

Committee Bay Resources Ltd.

Consolidated Financial Statements

**For the three and six month periods ended March 31, 2007 and 2006
(unaudited)**

Committee Bay Resources Ltd.

Notice of Non-review of Interim Financial Statements

The attached interim financial statements for the three and six months ended March 31, 2007 and 2006 have not been reviewed by the company's auditors.

Committee Bay Resources Ltd.
Consolidated Balance Sheets

As at	March 31 2007 (unaudited)	September 30 2006 (audited)
Assets		
Current		
Cash and cash equivalents	\$ 16,312,492	\$ 5,921,969
Accounts receivable	509,952	764,991
Prepaid expenses and deposits	36,995	115,358
	16,859,439	6,802,318
Performance bonds	615,144	546,749
Investments (note 5)	582,358	210,001
Property, plant, and equipment (note 6)	1,118,676	1,228,406
Mineral interests (note 7)	36,815,758	33,698,804
	\$ 55,991,375	\$ 42,486,278
Liabilities and shareholders' equity		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,150,301	\$ 1,266,333
Asset retirement obligation	647,582	305,560
Future income taxes	3,677,874	3,017,719
	5,475,757	4,589,612
Shareholders' equity		
Share capital (note 8)	51,295,836	38,579,054
Contributed surplus (note 9)	5,806,156	5,198,284
Deficit	(6,868,374)	(5,880,672)
Other comprehensive income	282,000	-
	50,515,618	37,896,666
	\$ 55,991,375	\$ 42,486,278

Approved by the board

Director (signed by) "John Williamson"

Director (signed by) "Sean Mager"

Committee Bay Resources Ltd.
Consolidated Statements of Loss and Deficit

Three and six months ended March 31	2007 (3 months)	2006 (3 months)	2007 (6 months)	2006 (6 months)
Expenses				
Amortization	\$ 42,127	\$ 31,172	\$ 83,912	\$ 61,464
Conferences and travel	39,761	42,772	134,204	97,364
Corporate filing fees	8,054	12,216	10,263	14,735
Office and administration	166,617	142,002	223,771	207,189
Professional fees	61,021	115,267	131,406	138,982
Promotion and investor relations	46,183	51,042	87,562	97,904
Stock-based compensation (note 8)	-	553,203	128,000	773,606
Wages and consulting fees	143,253	100,854	347,219	190,380
	507,016	1,048,528	1,114,749	1,581,624
Recoveries	(28,855)	-	(42,860)	-
Loss from operations	(478,161)	(1,048,528)	(1,071,889)	(1,581,624)
Other income and expenses				
Interest	110,859	14,197	168,503	109,993
Write down of mineral interests	-	(208,989)	-	(208,989)
Loss on foreign exchange	(151,766)	(20,520)	(52,188)	(14,579)
	(40,907)	(215,312)	116,315	(113,575)
Net loss for the period	(519,068)	(1,263,840)	(987,702)	(1,695,199)
Deficit, beginning of period	(6,349,306)	(4,666,745)	(5,880,672)	(4,235,386)
Deficit, end of period	\$ (6,868,374)	\$ (5,930,585)	\$ (6,868,374)	\$ (5,930,585)
Basic and diluted loss per share	\$ (0.01)	\$ (0.03)	\$ (0.01)	\$ (0.04)
Weighted average number of shares	82,005,082	49,366,818	75,854,264	46,509,789

Consolidated Statements of Comprehensive Loss

Three and six months ended March 31	2007 (3 months)	2006 (3 months)	2007 (6 months)	2006 (6 months)
Net loss for the period	\$ (519,068)	\$ (1,263,840)	\$ (987,702)	\$ (1,695,199)
Other comprehensive income:				
Change associated with marketable securities, net of future income taxes	22,000	-	282,000	-
Total comprehensive loss	(497,068)	(1,263,840)	(705,702)	(1,695,199)

