

**Committee Bay Resources Ltd.**

**Consolidated Financial Statements**

**Three months ended March 31, 2005 and 2004**

**(unaudited)**

**Committee Bay Resources Ltd.**

**Notice of Non-review of Interim Financial Statements**

The attached interim financial statements for the three months ended March 31, 2005 and 2004 have not been reviewed by the company's auditors.

**Committee Bay Resources Ltd.**  
**Consolidated Balance Sheets**  
**(unaudited)**

	<b>March 31,</b>	<b>December 31,</b>
	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 5,309,946	\$ 4,727,361
Accounts receivable	1,274,704	820,619
Guaranteed investment certificates (note 3)	5,000,000	6,670,221
	11,584,650	12,218,201
<b>Guaranteed investment certificates</b>	-	235,000
<b>Investment in Indicator Minerals Inc. (notes 4)</b>	400,000	400,000
<b>Equipment (note 5)</b>	330,548	261,508
<b>Mineral interests (note 6)</b>	3,921,308	2,830,436
	\$ 16,236,506	\$ 15,945,145
<b>Liabilities and shareholders' equity</b>		
<b>Current</b>		
Accounts payable (note 11)	\$ 519,019	\$ 894,272
<b>Future income taxes (note 7)</b>	219,608	219,608
	738,627	1,113,880
<b>Shareholders' equity</b>		
Share capital (note 8)	15,686,577	14,822,604
Contributed surplus (note 10)	3,251,755	2,902,273
Deficit	(3,440,453)	(2,893,612)
	15,497,879	14,831,265
	\$ 16,236,506	\$ 15,945,145

Approved By The Board

Director (signed by) "John Williamson"

Director (signed by) "Sean Mager"

**Committee Bay Resources Ltd.**  
**Consolidated Statements of Loss and Deficit**  
**(unaudited)**

<b>For the three months ended March 31</b>	<b>2005</b>	<b>2004</b>
<b>Expenses</b>		
Amortization	\$ 15,652	\$ 6,770
Conferences and travel	64,773	77,967
Corporate filing fees	11,498	9,557
Office and administration	32,522	33,988
Professional fees	16,064	980
Promotion and investor relations	44,230	51,809
Stock-based compensation	349,482	131,100
Wages and consulting fees (note 11)	59,676	81,843
	<b>593,897</b>	<b>394,014</b>
Operator recoveries	<b>(2,226)</b>	<b>(68,749)</b>
<b>Loss from operations</b>	<b>(591,671)</b>	<b>(325,265)</b>
<b>Other income</b>		
Interest	44,830	3,803
<b>Net loss for the period</b>	<b>(546,841)</b>	<b>(321,462)</b>
<b>Deficit, beginning of period</b>	<b>(2,893,612)</b>	<b>(797,092)</b>
<b>Deficit, end of period</b>	<b>\$ (3,440,453)</b>	<b>\$ (1,118,554)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding</b>	<b>28,936,289</b>	<b>19,225,965</b>

**Committee Bay Resources Ltd.**  
**Consolidated Statements of Cash Flows**  
**(unaudited)**

<b>For the three months ended March 31</b>	<b>2005</b>	<b>2004</b>
<b>Cash flows from operating activities</b>		
Net loss	\$ (546,841)	\$ (321,462)
Adjustments for:		
Amortization	15,652	6,770
Stock-based compensation	349,482	131,100
	<u>(181,707)</u>	<u>(183,592)</u>
Change in non-cash working capital items		
Accounts receivable	(454,085)	(87,975)
Accounts payable	(375,253)	1,539,001
	<u>(1,011,045)</u>	<u>1,267,434</u>
<b>Cash flows from investing activities</b>		
Guaranteed investment certificates	1,905,221	(50,000)
Purchase of equipment	(96,748)	(100,952)
Expenditures on mineral interests	(1,078,816)	(55,408)
	<u>729,657</u>	<u>(206,300)</u>
<b>Cash flows from financing activities</b>		
Issuance of share capital	872,598	1,204,727
Share issue costs	(8,625)	-
	<u>863,973</u>	<u>1,204,727</u>
<b>Net increase in cash</b>	<b>582,585</b>	<b>2,265,801</b>
<b>Cash, beginning of period</b>	<b>4,727,361</b>	<b>1,899,746</b>
<b>Cash, end of period</b>	<b>\$ 5,309,946</b>	<b>\$ 4,165,547</b>
<b>Other information</b>		
Interest received	\$ 44,830	\$ -

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**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited)**

**March 31, 2005 and December 31, 2004**

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**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 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 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 and conform to the significant accounting policies summarized below.

