



MINEFINDERS CORPORATION LTD.

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VANCOUVER, B.C.

CANADA V6E 2K3

**2nd QUARTER 2007
FINANCIAL REPORT**

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Minefinders Corporation Ltd.
Consolidated Balance Sheets - Unaudited
(Thousands of United States dollars)

	June 30, 2007	December 31, 2006
Assets		
Current		
Cash and cash equivalents	\$ 71,600	\$ 121,995
Receivables	7,800	3,746
Prepaid expenses	726	1,350
	80,126	127,091
Deferred financing charges (Note 3)	-	2,368
Mineral properties, plant and equipment (Note 6)	182,572	126,061
	\$ 262,698	\$ 255,520
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 12,605	\$ 7,899
Convertible notes (Note 7)	57,417	57,433
Asset retirement obligation (Note 8)	1,657	1,188
	71,679	66,520
Shareholders' equity		
Capital stock (Note 9)	167,388	165,537
Convertible notes (Note 7)	27,366	27,366
Contributed surplus (Note 11)	14,001	12,957
Deficit	(28,416)	(27,540)
Accumulated other comprehensive income (Note 3)	10,680	10,680
	191,019	189,000
Commitments and Contingencies (Note 12)	\$ 262,698	\$ 255,520
	\$ 262,698	\$ 255,520

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

Minefinders Corporation Ltd.
Consolidated Statements of Operations - Unaudited
(Thousands of United States dollars, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Administrative costs				
Accounting and auditing	\$ 202	\$ 120	\$ 518	\$ 263
Amortization	51	2	103	4
Consulting fees	160	73	451	184
Corporate relations	117	92	258	219
Legal	180	139	350	230
Office services and expenses	306	224	651	394
Stock option compensation (Note 11)	-	3,263	-	3,263
Shareholder reports and filing fees	81	147	184	210
Travel	133	30	184	53
Convertible notes discount (Note 7)	1,186	-	2,352	-
Interest on long-term debt (Note 7)	953	-	1,896	-
	3,369	4,090	6,947	4,820
Exploration costs written off	51	78	155	126
Loss from operations	(3,420)	(4,168)	(7,102)	(4,946)
Other items				
Foreign exchange gain (loss)	4,244	(571)	4,068	(591)
Gain on sale of assets	-	(7)	6	(7)
Interest income	901	796	2,152	1,052
Net income (loss) for the period	\$ 1,725	\$ (3,950)	\$ (876)	\$ (4,492)
Earnings (Loss) per share – basic and diluted				
	\$ 0.04	\$ (0.09)	\$ (0.02)	\$ (0.11)
Weighted average shares outstanding	48,671,945	45,251,841	48,496,942	40,993,830

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

Minefinders Corporation Ltd.
Consolidated Statement of Changes in Shareholders' Equity - Unaudited
(Thousands of United States dollars)

	Capital stock	Convertible notes	Contributed surplus	Deficit	Cumulative translation adjustment	Accumulated other comprehensive income	Total
Balance, January 1, 2006	\$ 85,672	\$ -	\$ 7,954	\$ (21,796)	\$ 14,498	\$ -	\$ 86,328
Issue of common shares for cash, net of share issue costs	78,705	-	-	-	-	-	78,705
Exercise of stock options for cash	1,160	-	-	-	-	-	1,160
Issue of convertible notes	-	27,366	-	-	-	-	27,366
Stock based compensation	-	-	5,003	-	-	-	5,003
Net loss	-	-	-	(5,744)	-	-	(5,744)
Foreign exchange adjustment	-	-	-	-	(3,818)	-	(3,818)
Balance, December 31, 2006	165,537	27,366	12,957	(27,540)	10,680	-	189,000
Change in accounting policy (Note 3)	-	-	-	-	(10,680)	10,680	-
Balance, January 1, 2007 as adjusted	165,537	27,366	12,957	(27,540)	-	10,680	189,000
Exercise of stock options for cash	1,851	-	-	-	-	-	1,851
Stock based compensation	-	-	617	-	-	-	617
Net loss	-	-	-	(2,601)	-	-	(2,601)
Balance, March 31, 2007	167,388	27,366	13,574	(30,141)	-	10,680	\$188,867
Stock based compensation	-	-	427	-	-	-	427
Net income	-	-	-	1,725	-	-	1,725
Balance, June 30, 2007	\$ 167,388	\$ 27,366	\$ 14,001	\$ (28,416)	\$ -	\$ 10,680	\$ 191,019

