

Committee Bay Resources Ltd.

Consolidated Financial Statements

For the three and six months ended March 31, 2008 and 2007

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, 2008 and 2007 have not been reviewed by the Company's auditors.

Committee Bay Resources Ltd.
Consolidated Balance Sheets

As at	March 31, 2008 (unaudited)	September 30, 2007 (audited)
Assets		
Current		
Cash and cash equivalents (note 4)	\$ 3,637,767	\$ 8,368,607
Accounts receivable and other current assets	<u>587,307</u>	<u>759,301</u>
	4,225,074	9,127,908
Restricted cash (note 4)	85,000	85,000
Performance bonds (note 5)	871,305	818,772
Investments and advances (note 6)	242,756	1,023,840
Property, plant and equipment (note 7)	2,284,650	1,072,810
Mineral interests (note 8)	<u>47,201,066</u>	<u>44,548,654</u>
	\$ 54,909,851	\$ 56,676,984
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,706,797	\$ 3,072,552
Asset retirement obligation (note 9)	143,043	134,447
Future income taxes	<u>4,065,633</u>	<u>2,702,522</u>
	5,915,473	5,909,521
Shareholders' equity	<u>48,994,378</u>	<u>50,767,463</u>
	\$ 54,909,851	\$ 56,676,984

Approved by the Board

Director (signed by) "John Williamson"

Director (signed by) "Sean Mager"

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

	Three months ended March 31, 2008 \$	Three months ended March 31, 2007 \$	Six months ended March 31, 2008 \$	Six months ended March 31, 2007 \$
Expenses				
Amortization (note 7)	65,316	42,127	100,475	83,912
Conferences and travel	162,744	39,761	269,606	134,204
Office and administration	170,111	174,671	341,287	234,034
Professional fees	5,996	61,021	52,032	131,406
Promotion and investor relations	34,122	46,183	57,570	87,562
Stock-based compensation (note 10)	333,364	-	781,638	128,000
Wages and consulting fees	309,292	143,253	534,702	347,219
Drilling costs	157,644	-	157,644	-
	(1,238,589)	(507,016)	(2,294,954)	(1,114,749)
Drilling income	182,217	-	182,217	-
Recoveries	9,664	28,855	46,602	42,860
Loss from operations	(1,046,708)	(478,161)	(2,066,135)	(1,071,889)
Other income and expenses				
Interest	52,424	110,859	133,516	168,503
Loss on disposals	(94)	-	(4,597)	-
Exclusivity fee (note 15)	890,800	-	890,800	-
Gain (loss) on foreign exchange	105,612	(151,766)	45,137	(52,188)
	1,048,742	(40,907)	1,064,856	116,315
Gain (loss) before income taxes	2,034	(519,068)	(1,001,279)	(987,702)
Future income tax recovery	226,187	-	338,906	-
Net income (loss) for the period	228,221	(519,068)	(662,373)	(987,702)
Deficit, beginning of period	(7,682,694)	(6,349,306)	(6,792,100)	(5,880,672)
Deficit, end of period	(7,454,473)	(6,868,374)	(7,454,473)	(6,868,374)
Basic and diluted net income (loss) per common share (note 10)	0.00	(0.01)	(0.01)	(0.01)

Committee Bay Resources Ltd.
Consolidated Statements of Changes in Shareholders' Equity