**2. 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, 2004. 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 financial statements should be read in conjunction with the December 31, 2004 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.

**3. Guaranteed investment certificates**

Alberta Treasury Branches ("ATB") guaranteed investment certificates ("GICs") bear interest at rates ranging from 2.17% to 4.05% maturing between April 25, 2005 and April 23, 2009. The repayment by ATB of money on deposit and interest payable on that money is guaranteed by the Crown in right of Alberta.

The Company has provided \$200,000 of GICs as security to the Company's bank for electronic funds transfer services and corporate Mastercard liabilities. The Company has provided \$35,000 of GICs as security for an irrevocable letter of credit of the same amount expiring March 7, 2005, renewable annually, with respect to the performance of a third party under a land use license. The letter of credit was provided as a guarantee for possible reclamation work in order to facilitate exploration in the area by third party geological consultants.

**4. Investment in Indicator Minerals Inc.**

The Company's investment in 1,000,000 common shares of Indicator Minerals Inc. does not represent a significant influence and consequently is carried at cost. The cost of the investment is adjusted for declines in value that are other than temporary. The market value at March 31, 2005 is \$320,000.

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited)**

**March 31, 2005 and December 31, 2004**

**5. Equipment**

	<b>2005</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Furniture and office equipment	\$ 38,100	\$ 5,491	\$ 32,609
Leasehold improvements	12,724	1,908	10,815
Computer equipment	91,800	23,664	68,137
Computer software	70,278	46,954	23,324
Mobile construction equipment	157,071	20,720	136,351
Camp and field equipment	79,202	19,890	59,312
	<b>\$ 449,175</b>	<b>\$ 118,627</b>	<b>\$ 330,548</b>
	<b>2004</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Furniture and office equipment	\$ 37,752	\$ 3,775	\$ 33,977
Leasehold improvements	12,724	1,272	11,452
Computer equipment	78,142	18,139	60,003
Computer software	68,729	39,180	29,549
Mobile construction equipment	78,571	11,786	66,785
Camp and field equipment	76,510	16,768	59,742
	<b>\$ 352,428</b>	<b>\$ 90,920</b>	<b>\$ 261,508</b>

Amortization of camp and field equipment in the amount of \$12,056 (2004 - \$4,628) has been capitalized in mineral interest - field costs.

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited)**

**March 31, 2005 and December 31, 2004**

**6. Mineral interests**

	<b>2005</b>		
	Balance, beginning of period	Current period costs	Balance, end of period
<i>Committee Bay Greenstone Belt (45% interest)</i>			
Acquisition costs	\$ 68,928	\$ -	\$ 68,928
Claims and staking	67,160	268,075	335,235
Fieldwork	2,762,951	769,479	3,532,430
Geological consulting	427,725	40,479	468,204
Option and other income	(399,999)	-	(399,999)
Operator recoveries	(546,056)	(3,000)	(549,056)
Total	2,380,709	1,075,033	3,455,742
<i>Boothia Peninsula</i>			
Fieldwork	165,079	-	165,079
Geological consulting	35,075	-	35,075
Total	200,154	-	200,154
<i>Baffin Island</i>			
Geological consulting	11,688	-	11,688
<i>Argentina</i>			
Fieldwork	80,688	10,886	91,575
Geological consulting	100,704	54,379	155,083
Total	181,312	65,266	246,658
<i>Prospective Properties</i>			
Fieldwork	19,104	(19,104)	-
Geological consulting	37,389	(30,323)	7,065
Total	56,493	(49,427)	7,066
	<b>\$ 2,830,356</b>	<b>\$ 1,383,011</b>	<b>\$ 3,921,308</b>