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

Minefinders Corporation Ltd.
Consolidated Statements of Cash Flows - Unaudited
(Thousands of United States dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Cash flows used in operating activities				
Net income (loss) for the period	\$ 1,725	\$ (3,950)	\$ (876)	\$ (4,492)
Items not involving cash				
Amortization	51	2	103	4
(Gain) loss on sale of assets	-	7	(6)	7
Deferred exploration costs written off	51	78	155	126
Convertible notes discount	1,186	-	2,352	-
Unrealized foreign exchange gain	(4,244)	-	(4,068)	-
Stock option compensation	-	3,263	-	3,263
Net change in non-cash working capital balances				
Receivables	(2,064)	(422)	(4,054)	(942)
Prepaid expenses	337	429	(135)	741
Accounts payable and accrued liabilities	(1,604)	(490)	(374)	695
	<u>(4,562)</u>	<u>(1,083)</u>	<u>(6,903)</u>	<u>(598)</u>
Cash flows used in investing activities				
Mineral properties and exploration costs	(1,624)	(3,589)	(2,656)	(9,485)
Plant, equipment and development costs	(23,749)	(7,549)	(46,483)	(7,571)
	<u>(25,373)</u>	<u>(11,138)</u>	<u>(49,139)</u>	<u>(17,056)</u>
Cash flows provided by financing activities				
Net proceeds on issue of common shares	-	78,339	1,851	78,585
Financing charges	-	(196)	(142)	(196)
	<u>-</u>	<u>78,143</u>	<u>1,709</u>	<u>78,389</u>
Effect of exchange rates on cash and cash equivalents	<u>4,096</u>	<u>4,337</u>	<u>3,938</u>	<u>4,283</u>
Increase (Decrease) in cash and cash equivalents	<u>(25,839)</u>	<u>70,259</u>	<u>(50,395)</u>	<u>65,018</u>
Cash and cash equivalents, beginning of period	<u>97,439</u>	<u>27,168</u>	<u>121,995</u>	<u>32,409</u>
Cash and cash equivalents, end of period	<u>\$ 71,600</u>	<u>\$ 97,427</u>	<u>\$ 71,600</u>	<u>\$ 97,427</u>
Supplemental Information				
Non-cash investing and financing activities:				
Amortization included in deferred exploration and development	\$ 96	\$ 26	\$ 119	\$ 41
Asset retirement obligation	\$ 366	\$ 208	\$ 469	\$ 208
Stock option compensation	\$ 427	\$ 1,521	\$ 1,044	\$ 1,521

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

Minefinders Corporation Ltd.
Consolidated Statements of Mineral Properties and
Deferred Exploration Costs - Unaudited
(Thousands of United States dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Dolores Mine Project				
Deferred exploration costs				
Property acquisition costs	\$ -	\$ 25	\$ -	\$ 50
Assaying and drilling	548	594	846	1,422
Engineering and surveying	36	51	36	1,921
Equipment rentals and miscellaneous	6	62	70	193
Licenses and recording fees	-	1,229	2	1,265
Road building	8	108	87	2,200
Technical and professional services (Note 11)	285	373	499	693
Other	27	473	52	557
Total Dolores Mine Project	910	2,915	1,592	8,301
Other properties				
Deferred exploration costs				
Property acquisition costs	-	3	-	3
Assaying and drilling	806	-	833	141
Engineering and surveying	2	-	2	79
Equipment rentals and miscellaneous	174	45	283	93
Licenses and recording fees	62	38	115	98
Technical and professional services (Note 11)	141	577	266	705
Other	79	65	147	116
Total other properties	1,264	728	1,646	1,235
Properties, development and deferred exploration costs during the period	2,174	3,643	3,238	9,536
Balance, beginning of period	66,071	59,252	65,111	53,697
Foreign exchange adjustment	-	2,800	-	2,510
Exploration costs written off	(51)	(78)	(155)	(126)
Balance, end of period	\$ 68,194	\$ 65,617	\$ 68,194	\$ 65,617

