

Committee Bay Resources Ltd.

Unaudited Consolidated Interim Financial Statements
March 31, 2003

Committee Bay Resources Ltd.

Unaudited Consolidated Interim Statements of Loss and Defecit
For the periods ending March 31, 2003 and 2002

	Three Months Ending Mar. 31, 2003	Three Months Ending Mar. 31, 2002
	\$	\$
Expenses		
Management and Consulting fees	30,000	21,399
Professional fees	2,019	3,855
Corporate filing and Transfer agent	2,320	147
Advertising and promotion	9,035	200
Conferences and Meetings	8,428	-
Office supply and rent	629	39
Interest and bank charges	53	-
	<hr/>	<hr/>
	52,484	25,640
Loss from operations	(52,484)	(25,640)
Interest	-	-
Non-refundable deposit/fee	-	20,000
Write down of mineral property	<hr/>	<hr/>
	-	-
Net loss for the period	(52,484)	(5,640)
Deficit – Beginning of period	<hr/>	<hr/>
	(241,875)	(171,386)
Deficit – End of period	<hr/>	<hr/>
	(294,359)	(177,026)
Loss per share	<hr/>	<hr/>
	(0.005)	(0.001)
Weighted avg. # shares outstanding	<hr/>	<hr/>
	10,341,158	11,047,887

Committee Bay Resources Ltd.

Unaudited Consolidated Interim Statements of Cash Flow

For the three month periods ending March 31, 2003 and 2002

	Three Months Ending Mar. 31, 2003 \$	Three Months Ending Mar. 31, 2002 \$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(52,484)	(5,640)
Amortization	-	-
	<u>(52,484)</u>	<u>(5,640)</u>
Net change in non-cash working capital balances relating to operating activities	24,849	23,879
	<u>(27,635)</u>	<u>18,239</u>
Financing activities		
Issuance of shares	756	-
Funds held in trust for private placement	376,250	-
	<u>377,006</u>	<u>-</u>
Investing activities		
Mineral properties		
Exploration costs	(30,229)	(16,554)
Capital assets	-	-
	<u>(30,229)</u>	<u>(16,554)</u>
Increase (Decrease) in cash	(319,142)	(1,685)
Cash – Beginning of period	84,958	18,441
Cash – End of period	404,100	20,125

1. Business Combination

On July 15, 2002 Arta Enterprises Inc. ("Arta") acquired 51.4% of the common shares of CBR and 100% of the shares of 895924 Alberta Ltd. ("Holdco"), which held the remaining 48.6% of the common shares of CBR. The consideration paid by Arta was the issuance of an aggregate of 4,750,000 common shares of Arta ("Common Shares") and warrants to acquire an aggregate of 1,400,000 flow through Common Shares at a price of \$0.25 per Common Share at any time within two years of issuance. In addition, Arta issued 230,000 Common Shares to Research Capital Corporation and 137,500 Common Shares to Tarman Inc. as finders fees. The companies then proceeded with a corporate restructuring and amalgamation, continuing under the name Committee Bay Resources Ltd.

The business combination of Arta, CBR and Holdco has been accounted for using the reverse takeover method of purchase accounting. CBR was deemed to be the acquirer and deemed to have purchased the assets and liabilities of Arta because the shareholders of CBR and Holdco, as a group, became owners of more than 64% of the voting shares of Arta on a fully diluted basis following the business combination. The results of operations of Arta are included in the consolidated financial statements from July 15, 2002, the date of the business combination. For accounting purposes, the company is considered to be a continuation of CBR, except with regard to the authorized and issued share capital, which is that of the legal parent company, Arta. The financial position of CBR as at December 31, 2001 and the results of operations and cash flows for the periods prior to July 15, 2002 presented in these financial statements are of CBR only. Details of the business combination are as follows:

	Net Assets Acquired
Cash	\$ 199,984
Goods and Services tax Recoverable	9,787
Fair value of net assets acquired or Carrying value of net assets sold	\$ 209,771
Consideration paid (received) Common Shares	\$209,771

2. Nature of Operations

Committee Bay Resources Ltd. ("CBR" or the "Company") was incorporated under the Canada Business Corporations Act on December 17, 1996 as 3328147 Canada Inc. and remained inactive until June 30, 1998. On September 18, 1998 the company changed its name to Committee Bay Resources Ltd. The company operates as an exploration mining company with activities in Nunavut, Canada.

