

Committee Bay Resources Ltd.

Unaudited Consolidated Interim Financial Statements
September 30, 2002

Committee Bay Resources Ltd.

Unaudited Consolidated Interim Statements of Cash Flow For the periods ending September 30, 2002 and 2001

	Three Months Ending Sep. 30, 2002	Three Months Ending Sep. 30, 2001	Nine Months Ending Sep. 30, 2002	Nine Months Ending Sep. 30, 2001
	\$	\$	\$	\$
Expenses				
Management and Consulting fees	44,771	17,000	88,311	43,500
Professional fees	43,048	1,399	68,708	2,041
Exploration Costs	-	47,099	549	101,474
Corporate filing and Transfer agent	21,000	-	20,774	-
Advertising and promotion	3,389	1,304	7,318	2,867
Office supply and rent	80	612	2,279	1,112
Interest and bank charges	49	15	109	127
	<u>112,337</u>	<u>67,429</u>	<u>188,048</u>	<u>151,121</u>
Loss from operations	(112,337)	(67,429)	(188,048)	(151,121)
Interest	1,328	-	1,328	864
Non-refundable deposit/fee	-	-	20,000	-
Write down of mineral property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss for the period	(111,010)	(67,429)	(166,720)	(150,257)
Deficit – Beginning of period	<u>(227,096)</u>	<u>(175,163)</u>	<u>(171,386)</u>	<u>(92,335)</u>
Deficit – End of period	<u>(338,106)</u>	<u>(242,592)</u>	<u>(338,106)</u>	<u>(242,592)</u>
Loss per share	<u>(0.012)</u>	<u>(0.007)</u>	<u>(0.016)</u>	<u>(0.017)</u>
Weighted avg. # shares outstanding	<u>9,073,183</u>	<u>9,037,387</u>	<u>10,382,419</u>	<u>9,037,387</u>

1. Business Combination

Effective July 15, 2002, Arta Enterprises Inc., a reporting issuer in the Provinces of Alberta and British Columbia ("Arta") acquired 5,677,167 common shares of Committee Bay Resources Ltd., a private federal corporation ("CBR") and all of the issued and outstanding common shares of 895924 Alberta Ltd., a private Alberta corporation ("Holdco") in exchange for 4,750,000 common shares of Arta and warrants to acquire an aggregate of 1,400,000 flow through common shares of Arta at a price of \$0.25 per Common Share at any time within two years of issuance. The CBR shares acquired by Arta represented 51.4% of the issued and outstanding CBR shares, with the remaining 48.6% held by Holdco. In addition, Arta issued 230,000 Common Shares to Research Capital Corporation and 137,500 Common Shares to Tarman Inc. as a finders fee. The acquisition by Arta was a "qualifying transaction" pursuant to Policy 2.4 of the TSX Venture Exchange and was approved by the "majority of the minority" of Arta's shareholders at a meeting held on July 15, 2002. By special resolution of Arta, the sole shareholder of Holdco, dated July 15, 2002, Holdco then distributed all of its CBR shares to Arta, resulting in Arta holding all of the issued and outstanding CBR shares.

The business combination of Arta, CBR and Holdco has been accounted for using the reverse take-over 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.

	Net Assets Acquired
Cash	\$ 199,984
Goods and Services tax Recoverable	9,787
Accounts payable	(7,000)
Fair value of net assets acquired or Carrying value of net assets sold	\$ 202,771
Consideration paid (received) Common Shares	\$202,771

Following closing of the qualifying transaction, Arta proceeded with a corporate restructuring and on July 19, 2002, CBR continued into the Province of Alberta, amalgamated with Arta pursuant to section 184(1) of the *Business Corporations Act* (Alberta) and the amalgamated entity changed its name from Arta to “Committee Bay Resources Ltd.”. The continuance was approved by special resolution of Arta, the sole shareholder of CBR and resolution of CBR Directors, both dated July 15, 2002. The amalgamation was approved by the Directors of CBR and Arta by written resolutions dated July 19, 2002 and did not require shareholder approval as Arta owned all of the issued and outstanding shares of CBR. The shareholders of Arta approved the name change by special resolution given at the meeting of shareholders held on July 15, 2002.

2. Nature of Operations

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 dependent 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 the amounts shown for mineral interests are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest 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 mineral interest represent net costs incurred to date and do not necessarily represent present or future values.

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, 2001. 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, 2001 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.

Change in accounting policy – Stock-based compensation plan

The Corporation has a stock-based compensation plan. When stock options are issued to directors, officers, employees or other key personnel a compensation expense will be recorded in the accounts. As CBR has not issued options under its stock-based compensation plan and Arta’s outstanding options were not issued during the reporting period, no compensation expense has been recorded. Consideration received upon the exercise of stock options will be credited to share capital.