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

Minefinders Corporation Ltd.
Notes to Consolidated Financial Statements - Unaudited
(Thousands of United States dollars, except per share amounts)

June 30, 2007 and 2006

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 except as noted below (Notes 3 and 4); therefore they should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2006.

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.

Certain comparative figures have been reclassified to conform to current presentation.

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 is in the advanced stages of construction of its 100% owned Dolores gold and silver project in Mexico and believes it has sufficient liquidity to complete construction. It is anticipated that the mine construction will be substantially completed by the end of fiscal 2007.

The ability to generate revenues from production is expected to finance the operation of the Dolores Mine. The Company may have to raise additional funds over and above amounts raised to date to complete the acquisition, exploration and development of its property interests and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

3. New Accounting Standards

Effective January 1, 2007, the Company adopted the CICA guidelines of Section 3855, "Financial Instruments – Recognition and Measurement", Section 3861, "Financial Instruments – Disclosure and Presentation" and Section 1530, "Comprehensive Income" which address the classification, recognition and measurement of financial instruments in the financial statements and the inclusion of other comprehensive income. As a result of adopting these new standards, the Company reflected a presentational reclassification of amounts previously recorded in "Cumulative translation adjustment" to "Accumulated other comprehensive income".

Minefinders Corporation Ltd.
Notes to Consolidated Financial Statements - Unaudited
(Thousands of United States dollars, except per share amounts)

June 30, 2007 and 2006

3. New Accounting Standards - Continued

Also, pursuant to Section 3855, "Financial Instruments – Recognition and Measurement", deferred financing charges relating to the issue of the convertible notes are no longer presented as a separate asset on the balance sheet. As provided for in the section, the Company has elected to include financing charges in the carrying value of the liability component of the convertible notes (Note 7).

4. Change in Functional Currency

Effective January 1, 2007, the Company changed its functional currency from the Canadian dollar to the United States dollar. The change in functional currency to the United States dollar resulted from a gradual increase in the overall proportion of business activities conducted and monetary transactions effected by the Company in United States dollars primarily due to the commencement of construction of the Dolores mine. This change has been adopted prospectively, with no impact to the results of previously reported financial years.

As a result of the change in functional currency to the United States dollar, effective January 1, 2007, the Company's consolidated financial statements are reported and prepared in United States dollars using the temporal method under which monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date, and income and non-monetary balances are translated at the exchange rate in effect at the times of the underlying transactions. Gains or losses arising from this translation are included in income and loss for the period.

5. Segmented Information

The Company has determined that it has one business segment, the exploration and development of mineral properties. The Company is in the development stage and, accordingly, has no reportable segment revenues or operating results for the three and six month periods ended June 30, 2007 and 2006.