The company is in the process of exploring its mineral properties which have the potential of being economically recoverable. The measurement of certain assets and liabilities is dependant upon future events, therefore preparation of these financial statements requires the use of estimates, which may vary

from actual results. In particular, the recoverability of amounts shown for the mineral interests is dependant upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interests in the property, the ability of the company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from disposition of the mineral interests. The amounts shown for the mineral interest represents net costs incurred to date and do not represent present or future values.

The company has taken steps to verify title to resource properties in which it has an interest. However, these procedures do not guarantee the Company's title as property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

3. Basis of Presentation

The accompanying unaudited financial statements have been prepared by the Company following the same accounting policies and methods as those disclosed in the audited financial statements for the year ended December 31, 2002. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in Canada have been omitted. These interim financial statements should be read in conjunction with the December 31, 2002 audited financial statements and the notes thereto. In the opinion of management, all adjustments of a normal and recurring nature that are necessary for a fair presentation of the balance sheet, results of operations, and cash flows of those interim periods have been included.

4. Mineral Properties

	<u>Cumulative</u>			<u>Mar.31, 2002</u>	<u>Dec. 31,2002</u>
	<u>Acquisition costs</u>	<u>Exploration costs</u>	<u>Recovered costs</u>	<u>Net carrying amount</u>	<u>Net carrying amount</u>
	\$	\$	\$	\$	\$
Committee Bay, Nunavut Territory	92,795	1,020,865	53,925	1,167,585	1,137,356

Pursuant to an Asset Purchase Agreement dated July 3, 1998 between the Company and its former parent, Aurcana Corporation ("Aurcana"), the company acquired all of Aurcana's right, title and interest in and to the mineral properties located on or near Committee Bay, Nunavut, Nunavut Territory (the "Assets"). The property is subject to a 1.0% net smelter royalty (NSR), reduced from 3%.

The Company applied for 21 new claims through its wholly owned subsidiary, Committee Bay North Ltd., on October 31, 2002. These claims cover over 54,000 acres within the Committee Bay Greenstone Belt. The claims were pending approval by the Nunavut Mine Records Office at quarter-end.

The Company acquired a 100% undivided interest in 49 new mineral claims covering over 124,000 acres and six federal prospecting permits covering 220,000 acres pursuant to a Letter of Agreement dated November 7, 2002 with Hunter Exploration Group of Vancouver. The permits were approved by the Nunavut Mine Records Office during the quarter, while approval of the claims remained pending at quarter-end.

5. Share Capital

(a) Authorized:

Unlimited number of common voting shares without nominal or par value

(b) Common shares issued:

	Number	Amount \$
Balance at Dec 31, 2000	9,037,387	744,940
Issued on debt settlement	1,510,500	45,315
Issued on reduction of net smelter royalty	500,000	15,000
	<hr/>	<hr/>
Balance at Dec 31, 2001	1,1047,887	805,255
Pursuant to business combination	(3,430,387)	301,646
For cash on Jul 29 02 private placement	1,309,000	327,250
For cash on Oct 29, 02 private placement	1,382,000	345,500
Share issue costs	-	(215,690)
For cash upon exercise of share options	31,020	6,204
Income tax effect of flow through shares	-	(99,089)
	<hr/>	<hr/>
Balance at Dec 31, 2002	10,339,520	1,471,076
For cash upon exercise of share options	3,780	756
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Balance at March 31, 2002	10,343,300	1,471,832

Pursuant to the reverse take over on July 15, 2002 (note 1), the Company's shares were exchanged for shares of Arta, resulting in a total of 7,617,500 shares outstanding.

(c) Escrow:

An aggregate of 2,699,154 common shares are subject to escrow restrictions and held on deposit with Olympia Trust Company, pursuant to an escrow agreement. These shares are to be released in installments over the course of the 36 month period following July 19, 2002, the Initial Release date.