(unaudited)	# of common shares	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income	Total shareholders' equity
September 30, 2007	95,721,342	\$51,355,402	\$ 6,061,361	\$ (6,792,100)	\$ 142,800	\$ 50,767,463
Other comprehensive loss:						
Unrealized loss on available for sale assets (net of \$28,149 in future income tax)	-	-	-	-	(136,851)	(136,851)
Net loss for the period	-	-	-	(662,373)	-	(662,373)
Comprehensive loss	-	-	-	(662,373)	(136,851)	(799,224)
Exercise of options (note 10)	412,875	103,219	-	-	-	103,219
Options vesting (note 10)	-	-	781,638	-	-	781,638
Purchase of UDS assets (note 11)	-	-	498,094	-	-	498,094
Impairment of advances (note 6)	-	-	(631,364)	-	-	-
Future income tax effect on renunciation of flow-through expenditures	-	(1,725,448)	-	-	-	(1,725,448)
	412,875	(1,622,229)	648,368	(662,373)	(136,851)	(1,773,085)
March 31, 2008	96,134,217	\$49,733,173	\$ 6,709,729	\$ (7,454,473)	\$ 5,949	\$ 48,994,378
October 1, 2006	69,513,342	38,579,054	5,198,284	(5,880,672)	487,200	38,383,866
Other comprehensive loss:						
Unrealized loss on available for sale assets (net of \$34,800 in future income tax)	-	-	-	-	(205,200)	(205,200)
Net loss for the period	-	-	-	(987,702)	-	(987,702)
Comprehensive loss	-	-	-	(987,702)	(205,200)	(1,192,902)
Private placements (note 10)	26,080,000	15,121,990	479,872	-	-	15,601,862
Options vesting (note 10)	-	-	128,000	-	-	128,000
Exercise of options (note 10)	128,000	32,000	-	-	-	32,000
Share issuance costs (net of \$462,388 in future income tax)	-	(1,372,665)	-	-	-	(1,372,665)
Future income tax effect on renunciation of flow-through expenditures	-	(1,064,543)	-	-	-	(1,064,543)
	-	(12,716,782)	607,872	(987,702)	(205,200)	12,131,752
March 31, 2007	95,721,342	\$51,295,836	\$ 5,806,156	\$ (6,868,374)	\$ 282,000	\$ 50,515,618

Committee Bay Resources Ltd.

Consolidated Statements of Cash Flows

(unaudited)

	Three months ended March 31, 2008 \$	Three months ended March 31, 2007 \$	Six months ended March 31, 2008 \$	Six months ended March 31, 2007 \$
Cash flows used in operating activities				
Net income (loss)	228,221	(519,068)	(662,373)	(987,702)
Adjustments for:				
Amortization	65,316	42,127	100,475	83,912
Future income taxes	(226,187)	-	(338,906)	-
Stock-based compensation	333,364	-	781,638	128,000
Disposal of property, plant, and equipment	(9,100)	-	(4,597)	-
	391,614	(476,941)	(123,763)	(775,790)
Changes in non-cash balance sheet items:				
Performance bond	(66,070)	(11,420)	(52,533)	(68,395)
Investments and advances	(10,614)	-	-	-
Asset retirement obligation	8,596	5,729	8,596	37,571
Future income taxes	5,989	-	4,718	-
Working capital items (note 13)	931,249	546,456	1,186,477	835,249
	1,260,764	63,824	1,023,495	28,635
Cash flows used in investing activities				
Purchase of property, plant, and equipment	(804,831)	(3,761)	(855,503)	(4,779)
Purchase of gold nuggets	-	(32,357)	-	(32,357)
Mineral interest expenditures	(1,132,004)	(1,389,659)	(2,621,815)	(2,781,906)
Changes in non-cash working capital (note 13)	(151,359)	(596,149)	(2,380,235)	(617,879)
	(2,088,195)	(2,021,926)	(5,857,554)	(3,436,921)
Cash flows from financing activities				
Issuance of share capital (note 10)	-	15,153,990	103,219	15,153,990
Cash share issue costs	-	(1,331,343)	-	(1,355,181)
	-	13,822,647	103,219	13,798,809
Net increase (decrease) in cash and cash equivalents	(827,431)	11,864,545	(4,730,840)	10,390,523
Cash and cash equivalents:				
Beginning of period	4,465,198	4,447,947	8,368,607	5,921,969
End of period (note 4)	3,637,767	16,312,492	3,637,767	16,312,492

Committee Bay Resources Ltd.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2008 and 2007 (unaudited)

1. Nature of operations

Committee Bay Resources Ltd. (“CBR” or the “Company”) 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, 2007 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, 2007 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. Certain figures in the comparative financial statements have been reclassified to conform to presentation adopted in the current period.

Change in accounting policies

On October 1, 2007, the Company adopted the following new Canadian Institute of Chartered Accountants (“CICA”) Handbook Sections:

- a) Section 3862, “Financial Instruments – Disclosures”, describes the required disclosure for the assessment of the significance of financial instruments for an entity’s financial position and performance and of the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. This section and Section 3863, “Financial Instruments – Presentation” replaced Section 3861, “Financial Instruments – Disclosure and Presentation”.
- b) Section 3863, “Financial Instruments – Presentation”, establishes standards for presentation of financial instruments and non-financial derivatives.
- c) Section 1535, “Capital Disclosures”, establishes standards for disclosing information about an entity’s capital and how it is managed. It describes the disclosure requirements of the entity’s objectives, policies and processes for managing capital, the quantitative data relating to what the entity regards as capital, whether the entity has complied with capital requirements, and, if it has not complied, the consequences of such non-compliance.