Committee Bay Resources Ltd.
Consolidated Statements of Cash Flows

Three and six months ended March 31	2007 (3 months)	2006 (3 months)	2007 (6 months)	2006 (6 months)
Cash flows from operating activities				
Net loss	\$ (519,068)	\$ (1,263,840)	\$ (987,702)	\$ (1,695,199)
Adjustments for:				
Amortization	42,127	31,171	83,912	61,464
Stock-based compensation	-	553,203	128,000	773,606
Mineral interests written down	-	208,989	-	208,989
	(476,941)	(470,477)	(775,790)	(651,140)
Changes in non-cash balance sheet items:				
Performance bond	(11,420)	11,823	(68,395)	16,625
Asset retirement obligation	5,729	-	37,571	-
Working capital items	546,456	(290,567)	835,249	(873,697)
	63,824	(749,221)	28,635	(1,508,212)
Cash flows from investing activities				
Cash acquired on business combination (note 3)	-	-	-	1,987,205
Purchase of gold nuggets	(32,357)	-	(32,357)	-
Property, plant and equipment	(3,761)	(18,580)	(4,779)	(28,181)
Convertible debenture	-	-	-	(48,170)
Expenditures on mineral interests	(1,389,659)	(1,501,709)	(2,781,906)	(2,493,150)
Changes in non-cash working capital	(596,149)	(13,821)	(617,879)	546,883
	(2,021,926)	(1,534,110)	(3,436,921)	(35,413)
Cash flows from financing activities				
Issuance of share capital	15,153,990	461,000	15,153,990	461,000
Cash share issue costs	(1,331,343)	(31,274)	(1,355,181)	(142,714)
	13,822,647	429,726	13,798,809	318,286
Net increase (decrease) in cash	11,864,545	(1,853,605)	10,390,523	(1,225,339)
Cash and cash equivalents:				
Beginning of period	4,447,947	5,860,196	5,921,969	5,231,930
End of period	\$ 16,312,492	\$ 4,006,591	\$ 16,312,492	\$ 4,006,591

Committee Bay Resources Ltd.

Notes to the Consolidated Financial Statements

For the three and six month periods ended March 31, 2007 and 2006

1. **Nature of operations**

Committee Bay Resources Ltd. ("CBR" or the "Company") is a development-stage enterprise and is currently exploring its mineral interests in Nunavut, Canada, Western Australia, Australia, and San Juan and La Rioja provinces, Argentina in order to bring the properties to the extraction and processing stage.

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 on future events therefore the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. In particular, the recoverability of the amounts shown for mineral interests is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the mineral interests, the ability of the Company to obtain necessary financing to complete development, and upon the future profitable production or proceeds from disposition of the mineral interests. The amounts shown for mineral interests represent net costs incurred to date and do not necessarily represent present or future values. Such estimates have been made using careful judgments, which, in management's opinion, are within reasonable limits of materiality.

2. **Basis of presentation**

The accompanying unaudited interim consolidated financial statements have been prepared by the Company following the same accounting policies and methods as those disclosed in the audited consolidated financial statements for the year ended September 30, 2006 unless otherwise stated. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles ("GAAP") in Canada have been omitted. These interim consolidated financial statements should be read in conjunction with the September 30, 2006 audited consolidated 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.

Beginning October 1, 2006 the Company has been required to adopt the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections: 1530 "Comprehensive Income"; 1651 "Foreign Currency Translation"; 3051 "Investments"; 3251 "Equity"; 3855 "Financial Instruments – Recognition and Measurement"; and 3861 "Financial Instruments – Disclosure and Presentation" which were issued on January 1, 2005.

Under these new standards, a new financial statement, the Consolidated Statement of Comprehensive Loss has been introduced which provides for certain gains and losses, including amounts arising from changes in fair value temporarily recorded outside of the income statement. In addition, all financial instruments are to be included in the Company's Consolidated Balance Sheet and measured, in most cases, at fair values

Certain figures in the comparative financial statements have been reclassified to conform with the presentation adopted in the current period.

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and six month periods ended March 31, 2007 and 2006

3. Business combination

On November 30, 2005, pursuant to an announcement on July 12, 2005 (the "Announcement") and shareholder and regulatory approval, the Company and Matador Exploration Inc. ("Matador") agreed to a statutory plan of arrangement (the "Arrangement") whereby the Company acquired all of Matador's 9,043,474 issued and outstanding shares in exchange for shares of the Company at a rate of 0.72 shares of the Company for each share of Matador resulting in the issuance of 6,511,301 CBR shares. In addition, the Company issued 3,703,498 share purchase warrants with weighted average exercise price of \$0.66 and a weighted average remaining contractual life of 1.1 years (at the date of issuance), and 328,500 stock options with weighted exercise price of \$0.33 and a weighted average remaining contractual life of 3.9 years.

