



---

**MINEFINDERS CORPORATION LTD.**

**2288 – 1177 WEST HASTINGS ST.**

**VANCOUVER, B.C.**

**CANADA V6E 2K3**

**1<sup>st</sup> QUARTER 2007  
RESTATED FINANCIAL REPORT**

Investor Relations  
866-687-6263 Toll Free  
[www.minefinders.com](http://www.minefinders.com)

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

	<b>March 31, 2007 (Note 4)</b>	December 31, 2006
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 97,439	\$ 121,995
Receivables	5,736	3,746
Prepaid expenses	1,080	1,350
	<b>104,255</b>	127,091
<b>Deferred financing charges</b> (Note 3)	-	2,368
<b>Mineral properties, plant and equipment</b> (Note 6)	154,837	126,061
	<b>\$ 259,092</b>	\$ 255,520
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 12,703	\$ 7,899
<b>Convertible notes</b> (Note 7)	56,231	57,433
<b>Asset retirement obligation</b> (Note 8)	1,291	1,188
	<b>70,225</b>	66,520
<b>Shareholders' equity</b>		
Capital stock (Note 9)	167,388	165,537
Convertible notes (Note 7)	27,366	27,366
Contributed surplus (Note 11)	13,574	12,957
Deficit	(30,141)	(27,540)
Accumulated other comprehensive income (Note 3)	10,680	10,680
	<b>188,867</b>	189,000
<b>Commitments and Contingencies</b> (Note 12)	\$ 259,092	\$ 255,520
	<b>\$ 259,092</b>	\$ 255,520

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

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

<b>For the three months ended March 31,</b>	<b>2007</b> <b>(Note 4)</b>	<b>2006</b>
<b>Administrative costs</b>		
Accounting and auditing	\$ 316	\$ 143
Amortization	52	2
Consulting fees	266	111
Corporate relations	166	127
Legal	170	91
Office services and expenses	345	170
Shareholder reports and filing fees	103	64
Travel	51	23
Convertible notes discount (Note 7)	1,166	-
Interest on long-term debt (Note 7)	943	-
	<b>3,578</b>	<b>731</b>
<b>Exploration costs written off</b>	<b>104</b>	<b>47</b>
<b>Loss from operations</b>	<b>(3,682)</b>	<b>(778)</b>
<b>Other items</b>		
Foreign exchange loss	(176)	(20)
Gain on sale of assets	6	-
Interest income	1,251	256
	<b>1,251</b>	<b>256</b>
<b>Net loss for the period</b>	<b>\$ (2,601)</b>	<b>\$ (542)</b>
<hr style="border: 1px solid black;"/>		
<b>Loss per share – basic and diluted</b>	<b>\$ (0.05)</b>	<b>\$ (0.01)</b>
<hr style="border: 1px solid black;"/>		
<b>Weighted average shares outstanding</b>	<b>48,311,551</b>	<b>36,688,508</b>
<hr style="border: 1px solid black;"/>		

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

**Minefinders Corporation Ltd.**  
**Restated 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 (Note 4)
<b>Balance, January 1, 2006</b>	\$ 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)
<b>Balance, December 31, 2006</b>	165,537	27,366	12,957	(27,540)	10,680	-	189,000
Change in accounting policy (Note 3)	-	-	-	-	(10,680)	10,680	-
<b>Balance, January 1, 2007 as adjusted</b>	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)
<b>Balance, March 31, 2007</b>	<b>\$167,388</b>	<b>\$ 27,366</b>	<b>\$ 13,574</b>	<b>\$ (30,141)</b>	<b>\$ -</b>	<b>\$ 10,680</b>	<b>\$188,867</b>