Minefinders Corporation Ltd.
Notes to Consolidated Financial Statements - Unaudited
(Thousands of United States dollars, except per share amounts)

June 30, 2007 and 2006

6. Mineral Properties, Plant and Equipment

Net carrying costs at June 30, 2007 and December 31, 2006:

	Mineral Properties	Deferred Exploration Costs	Construction in Progress	Plant and Equipment	Accumulated Amortization	June 30, 2007	Dec. 31, 2006
Dolores Property, Mexico	\$ 9,675	\$ 46,015	\$ 113,568	\$ 1,094	\$ 431	\$ 169,921	\$ 114,916
Northern Sonora, Mexico	327	11,229	-	-	-	11,556	10,545
Nevada Properties, United States	111	837	-	281	219	1,010	460
Other	-	-	-	213	128	85	140
	\$ 10,113	\$ 58,081	\$ 113,568	\$ 1,588	\$ 778	\$ 182,572	\$ 126,061

Dolores construction in progress of \$113,568 (2006 - \$60,198) represents mine development costs and plant and equipment purchased for use at the Dolores Mine. Amortization will commence when the Dolores mine begins operating and the assets are put into service.

Mineral properties and deferred exploration costs relate to the following:

Mexican Properties

Dolores Property

The Dolores Property is in the Madera Mining District, in the state of Chihuahua. In 2006, the Company unified seven of the nine claims resulting in three concessions totaling 27,700 hectares. The Company has a 100% interest in all three concessions. The property is subject to underlying net smelter return ("NSR") royalties totaling 3.25% on gold and 2% on silver. On February 23, 2006 the Board of Directors approved construction of a mine at the Dolores property. Construction commenced during the second quarter of 2006.

Northern Sonora Properties

The Company has a 100% interest in the mineral rights to 14 mineral concessions totaling 28,300 hectares in the State of Sonora. The Company makes annual rent payments to the landowners, currently approximately \$158, escalating by 10% per annum. Should mines be put in production on the properties, payments ranging from \$222 to \$500 will be due to landowners.

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June 30, 2007 and 2006

6. Properties, Development and Deferred Exploration Costs - Continued

United States Properties

The Company held a 100% interest in the Clear, Dottie and Gutsy properties (subject to NSR royalties of 3%). In 2003 the Company wrote off expenditures on the Dottie property of \$161 but retained title. In 2005 further expenditures on Dottie, and accumulated expenditures on Clear, were written off. The Washiki claim group and Cleo claims near the Clear property were also written off. In 2006, the Company acquired the 30 unpatented lode mining Wickes claims in Montana for \$2.

7. Convertible Notes

In October 2006, the Company issued \$85,000 in 4.5% unsecured convertible senior notes maturing on December 15, 2011, incurring a 3.5% underwriter's fee and other expenses, aggregating \$3,451 for net proceeds of \$81,549. Interest is payable semi-annually in arrears on June 15 and December 15 of each year, beginning June 15, 2007. The notes are convertible into common shares at approximately \$10.88 per share. A total of 7,812,500 common shares are issuable upon conversion and additional shares may become issuable following the occurrence of certain corporate acts or events. This adjustment provision is designed to compensate the noteholders for any such occurrence that causes economic loss to them.

The notes are classified as a liability, less the portion relating to the conversion feature net of related issue costs (\$27,366) which is classified as an equity component. As a result, the recorded liability to repay the notes is lower than its face value. Using the effective interest rate method and the 14.26% rate implicit in the calculation, the difference of \$28,359, characterized as the note discount, is being charged to earnings and added to the liability over the term of the notes.

	Convertible notes, liability component
Balance, December 31, 2006	\$ 57,433
Change in accounting policy (Note 3)	(2,368)
Balance, January 1, 2007 as adjusted	55,065
Accretion of debt discount for the period	1,166
Balance, March 31, 2007	56,231
Accretion of debt discount for the period	1,186
Balance, June 30, 2007	\$ 57,417
	Convertible notes, equity component
Balance, December 31, 2006 and June 30, 2007	\$ 27,366

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Notes to Consolidated Financial Statements - Unaudited
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June 30, 2007 and 2006

8. Asset Retirement Obligation

The Company's environmental permit requires that it reclaim any land it disturbs during the mine construction and mine operations. Although the timing and the amount of the actual expenditures are uncertain, the Company has estimated the present value of the future reclamation obligation arising from its activities to June 30, 2007 to be \$1,657 (December 31, 2006 -\$1,188). The present value of the future reclamation obligation assumes a discount rate of 7.65%, inflation rate of 2.5% and the commencement of reclamation activities after the life of the mine, which is estimated at 15.5 years. During the three and six month periods ending June 30, 2007, the Company capitalized to deferred development \$22 and \$45, respectively, of accretion, the increase in the carrying amount of the asset retirement obligation due to the passage of time (three and six months ended June 30, 2006 - \$nil).