The estimated fair value of the share consideration given of \$4,232,346 and has been determined based on the Company's estimate of fair market value as at the date of public announcement of the Arrangement on July 12, 2005, deemed to be \$0.65 per share. The estimated fair value of the 3,703,498 warrants of \$748,890 and the estimated fair value of the 328,500 stock options of \$157,365 were calculated based on the Black-Scholes option valuation model.

The purchase price has been allocated to the Matador net assets and liabilities in accordance with business combination accounting using fair values as at November 30, 2005 as follows:

Assets acquired:	
Cash	\$ 1,951,470
Accounts receivable	245,466
Performance bond	567,252
Investments	73,372
Property, plant, and equipment	967,253
Mineral interests	10,803,211
	14,608,024
Less liabilities assumed:	
Accounts payable and accrued liabilities	1,190,419
Convertible debenture payable to CBR	5,861,410
Future income tax liability	2,020,135
Asset retirement obligation	317,019
	9,388,983
Net assets acquired	\$ 5,219,041
Consideration given:	
Fair value of 6,511,301 common shares issued	\$ 4,232,346
Fair value of 3,703,498 warrants issued	748,890
Fair value of 328,500 stock options issued	157,365
Arrangement costs	80,440
Total consideration	\$ 5,219,041

Committee Bay Resources Ltd. Notes to the Consolidated Financial Statements

For the three and six month periods ended March 31, 2007 and 2006

4. Segmented information

The Company's operations are managed on a regional basis. The three regional operational units are Canada, Australia, and Argentina. Property, plant and equipment is disclosed in note 6 in a manner consistent with the requirements for segmented information. Disclosure of segmented capitalized mineral interest expenditures and acquisition costs is contained in note 7.

The following table reconciles total assets by segment to the Company's total assets:

	March 31 2007	September 30 2006
Canada	\$ 36,098,011	\$ 25,379,495
Australia	19,067,977	16,411,378
Argentina	825,387	695,405
Company total	\$ 55,991,375	\$ 42,486,278

5. Investments

	March 31, 2007		September 30, 2006	
	Cost	Market	Cost	Market
Underground Drilling and Services Pty Ltd	\$ 1	\$ 1	\$ 1	\$ 1
Indicator Minerals Inc. 1,000,000 common shares	210,000	550,000	210,000	790,000
Gold nuggets	32,357	32,357	-	-
	\$ 242,358	\$ 582,358	\$ 210,001	\$ 790,001

Due to the change in accounting policy described in note 2, the Company has, at March 31, 2007, adjusted its carrying value of its investment in Indicator Minerals Inc., a public company listed on the TSX Venture exchange, to its quoted market value as at March 31, 2007. The resulting gain has been recorded as a component of Other Comprehensive Income in the Consolidated Statement of Comprehensive Loss.

The market value of the Company's investment in Underground Drilling and Services Pty Ltd. ("UDS") is not practicable to determine because the shares of UDS are not listed on an exchange. Therefore, the Company has recorded this investment at its cost of \$1.

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and six month periods ended March 31, 2007 and 2006

6. Property, plant, and equipment, continued

The following table denotes amortization of exploration-related equipment which has been capitalized in mineral interests – field costs during the period:

Six months ended March 31, 2007

	Amortization Capitalized	Amortization Expense	Total Amortization
Canada	\$ 22,336	\$ 22,232	\$ 44,568
Argentina	2,301	-	2,301
Australia	5,960	61,680	67,640
	\$ 30,597	\$ 83,912	\$ 114,509

Six months ended March 31, 2006

	Amortization Capitalized	Amortization Expense	Total Amortization
Canada	\$ 30,048	\$ 31,276	\$ 61,324
Argentina	3,286	-	3,286
Australia	20,348	30,188	50,536
	\$ 53,682	\$ 61,464	\$ 115,146

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and six month periods ended March 31, 2007 and 2006