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

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

For the three months ended March 31,	2007 (Note 4)	2006
<b>Cash flows used in operating activities</b>		
Net loss for the period	\$ (2,601)	\$ (542)
Items not involving cash		
Amortization	52	2
Gain on sale of assets	(6)	-
Deferred exploration costs written off	104	47
Convertible notes discount	1,166	-
Unrealized foreign exchange	176	-
Net change in non-cash working capital balances		
Receivables	(1,990)	(520)
Prepaid expenses	(479)	312
Accounts payable and accrued liabilities	1,230	(291)
	<b>(2,348)</b>	<b>(992)</b>
<b>Cash flows used in investing activities</b>		
Mineral properties and exploration costs	(1,032)	(4,402)
Plant, equipment and development costs	(22,734)	(22)
	<b>(23,766)</b>	<b>(4,424)</b>
<b>Cash flows provided by financing activities</b>		
Net proceeds on issue of common shares	1,851	246
Financing charges	(142)	-
	<b>1,709</b>	<b>246</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>(151)</b>	<b>(71)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(24,556)</b>	<b>(5,241)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>121,995</b>	<b>32,409</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 97,439</b>	<b>\$ 27,168</b>
<b>Supplemental Information</b>		
Non-cash investing and financing activities:		
Amortization of equipment included in deferred exploration costs	\$ 11	\$ 16
Asset retirement obligation	\$ 103	\$ -
Stock option compensation	\$ 617	\$ -

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

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

For the three months ended March 31,	2007 (Note 4)	2006
<b>Dolores mine project</b>		
Deferred exploration costs		
Property acquisition costs	\$ -	\$ 25
Assaying and drilling	297	828
Engineering and surveying	-	1,949
Equipment rentals and miscellaneous	64	116
Licences and recording fees	2	37
Road building	79	2,092
Technical and professional services (Note 11)	215	320
Other	25	99
Total Dolores Mine Project	<u>682</u>	<u>5,466</u>
<b>Other properties</b>		
Deferred exploration costs		
Assaying and drilling	27	141
Engineering and surveying	-	-
Equipment rentals and miscellaneous	32	3
Licences and recording fees	63	61
Technical and professional services (Note 11)	220	127
Other	40	96
Total other properties	<u>382</u>	<u>428</u>
<b>Properties and deferred</b>		
<b>exploration costs during the period</b>	<b>1,064</b>	<b>5,894</b>
<b>Balance, beginning of period</b>	<b>65,111</b>	<b>53,697</b>
<b>Foreign exchange adjustment</b>	<b>-</b>	<b>(292)</b>
<b>Exploration costs written off</b>	<b>(104)</b>	<b>(47)</b>
<b>Balance, end of period</b>	<b><u>\$ 66,071</u></b>	<b><u>\$ 59,252</u></b>

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

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

**March 31, 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 (Note 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.

**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.

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

**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 Restated Consolidated Financial Statements - Unaudited**  
**(Thousands of United States dollars, except per share amounts)**

**March 31, 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. Restatement and Change in Functional Currency**

As a result of a review of the economic facts and circumstances governing the Company's use of the Canadian dollar as its functional currency, the Company concluded that there has been a change in those economic facts and circumstances that necessitated a change in the functional currency of the Company from the Canadian dollar to the US dollar as required by Canadian and US generally accepted accounting principles. Further, the Company determined the appropriate date to effect this change is January 1, 2007. The previously released first quarter financial statements of the Company do not appropriately reflect this change and, as such, they have been restated accordingly.

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. The impact on the March 31, 2007 previously reported results are as follows:

- Net loss for the quarter and the deficit at March 31, 2007, have decreased by \$1.57 million as a result of a \$1.57 million decrease in the foreign exchange loss for the quarter;
- Mineral properties, plant and equipment decreased by \$1.49 million;
- Comprehensive income and accumulated other comprehensive income decreased by \$3.06 million; and
- Cash flows used in operating activities decreased \$2.23 million, cash flows used in investing activities decreased \$1.49 million and the effect of exchange rates on cash and cash equivalents decreased by \$3.72 million.

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-month periods ended March 31, 2007 and 2006.

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

**March 31, 2007 and 2006**

**6. Mineral Properties, Plant and Equipment**

Net carrying costs at March 31, 2007 and December 31, 2006:

	Mineral Properties	Deferred Exploration Costs	Construction in Progress	Plant and Equipment	Accumulated Amortization	March 31, 2007	Dec. 31, 2006
Dolores Property, Mexico	\$ 9,675	\$ 45,105	\$ 87,901	\$ 1,106	\$ 368	\$ 143,419	\$ 114,916
Northern Sonora, Mexico	327	10,546	-	-	-	10,873	10,545
Nevada Properties, United States	111	307	-	280	215	483	460
Other	-	-	-	185	123	62	140
	<b>\$ 10,113</b>	<b>\$ 55,958</b>	<b>\$ 87,901</b>	<b>\$ 1,571</b>	<b>\$ 706</b>	<b>\$ 154,837</b>	<b>\$ 126,061</b>

Dolores construction in progress of \$87,901 (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.

