

Minefinders Corporation Ltd.
Amended Management Discussion and Analysis
September 30, 2006

This discussion is for the three and nine-month periods ended September 30, 2006, with comparisons to the same periods in 2005. Unless otherwise noted, all information is current to November 28, 2006, and all currency amounts are in United States dollars. The discussion and analysis is intended to complement and supplement the Company's amended interim consolidated financial statements for the nine months ended September 30, 2006 (the "Financial Statements") and should be read together with those Financial Statements.

Additional information, including the Company's audited consolidated financial statements and its Amended Annual Information Form for the year ended December 31, 2005 is available on SEDAR at www.sedar.com

Introduction

The Financial Statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), which differ in certain material respects from accounting principles generally accepted in the United States ("US GAAP") (see note 14 to the Financial Statements). The Company's accounting policies and estimates used in the preparation of these Financial Statements are consistent with those used in the preparation of the annual financial statements. The policies and estimates are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Company Now in Development

In February 2006, the Company decided to proceed with the construction of the Dolores gold and silver mine, subject to obtaining capital and the requisite permits. All of the major permits have been received. In April 2006, the Company raised \$77.7 million (net) in an issue of 11,000,000 common shares, and in October 2006 issued \$85 million of 4.5% unsecured Convertible Senior Notes due December 15, 2011 that raised approximately \$81.6 million (net). These two financings have provided ample funds to allow completion of the Dolores project. Substantial deposits and commitments to secure long lead-time equipment and machinery have been made, and site clearing and construction activities have begun.

In April 2006, the Company moved from the exploration stage to one of development and construction, and the Financial Statements have been prepared on that basis. There has been no change to previously reported figures.

Forward Looking Statements

This discussion and analysis contains forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet management's expectations. For a thorough discussion and analysis of the risks and uncertainties affecting the Company we refer you to the Amended Annual Information Form for the year ended December 31, 2005.

Overview

The Company is engaged in the exploration and development of precious and base metal mineral properties, primarily in Mexico and the United States, and measures its success through the growth in its mineral resources at a reasonable finding cost, and in obtaining external funding for exploration and development of its mineral properties. All of the Company's mineral properties are in the exploration or development stage. The Company has no current revenue except interest income and continues to incur negative cash flows from operations.

The Company has been successful in outlining a valuable and expanding resource at its main project, Dolores, in the State of Chihuahua, Mexico. An independent feasibility study on the Dolores gold and silver mine produced a positive recommendation and on February 23, 2006, management was authorized by the Board of Directors to bring the Dolores property into commercial production and to raise the capital required for construction of the mine and ancillary facilities. (see "Proposed Mine at Dolores" and "Capital Resources and Liquidity"). The Company continued its exploration activities at Dolores with step-out drilling.

During the third quarter, the Company continued exploration activities at its Planchas de Plata and Real Viejo properties in northern Sonora, Mexico. The programs included ground geophysics, which successfully identified induced polarization/resistivity ("IP/R") anomalies coincident with previously drilled mineralization and extending more than 2,000 meters along strike. Drill testing of these new anomalies began in September and will continue through the fourth quarter. Exploration continues on the Company's other properties in Sonora, including the addition of 9,360 hectares of new mining concessions. The Company is following up the results of its recently completed reconnaissance program in northern Mexico, evaluating potential new property acquisitions.

The Company is in a strong financial position, and will not require additional financing to complete development of its Dolores mine or exploration programs. Adequate funds are in place to provide for potential cost overruns on the Dolores project, to continue exploration programs on the Company's other properties, and to finance administrative costs until cash flow from Dolores begins.

The gold and silver markets are at price levels not seen in many years. The Company believes that the gold and silver prices have benefited from a weakening of the United States dollar against other major currencies, a reduction in hedging of future production by major producers, and an increase in physical demand. However, prices have fluctuated widely in recent months, and current economic and geopolitical events suggest that these fluctuations may continue for some time.