9. Capital Stock

Authorized

Unlimited common shares, no par value

	Issued	Amount
Balance, January 1, 2006	36,641,841	\$ 85,672
Issue of common shares for cash, net of share issue costs	11,000,000	78,705
Exercise of stock options for cash	368,000	1,160
Exercise of stock options - cashless	12,375	-
Balance, December 31, 2006	48,022,216	165,537
Exercise of stock options for cash	484,000	1,851
Exercise of stock options - cashless	35,363	-
Balance, March 31, 2007	48,541,579	167,388
Exercise of stock options - cashless	146,594	-
Balance, June 30, 2007	48,688,173	\$ 167,388

(a) Stock Options (all per share amounts are in Canadian dollars)

In May 2006, the shareholders approved an increase in the number of shares available for grant under the Plan by 3,417,980 to a total of 5,574,000. The term of options granted cannot exceed five years. The vesting of each option is determined by the Board of Directors and the exercise price is the fair market value of the Company's shares at the date of grant. At June 30, 2007, 2,104,000 shares were available for future grants under the Company's Plan.

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Notes to Consolidated Financial Statements - Unaudited
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June 30, 2007 and 2006

9. Capital Stock – Continued

(a) Stock Options – continued

	Number of Options	Weighted Average Exercise Price Cdn\$
Outstanding at January 1, 2006	3,745,000	\$ 6.95
Granted	1,260,000	9.00
Cancelled	(110,000)	10.02
Exercised for cash	(368,000)	3.56
Exercised-cashless	(30,000)	5.64
Outstanding at December 31, 2006	4,497,000	7.73
Granted	180,000	11.87
Exercised for cash	(484,000)	4.48
Exercised-cashless *	(55,000)	4.12
Outstanding at March 31, 2007	4,138,000	\$ 8.34
Granted	50,000	12.45
Exercised-cashless *	(240,000)	5.16
Outstanding at June 30, 2007	<u>3,948,000</u>	<u>\$ 8.58</u>

* During the three and six months ended June 30, 2007, 240,000 and 295,000 vested options, respectively, were exercised by the holders in exchange for the issue of 146,594 and 181,957 common shares by way of a cashless stock option exercise.

All options granted and outstanding as at June 30, 2007 and 2006 were fully exercisable on the various grant dates except for 85,000 options granted in 2007. Of the options granted in 2007, half of 40,000 options with an exercise price of Cdn \$10.94 and 80,000 options with an exercise price of Cdn \$12.46 granted in the three month period ended March 31, 2007 and 50,000 options with an exercise of Cdn \$12.45 granted in the three month period ended June 30, 2007 vested immediately and half after six months. The weighted average grant-date fair value of options granted during the three and six months ended June 30, 2007 was Cdn \$6.19 and Cdn \$6.08 per option, respectively (three and six months ended June 30, 2006 – Cdn \$4.45).

Minefinders Corporation Ltd.
Notes to Consolidated Financial Statements - Unaudited
(Thousands of United States dollars, except per share amounts)

June 30, 2007 and 2006

9. Capital Stock – Continued

(a) Stock Options – continued

At June 30, 2007, the following stock options were outstanding and exercisable, except for 85,000 options with a weighted average exercise price of Cdn \$12.10 unvested at that date.

