



MINEFINDERS CORPORATION LTD.

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VANCOUVER, B.C.

CANADA V6E 2K3

1st QUARTER 2005
FINANCIAL REPORT

Investor Relations

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NOTICE TO READERS OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying interim consolidated financial statements of Minefinders Corporation Ltd. consisting of the interim consolidated balance sheet as at March 31, 2005 and the interim consolidated statements of loss and deficit, cash flows and mineral properties and deferred exploration costs for the three-month periods ended March 31, 2005 and 2004 are the responsibility of the Company's management. These financial statements have not been reviewed by the independent auditors of the Company.

Minefinders Corporation Ltd.

(An Exploration Stage Company)

Consolidated Balance Sheets

Thousands of United States dollars

(Unaudited)

	March 31, 2005	December 31, 2004
Assets		
Current		
Cash and cash equivalents	\$ 39,274	\$ 42,352
Receivables	300	156
Prepaid expenses	378	135
	<u>39,952</u>	42,643
Mineral properties and deferred exploration costs (Note 4)	46,820	44,762
Equipment	184	187
	<u>\$ 86,956</u>	<u>\$ 87,592</u>
<hr/>		
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,286	\$ 879
Shareholders' equity		
Capital stock (Note 5)	85,526	85,526
Contributed surplus	6,803	6,803
Deficit accumulated in the exploration stage	(17,873)	(17,379)
Cumulative translation adjustment	11,214	11,763
	<u>85,670</u>	<u>86,713</u>
	<u>\$ 86,956</u>	<u>\$ 87,592</u>

The accompanying notes are an integral part of these consolidated financial statements

Minefinders Corporation Ltd.
 (An Exploration Stage Company)
 Consolidated Statements of Loss and Deficit
Thousands of United States dollars
 For the Three Months Ended March 31
 (Unaudited)

	2005	2004
Administrative costs		
Accounting and auditing	\$ 90	\$ 65
Amortization	2	2
Consulting fees	87	166
Corporate relations	129	126
Legal	85	72
Office services and expenses	132	60
Shareholder reports and filing fees	47	26
Travel	15	9
	587	526
Exploration costs written off	93	48
	(680)	(574)
Loss from operations		
Other items:		
Foreign exchange gain	5	47
Loss on disposal of equipment	(1)	-
Interest income	182	285
	(494)	(242)
Net loss for the period		
Deficit, beginning of period	(17,379)	(14,486)
Deficit, end of period	\$ (17,873)	\$ (14,728)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average shares outstanding	36,476,841	36,229,974

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Minefinders Corporation Ltd.
 (An Exploration Stage Company)
 Consolidated Statements of Cash Flows
 Thousands of United States dollars
 For the Three Months Ended March 31
 (Unaudited)

	2005	2004
Cash flows from operating activities		
Net loss for the period	\$ (494)	\$ (242)
Items not involving cash		
Amortization	2	2
Exploration costs written off	93	48
Loss on disposal of equipment	1	-
Net change in non-cash working capital balances		
Receivables	(144)	(6)
Prepaid expenses	(243)	(83)
Accounts payable and accrued liabilities	407	(80)
	(378)	(361)
Cash flows from investing activities		
Mineral properties and exploration costs	(2,388)	(1,468)
Purchase of equipment	(7)	(74)
	(2,395)	(1,542)
Cash flows from financing activities		
Net proceeds on issuance of common shares	-	730
Effect of exchange rate changes on cash and cash equivalents	(305)	(479)
Decrease in cash and cash equivalents for the period	(3,078)	(1,652)
Cash and cash equivalents, beginning of period	42,352	45,677
Cash and cash equivalents, end of period	\$ 39,274	\$ 44,025
Supplemental Information		
Stock option compensation included in Mineral Properties	\$ -	\$ 110

The accompanying notes are an integral part of these consolidated financial statements.