7. Mineral interests

**Mineral interest additions by area of interest
(In thousands of dollars)**

	Canada			Australia		Argentina	Other	Total
	Committee Bay Greenstone Belt	Boothia Peninsula	Baffin Island	Redemption	Jaurdi Hills	Argentina	Prospective properties	
Balance, September 30, 2005	\$ 10,184	\$ 201	\$ 12	\$ -	\$ -	\$ 510	\$ 8	\$ 10,915
Acquisition cost	5,110	-	-	6,466	1,650	-	-	13,226
Claims and land use	(49)	-	-	-	-	8	-	(41)
Fieldwork	488	-	-	1,781	74	49	-	2,392
Geological consulting	164	-	-	-	-	82	-	246
Operator recoveries	(50)	-	-	-	-	-	-	(50)
Impairment and abandonment	-	(201)	-	-	-	-	(8)	(209)
Balance, March 31, 2006	15,847	-	12	8,247	1,724	649	-	26,479
Acquisition cost	-	-	-	2,892	(189)	-	-	2,703
Claims and land use	(86)	-	-	201	49	6	-	170
Fieldwork	2,321	-	-	1,091	219	7	-	3,638
Geological consulting	726	-	-	-	-	12	-	738
Operator recoveries	(29)	-	-	-	-	-	-	(29)
Balance, September 30, 2006	18,779	-	12	12,431	1,803	674	-	33,699
Acquisition cost	-	-	-	304	-	-	-	304
Claims and land use	38	-	-	182	56	3	-	279
Fieldwork	296	-	-	1,616	106	61	-	2,079
Geophysics	-	-	-	287	-	-	-	287
Geological consulting	107	-	-	-	-	61	-	168
Balance, March 31, 2007	\$ 19,220	\$ -	\$ 12	\$ 14,820	\$ 1,965	\$ 799	\$ -	\$ 36,816

**Mineral interest balances by acquisition and exploration
(In thousands of dollars)**

	Canada			Australia		Argentina	Other	Total
	Committee Bay Greenstone Belt	Boothia Peninsula	Baffin Island	Redemption	Jaurdi Hills	Argentina	Prospective properties	
Acquisition	\$ 5,526	\$ -	\$ -	\$ 9,662	\$ 1,461	\$ -	\$ -	\$ 16,649
Exploration	13,694	-	12	5,158	504	799	-	20,167
Balance, March 31, 2007	\$ 19,220	\$ -	\$ 12	\$ 14,820	\$ 1,965	\$ 799	\$ -	\$ 36,816

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and six month periods ended March 31, 2007 and 2006

8. Share capital

Authorized

Unlimited number of common shares

Common shares issued

	Number	Amount
Balance, September 30, 2006	69,513,342	\$ 37,563,497
Issued on private placement	26,080,000	15,121,990
Issued on exercise of options	128,000	32,000
Share issue costs	-	(1,835,053)
Future income taxes	-	(602,155)
	95,721,342	\$ 50,280,279

Warrants

Balance, September 30, 2006 and March 31, 2007	\$ 1,015,557
Common shares at March 31, 2007	\$ 50,280,279
Warrants at March 31, 2007	1,015,557

Share capital, March 31, 2007 **95,721,342** **\$ 51,295,836**

On February 15, 2007, the Company announced that it had closed a bought deal private placement (the "Placement") for gross proceeds of \$15,121,990 by the issuance of an aggregate 18,300,000 units ("Units") at a price of \$0.55 per Unit, and 7,780,000 flow-through common shares ("FT Shares") at a price of \$0.65 per FT Share. Each Unit consists of one common share of CBR ("Common Share") and one half of one transferable share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to subscribe for one additional common share of the Company at a price of \$0.75 within 36 months of issuance.

Underwriters for the Placement received cash commissions of \$1,209,760 (equal to 8% of the gross proceeds of the Placement) together with non-transferable compensation warrants to acquire up to 2,086,400 Common Shares (equal to 8% of the number of Units and FT Shares sold in the Placement) at an exercise price of \$0.60 per Common Share within 24 months of issuance. The Company also paid the Underwriter's reasonable costs and expenses related to the offer and sale of the FT Shares and Units.