Number	Exercise Price Cdn \$	Expiry Date
860,000	\$ 6.45	December 23, 2007
655,000	\$ 10.65	September 26, 2008
50,000	\$ 12.53	March 17, 2009
75,000	\$ 8.25	May 17, 2009
630,000	\$ 8.80	June 14, 2009
348,000	\$ 5.64	July, 12, 2010
10,000	\$ 6.30	December 19, 2010
1,010,000	\$ 9.00	May 15, 2011
80,000	\$ 8.76	November 1, 2011
70,000	\$ 10.94	January 19, 2012
110,000	\$ 12.46	March 12, 2012
<u>50,000</u>	<u>\$ 12.45</u>	<u>May 1, 2012</u>
<u>3,948,000</u>		

10. Related Party Transactions

Related party transactions for the six months ended June 30, 2007 not disclosed elsewhere in these consolidated financial statements were as follows:

- (a) The directors were paid fees of \$50 (2006 - \$40)
- (b) Legal services provided by a law firm in which one of the directors of the Company is a partner. The cost of these services was \$43 (2006 - \$190). The amount for 2006 includes \$80 for work related to the share issue in April 2006; there was no equivalent cost in 2007.

Transactions with related parties were in the normal course of operations and were measured at the exchange value (the amount of consideration established and agreed to by the related parties).

Minefinders Corporation Ltd.
Notes to Consolidated Financial Statements - Unaudited
(Thousands of United States dollars, except per share amounts)

June 30, 2007 and 2006

11. Stock Option Compensation

Compensation expense is determined using the Black-Scholes option pricing model. The Company granted 50,000 options during the three months ended June 30, 2007 (2006 – 1,140,000). The weighted average assumptions used in calculating the expense of options granted were: risk-free interest rate – 4.53% (2006 – 4.24%), expected volatility – 51.4% (2006 – 56%) and expected life of the option – 60 months (2006 – 53 months). The Company also granted 180,000 options during the three months ended March 31, 2007 (2006 – nil). The weighted average assumptions used on calculating the expense of options granted were: risk-free interest rate – 3.95%, expected volatility – 55% and expected life of the option – 60 months.

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Compensation expense for the period:				
Charged to administration expense	\$ -	\$ 3,263	\$ -	\$ 3,263
Charged to deferred exploration costs	-	619	81	619
Charged to development	427	902	963	902
	\$ 427	\$ 4,784	\$ 1,044	\$ 4,784

Total expense was credited to contributed surplus.

12. Commitments and Contingencies

At June 30, 2007, the Company had remaining commitments expected to be paid in 2007 of \$19,184 on contracts totaling \$111,620 relating to equipment, engineering and construction at the Dolores Project. Royalty payments on the Dolores property consisting of 3.25% of gold, and 2% of silver, net smelter revenues cannot be quantified until the project reaches production.

In addition, the Company has entered into operating leases for office premises that provide for minimum lease payments totaling \$286 over the next two years, excluding extensions.

Minefinders Corporation Ltd.
Notes to Consolidated Financial Statements - Unaudited
(Thousands of United States dollars, except per share amounts)

June 30, 2007 and 2006

13. 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 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; related cash flows are reported as investing activities. US GAAP requires that mineral exploration expenditures be charged to the Statement of Loss and Deficit in the period incurred and the related cash flows be reported as operating activities. Accordingly, for US GAAP, all mineral exploration expenditures incurred to date would be charged to the Statement of Loss and Deficit and Statement of Cash Flows would report the expenditures as operating activities. In addition, foreign exchange adjustments resulting from the translation of deferred mineral exploration costs under Canadian GAAP have been excluded from the calculation of comprehensive loss under US GAAP as such costs would have been charged to expense as incurred under US GAAP.