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited)**

**March 31, 2005 and December 31, 2004**

**6. Mineral interests, continued**

	<b>2004</b>		
	Balance, beginning of year	Current Year costs	Balance, end of year
<i>Committee Bay Greenstone Belt (45% interest)</i>			
Acquisition costs	\$ 53,707	\$ 15,221	\$ 68,928
Claims and staking	45,116	22,044	67,160
Fieldwork	1,254,665	1,508,286	2,762,951
Geological consulting	167,018	260,707	427,725
Option and other income	(56,785)	(343,214)	(399,999)
Operator recoveries	(114,231)	(431,825)	(546,056)
Total	1,349,490	1,031,219	2,380,709
<i>Committee Bay Diamond</i>			
Fieldwork	62,873	-	62,873
Assaying	-	5,845	5,845
Geological consulting	11,687	-	11,687
Option income	-	(80,405)	(80,405)
Total	74,560	(74,560)	-
<i>Boothia Peninsula</i>			
Fieldwork	-	165,079	165,079
Geological consulting	11,687	23,388	35,075
Total	11,687	188,467	200,154
<i>Baffin Island</i>			
Geological consulting	11,688	-	11,688
<i>Argentina</i>			
Fieldwork	-	80,688	80,688
Geological consulting	-	100,704	100,704
Total	-	181,392	181,392
<i>Prospective Properties</i>			
Fieldwork	-	19,104	19,104
Geological consulting	-	37,389	37,389
Total	-	56,493	56,493
	<b>\$ 1,447,425</b>	<b>\$ 1,383,011</b>	<b>\$ 2,830,436</b>

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 potential non-compliance with exploration expenditure and reporting requirements.

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**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
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**March 31, 2005 and December 31, 2004**

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**6. Mineral interests, continued**

*a) Committee Bay Greenstone Belt*

The Company has mineral interests at December 31, 2004 of 1,620,854 acres (2003 - 528,824) near Committee Bay, Nunavut, consisting of 539,002 acres (2003 - 304,956) of mineral claims and 1,081,851 acres (2003 - 223,868) of prospecting permits. Each acre of mineral claims requires expenditures of \$2.00 per acre per year over the ten year life of the claim. The claims held by the Company have a weighted average remaining life of 8.1 years. The work program summaries reporting the expenditures incurred in 2004 have not yet been filed, though management estimates that such expenditures will contribute towards the overall expenditure commitment. In order to keep the prospecting permits in good standing, the Company must incur \$261,144 in expenditures during 2005 and \$343,193 in 2006. Portions of the property are subject to a 1% net smelter royalty ("NSR").

On April 1, 2003 the Company entered into an Option Agreement with Gold Fields Exploration BV ("Gold Fields") to grant Gold Fields an option to earn up to a 55% interest in the Committee Bay Gold property by funding exploration expenditures of US\$1,750,000 by April 1, 2004, US\$1,000,000 by April 1, 2005 and US\$2,250,000 by April 1, 2007. During 2004, Gold Fields reached the required US\$5,000,000 of expenditures and earned a 55% interest in the property. Gold Fields will retain a 1% diamond royalty on the property.

On April 22, 2004, the Company signed a letter of intent ("LOI") with Indicator Minerals Inc. ("Indicator"), a company with common directors and management, whereby Indicator can earn up to a 70% interest in only the diamond rights of the Company's areas of interest. Consideration received from Indicator included reimbursement of prospecting permit deposits totaling \$243,820 and 1,000,000 common shares of Indicator valued at \$400,000.

Under the terms of the LOI Indicator can earn a 50% interest by spending \$3,000,000 on exploration by December 31, 2006, including a committed expenditure of \$500,000 by December 31, 2004. An additional 20% interest can be earned by spending a further \$2,000,000 by December 31, 2007. The properties are subject to a gross overriding royalty of up to 2%.

*b) Boothia Peninsula*

The Company received prospecting permits for 958,043 acres in the area of interest north of the Committee Bay Greenstone belt

*c) Baffin Island*

The Company received prospecting permits for 622,173 acres in this area of interest.

*d) Argentina*

The Company has commenced filing of mineral claims for approximately 23,785 hectares in the San Juan province of Argentina.