Minefinders Corporation Ltd.
Consolidated Statements of Mineral Properties
and Deferred Exploration Costs
Thousands of United States dollars
For the Three Months Ended March 31
(Unaudited)

	2005	2004
Mineral properties	\$ 25	\$ 38
Exploration costs		
Assaying	123	107
Amortization	10	12
Communication and delivery	36	27
Drilling and trenching	898	593
Engineering and feasibility study	412	108
Environmental	15	3
Geophysical surveying and mapping	1	4
Heavy equipment	15	-
Legal	25	19
Licences and recording fees	115	47
Metallurgical	62	48
Road building	76	43
Site assembly	60	-
Stock option compensation (Note 7)	-	110
Supplies	51	42
Taxes	-	31
Technical and professional services	418	301
Travel	56	57
	2,373	1,552
Total for the period	2,398	1,590
Balance, beginning of period	44,762	34,519
Foreign exchange adjustment	(247)	(367)
Less: Write-off of deferred exploration costs	(93)	(48)
Balance, end of period	\$ 46,820	\$ 35,694

The accompanying notes are an integral part of these consolidated financial statements.

Minefinders Corporation Ltd.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

Thousands of United States dollars

March 31, 2005

(Unaudited)

1. Basis of Presentation

These financial statements are presented in accordance with Canadian generally accepted accounting principles for interim financial statements, and are stated in thousands of United States dollars.

The interim financial statements do not include all the note disclosures required for annual financial statements but they are presented in accordance with the same accounting principles, policies and methods that are used in the preparation of the Company's annual financial statements; therefore they should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2004.

The statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for the fair presentation of the information contained in them.

2. Nature of Business

The accompanying financial statements have been prepared on a going-concern basis, which contemplates the realization of the assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of the amount shown for mineral properties and deferred exploration costs is dependent upon the continuing financial support of shareholders or other investors to obtain long-term financing to complete exploration and development, the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, and upon future profitable production.

The Company expects to complete in the second quarter of 2005 a feasibility study on its Dolores mineral property located in Mexico. Assuming the study is positive, development of the Dolores deposit will depend upon obtaining adequate financing and the appropriate environmental and operating permits. Until the study is completed, the Company will not be able to forecast capital or operating costs for the Dolores project.

3. Segmented Information

The Company has determined that it has one business segment, the exploration and development of mineral properties. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for the three-month periods ended March 31, 2005 and 2004.

Minefinders Corporation Ltd.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements
Thousands of United States dollars

March 31, 2005

(Unaudited)

4. Mineral Properties and Deferred Exploration Costs

The following table shows the net carrying costs at March 31, 2005 and December 31, 2004.

	Mineral Properties	Deferred Exploration Costs	March 31, 2005	December 31, 2004
<u>Mexico</u>				
Dolores Property	\$ 9,034	\$ 28,862	\$ 37,896	\$ 36,564
Northern Sonora	226	4,559	4,785	4,657
La Reserva/El Correo	87	1,683	1,770	1,816
Planchas de Plata	-	272	272	135
Other	-	7	7	7
	9,347	35,383	44,730	43,179
<u>United States</u>				
Nevada Properties	295	1,795	2,090	1,583
	\$ 9,642	\$ 37,178	\$ 46,820	\$ 44,762

5. Capital Stock

Authorized: Unlimited common shares, no par value

Issued:

	Shares	Amount
Balance, January 1, 2004	36,121,841	\$ 84,278
Stock options exercised for cash:		
Period to March 31, 2004	280,000	730
Balance, March 31, 2004	36,401,841	85,008
Stock options exercised for cash:		
Period to December 31, 2004	75,000	518
Balance December 31, 2004 and March 31, 2005	36,476,841	\$ 85,526

Minefinders Corporation Ltd.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

Thousands of United States dollars

March 31, 2005

(Unaudited)

5. Capital Stock (Continued)

At March 31, 2005, the following stock options were outstanding and exercisable:

Number	Exercise Price (\$CDN)	Expiry Date
125,000	1.10	June 19, 2005
40,000	1.05	December 7, 2005
220,000	1.50	November 7, 2006
585,000	3.30	April 17, 2007
860,000	6.45	December 23, 2007
35,000	8.08	July 1, 2008
755,000	10.65	September 26, 2008
50,000	12.53	March 17, 2009
75,000	8.25	May 17, 2009
695,000	8.80	June 14, 2009
3,440,000	6.89	

No options were granted, exercised or cancelled during the period.