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

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

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

**March 31, 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 March 31, 2007 to be \$1,291 (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 period, the Company capitalized \$22 of accretion, the increase in the carrying amount of the asset retirement obligation due to the passage of time (2006 - \$nil).

**9. Capital Stock**

Authorized

Unlimited common shares, no par value

	Issued	Amount
<b>Balance, January 1, 2006</b>	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	-
<b>Balance, December 31, 2006</b>	48,022,216	165,537
Exercise of stock options for cash	484,000	1,851
Exercise of stock options - cashless	35,363	-
<b>Balance, March 31, 2007</b>	48,541,579	\$ 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 March 31, 2007, 2,154,000 shares were available for future grants under the Company's Plan.

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

**March 31, 2007 and 2006**

---

**9. Capital Stock – Continued**

(a) Stock Options - Continued

	Number of Options	Weighted Average Exercise Price Cdn\$
<b>Outstanding at January 1, 2006</b>	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
<b>Outstanding at December 31, 2006</b>	4,497,000	7.73
Granted	180,000	11.87
Exercised for cash	(484,000)	4.48
Exercised-cashless*	(55,000)	4.12
<b>Outstanding at March 31, 2007</b>	<b>4,138,000</b>	<b>\$ 8.34</b>

\* During the three months ended March 31, 2007, 55,000 vested options were exercised by the holders in exchange for the issue of 35,363 common shares by way of a cashless stock option exercise.

All options granted and outstanding during the three month periods ended March 31, 2007 and 2006 were fully exercisable on the various grant dates except 80,000 options granted in 2006 with an exercise price of Cdn \$8.76 of which 40,000 vested immediately and 40,000 after six months, 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 half of which vested immediately and half after six months. The weighted average grant-date fair value of options granted during the period was Cdn \$6.05 per option (2006 – Cdn \$nil).

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

**March 31, 2007 and 2006**

---

**9. Capital Stock - Continued**

(a) Stock Options – continued

At March 31, 2007, the following stock options were outstanding and exercisable, except for 100,000 options with a weighted average exercise price of Cdn \$10.68 unvested at that date.

Number	Exercise Price Cdn \$	Expiry Date
160,000	\$ 3.30	April 17, 2007
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
1,050,000	\$ 9.00	May 15, 2011
120,000	\$ 8.76	November 1, 2011
70,000	\$ 10.94	January 19, 2012
110,000	\$ 12.46	March 12, 2012
<u>4,138,000</u>		

Subsequent to March 31, 2007, 160,000 stock options were exercised cashless at a weighted average price of Cdn \$3.30. In addition, 50,000 options with an exercise price of Cdn \$12.45 were granted of which half vested immediately and half will vest six months from the grant date.

**10. Related Party Transactions**

Related party transactions not disclosed elsewhere in these consolidated financial statements were as follows:

- (a) The directors were paid fees of \$33 (2006 - \$23)
- (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 \$55 (2006 - \$96)

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 Restated Consolidated Financial Statements - Unaudited**  
**(Thousands of United States dollars, except per share amounts)**

**March 31, 2007 and 2006**

---

**11. Stock Option Compensation**

Compensation expense is determined using the Black-Scholes option pricing model. The assumptions used in calculating the expense of options granted during the period were:

Three months ended March 31,	<u>2007</u>	<u>2006</u>
Risk-free rate	3.95%	-
Dividend yield	nil	-
Volatility factor of the expected market price of the Company's common shares	55%	-
Weighted average expected life of the options (months)	60	-
Compensation expense for the period:		
Charged to development	\$ 536	\$ -
Charged to deferred exploration costs	81	-
	<u>\$ 617</u>	<u>\$ -</u>

Total expense was credited to contributed surplus.