4. Mineral Properties

	Cumulative			Sep. 30, 2002	Dec. 31, 2001
	Acquisition costs \$	Exploration costs \$	Recovered costs \$	Net carrying amount \$	Net carrying amount \$
Committee Bay, Nunavut Territory	53,707	944,737	56,785	941,659	654,568

Direct costs relating to the acquisition, exploration and development of mineral properties, including interest on borrowings directly related to a property, are capitalized on an area of interest basis. These expenditures will be charged against income, through unit-of-production depletion, when properties are developed to the stage of commercial production. Where the Company's exploration commitments for an area of interest are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the area of interest to the extent of costs incurred. The excess, if any, is credited to operations. If a property or claim is abandoned, or management determines there is a permanent and significant decline in value, the related costs are charged to operations. Certain of the mineral claims within the Committee Bay area of interest are subject to a 1% net smelter royalty (NSR).

5. Share Capital

(a) Authorized:

Unlimited number of common voting shares without nominal or par value

Unlimited number of preferred shares without nominal or par value. The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

(b) Common shares issued:

	Number	Proceeds
Balance, December 31, 1998, 1999 & 2000	9,037,387	744,940
2001:		
Issued on debt settlement – Dec 31	1,510,500	45,315
Issued on reduction of NSR – Dec 31	<u>500,000</u>	<u>15,000</u>
Balance at December 31, 2001	11,047,887	805,255
2002:		
Exchanged for shares of Arta - July 15	(6,297,887)	-
Business Combination with Arta – July 15	2,500,000	209,771
Finders fee to Tarman – July 15	137,500	-
Finders fee to Research Capital – July 15	230,000	-
Private placement 1 st closing – July 29	1,294,000	323,500
Finders fee to Canaccord Capital – July 29	<u>15,000</u>	-
Balance – end of third quarter	<u>8,926,500</u>	<u>\$ 1,338,526</u>

(b) 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 instalments over the course of the 36 month period following July 19, 2002, the Initial Release date.

(c) 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)

All Options that have not been exercised by the Optionee shall cease to be exercisable and shall expire upon the earliest of (i) the termination of employment, the termination of services or the services agreement in respect of a Consultant, or removal of the Optionee as a director or officer of the Corporation or its Affiliates for cause; (ii) ninety (90) days after the termination of employment, the termination of services or the services agreement in respect of a Consultant (except in the case of a Consultant providing investor relations services, in which case, the Options cease to be exercisable thirty (30) days after the termination of such services), or an Optionee ceasing to be an officer or director for reasons other than termination or removal for cause; (iii) the first anniversary of the death of the Optionee; and (iv) the fifth anniversary of the date on which the Option was granted, or such earlier date as the Board of Directors may deem appropriate in its sole discretion at the time the Option was granted.

No incentive stock options were issued during the period under the Plan. Prior to the Qualifying Transaction, the Directors of Arta were granted 250,000 incentive stock options, which were to expire on the earlier of 90 days from the date each director ceased to be a director of the Corporation or August 3, 2006. Accordingly, 145,000 of the 250,000 were due to expire on October 13, 2002, which is 90 days after July 15, 2002, the date of the Qualifying Transaction.

The following table summarizes stock options outstanding during the period:

	Number	Avg. Exercise Price	Expiry
To former Directors of the Corporation	145,000	0.20	Oct. 13, 2002
To continuing Directors of the Corporation	<u>105,000</u>	<u>0.20</u>	Aug. 3, 2006
Balance – end of third quarter	<u>250,000</u>	<u>0.20</u>	

(d) Agent's Option Agreements:

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).

(e) Warrants:

	Number	Avg. Price	Expiry
Balance at December 31, 2001	-	-	-
Flow through warrants per qualifying transaction – July 15	1,400,000	0.25	July 15, 2004
Common share warrants – July 29	474,000	0.30	July 29, 2004
Balance – end of third quarter	<u>1,874,000</u>	<u>0.26</u>	

6. Subsequent Events

On October 29, 2002, the Company completed the second closing of its placement pursuant to an Offering Memorandum dated August 20, 2002, for aggregate proceeds of \$345,500. An aggregate of 1,192,000 units, each unit comprised of one Common Share and one Common Share purchase warrant ("Warrant") and an aggregate of 190,000 flow-through Common Shares were sold at a price of \$0.25 per unit or flow-through Common Share. Each Warrant is non-transferable and entitles the holder to acquire one Common Share at a price of \$0.30 per share within two years of issuance. In connection with the sale of units for aggregate proceeds of \$202,250, the Corporation paid Haywood Securities Inc. a finder's fee of \$15,168.75 cash and Warrants to acquire an aggregate of 97,080 Common Shares.

On November 7, 2002, the Company announced that it increased its land position by 400% through the addition of 70 mineral claims covering over 178,000 acres of the 300 km long Committee Bay Greenstone Belt. The Company acquired 49 of the 70 new mineral claims pursuant to a Letter of Agreement dated November 7, 2002, with Hunter Exploration Group of Vancouver (Hunter). These claims cover over 124,000 acres within the Committee Bay Greenstone Belt. CBR previously announced its intention to purchase the claims from Adam Vary, an employee of Hunter, on September 18, 2002. Under the terms of the agreement with Hunter, a one hundred percent (100%) undivided interest in its Committee Bay Claims was purchased by CBR for the sum of \$105,413.52. In addition to the acquisition, 21 of the 70 new claims were applied for by CBR 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. With these additions, the total land position of CBR in the Committee Bay Greenstone Belt exceeds 223,000 acres. All new claims are pending approval by the Nunavut Mine Records Office.