(b) Convertible notes

Under Canadian GAAP, the liability and equity components of the convertible notes are determined and separately classified on the consolidated balance sheets. The liability component represents the present value of the interest and principal payments on the notes and the equity component represents the fair value of the holders' conversion feature. The stated interest payments and the expense arising from adjusting the time value of the principal of the notes over time ("accretion expense") are presented separately in the consolidated statements of loss and deficit. As a result of the January 1, 2007 prospective adoption of Section 3855, "Financial Instruments – Recognition and Measurement" for Canadian GAAP accounting purposes, financing charges attributable to the liability component of the convertible notes are included in their carrying value.

Under US GAAP, convertible debt instruments are accounted for in accordance with Emerging Issues Task Force Issue 00-27 which requires the Company to classify as equity any amounts representing a beneficial conversion feature. As the conversion price exceeds the fair value of the underlying common shares on the issue date, no beneficial conversion feature is recognized under US GAAP and the entire proceeds are classified as debt until such time as they are converted to equity. Accordingly, for US GAAP purposes, the convertible notes are presented on the consolidated balance sheets as a liability. No accretion expense is recognized and no deferred financing charges are allocated to equity. The total deferred financing charges are recorded as an asset.

Minefinders Corporation Ltd.
Notes to Consolidated Financial Statements - Unaudited
(Thousands of United States dollars, except per share amounts)

June 30, 2007 and 2006

13. United States Generally Accepted Accounting Principles – Continued

(b) Convertible notes - Continued

Under Canadian GAAP, the Company has elected to expense interest on the convertible notes to earnings whereas under US GAAP this interest is capitalized to development costs to the extent the proceeds from the issue of the convertible notes are used in the development of the Dolores property.

(c) Stock option compensation

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 for the periods presented. A cumulative adjustment (for the initial adoption of SFAS 123R under US GAAP) of \$3,438 was included in the net loss from inception to June 30, 2007 under US GAAP.

The total intrinsic value of options exercised in the three month period ended June 30, 2007 and 2006, was Cdn \$2,036 and Cdn \$311, respectively. The total intrinsic value of options exercised in the six month periods ended June 30, 2007 and 2006 was Cdn \$6,249 and Cdn \$915, respectively. The total intrinsic value and weighted average contractual term of vested options at June 30, 2007 is Cdn \$15,102 and 2.2 years.

During the three and six month period ended June 30, 2007, \$427 and \$536, respectively, of stock based compensation related to development at Dolores was capitalized for Canadian GAAP and US GAAP (three and six month periods ended June 30, 2006 - \$902).

Minefinders Corporation Ltd.
Notes to Consolidated Financial Statements - Unaudited
(Thousands of United States dollars, except per share amounts)

June 30, 2007 and 2006

13. United States Generally Accepted Accounting Principles – Continued

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

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Statements of Loss and Deficit				
Net income (loss) per Canadian GAAP	\$ 1,725	\$ (3,950)	\$ (876)	(4,492)
Adjustments related to:				
Mineral exploration expenses	(2,174)	(3,540)	(3,237)	(9,385)
Accretion expense on convertible notes	1,060	-	2,108	-
Interest on convertible notes	953	-	1,896	-
Amortization of deferred financing charges	(48)	-	(95)	-
	<u>(209)</u>	<u>(3,540)</u>	<u>672</u>	<u>(9,385)</u>
Net income (loss) per US GAAP	1,516	(7,490)	(204)	(13,877)
Foreign exchange adjustment	-	2,644	-	2,574
Comprehensive income (loss) per US GAAP	<u>\$ 1,516</u>	<u>\$ (4,846)</u>	<u>\$ (204)</u>	<u>\$ (11,303)</u>
Net earnings (loss) per share, basic and diluted	<u>\$ 0.03</u>	<u>\$ (0.17)</u>	<u>\$ (0.00)</u>	<u>\$ (0.34)</u>
Statements of Cash Flows				
Cash flows used in operating activities per Canadian GAAP	\$ (4,562)	\$ (1,083)	\$ (6,903)	\$ (598)
Adjustments for mineral properties and exploration costs	(1,624)	(3,589)	(2,656)	(9,485)
Cash flows used in operating activities per US GAAP	<u>\$ (6,186)</u>	<u>\$ (4,672)</u>	<u>\$ (9,559)</u>	<u>\$ (10,083)</u>
Cash flows used in investing activities per Canadian GAAP	\$ (25,373)	\$ (11,138)	\$ (49,139)	\$ (17,056)
Adjustment for mineral properties and exploration costs	1,624	3,589	2,656	9,485
Cash flows used in investing activities per US GAAP	<u>\$ (23,749)</u>	<u>\$ (7,549)</u>	<u>\$ (46,483)</u>	<u>\$ (7,571)</u>