**12. Commitments and Contingencies**

At March 31, 2007, the Company had remaining commitments expected to be paid in 2007 of \$26,173 on contracts totaling \$109,747 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 Restated Consolidated Financial Statements - Unaudited**  
**(Thousands of United States dollars, except per share amounts)**

**March 31, 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 Restated Consolidated Financial Statements - Unaudited**  
**(Thousands of United States dollars, except per share amounts)**

**March 31, 2007 and 2006**

---

**13. United States Generally Accepted Accounting Principles – 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 March 31, 2007 under US GAAP.

The total intrinsic value of options exercised in the three month period ended March 31, 2007 and 2006, was Cdn \$4,213 and Cdn \$604, respectively. The total intrinsic value and weighted average contractual term of vested options at March 31, 2007 is Cdn \$22,027 and 2.3 years.

As at March 31, 2007, the Company capitalized \$617 (2006 - \$nil) of stock based compensation related to development at Dolores under Canadian GAAP and US GAAP.

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

**March 31, 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 March 31,	
	<b>2007</b>	2006
<b>Statements of Loss and Deficit</b>		
Net loss per Canadian GAAP	\$ (2,601)	\$ (542)
Adjustments related to:		
Mineral exploration expenses	(1,064)	(5,847)
Accretion expense on convertible notes	1,048	-
Interest on convertible notes	943	-
Amortization of deferred financing charges	(47)	-
	<b>880</b>	(5,847)
Net loss per US GAAP	(1,721)	(6,389)
Foreign exchange adjustment	-	(68)
Comprehensive loss per US GAAP	<b>\$ (1,721)</b>	\$ (6,457)
Net loss per share, basic and diluted	<b>\$ (0.04)</b>	\$ (0.17)
 <b>Statements of Cash Flows</b>		
Cash flows used in operating activities per Canadian GAAP	\$ (2,348)	\$ (992)
Adjustments for mineral properties and exploration costs	(1,032)	(4,402)
Cash flows used in operating activities per US GAAP	<b>\$ (3,380)</b>	\$ (5,394)
Cash flows used in investing activities per Canadian GAAP	\$ (23,766)	\$ (4,424)
Adjustment for mineral properties and exploration costs	1,032	4,402
Cash flows used in investing activities per US GAAP	<b>\$ (22,734)</b>	\$ (22)

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

**March 31, 2007 and 2006**

**13. United States Generally Accepted Accounting Principles – Continued**

<b>Balance Sheets</b>	<b>March 31,</b>	<b>December 31,</b>
	<b>2007</b>	<b>2006</b>
Assets per Canadian GAAP	<b>\$ 259,092</b>	\$ 255,520
Adjustment related to:		
Mineral exploration expenses	<b>(66,071)</b>	(65,656)
Convertible notes	<b>4,834</b>	1,688
Assets per US GAAP	<b>\$ 197,855</b>	\$ 191,552
Liabilities per Canadian GAAP	<b>\$ 70,225</b>	\$ 66,520
Adjustments related to:		
Convertible notes	<b>28,769</b>	27,567
Liabilities per US GAAP	<b>\$ 98,994</b>	\$ 94,087
Shareholders' equity per Canadian GAAP	<b>\$ 188,867</b>	\$ 189,000
Adjustments related to:		
Mineral exploration expenses	<b>(66,071)</b>	(65,656)
Convertible notes	<b>(23,935)</b>	(25,879)
Shareholders' equity per US GAAP	<b>\$ 98,861</b>	\$ 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 March 31, 2007**

Mineral exploration expenses	\$ (68,561)
Administrative and other costs	(27,273)
Interest income	<u>6,653</u>
Net loss from inception to March 31, 2007, being the deficit accumulated during the exploration stage	<u>\$ (89,181)</u>

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

**March 31, 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 March 31, 2007**

Cash flows used in operating activities	\$ (71,684)
Cash flows used in investing activities	(77,040)
Cash flows provided by financing activities	245,271
Effect of exchange rates on cash and cash equivalents	<u>892</u>
Cumulative increase in cash and cash equivalents from inception being Cash and Cash equivalents, March 31, 2007	 <u>\$ 97,439</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 March 31, 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 March 31, 2007 interim consolidated financial statements resulting from the adoption of SFAS 155.