The price of gold was \$513 per ounce at December 31, 2005, and in the nine months to September 30, 2006 has had a high of \$725 and a low of \$525. The price of silver also improved from \$8.83 per ounce at December 31, 2005 to a high of \$14.94 with a low of \$8.83 in the same nine-month period. On November 28, 2006, the London pm fix price for gold was \$637 per ounce and for silver was \$13.44 per ounce. The average price for gold in the three and nine-month periods ended September 30, 2006 was \$622 and \$601, and for silver was \$11.70 and \$11.21.

It is not possible to forecast gold and silver price trends and their impact on future results from operations, nor is the Company able to forecast that the project will be completed and achieve commercial production. However the current markets for gold and silver and for precious metals investments are very positive for the Dolores project.

Proposed Mine at Dolores

In February 2006, the Company received a positive, independent feasibility study of its Dolores property, proposing an open-pit heap leach facility to operate at 18,000 tonnes per day (“tpd”). Initial capital expenditures were estimated to be approximately \$132 million, with further capital requirements of \$29 million through a 12 year mine life. Total cash costs per ounce of gold and gold-equivalent silver (based on a 63:1 silver:gold ratio) were estimated to average \$237.70 for the life of the mine. The study estimated total production of 1.445 million ozs of gold and 53.2 million ozs of silver (or 2.29 million ozs of gold equivalent (“AuEq”). The project economics indicated a pay back of capital in 3.3 years, an after-tax undiscounted net present value of \$276.8 million and an after-tax internal rate of return of 24.3% using \$475 and \$7.50 as the price per ounce of gold and silver.

Based on the study and other relevant factors, on February 23, 2006 the Board of Directors instructed management to proceed with the construction of an 18,000 tpd open-pit, heap leach mine at Dolores, subject to obtaining necessary permits and required financing. Principal construction has begun, and commencement of production is expected in August 2007.

In April 2006, the Company completed an updated resource model incorporating results of drilling from October 2004 to December 2005 that had not been included in the feasibility study. Using the revised resource, the Company updated its estimated in pit reserve base. The new reserves are contained in 100.2 million tonnes of proven and probable reserves having an average diluted grade of 0.76 g/t gold and 39.7 g/t silver, using a 0.3 g/t AuEq cutoff grade, as determined by an updated, internally generated engineered pit plan.

The fully-diluted reserves at the Dolores Project have been re-calculated taking into account a revised pit plan based upon the bankable Dolores feasibility study reported on February 27, 2006, the revised resource estimates referred to above, and an assumed base case gold price of \$400/oz and silver price of \$7.00/oz. The in-pit proven and probable reserves increased to 2.45 million ounces of gold and 127.9 million ounces of silver (or 4.48 million ounces of gold equivalent using the feasibility study silver gold ratio of 63:1). This represents an increase of 24.9% in contained gold reserves and an increase of 23.5% in contained silver reserves over the February 2006 feasibility production estimates.

The on going pit and haul road optimization will continue throughout the construction period and the economic model will be updated again prior to production start-up to include the most current costs and data.

The Company is conducting a 15,000 meter resource-expansion drilling program, directed at previously discovered mineralized zones outside the current mine plan, and at untested targets. The feasibility study does not take into account significant high-grade gold mineralization that lies below the proposed pit or surface mineralization extending up to 1 kilometer from the pit. Drilling is under way to define and quantify this mineralization with a view to developing a plan for an underground mine if results justify such a course.

After reviewing its cash resources, including the net proceeds of an issue of 11,000,000 common shares (see “Capital Resources and Liquidity”), the funding requirements to continue exploration programs on other properties, and to meet administrative expenditures for at least the next twelve months, the Company decided to seek \$70 to \$75 million to fund completion of the project. Subsequent to the end of the third quarter, the Company issued \$85 million (\$75 million plus an over-allotment option of \$10 million that was exercised) of 4.50% unsecured Convertible Senior Notes due December 15, 2011, to net \$81.65 million after expenses of issue (see “Capital Resources and Liquidity”). The Company decided to

proceed with this alternative, rather than the previously announced project finance loan. With this financing, the Company has sufficient funds to bring the proposed mine into production.