Minefinders Corporation Ltd.
Notes to Consolidated Financial Statements - Unaudited
(Thousands of United States dollars, except per share amounts)

June 30, 2007 and 2006

13. United States Generally Accepted Accounting Principles – Continued

Balance Sheets	June 30,	December 31,
	2007	2006
Assets per Canadian GAAP	\$ 262,698	\$ 255,520
Adjustment related to:		
Mineral exploration expenses	(68,194)	(65,656)
Convertible notes	5,613	1,688
Assets per US GAAP	\$ 200,117	\$ 191,552
Liabilities per Canadian GAAP	\$ 71,679	\$ 66,520
Adjustments related to:		
Convertible notes	27,583	27,567
Liabilities per US GAAP	\$ 99,262	\$ 94,087
Shareholders' equity per Canadian GAAP	\$ 191,019	\$ 189,000
Adjustments related to:		
Mineral exploration expenses	(68,194)	(65,656)
Convertible notes	(21,970)	(25,879)
Shareholders' equity per US GAAP	\$ 100,855	\$ 97,465

(d) Exploration stage company

The Company meets the definition of a development stage enterprise under Statement of Financial Accounting Standards No. 7, Accounting and Reporting by Development Stage Enterprises. As such, the following disclosure of the consolidated summarized statements of loss and deficit and cash flows since inception of the Company are required under US GAAP:

Consolidated summarized statement of loss and deficit – US GAAP
For the period from inception to June 30, 2007

Mineral exploration expenses	\$ (70,784)
Administrative and other costs	(24,434)
Interest income	<u>7,554</u>
Net loss from inception to June 30, 2007, being the deficit accumulated during the exploration stage	<u>\$ (87,664)</u>

Minefinders Corporation Ltd.
Notes to Consolidated Financial Statements - Unaudited
(Thousands of United States dollars, except per share amounts)

June 30, 2007 and 2006

13. United States Generally Accepted Accounting Principles – Continued

Consolidated summarized statement of cash flows – US GAAP
For the period from inception to June 30, 2007

Cash flows used in operating activities	\$ (77,519)
Cash flows used in investing activities	(100,789)
Cash flows provided by financing activities	245,271
Effect of exchange rates on cash and cash equivalents	<u>4,637</u>
Cumulative increase in cash and cash equivalents from inception being Cash and Cash equivalents, June 30, 2007	 <u>\$ 71,600</u>

(e) New accounting pronouncements

Effective January 1, 2007, for US GAAP accounting purposes, the Company has adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The provisions of FIN 48 are to be applied to all tax positions upon initial adoption, with the cumulative effect adjustment reported as an adjustment to the opening balance of retained earnings. There is no impact on the Company's June 30, 2007 interim consolidated financial statements resulting from the adoption of FIN 48.

Effective January 1, 2007, for US GAAP accounting purposes, the Company has adopted SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments – an amendment of FASB Statements No. 133 and No. 140" ("SFAS 155"). SFAS 155 allows any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," to be carried at fair value in its entirety, with changes in fair value recognized in earnings. In addition, SFAS 155 requires that beneficial interests in securitized financial assets be analyzed to determine whether they are freestanding derivatives or contain an embedded derivative. There is no impact on the Company's June 30, 2007 interim consolidated financial statements resulting from the adoption of SFAS 155.