <u>3.53</u> |

FINLAY MINERALS LTD.**Notes to the Condensed Interim Financial Statements****FOR THE QUARTER ENDED SEPTEMBER 30, 2023***All values expressed in Canadian dollars***8) SHARE CAPITAL (continued)**

c) Share purchase warrants

The continuity of share purchase warrants is as follows:

| | Nine Months Ended September 30, 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 ¹ | 0.16 | 42,325,131 | 0.16 |
| Issued | 5,166,666 | 0.10 | - | - |
| Expired | (26,565,637) | 0.05 | - | - |
| Exercised | (111,111) | 0.05 | - | - |
| Balance, end of the period | <u>20,815,049</u> | <u>0.18</u> | <u>42,325,131</u> | <u>0.16</u> |
| Weighted average years to expiry | | <u>0.57</u> | | <u>0.68</u> |

¹ As at June 8, 2023, the Company re-priced 26,444,748 warrants from \$0.135 to \$0.05.

d) Compensation options

The continuity of the compensation options is as follows:

| | Nine Months Ended September 30, 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 |
| Expired | (1,511,323) | (0.10) | - | - |
| Balance, end of the year | <u>-</u> | <u>-</u> | <u>1,511,323</u> | <u>0.10</u> |
| Weighted average years to expiry | | <u>-</u> | | <u>0.52</u> |

FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements FOR THE QUARTER ENDED SEPTEMBER 30, 2023

All values expressed in Canadian dollars

8) SHARE CAPITAL (continued)

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 periods ended September 30, 2023 and 2022 was estimated as at the date of issuance using the Black-Scholes option-pricing model applying the following assumptions:

| | 2023 | 2022 |
|-----------------------------|---------|---------|
| | \$ | \$ |
| Dividends | nil | nil |
| Volatility | 149.64% | 168.39% |
| Risk-free interest rate | 4.14% | 3.38% |
| 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.

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 \$196,199 at September 30, 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 September 30, 2023.

FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements FOR THE QUARTER ENDED SEPTEMBER 30, 2023

All values expressed in Canadian dollars

10) FINANCIAL INSTRUMENT RISKS (continued)

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 September 30, 2023 and December 31, 2022 is as follows:

| | | September 30, 2023 | 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 | - | 63,846 |
| Investment in Cascadia Minerals Ltd. | 1 | 26,390 | - |
| Investment in Hecla Mining Company | 1 | 75,106 | - |

During the quarter ended September 30, 2023 and year ended December 31, 2022, there were no transfers between level 1, level 2, and level 3 classified assets and liabilities.

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.

Pursuant to the private placement financing which closed on May 29, 2023, the Company issued 3,333,333 units on a flow-through basis for gross proceeds of \$200,000 and recognized a flow-through liability of \$33,333.

As at September 30, 2023, the Company had spent all of the \$200,000 flow-through funds and recognized a flow-through recovery of \$33,333 for the period ended September 30, 2023.

FINLAY MINERALS LTD.**Notes to the Condensed Interim Financial Statements****FOR THE QUARTER ENDED SEPTEMBER 30, 2023***All values expressed in Canadian dollars***12) SUPPLEMENTARY CASH FLOW INFORMATION**

| | Nine Months Ended September 30 2023 \$ | Nine Months Ended September 30 2022 \$ |
|--|---|---|
| Change in exploration and evaluation assets included in BC METC receivable | 266,574 | - |
| Change in exploration and evaluation assets included in accounts payable and accrued liabilities | 29,415 | 177,542 |
| Change in exploration and evaluation assets included in due to related parties | - | 224,524 |

See Note 5.

13) RECLAMATION BONDS

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

| | September 30, 2023 \$ | December 31, 2022 \$ |
|-------------|----------------------------------|---------------------------------|
| Silver Hope | 35,500 | 35,500 |
| PIL | 67,000 | 67,000 |
| ATTY | 18,400 | 5,000 |
| | <u>120,900</u> | <u>107,500</u> |

These bonds are expected to be refunded to the Company once the government agencies are satisfied that the Company has performed all necessary reclamation activities.

14) AMOUNTS RECEIVABLE

Amounts receivable is comprised of the following:

| | September 30, 2023 \$ | December 31, 2022 \$ |
|---------------------------|----------------------------------|---------------------------------|
| GST receivable | 14,640 | 35,695 |
| BC METC receivable | 266,574 | - |
| Interest receivable | 6,892 | - |
| Part XII.6 tax receivable | 1,963 | - |
| | <u>290,069 ¹</u> | <u>35,695</u> |

¹ This amount was received subsequent to September 30, 2023.

FINLAY MINERALS LTD.

Notes to the Condensed Interim Financial Statements

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

All values expressed in Canadian dollars

15) SUBSEQUENT EVENTS

On October 16, 2023, the Company announced that it intended to apply to the TSX Venture Exchange ("the Exchange") to extend the term of 2,523,383 warrants exercisable at \$0.20 from November 18, 2023 to November 18, 2026. The warrants were issued under its private placement completed on November 18, 2021. The Company further reported that 1,153,846 of the 2,523,383 warrants were held by an insider and director of the Company. The Exchange approved the warrant extension application on October 23, 2023.

On November 8, 2023, the Company announced that it intended to apply to the Exchange to extend the term of a further 13,125,000 warrants exercisable at \$0.20 from December 18, 2023 to December 18, 2024. The Company also announced that 13,093,750 of the 13,125,000 warrants are held by a control person of the Company. The Exchange approved the warrant extension application on November 15, 2023.