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
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**March 31, 2005 and December 31, 2004**

**7. Income taxes**

The components of future income tax balances are as follows:

	<b>2004</b>		<b>2003</b>
Future income tax asset (liability)			
Non-capital loss carry-forwards	<b>\$ 372,000</b>	\$	356,554
Share issue costs	<b>365,000</b>		180,677
Other	<b>2,392</b>		4,909
Mineral interests in excess of tax basis	<b>(959,000)</b>		(50,459)
	<b>(219,608)</b>		491,681
Valuation allowance	-		(491,681)
	<b>\$ (219,608)</b>	\$	-

For income tax purposes, the Company has losses carried forward from prior years which can be applied to reduce future years' taxable income. These losses expire as follows:

2005	\$	14,000
2006		63,000
2007		89,000
2008		67,000
2009		180,000
2010		584,000
2011		92,000
		92,000
	<b>\$</b>	<b>1,089,000</b>

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
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**March 31, 2005 and December 31, 2004**

**8. Share capital**

**Authorized**

Unlimited number of common shares

**Common shares issued**

	Number	Amount
Balance December 31, 2002	10,339,520	\$ 1,471,076
Common shares on private placement (a)	2,005,000	701,750
Common shares on private placement (b)	1,333,333	399,999
Common shares on private placement (c)	2,500,000	1,875,000
Common shares on exercise of share options	264,300	66,075
Common shares on exercise of agents warrants	238,560	56,820
Common shares on exercise of share purchase warrants	2,048,498	764,924
Common shares issued for finder's fees	435,216	148,565
Share issue costs	-	(535,715)
<hr/>		
Balance December 31, 2003	19,164,427	\$ 4,948,494
Flow through common shares on exercise of warrants	1,400,000	350,000
Common shares on private placement (d)	3,515,000	7,381,500
Flow through common shares on private placement (e)	1,750,000	3,150,000
Common shares on exercise of warrants	2,199,883	928,901
Common shares on exercise of share options	510,894	157,284
Common shares on exercise of agents warrants	216,000	160,300
Stock-based compensation on exercised options and warrants	-	159,613
Share issue costs	-	(1,219,288)
Tax effect on flow through expenditures	-	(1,194,200)
<hr/>		
Balance December 31, 2004	28,756,204	14,822,604
Common shares on exercise of share options	44,667	11,167
Common shares on exercise of agents warrants	10,000	8,500
Common shares on exercise of warrants	1,003,448	852,931
Share issue costs	-	(8,625)
<hr/>		
Balance March 31, 2005	<b>29,814,319</b>	<b>\$ 15,686,577</b>

a) In a private placement on April 15, 2003, the Company issued 2,005,000 units at \$0.35 per unit. Each unit comprised one common share and one-half warrant. Each whole warrant entitles the holder to purchase one common share at \$0.45 per share expiring October 15, 2003. All warrants were exercised prior to expiry.

b) In private placements on May 5 and June 4, 2003, the Company issued an aggregate 1,333,333 units to Gold Fields at \$0.30 per unit. Each unit comprised one common share and one warrant to purchase one common share at \$0.40 per share. 1,000,000 warrants expire on May 30, 2004 and 333,333 warrants expire June 30, 2004. The Company paid finders fees of 395,216 shares at \$0.30 per share. All warrants were exercised prior to expiry.

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited)**

**March 31, 2005 and December 31, 2004**

- c) On September 26, 2003, the Company issued 2,500,000 units at \$0.75 per unit. Each unit comprised one common share and one-half warrant. Each whole warrant entitles the holder to purchase one common share at \$0.85 per share expiring March 26, 2005. The Company paid finders fees of 40,000 units and 200,000 warrants to purchase 200,000 common shares at \$0.75 per share expiring March 26, 2005.
- d) On April 16, 2004, the Company issued 3,515,000 units at \$2.10 per unit. Each unit comprised one common share and one-half common share warrant. Each whole warrant entitles the holder to purchase one common share at \$2.75 per share expiring April 16, 2005. The Company paid underwriters commission of \$514,500 cash and 15,000 units as well as 350,000 warrants to purchase 350,000 common shares at \$2.25 per share expiring April 16, 2005.
- e) On October 28, 2004, the Company issued 1,750,000 flow through common shares at \$1.80 per share. The Company paid underwriters commissions of \$189,000 cash, legal fees of \$12,000 and 140,000 warrants to purchase 140,000 common shares at \$2.25 per share expiring October 29, 2005

An aggregate of 449,858 (2004 – 899,716) 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 semi-annual installments over the course of the 36-month period beginning August 8, 2002.