The resource-expansion drilling program continues, and construction of mine facilities is under way. The mining fleet and drills have been ordered, with initial deliveries expected in the fourth quarter. Generators, crushers and conveyors, and processing equipment have been ordered and are under manufacture and fabrication. All contracts for critical mine and facilities construction have been awarded.

Operating Activities

The Company recorded a net loss for the third quarter of \$0.909 million (\$0.02 per share), compared with \$1.416 million (\$0.04 per share) for 2005, and net losses for the nine months to September 30, 2006 of \$5.401 million (\$0.12 per share), compared with net losses of \$3.902 million (\$0.11 per share) for the same period in 2005.

Net losses for the quarter and the nine months were adversely affected by higher administration and stock-based compensation costs in 2006 that were offset by reduced exploration costs written off, and by higher interest rates, and income earned on larger cash balances in 2006. Total administrative costs for the quarter increased from \$1.157 million in 2005 to \$1.481 million in 2006. There was a charge for stock-based compensation in 2005 of \$0.659 million that has no counterpart in 2006. In the third quarter of 2006, \$0.686 million of financing costs related to the proposed, but cancelled, bank project finance was written off; the other increases over the third quarter of 2005 are the result of expanding operations and positioning the Company for the step from exploration stage to development and production at Dolores. For the nine months, the total administrative costs rose from \$2.307 million in 2005 to \$6.301 million in 2006; the total for 2006 includes a higher stock compensation charge than in the same period of 2005 by \$2.604 million, and the \$0.686 million of financing costs discussed above.

Additional accounting and auditing expense continues to be incurred in complying with increased regulatory requirements, a trend that has also resulted in the increase in costs for shareholder reports and filing fees. Consulting fees and office services and expenses have also increased over 2005 because of the increase in the Company's activities after we made the construction decision in February, 2006.

Interest income for the quarter increased to \$0.867 million in 2006 (2005 - \$0.218 million), and to \$1.919 million for the nine months (2005 - \$0.659 million). Investment of the net proceeds of \$77.712 million from the share issue in April 2006 has caused the increase in the quarter and in the year to date. The Company realized a foreign exchange loss of \$0.762 million in the nine months of 2006, which arose primarily from the effect of the decrease in the value of those dollars on the Company's US dollar expenditures, and on its September 30, 2006 US dollar balances.

The Company's financial position at September 30, 2006 was very strong, with \$73.232 million in cash and net working capital of \$73.257 million (at December 31, 2005 - \$32.26 million). Given that the Company had entered into contractual obligations for the Dolores project that amounted to \$60.559 million at September 30, 2006 and expected to incur total project costs of \$132 million, most of these funds were essentially committed. However, further financing of \$81.65 million (net) was arranged in October 2006 (see "Capital Resources and Liquidity").

The sources of funds through the third quarter of 2006 were \$0.980 million (2005 - \$0.111 million) from the exercise of stock options, \$77.712 million from the issue of 11,000,000 common shares (2005 - nil) and \$1.919 million (2005 - \$0.659 million) in interest income. The effect of foreign currency exchange

rates on cash and cash equivalents for 2006 year to date has been a translation gain of \$2.819 million (2005 - \$1.013 million), arising from the increase in value of the Canadian dollar.

Since December 31, 2005 we have increased our receivables by \$1.947 million (mainly taxes recoverable) representing a cash outlay; we have decreased our prepaid expenses by \$0.124 million representing cash that was expended in 2005. Our accounts payable have increased by \$1.649 million representing expenditures in the first half that we did not need to pay until after September 30, 2006, of which \$0.380 million relates to operating activities and \$1.269 million relates to investing activities. The net effect of these transactions and the Company's operating activities was to increase our working capital by \$40.997 million. As a result of its cash flows and unrealized exchange gains, there was a net increase in the Company's cash balances of \$40.823 million in the year to date.