(d) Options:

The company has established a stock option plan for the benefit of directors, employees and consultants of the company. From time to time, Shares may be reserved by the Board, in its discretion, for Options under the Plan, provided that at the time of the grant: the total number of Shares so reserved for issuance by the Board shall not exceed the greater of ten (10%) percent of the issued and outstanding listed shares (on a non-diluted basis) and 1.6 Million Shares; the aggregate number of options granted to consultants shall not exceed 2% of the outstanding listed Shares; and the aggregate number of Shares so reserved for issuance to any one Optionee that is an officer, director or employee shall not exceed five (5%) percent of the outstanding Shares (on a non-diluted basis). In the case of an Optionee that is a Consultant, the aggregate number of shares to be issued shall not exceed one (1%) percent of the issued and outstanding Shares (on a non-diluted basis) at the time of the grant. The Shares so reserved by the Board under the Plan shall be authorized but unissued Shares.

5. Share Capital (continued)

Prior to the Qualifying Transaction, the directors of Arta Enterprises Inc. were granted 250,000 incentive stock options, which were to expire on the earlier of 90 days from the date each director ceases to be a director, of the company, or August 3, 2006.

The following table summarizes stock options outstanding during the period:

	Number	Avg. Exercise Price \$
To former Directors of the Corporation	145,000	0.20
To continuing Directors of the Corporation	105,000	0.20
Agent's options	15,000	0.20
Granted subsequent to Qualifying transaction	1,300,000	0.25
Exercised	31,020	0.20
Expired	116,500	0.20
	<hr/>	
Outstanding at Dec 31, 2002	1,552,480	0.24
Exercised	3,780	0.20
	<hr/>	
Balance – end of quarter	1,548,700	0.24

Prior to the Qualifying Transaction, Arta granted 150,000 Agent's Options (the "Agent's Options") to Research Capital Corporation and Canaccord Capital Corporation, all exercisable at \$0.20 per share. The Agent's Options will expire 18 months from July 19, 2002, the date of listing of the common shares of the Corporation on the TSX (V).

The Company's accounting policy does not recognize any compensation expense when stock options are granted as the exercise price equals or exceeds the market price of the common shares on the date of grant. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model with the followings assumptions used for the grants in 2002: zero dividend yield; expected volatility of 7.80% and a risk-free interest rate of 4.20%. As a result, the weighted average fair value of the options granted during the year was \$0.07 per option.

Had the Company accounted for stock options granted during the year using the fair value method, the Company's pro-forma net loss and loss per share would have increased by \$18,200 (\$0.00 per share). These pro-forma earnings reflect this compensation cost amortized over the vesting period of the stock options.

(d) Warrants:

	Number	Avg. Price	Expiry
Balance at December 31, 2001	-	-	-
Flow through warrants per qualifying transaction – July 15, 2002	1,400,000	0.25	July 15, 2004
Common share warrants – July 29, 2002	474,000	0.30	July 29, 2004

Common share warrants – Oct. 28, 2002	<u>1,298,080</u>	<u>0.30</u>	Oct. 28, 2004
Balance – end of quarter	<u>3,163,080</u>	<u>0.28</u>	

6. Subsequent Events

Pursuant to a letter of intent dated February 11, 2003, the Company closed on the sale of an aggregate of 1,000,000 units to an indirect wholly owned subsidiary of Gold Fields Ltd. The units were priced at \$0.30 per unit for gross proceeds of \$300,000. The units comprised one common share of the Company and one non-transferable share purchase warrant. Each warrant entitles the holder to acquire an additional common share within one year from the date of issuance at a price of \$0.40 per common share. In connection with the sale of the units, the Company paid a finder's fees to Laurentian Mountain Investments Ltd. equal to 10% of the gross proceeds by the issuance of 115,385 common shares.

Further, the Company closed a private placement of 2,000,000 shares for gross proceeds of \$700,000. The common shares were issued at \$0.35 per share, with an attached warrant to acquire an additional share for \$0.45 per share within six months. The Company paid \$35,000 cash and 5,000 common shares in finders fees.