**Share purchase warrants**

	Warrants	Weighted avg. exercise price
Outstanding warrants, December 31, 2002	3,066,000	\$ 0.28
Issued	3,585,831	0.57
Exercised	(2,048,498)	0.37
Outstanding warrants, December 31, 2003	4,603,333	0.46
Issued	1,757,500	2.75
Exercised	(3,599,883)	0.36
Outstanding warrants, December 31, 2004	2,760,950	2.06
Exercised	(1,003,450)	0.85
Outstanding warrants, March 31, 2005	<b>1,757,500</b>	<b>\$ 2.75</b>

Exercise Price	Number of Warrants	Weighted average remaining contractual life in years
2.75	1,757,500	1.00

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited)**

**March 31, 2005 and December 31, 2004**

**8. Share capital, continued**

**Right to participate agreement**

During 2003, the Company granted Gold Fields the right to participate in any issue of common shares, securities convertible into common shares and preference shares, except for issuances related to the exercise of stock options, acquisitions of mineral interests or take over of another entity. Gold Fields may participate in accordance with its then percentage equity interest in the Company as calculated in accordance with the agreement to a maximum participation level of 9.9% provided their interest is 5% or more of the then issued common shares as defined by the agreement. This right will continue to be in effect provided Gold Fields' interest, as calculated by the agreement, is at least 5%. Once their interest is less than 5% the right ceases and can not be reinstated. During 2004, Gold Fields' interest decreased below 5% and therefore no longer has a right to participate under this agreement. However, subsequent to the quarter, the Company granted a new right to participate (note 15 (b)).

**9. Stock options and agents warrants**

**Stock options**

The Company has established a stock option plan (the "Plan") for 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 20% of the issued and outstanding listed shares (on a non-diluted basis) and 5,245,230 shares; the aggregate number of options granted to any one consultant 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 5% of the outstanding shares (on a non-diluted basis). The shares so reserved by the Board under the Plan shall be authorized but unissued shares.

The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, manager, consultant or employee of the corporation for reasons other than death, one year after the death of an optionee and on the fifth anniversary of the date the option was granted. Pursuant to the policies of the TSX Venture Exchange ("TSXV"), options granted pursuant to the Plan in excess of 10% of the issued and outstanding Common Shares at the time of the grant must be subject to vesting.

	Number	Weighted avg. exercise price
Outstanding December 31, 2002	1,405,000	\$ 0.24
Granted	1,100,000	0.51
Exercised	(264,300)	0.25
Outstanding December 31, 2003	2,240,700	0.38
Granted	2,830,000	1.80
Exercised	(510,894)	0.31
Outstanding December 31, 2004	4,559,806	1.27
Exercised	(44,667)	0.25
Outstanding December 31, 2004	<b>4,515,139</b>	<b>\$ 1.28</b>

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited)**

**March 31, 2005 and December 31, 2004**

**9. Stock options and agent warrants, continued**

Of the 1,100,000 options granted in 2003, 314,286 were vested as at December 31, 2003 and the remainder vest at the rate of 157,143 every three months and will be fully vested by February 15, 2005. Options granted in the first Quarter of 2004 vest at a rate of 35,000 options per Quarter beginning in the first quarter of 2004. Of the 2,620,000 options granted in the third Quarter of 2004, 1,465,091 vested immediately and the remainder vest at a rate of 192,484 every three months and will be fully vested by January 23, 2006.

The Company has recorded stock based compensation in the amount of \$2,463,086 as an expense in the consolidated statement of loss and an increase to contributed surplus. The compensation expense has been determined based on the fair value of the options at the grant date and does not include any options issued prior to January 1, 2003.

The fair value of each option and warrant granted is estimated on the date of grant or vesting using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

December 31	2004		2003	
	Options	Warrants	Options	Warrants
Risk free interest rate	3.99%	1.5%	3.91%	2.83%
Expected hold period prior to exercise (years)	5	1	5	1.5
Expected volatility	91.5%	100%	115%	115%
Dividend yield per share	0%	0%	0%	0%

The weighted average fair value of options granted during the year was \$1.22 (2003 - \$0.42) per option. The weighted average fair value of warrants issued during the year was \$0.72 per warrant.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility.

Exercise prices	Number outstanding	Weighted average remaining contractual life in years	Number exercisable
0.20	105,000	1.30	105,000
0.25	616,208	2.60	616,028
0.42	28,215	3.40	20,215
0.52	935,716	3.40	935,716
1.80	210,000	3.80	175,000
1.80	2,620,000	4.30	1,850,057
<b>Total</b>	<b>4,515,139</b>	<b>3.78</b>	<b>3,710,196</b>

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited)**

**March 31, 2005 and December 31, 2004**

**9. Stock options and agent warrants, continued**

The options expire between August 3, 2006 and July 23, 2009. The weighted average exercise price of options exercisable at December 31, 2004 is \$1.13.