The additional disclosures, required as a result of the adoption of these standards, have been included in note 12.

Committee Bay Resources Ltd.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2008 and 2007 (unaudited)

Future accounting changes

The CICA has amended Section 1400, "General Standards of Financial Statement Presentation", which is effective for interim periods beginning on or after October 1, 2008, to include requirements to assess and disclose the Company's ability to continue as a going concern. The adoption of this new section is not expected to have an impact on the consolidated financial statements.

3. 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 8 in a manner consistent with the requirements for segmented information. Disclosure of segmented capitalized mineral interest expenditures and acquisition costs is contained in note 9.

The following table allocates assets by segments:

As at	March 31, 2008	September 30, 2007
Canada	\$ 29,009,144	\$ 30,861,283
Australia – Redemption Joint Venture	20,354,336	20,437,111
Australia – Other	4,693,936	4,535,066
Argentina	852,435	843,524
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Total assets	\$ 54,909,851	\$ 56,676,984

The following table allocates net income (loss) by segment:

Three months ended	March 31, 2008	March 31, 2007
Canada	\$ (1,030,320)	\$ (525,981)
Australia – Redemption Joint Venture	(867,243)	(359,333)
Australia – Other	1,235,190	(102,388)
Argentina	-	-
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Net loss	\$ (662,373)	\$ (987,702)

4. Cash and cash equivalents

Cash includes \$2,000,000 (2007 - \$2,000,000) held in guaranteed investment certificates ("GIC's") at Alberta Treasury Branches ("ATB") bearing interest at rates ranging from 3.74% to 4.05% maturing between April 23, 2008 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 GIC's are cashable at a reduced interest rate, and are therefore classified as current on the consolidated balance sheets.

The Company has provided \$50,000 (2007 - \$50,000) of cash as security to the ATB for corporate credit card liabilities.

Committee Bay Resources Ltd.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2008 and 2007 (unaudited)

The Company has provided \$35,000 (2007 - \$35,000) of cash as security for an irrevocable letter of credit of the same amount expiring March 31, 2009, 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. These items, totaling \$85,000, have been classified as a non-current asset due to the restrictions disclosed above.

5. Performance bonds

The Company has acquired performance bonds to the Department of Industry and Resources of Western Australia to guarantee environmental reclamation work on areas of the Company's Australian mineral properties (note 8) in the amount of \$832,259 (2007 - \$782,080) for its Redemption property and \$39,046 (2007 - \$36,642) for its Jaurdi Hills property. Performance bonds are released as reclamation work is performed and assessed by regulatory authorities.

6. Investments and advances

As at March 31, 2008	Cost	Fair value	Carrying value
Indicator Minerals Inc. 1,000,000 common shares (2% interest)	\$ 210,000	\$ 215,000	\$ 215,000
Gold nuggets 41 oz.	\$ 27,756	\$ 34,297	\$ 27,756
			<u>\$ 242,756</u>
As at September 30, 2007			
Indicator Minerals Inc. 1,000,000 common shares (2% interest)	\$ 210,000	\$ 380,000	\$ 380,000
Gold nuggets 41 oz.	\$ 27,756	\$ 30,463	\$ 27,756
Equity investment in Underground Drilling and Services Pty Ltd ("UDS"). (50% interest)	\$ 1	N/A	-
Advances to Underground Drilling and Services Pty Ltd.	\$ 616,083	\$ 616,083	\$ 616,083
			<u>\$ 1,023,840</u>

As a result of the sale of UDS' assets (note 11) to Toro Drilling Services Pty Ltd., advances in the amount of \$631,364 were considered uncollectible and were written off as a charge to contributed surplus in accordance with related party transactions.