Summary by Quarter

The following tables present our unaudited quarterly results of operations for each of the last eight quarters.

Net loss by quarter (000's)	Q-1	Q-2	Q-3	Q-4
2006				
Loss before the following	\$495	609	785	
Stock option compensation	-	3,263	-	
	47	78	124	
Net loss	\$542	3,950	909	
Loss per share	\$0.01	0.09	0.02	
2005				
Loss before the following	\$401	328	419	356
Stock option compensation	-	-	659	26
Write-off of mineral properties	93	1,664	338	133
Net loss	\$494	1,992	1,416	515
Loss per share	\$0.01	0.05	0.04	0.02
2004				
Loss before the following				334
Stock option compensation				58
Write-off of mineral properties				54
Net loss				446
Loss per share				0.01

Variations in net loss by quarter reflect overall corporate activity and factors which are not recurring each quarter, such as charges for stock-based compensation when options are granted and by significant property write-downs that are usually, but not always, recorded in the fourth quarter. Those two expenses have been identified in the table above to show their impact on each quarter. As the Company has not yet engaged in commercial operations, variations in its quarterly losses are not affected by sales or production-related factors.

Outstanding Share Data

As at November 28, 2006 there were 48,022,216 common shares issued and outstanding (December 31, 2005 - 36,641,841) and there were 4,497,000 stock options outstanding (December 31, 2005 - 3,745,000) with exercise prices ranging between Cdn\$3.30 and Cdn\$12.53 per share, of which 4,457,000 have vested.

On October 24, 2006 the Company issued \$85 million of convertible notes that are convertible, in ordinary circumstances, at a rate of approximately \$10.88 per share (a 36% premium to the closing price on October 18), into 7,812,503 common shares of the Company (see “Capital Resources and Liquidity”).

Financial and Other Instruments

The Company’s financial assets and liabilities consist of cash and cash equivalents, receivables and accounts payable and accrued liabilities, some of which are denominated in U.S. dollars and Mexican pesos. These accounts are recorded at their fair market value. The Company is at risk to financial gain or loss as a result of foreign exchange movements against the Canadian dollar. The Company manages its foreign exchange risk by adjusting balances in currencies other than the Canadian dollar from time to time. The Company does not have major commitments to acquire assets in foreign currencies although it incurs the majority of its exploration costs in foreign currencies. The Company expects that significant expenditures in developing a mine at Dolores will also be denominated in these foreign currencies. The Company may acquire foreign currencies, directly or through derivative positions, to fix such costs in Canadian funds, if it believes it is prudent to do so; at September, 2006 it had \$1.47 million in US dollar denominated bank deposits and an insignificant amount of Mexican pesos. At November 28, 2006 the Company had \$73.3 million in US dollar denominated bank deposits.

In connection with the proposed financing of development at the Dolores project through bank project financing, the Company would have been required to engage in forward sales of gold and silver or in derivative instruments associated with forward sale transactions. That proposed financing has been cancelled and replaced in October 2006 with the \$85 million convertible notes which are, in part, derivative instruments.

The Company’s cash equivalents are redeemable after thirty days without penalty and are renewable bank instruments that provide a fixed rate of interest (currently 4.2% on Canadian deposits and 5.15% on US deposits) during the term. When renewing a matured instrument, the new interest rate may be higher or lower.

Investment in Mineral Exploration and Development

Net cash expenditure on mineral property exploration and development increased during the third quarter of 2006 to \$8.383 million, from \$1.942 million in 2005. For the nine months, these expenditures amounted to \$20.233 million (2005 - \$6.555 million). During the third quarter \$13.444 million was expended on advance payments to contractors and for deposits on equipment with long delivery dates, bringing the year-to-date total in 2006 to \$15.819 million. These amounts, as shown in the Financial Statements, are after deduction of amortization and stock compensation costs that were charged to “Development and Deferred Exploration Costs”, and after adjustment for differences in currency

exchange rates. The Company has focused its activities on the Dolores property, a development-stage project in northern Mexico, and has conducted a feasibility study demonstrating its economic potential. (The study may be viewed on SEDAR - www.sedar.ca – or on the Company’s website - www.minefinders.com).

