

COMMITTEE BAY RESOURCES LTD.

(formerly Arta Enterprises Inc.)

Financial Statements

Six Months Ended June 30, 2002

(unaudited)

COMMITTEE BAY RESOURCES LTD.
Balance Sheet
(unaudited)

	June 30	December 31
	2002	2001
ASSETS		
CURRENT		
Cash	\$ 199,984	\$ 299,740
Goods and services tax recoverable	<u>9,787</u>	<u>4,534</u>
	\$ 209,771	\$ 304,274
 LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable	<u>\$ 7,000</u>	<u>\$ 1,750</u>
 SHAREHOLDERS' EQUITY		
Share capital <i>(Note 4)</i>	311,680	311,680
Deficit	<u>(108,909)</u>	<u>(9,156)</u>
	<u>202,771</u>	<u>302,524</u>
	\$ 209,771	\$ 304,274

COMMITTEE BAY RESOURCES LTD.

Statement of Loss and Deficit
(unaudited)

	June 30 2002 (six months)	June 30 2001 (six months)	June 30 2002 (three months)	June 30 2001 (three months)
EXPENSES				
Press release	\$ 1,400	\$ -	\$ 369	\$ -
Interest and bank charges	103	-	15	-
Transfer agency and filing fees	18,015	-	15,156	-
Professional fees	59,035	-	40,084	-
Office, postage & courier	2,405	-	2,405	-
Qualifying transaction non-refundable deposit	20,000	-	-	-
Travel	1,253	-	421	-
	102,211	-	58,450	-
LOSS FROM OPERATIONS	(102,211)	-	(58,450)	-
INTEREST INCOME	2,458	-	1,248	-
NET LOSS	\$ (99,753)	\$ -	\$ (57,202)	\$ -
DEFICIT - BEGINNING OF PERIOD	\$ (9,156)	\$ -	\$ (51,707)	\$ -
DEFICIT - END OF PERIOD	\$ (108,909)	\$ -	\$ (108,909)	\$ -
BASIC LOSS PER SHARE <i>(Note 5)</i>	\$ (0.04)	\$ -	\$ (0.02)	\$ -
FULLY DILUTED LOSS PER SHARE <i>(Note 5)</i>	\$ (0.03)	\$ -	\$ (0.02)	\$ -

The accompanying notes are an integral part of the financial statements

COMMITTEE BAY RESOURCES LTD.

Statement of Cash Flows

	June 30 2002 (six months)	June 30 2001 (six months)	June 30 2002 (three months)	June 30 2001 (three months)
OPERATING ACTIVITIES				
Net loss and funds from operations	\$ (99,753)	\$ -	\$ (57,202)	\$ -
Changes in non-cash working capital:				
Accounts payable	5,250	-	5,250	-
Goods and services taxes recoverable	(5,253)	(991)	(3,630)	-
	(3)	(991)	1,620	-
Cash flow used by operating activities	(99,756)	(991)	(55,582)	-
FINANCING ACTIVITIES				
Proceeds from share issuance, net of share issue costs	-	(16,046)	-	-
Cash flow from financing activities	-	(16,046)	-	-
DECREASE IN CASH FLOW	(99,756)	(17,037)	(55,582)	-
CASH - Beginning of period	299,740	76,867	255,566	59,830
CASH - End of period	\$ 199,984	59,830	\$ 199,984	\$ 59,830
FUNDS FROM OPERATIONS PER SHARE <i>(Note 5)</i>	\$ (0.04)	\$ (0.00)	\$ (0.02)	\$ (0.00)

The accompanying notes are an integral part of the financial statements

COMMITTEE BAY RESOURCES LTD.

Notes to Financial Statements

Six Months Ended June 30, 2002

1. INCORPORATION

Arta Enterprises Inc. (the "Corporation") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta) on November 2, 2000. Pursuant to Policy 2.4 (the "Policy") of the TSX Venture Exchange Inc. (the "TSX (V)"), the principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction approved by TSX (V), and approved by the Majority of the Minority shareholders of the Corporation, as those terms are defined in the Policy.

The articles of the Corporation were amended by a Certificate of Amendment dated February 22, 2001 to delete the private company provisions and restrictions on resale of the common shares.

On February 26, 2002, the Corporation entered into a letter of intent ("Letter of Intent") with Committee Bay Resources Ltd. ("CBR"), an arm's length private corporation, for the purposes of completing a Qualifying Transaction under the policies and procedures of TSX (V). The Letter of Intent outlined the acquisition of all of the outstanding shares or assets of CBR by the Corporation. The parties have agreed that the value of the shares and/or assets as proposed to be acquired under this letter agreement to be \$1,187,500. The aggregate consideration to be paid shall be 4,750,000 common shares of the Corporation and warrants to acquire 1,400,000 flow-through common shares of the Corporation at a price of \$0.25 per common share. The transaction is subject to the approval of all applicable regulatory authorities including all applicable securities regulatory authorities and stock exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Future income taxes

The liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Stock-based compensation

The Corporation has a stock-based compensation plan. When stock options are issued to directors, officers, employees or other key personnel no compensation expense is recorded in the accounts. However, consideration received upon the exercise of stock options is credited to share capital.

Per share amounts

The Corporation has adopted the Treasury Stock Method of calculating diluted per share amounts. Under this method, deemed proceeds from the exercise of employee stock options are used to acquire common shares at an average share price.

3. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, goods and services taxes recoverable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

COMMITTEE BAY RESOURCES LTD.

Notes to Financial Statements

Six Months Ended June 30, 2002

4. 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.

Issued:

	Number of shares	Amount
Balance, November 2, 2000	-	\$ -
Issued in 2000	1,000,000	100,000
Less: share issue costs	-	(21,611)
Balance, December 31, 2000	1,000,000	78,389
Issued on initial public offering	1,500,000	300,000
Less: share issue costs	-	(66,709)
Balance, December 31, 2001	2,500,000	\$ 311,680
Balance, June 30, 2002	2,500,000	\$ 311,680

(b) Escrow Agreement

Pursuant to a Discount Seed Share Escrow Agreement (as defined in the Policy) dated February 22, 2001 among the corporation, Olympia Trust Company and certain shareholders of the Corporation, 1,000,000 of the issued and outstanding common shares have been deposited in escrow. Upon the Corporation completing a Qualifying Transaction, as defined in the Policy (other than a private placement), these common shares shall be released as follows:

1. 10% immediately following the issuance of the bulletin of TSX (V) announcing final acceptance of the Qualifying Transaction (the "Initial Release");
2. 15% six months following the Initial Release;
3. 15% twelve months following the Initial Release;
4. 15% eighteen months following the Initial Release;
5. 15% twenty-four months following the Initial Release;
6. 15% thirty months following the Initial Release; and
7. 15% thirty-six months following the Initial Release.

COMMITTEE BAY RESOURCES LTD.

Notes to Financial Statements

Six Months Ended June 30, 2002

4. SHARE CAPITAL *(continued)*

(c) CDNX Stock Option Program

The Corporation has adopted the incentive stock option program of TSX (V) (the "Stock Option Program") for the benefit of directors, officers, employees and other key personnel of the Corporation whereby a maximum of 10% of the issued and outstanding common shares of the Corporation are reserved for issuance pursuant to the exercise of stock options to be granted to directors, officers, employees and other key personnel of the Corporation. The Stock Option Program provides that the option price shall be fixed by the directors subject to the price restrictions and other requirements imposed by TSX (V). Stock options granted under the Stock Option Program may not be for a period longer than five (5) years and the exercise price must be paid in full upon exercise of the option.

The Corporation has granted 250,000 incentive stock options to its six directors. The incentive stock options will expire on the earlier of 90 days from the date each director ceases to be a director of the Corporation or August 3, 2006.

	Shares	Weighted Average Exercise Price
Balance, beginning of year	250,000	\$0.20
Granted during the period	-	-
Balance, end of period	250,000	\$ 0.20
Exercisable at end of period	250,000	\$ 0.20

(d) Agent's Option Agreements

The Corporation has 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 the date of listing of the common shares of the Corporation on the TSX (V).

5. PER SHARE AMOUNTS

The Corporation used the following shares figures in determining its earnings per share and funds from operations per share amounts.

Basic per share amounts

The weighted average number of shares outstanding during the period was 2,500,000 shares (2001 - 1,000,000 shares).

Fully diluted per share amounts

Fully diluted per share amounts reflect the dilutive effect of the exercise of certain of the granted options outstanding at June 30, 2002. The number of shares for the fully diluted per share calculations is 2,900,000 shares (2001 - 1,000,000).

COMMITTEE BAY RESOURCES LTD.

Notes to Financial Statements

Six Months Ended June 30, 2002

6. SUBSEQUENT EVENTS

On July 15, 2002 the Corporation held an annual general and special meeting of shareholders. The Qualifying Transaction closed in escrow on July 15, 2002 and involved the acquisition of 51.4% of the issued and common shares of Committee Bay Resources Ltd. ("CBR") and 100% of the shares of 895924 Alberta Ltd., which held the remaining 48.6% common shares of CBR. Arta then proceeded with a corporate restructuring and amalgamation with CBR under the laws of the Province of Alberta. The shareholders of Arta approved the change of Arta's name to "Committee Bay Resources Ltd.". The shareholders of Arta also approved the election of Charles Chebry, John Williamson, Sean Mager and Craig Bentham to its Board of Directors. John Williamson has been appointed the President and CEO of Arta and Sean Mager the Chief Financial Officer.

The Corporation is in the process of completing a non-brokered private placement of up to \$1.5 million which will involve the issuance by Arta of either: (a) one flow-through common share of Arta at a price of \$0.25 per share or (b) one unit comprised of one common share of Arta ("Common Share") and one non-transferable share purchase warrant ("Unit") at a price of \$0.25 per Unit. Each share purchase warrant entitles the holder to acquire one Common Share at a price of \$0.30 per Common Share at any time within two years from the date of issuance, but shall expire and become null and void if not exercised within 30 days after the closing price of the Common Shares on the exchange upon which they are listed and posted for trading equals or exceeds \$0.50 per Common Share. Arta has closed on subscriptions totaling \$323,500 to-date.

CBR is a junior mineral exploration company holding mineral claims in the Committee Bay Greenstone Belt, which is approximately 300 km in length and located on the northwest coast of Hudson Bay. CBR has an extensive database for the Greenstone Belt compiled from gold exploration done within the area since 1992. The data includes over 4,000 geochemical samples, 14,000 kilometers of airborne geophysics, and regional and property scale geological mapping. CBR expects to commence a work program in August of 2002.