Committee Bay Resources Ltd.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2008 and 2007 (unaudited)

7. Property, plant, and equipment**As at March 31, 2008**

	Cost	Accumulated Amortization	Net
Canadian operations			
Furniture and office equipment	\$ 68,257	\$ 32,639	\$ 35,618
Leasehold improvements	12,724	9,543	3,181
Computer equipment	180,887	114,206	66,681
Mobile equipment	157,071	109,791	47,280
Camp and field equipment	160,262	86,621	100,759
	<u>579,201</u>	<u>352,800</u>	<u>253,519</u>
Argentine operations			
Mobile equipment	<u>25,776</u>	<u>16,650</u>	<u>9,126</u>
Australian operations			
Drilling equipment	905,677	24,454	881,223
Mobile equipment	322,142	6,403	315,740
Field and office equipment	36,200	803	35,397
Field and office equipment - Redemption	192,886	57,514	135,372
Mill - Redemption	782,179	201,790	580,389
Mobile equipment - Redemption	112,360	38,475	73,884
	<u>2,351,444</u>	<u>329,439</u>	<u>2,022,005</u>
	<u>\$ 2,983,539</u>	<u>\$ 698,889</u>	<u>\$ 2,284,650</u>

As at September 30, 2007

	Cost	Accumulated Amortization	Net
Canadian operations			
Furniture and office equipment	\$ 68,257	\$ 28,681	\$ 39,576
Leasehold improvements	12,724	8,268	4,456
Computer equipment	180,888	102,439	78,449
Mobile equipment	157,071	101,448	55,623
Camp and field equipment	160,261	76,933	83,328
	<u>579,201</u>	<u>317,769</u>	<u>261,432</u>
Argentine operations			
Mobile equipment	<u>25,776</u>	<u>15,040</u>	<u>10,736</u>
Australian operations			
Field and office equipment	166,080	50,538	115,542
Mill	805,444	182,899	622,545
Mobile equipment	91,789	29,234	62,555
	<u>1,063,313</u>	<u>262,671</u>	<u>800,642</u>
	<u>\$ 1,668,290</u>	<u>\$ 595,480</u>	<u>\$ 1,072,810</u>

Committee Bay Resources Ltd.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2008 and 2007 (unaudited)

The following table denotes amortization of exploration-related equipment which has been capitalized as a component of mineral interests – field work during the year:

	Amortization capitalized	Amortization expense	Total amortization
Six months ended March 31, 2008			
Canada	\$ 18,032	\$ 17,001	\$ 35,033
Argentina	1,610	-	1,610
Australia	10,685	83,474	94,159
	<u>\$ 30,327</u>	<u>\$ 100,475</u>	<u>\$ 130,823</u>
Six months ended March 31, 2007			
Canada	\$ 22,336	\$ 22,232	\$ 44,568
Argentina	2,301	-	2,301
Australia	5,960	61,680	67,640
	<u>\$ 30,597</u>	<u>\$ 83,912</u>	<u>\$ 114,509</u>

Committee Bay Resources Ltd.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2008 and 2007 (unaudited)

8. Mineral interests

Additions (In thousands of dollars)	Canada		Australia		Argentina	Total
	Committee Bay	Baffin Island	Redemption	Jaurdi Hills	Argentina	
Balance, September 30, 2006	18,779	12	12,431	1,803	674	33,699
Acquisition cost	-	-	20	-	-	20
Claims and land use	38	-	182	56	3	279
Fieldwork	296	-	2,187	106	61	2,650
Geological consulting	107	-	-	-	61	168
Balance, March 31, 2007	19,220	12	14,820	1,965	799	36,816
Claims and land use	102	-	112	4	3	221
Drilling	1,147	-	1,048	9	-	2,204
Assay and analysis	212	-	207	120	6	545
Geological consulting	413	-	1,186	37	8	1,644
General fieldwork	3,969	-	(1,226)	(17)	5	2,731
Mine development	-	-	388	-	-	388
Balance, September 30, 2007	25,063	12	16,535	2,118	821	44,549
Claims and land use	41	-	18	65	3	127
Drilling	181	-	268	-	-	449
Assay and analysis	130	-	40	-	-	170
Geological consulting	110	-	342	11	-	463
General fieldwork	244	-	448	21	5	718
Mine development	-	-	725	-	-	725
Balance, March 31, 2008	25,769	12	18,376	2,215	829	47,201
Balances						
(In thousands of dollars)						
Acquisition	5,179	-	9,379	1,461	-	16,019
Claims and land use	490	-	513	173	68	1,244
Exploration	20,100	12	7,371	581	761	28,825
Mine development	-	-	1,113	-	-	1,113
Balance, March 31, 2008	25,769	12	18,376	2,215	829	47,201