Most of the expenditures were on the Dolores property, and include road building, permitting detail engineering and site preparation costs preparatory to development at Dolores. The Company also conducted work on its Planchas de Plata and other properties in northern Sonora in the third quarter of 2006.

Capital Resources and Liquidity

The Company is now funded to continue the development work required to bring the Dolores project into production. In April 2006, the Company realized approximately \$78 million from the issue of 11,000,000 common shares, and in October 2006, issued \$85 million 4.5% unsecured Convertible Notes due December 15, 2011, to net \$81.65 million after expenses of issue. The first interest payment is due June 15, 2007. For conversion, in the normal course of events, each \$1,000 (one thousand) Note will be exchangeable for 91.9118 common shares, or 7,812,503 common shares in aggregate. Additional shares may become issuable following the occurrence of certain corporate acts or events. The adjustment provisions are designed to compensate the note holders for any such occurrence that causes economic loss to them.

The Company is conducting exploration and development programs for 2006 on projects other than Dolores, with renewed drilling at its northern Sonora properties Planchas de Plata and Real Viejo and intends to conduct follow-up drilling at its Gutsy property in Nevada. Expenditures are budgeted at \$5.0 million of which approximately \$2.0 million has been expended in the first nine months of the year.

Additional exploration drilling at Dolores, to outline additional resources, was budgeted at \$4.05 million for 2006. All of this budget was expended in the first half, partially on condemnation and geotechnical drilling and because successful exploration results led to an acceleration of the work. Further expenditures of approximately \$2 million of which \$0.411 has been spent in the third quarter are anticipated in the second half.

The Company has incurred significant contractual obligations relating to the development of the Dolores project, and these are shown in Note 12 to the Financial Statements.

Commitments

There have been significant changes in the Company’s commitments, which have been described in Note 12 to the Financial Statements.

Critical Accounting Estimates

There are no changes to critical accounting estimates from those presented for December 31, 2005 in the Amended Annual Management Discussion and Analysis dated March 14, 2006. However, readers should note the first time recording of an asset retirement obligation, and the assumptions made in determining the amount of the obligation, all as described in Note 8 to the Financial Statements.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

Details of these transactions are given in Note 10 to the Financial Statements.

Risks and Uncertainties

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking, as defined in the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. Forward looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

The Company is a mineral exploration and development company and is exposed to a number of risks and uncertainties that are common to other companies in the same business; some of these risks have been discussed elsewhere in this report. The reader should also refer to the discussion of risks contained in the Annual Information Form for the year ended December 31, 2005. The Company's financial success is subject to, among other things, fluctuations in gold and silver prices that may affect current or future operating results and may affect the economic value of its mineral resources. The Company is exposed to currency fluctuations against the Mexican peso and United States dollar that could affect capital and operating costs, but may choose to mitigate the risk through forward purchase of these currencies. The Company must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs. The Company's ability to obtain financing to explore for mineral deposits and to complete the development of those properties it has classified as assets is not assured; nor is there assurance that the expenditure of funds will result in the discovery of another economic mineral deposit. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements.

Note to U.S. Investors

While the terms "mineral resource," "measured mineral resource," "indicated mineral resource," and "inferred mineral resource" are recognized and required by Canadian regulations, they are not defined terms under standards in the United States. Therefore, information contained in this report concerning descriptions of mineralization and resources under Canadian standards will not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the Securities and Exchange Commission. "Indicated mineral resource" and "inferred mineral resource" have a greater amount of uncertainty as to their existence and a greater uncertainty as to their economic and legal feasibility. It can not be assumed that all or any part of an "indicated mineral resource" or "inferred mineral resource" will ever be upgraded to a higher category. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.