**Agents Warrants**

	Number	Weighted avg. exercise price
Outstanding warrants, December 31, 2002	244,560	\$ 0.24
Granted	220,000	0.76
Exercised	(238,560)	0.24
Outstanding warrants, December 31, 2003	226,000	0.75
Granted	490,000	2.25
Exercised	(216,000)	0.74
Outstanding warrants, December 31, 2004	500,000	2.22
Exercised	(10,000)	0.85
Outstanding warrants, March 31, 2005	<b>490,000</b>	<b>\$ 2.25</b>

The Company has recorded \$352,800 (2003-\$114,000) related to the estimated fair value of warrants granted during the year. The amount is recorded as share issue costs and contributed surplus.

Exercise Price	Number of Warrants	Weighted average remaining contractual life in years
2.25	350,000	1.00
2.25	140,000	0.60
2.25	490,000	0.90

**10. Contributed surplus**

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

	2005	2004
Balance, beginning of period	\$ 2,902,273	\$ -
Stock options granted (note 9)	349,482	2,463,086
Agents warrants granted (note 9)	-	352,800
Exercise of options and warrants	-	(159,613)
Balance, end of period	<b>\$ 3,251,755</b>	<b>\$ 2,902,273</b>

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**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited)**

**March 31, 2005 and December 31, 2004**

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**11. Related party transactions**

During the period, the Company incurred consulting expenses of \$33,625 (2004 - \$31,250) and capitalized mineral interest - geological consulting services of \$14,875 (2004 - \$6,250) related to management services provided by companies controlled by directors. Of this amount, \$33,438 (2004 - \$27,305) was unpaid at year end and included in accounts payable and accrued liabilities.

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.

**12. Lease commitments**

The Company has entered into a lease agreement expiring January 31, 2011 as a tenant in common with another company for its Vancouver office space. The Company has agreed to pay 33% of the total lease commitment but, in the event of default by the other tenant, would be responsible for the entire amount of the lease. The minimum annual commitment for the entire lease contract, exclusive of operating costs is as follows:

2005	\$ 47,616
2006	47,616
2007	47,616
2008	54,891
2009	55,552
2010	55,552
2011	<u>4,629</u>
	<u>\$ 313,472</u>

**13. Financial instruments**

Financial instruments consist of recorded amounts of accounts receivable, guaranteed investment certificates and investment in Indicator Minerals Inc. which will result in future cash receipts, as well as accounts payable and accrued liabilities, which will result in future cash outlays.

- a) **Credit Risk**  
Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to a significant concentration of credit risk as virtually all of the accounts receivable at the year end are for goods and services tax recoverable.
- b) **Fair Value**  
The carrying values of the financial instruments noted above approximate their fair values due to their short term nature. Except for the Investment in Indicator Minerals Inc. which has a quoted market value of \$300,000 at March 31, 2005.
- c) **Foreign currency exchange risk**  
A portion of the Company's cash and accounts payable is denominated in U.S dollars, consequently the Company is subject to the risk of fluctuating exchange rates.

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**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
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**14. Subsequent events**

Subsequent to the quarter, the Company reached an agreement with Gold Fields, subject to regulatory approval, to convert Gold Fields 55% interest in the Committee Bay Greenstone Belt joint venture mineral interest ("CBJV") into 7,000,000 common shares of the Company at a deemed price of \$1.25 per share. At the earlier of two years or the Company providing notice of having incurred \$10,000,000 in project expenditures ("Trigger Date"), Gold Fields will have a one time right to forego the equity conversion and retain its undivided interest in the CBJV by committing to fund new project expenditures of 150% of the project expenditures incurred by the Company. Gold Fields may elect to trigger the acquisition at any time before the Trigger Date and will have the right to maintain its post acquisition interest in the Company by participating in certain future financings to the extent that its post placement holdings remain less than 20% of the outstanding common shares. The right to participate will terminate if there is a change of control of Gold Fields ultimate holding company or if Gold Fields holdings fall below 10% of the outstanding common shares. The transaction was approved by the exchange in May 2005.