Committee Bay Resources Ltd.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2008 and 2007 (unaudited)

9. Asset retirement obligation

The Company has recognized an asset retirement obligation (“ARO”) for expected reclamation and abandonment of the Redemption and Jaurdi Hills properties related to activities prior to acquisition. The ARO has been estimated based on management’s assessment of the costs to rehabilitate the tenements in the case of abandonment. The Company has performance bonds (note 6) on deposit with the required authorities representing 50% of the bonds required by the Department of Industry and Resources relating to the Redemption property (including the Three Mile Hill Gold Processing Mill) and 100% of the performance bonds required by the Department of Industry and Resources relating to the Jaurdi Hills property.

The Company has recognized its share of the ARO based on its legal liability for reclamation activities under the Exploration JV and Mill JV agreements (50%), and has recorded the ARO at the amount estimated to rehabilitate the assets acquired with Matador at the reporting date. The Company has not discounted the ARO as there is currently no estimate for the time of retirement of the asset; there is therefore no accretion of the liability.

The following table shows a continuity of the ARO:

	Six months ended March 31, 2008	Year ended September 30, 2007
Balance, beginning of period	\$ 134,447	\$ 305,560
Change in estimate	-	(189,549)
Effect of foreign currency translation	8,596	18,436
	<hr/>	<hr/>
Balance, end of period	\$ 143,043	\$ 134,447

10. Share capital

The Company’s bylaws authorize an unlimited number of common shares.

Private placements – current period

There were no private placements in the current period.

Private placements – prior period

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.

Committee Bay Resources Ltd.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2008 and 2007 (unaudited)

Per share calculations

The exercise of dilutive securities would be anti-dilutive for the three and six month periods ended March 31, 2008 and 2007. For the three and six months ended March 31, 2008, the basic weighted average number of shares was 96,134,217 and 96,070,616 (2007 – 82,005,082 and 75,854,264) respectively.

Share purchase warrants

A summary of share purchase warrant activity in the period is as follows:

	Number of warrants	Weighted average exercise price \$
Outstanding warrants, September 30, 2007	<u>17,263,343</u>	0.71
Outstanding warrants, March 31, 2008	<u>17,263,343</u>	0.71

A summary of the warrants outstanding at March 31, 2008 is as follows:

Exercise price (\$)	Number of warrants	Remaining contractual life (years)
0.75	4,590,445	0.3
0.80	1,408,998	0.3
0.75	27,500	0.5
0.60	2,086,400	0.9
0.70	9,150,000	1.9
0.71	17,263,343	1.2

Stock options

Pursuant to a new stock option plan (the “Plan”) for directors, officers, employees, and consultants approved by shareholders on November 7, 2007, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options.

The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, employee or consultant of the Company 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.

Committee Bay Resources Ltd.

Notes to the Consolidated Financial Statements

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A summary of stock option activity in the period is as follows:

	Number of options	Weighted average exercise price \$
Outstanding options, September 30, 2007	9,147,424	0.78
Granted	400,000	0.40
Exercised	(412,875)	0.25
Expired	(22,500)	0.56
Outstanding options, March 31, 2008	9,112,049	0.79

A summary of the options outstanding at March 31, 2008 is as follows:

Exercise price (\$)	Number of options	Number exercisable	Remaining contractual life (years)
0.52	911,049	911,049	0.4
1.80	105,000	105,000	0.8
1.80	2,000,000	2,000,000	1.3
0.31	216,000	216,000	1.7
0.81	580,000	580,000	2.8
0.50	400,000	400,000	3.6
0.45	4,500,000	-	4.3
0.40	400,000	400,000	4.6
0.79	9,112,049	4,612,049	3.0

During the six month period ended March 31, 2008, the Company recorded stock-based compensation in the amount of \$673,638 relating to the 4,500,000 options vesting in July 2008.

During the six month period ended March 31, 2008, the Company recorded stock-based compensation in the amount of \$108,000 (2007 - \$128,000) relating to the 400,000 (2007 - 400,000) options issued during the period which vested immediately. The weighted average fair value of options granted during the period was \$0.40 (2007 - \$0.32) 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.

11. Related party transactions

During the six months ended March 31, 2008, the Company incurred consulting expenses included in wages and consulting fees of \$102,125 (2007 - \$68,028) and capitalized mineral interest geological consulting services of \$3,125 (2007 - \$29,139) related to management and technical services provided by directors or companies controlled by directors. All amounts were fully paid as at March 31, 2008 and 2007.