Share purchase warrants

	Warrants	Weighted avg. exercise price
Outstanding warrants, September 30, 2006	12,673,606	\$ 0.80
Issued	11,236,400	0.68
Expired	(2,879,998)	0.69
	21,030,008	0.75

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and six month periods ended March 31, 2007 and 2006

8. Share capital, continued

Exercise Price	Number of Warrants	Weighted average remaining contractual life in years
\$ 1.00	2,699,999	0.3
0.75	4,590,445	1.3
0.75	27,500	1.5
0.70	9,150,000	2.9
0.80	1,066,666	0.3
0.80	1,408,998	1.3
0.60	2,086,400	1.9
\$ 0.75	21,030,008	1.9

The Company has recorded stock based compensation relating to agent's warrants granted in the amount of \$479,872 (2006 - nil) as a cost of share issuance and an increase to contributed surplus.

The weighted average fair value of agents warrants granted during the period was \$0.23 (2006 - nil) per agents warrant. The fair value of each agents warrant granted is estimated on the date of grant or vesting using the Black-Scholes option pricing model.

Per share calculations

The exercise of stock options and warrants would be anti-dilutive for the six month periods ended March 31, 2007 and 2006 as the Company was in a loss position.

Stock options

	Number	Weighted avg. exercise price
Outstanding September 30, 2006	4,860,424	1.19
Granted in the period	400,000	0.50
Exercised in the period	128,000	0.25
Expired in the period	(480,000)	1.69
Outstanding March 31, 2007	4,652,424	1.10

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and six month periods ended March 31, 2007 and 2006

8. Share capital, continued

Exercise prices	Number outstanding	Weighted average remaining contractual life in years	Number exercisable
\$ 0.25	412,875	0.6	412,875
0.52	911,049	1.4	911,049
1.80	105,000	1.8	105,000
1.80	2,000,000	2.3	2,000,000
0.56	22,500	0.5	22,500
0.31	216,000	2.7	216,000
0.81	580,000	3.8	580,000
0.50	400,000	4.6	400,000
\$ 1.10	4,647,424	2.4	4,647,424

The Company has recorded stock based compensation in the amount of \$128,000 (2006 - \$773,606) as an expense in the consolidated statement of loss and an increase to contributed surplus due to the issuance of 400,000 options to employees and consultants of the Company.

The weighted average fair value of options granted during the period was \$0.32 (2006 - \$0.54) per option. The fair value of each option granted is estimated on the date of grant or vesting using the Black-Scholes option pricing model.

9. Contributed surplus

Contributed surplus arises from the recognition of estimated fair value of stock options and agents warrants as follows:

Balance, September 30, 2006	\$ 5,198,284
Stock options granted	128,000
Agents warrants granted	479,872
Balance, March 31, 2007	<u>\$ 5,806,156</u>

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and six month periods ended March 31, 2007 and 2006

10. Related party transactions

During the period ended March 31, 2007, the Company incurred consulting expenses of \$68,028 (2006 - \$96,510) and capitalized mineral interest geological consulting services of \$29,139 (2006 - \$40,525) related to management and technical services provided by directors or companies controlled by directors. All amounts were fully paid at March 31, 2007 (2006 – \$9,000 payable).

During the comparative period ended March 31, 2006, the Company purchased office furniture from a company controlled by a director for the sum of \$4,000.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties based on standard commercial terms.

11. Supplemental cash flow information

a) Changes in non-cash working capital

Six months ended March 31	2007	2006
Accounts receivable	\$ 255,039	\$ 403,160
Prepaid expenses	78,363	(16,093)
Accounts payable and accrued liabilities	(116,032)	(713,881)
	\$ 217,370	\$ (326,814)

Change in non-cash working capital relating to:

Operating activities	\$ 835,249	\$ (873,697)
Investing activities	(617,879)	546,883
Financing activities	-	-
	\$ 217,370	\$ (326,814)

b) The statement of cash flows for the three and six month periods ended March 31, 2007 and 2006 exclude the non cash transactions disclosed in notes 3 and 8, and an addition of \$304,451 to the Asset Retirement Obligation related to the Redemption property and a corresponding addition to the acquisition cost of the Redemption property.