6. Related Party Transactions

- The Company paid \$174 (2004-\$209) in the three months ended March 31, 2005, for administrative and geological services by two officers (one of whom is a director).
- The Company was charged \$44 (2004-\$28) in the three months ended March 31, 2005, for legal services by a law firm in which one of the directors is a partner.
- On June 10, 2004 a director was appointed non-executive Chairman, at a remuneration of \$25 per annum. A payment of \$7 (2004-\$nil) was made in the quarter.

Transactions with related parties are recorded at the exchange amount, being the amount agreed to by the parties.

7. Stock Option Compensation

During the three months ended March 31, 2005, no stock options were granted. In the three months ended March 31, 2004, 50,000 options with an exercise price of \$12.53 were granted.

Stock option compensation is recognized and charged to the Consolidated Statements of Loss

Minefinders Corporation Ltd.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

Thousands of United States dollars

March 31, 2005

(Unaudited)

7. Stock Option Compensation (continued)

and Deficit, and Mineral Properties and Deferred Exploration Costs in accordance with the nature of the services provided by the recipient of the grant. Charges to these statements were as follows:

	<u>Three Months Ended March 31</u>	
	<u>2005</u>	<u>2004</u>
Statement of Loss and Deficit	\$ -	\$ -
Statement of Mineral Properties and Deferred Exploration Costs	-	110
	<u>\$ -</u>	<u>\$ 110</u>

8. United States Generally Accepted Accounting Principles

The consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). These principles differ in some respects from United States generally accepted accounting principles ("US GAAP"). The effect of such differences on the Company's consolidated financial statements, where material, is set out below:

a) Mineral Exploration Expenditures

Under Canadian GAAP expenditures on specific properties are capitalized until such time as it is established that no economically recoverable deposit exists, or the properties are sold or abandoned. US GAAP requires that mineral exploration expenditures be charged to the Statement of Loss and Deficit in the period incurred. Accordingly, for US GAAP, all mineral exploration expenditures incurred to date would be charged to the Statement of Loss and Deficit.

b) Comprehensive income (loss)

US GAAP requires the Company to present comprehensive income. Comprehensive income comprises the Company's net loss and all changes to shareholders' equity except those resulting from investments or distributions to owners. Foreign exchange adjustments resulting from the translation of deferred mineral exploration costs have been excluded from the calculation of comprehensive loss as such costs would have been charged to expense as incurred under US GAAP.

c) Stock-based compensation

Effective January 1, 2004, the Company adopted the Canadian GAAP fair-value-based method for all stock-based awards granted on or after January 1, 2004 and retroactively applied this method to, and re-stated, all prior periods. The Company has also adopted this method under US GAAP. Accordingly, there is no difference between the financial position, results of operations, and cash flows under Canadian GAAP and US GAAP arising from the accounting for stock-based compensation.

Minefinders Corporation Ltd.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

Thousands of United States dollars

March 31, 2005

(Unaudited)

8. United States Generally Accepted Accounting Principles (continued)

The impact of the above on the financial statements is as follows:

	Three Months Ended March 31	
	2005	2004
Net loss per Canadian GAAP	\$ (494)	\$ (242)
Adjustments related to:		
Mineral exploration expenses	(2,305)	(1,542)
Net loss per US GAAP	(2,799)	(1,784)
Foreign exchange adjustment	(302)	(1,215)
Comprehensive income (loss) per US GAAP	\$ (3,101)	\$ (2,999)
Net loss per share, basic and diluted	\$ (0.08)	\$ (0.05)

	March 31, 2005	December 31, 2004
Shareholders' equity per Canadian GAAP	\$ 85,670	\$ 86,713
Adjustments related to:		
Mineral exploration expenses	(46,820)	(44,762)
Shareholders' equity per US GAAP	\$ 38,850	\$ 41,951