During the six months ended March 31, 2008, the Company paid Underground Drilling and Services Pty Ltd. ("UDS"), a company which is 50% owned by CBR, the amount of \$120,067 (2007 - nil) for drilling services provided on the Redemption property.

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Included in accounts receivable is \$29,412 (2007 - \$28,387) of expenses to be reimbursed by companies with certain common directors and officers.

These above 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.

On February 15, 2008, the Company established Toro Drilling Services Pty Ltd. ("TDS" or "Toro Drilling"), a wholly owned subsidiary, which acquired all of the assets of Underground Drilling and Services Pty Ltd. ("UDS") for cash consideration of AU \$403,193 (CDN \$366,180) plus assumption of debt of AU \$61,971 (CDN \$56,282). Since the parties to the agreement are related and this transaction was not in the normal course of operations, the transaction has been recorded at UDS' carrying amount of the assets acquired on the date of the sale.

The purchase price has been allocated to the net assets and liabilities in accordance with related party transactions using the following carrying values at February 15, 2008:

Assets acquired:		
Property, plant, and equipment	\$	784,326
Refundable deposit		<u>136,230</u>
		<u>920,556</u>
Less liabilities assumed:		
Loans payable		<u>(56,282)</u>
Net assets acquired	\$	<u>864,274</u>
Consideration given:		
Cash	\$	366,180
Contributed surplus		<u>498,094</u>
	\$	<u>864,274</u>

Under the terms of the agreement, TDS will provide drilling services to Focus Minerals Pty Ltd. for a period of two years at a 15% discount to the prevailing market rate for such services.

12. Financial instruments

Risk management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Capital risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain title to and explore its mineral properties. The capital structure of the Company consists of cash and share capital.

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Credit risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed to or owing by the Company. Management's assessment of the Company's exposure to credit risk is low despite a substantial amount of the Company's accounts receivable and deposits are concentrated with the Government of Canada and the Commonwealth of Australia for the reimbursement of goods and services tax input tax credits.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals, mainly gold. Additionally, a portion of the Company's assets, liabilities and equity is denominated in foreign currencies; therefore the Company is subject to currency risk. The Company's investment in Indicator Minerals Inc. (note 6) is subject to market and liquidity risk.

Foreign currency sensitivity

The Company is mainly exposed to fluctuations in the Australian dollar. The impact on net income due to a hypothetical 10% strengthening of the Australian dollar against the Canadian dollar would have reduced the Company's loss by \$13,327. Comparatively, a 10% weakening of the Australian dollar against the Canadian dollar would have an equal and opposite impact.

13. Supplemental cash flow information

Changes in non-cash working capital:

Six months ended March 31	2008	2007
Accounts receivable, prepaids, and deposits	\$ 171,991	\$ 333,402
Accounts payable and accrued liabilities	(1,365,755)	(116,032)
	<u>\$ (1,193,761)</u>	<u>\$ 217,370</u>

Change in non-cash working capital relating to:

Operating activities	\$ 1,186,477	\$ 835,249
Investing activities	(2,380,235)	(617,879)
	<u>\$ (1,193,758)</u>	<u>\$ 217,370</u>

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14. Comparative figures

These consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

15. Subsequent events

During the quarter, the Company negotiated and agreed on terms with Focus Minerals Ltd. (FML: ASX) (“Focus Minerals”) to sell CBR’s 50% interest in the Redemption Joint Venture Project (“RJV”). In consideration for entering this agreement, the Company received an AU \$1,000,000 (CDN \$890,800) non-refundable cash payment from Focus Minerals. On April 30, 2008, the Company closed on the sale and received sale proceeds of AU \$19,000,000 (CDN \$18,065,200) cash, 140,000,000 shares of Focus Minerals at a deemed value of \$AU \$7,980,000 (CDN \$7,587,384) and an AU \$2,000,000 (CDN \$1,901,600) debenture bearing interest at 8.25% due April 30, 2009 and convertible into shares of Focus Minerals at a rate of AU \$0.075 per share. Total consideration received including the non-refundable cash payment was AU \$29,980,000 (CDN \$28,504,984). Management estimates that this will result in an accounting gain on sale before income taxes of approximately CDN \$6,400,000.