

Committee Bay Resources Ltd.

Consolidated Financial Statements

**For the three and nine month periods ended June 30, 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 nine months ended June 30, 2007 and 2006 have not been reviewed by the company's auditors.

Committee Bay Resources Ltd.
Consolidated Balance Sheets

As at	June 30 2007 (unaudited)	September 30 2006 (audited)
Assets		
Current		
Cash and cash equivalents	\$ 13,392,037	\$ 5,921,969
Accounts receivable	826,178	764,991
Prepaid expenses and deposits	16,338	115,358
	14,234,553	6,802,318
Performance bonds	696,113	546,749
Investments (note 5)	483,361	210,001
Property, plant, and equipment (note 6)	1,123,653	1,228,406
Mineral interests (note 7)	39,363,032	33,698,804
	\$ 55,900,712	\$ 42,486,278
Liabilities and shareholders' equity		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,312,651	\$ 1,266,333
Asset retirement obligation	625,818	305,560
Deficit in equity investment (note 5)	4,247	
Future income taxes	3,661,674	3,017,719
	5,604,390	4,589,612
Shareholders' equity		
Share capital (note 8)	51,290,297	38,579,054
Contributed surplus (note 9)	5,806,156	5,198,284
Deficit	(7,003,936)	(5,880,672)
Other comprehensive income	203,805	-
	50,296,322	37,896,666
	\$ 55,900,712	\$ 42,486,278

Approved by the board

Director (signed by) "John Williamson"

Director (signed by) "Sean Mager"

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

Three and nine months ended June 30	2007 (3 months)	2006 (3 months)	2007 (9 months)	2006 (9 months)
Expenses				
Amortization	\$ 42,418	\$ 32,102	\$ 126,330	\$ 93,566
Conferences and travel	63,676	55,495	197,880	152,859
Corporate filing fees	-	1,944	10,263	16,679
Office and administration	50,985	78,632	275,296	298,301
Professional fees	(6,856)	16,536	124,550	155,518
Promotion and investor relations	29,947	34,973	117,509	132,877
Stock-based compensation (note 8)	-	-	128,000	773,606
Wages and consulting fees	142,079	137,727	489,298	308,200
	322,249	357,449	1,469,126	1,931,606
Recoveries	(40,953)	(100,491)	(83,813)	(93,024)
Loss from operations	(281,296)	(256,958)	(1,385,313)	(1,838,582)
Other income and expenses				
Interest	160,360	40,758	328,863	150,751
Write down of mineral interests	-	-	-	(208,989)
Loss from investment subject to significant influence	(5,689)	-	(5,689)	-
Gain on sale of investments	2,522	6,635	2,522	6,635
Loss on foreign exchange	(11,459)	(1,376)	(63,647)	(15,955)
	145,734	46,017	262,049	(67,558)
Loss before income taxes	(135,562)	(210,941)	(1,123,264)	(1,906,140)
Future income tax recovery	-	602,235	-	602,235
Net income (loss) for the period	(135,562)	391,294	(1,123,264)	(1,303,905)
Deficit, beginning of period	(6,868,374)	(5,930,585)	(5,880,672)	(4,235,386)
Deficit, end of period	\$ (7,003,936)	\$ (5,539,291)	\$ (7,003,936)	\$ (5,539,291)
Basic and diluted income				
(loss) per share	\$ (0.00)	\$ 0.01	\$ (0.01)	\$ (0.03)
Basic weighted average number				
of shares	95,721,342	54,843,574	82,476,623	49,287,717
Diluted weighted average number				
of shares	95,721,342	55,842,912	82,476,623	49,287,717

Committee Bay Resources Ltd.
Consolidated Statements of Comprehensive Loss
(unaudited)

Three and nine months ended June 30	2007 (3 months)	2006 (3 months)	2007 (9 months)	2006 (9 months)
Net income (loss) for the period	\$ (135,562)	\$ 391,294	\$ (1,123,264)	\$ (1,303,905)
Other comprehensive income:				
Change associated with marketable securities, net of future income taxes	(78,800)	-	203,200	-
Change associated with gold nuggets, net of future income taxes	605	-	605	-
Total comprehensive income (loss)	(213,757)	391,294	(919,459)	(1,303,905)

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

Three and nine months ended June 30	2007 (3 months)	2006 (3 months)	2007 (9 months)	2006 (9 months)
Cash flows from operating activities				
Net income (loss)	\$ (135,562)	\$ 391,294	\$ (1,123,264)	\$ (1,303,905)
Adjustments for:				
Amortization	42,418	32,102	126,330	93,566
Gain on sale of investments	(2,522)	(6,635)	(2,522)	(6,635)
Future income tax recovery	-	(602,235)	-	(602,235)
Loss from investment subject to significant influence	5,689	-	5,689	-
Stock-based compensation	-	-	128,000	773,606
Mineral interests written down	-	-	-	208,989
	(89,977)	(185,474)	(865,767)	(836,614)
Changes in non-cash balance sheet items:				
Performance bond	(80,969)	5,295	(149,364)	21,920
Asset retirement obligation	282,687	-	320,258	-
Working capital items (note 11a)	(854,801)	1,699,323	(19,552)	825,626
	(743,060)	1,519,144	(714,425)	10,932
Cash flows from investing activities				
Cash acquired on business combination (note 3)	-	-	-	1,987,205
Arrangement costs (note 3)	-	-	-	(80,440)
Purchase of investments	(4,877)	-	(37,234)	-
Property, plant and equipment	(159,513)	(27,870)	(164,292)	(56,051)
Convertible debenture	-	-	-	(48,170)
Proceeds on sale of investments	12,000	80,007	12,000	80,007
Expenditures on mineral interests	(2,741,048)	(1,665,203)	(5,522,954)	(4,158,353)
Changes in non-cash working capital (note 11a)	721,582	(1,079,716)	103,703	(532,833)
	(2,171,856)	(2,692,782)	(5,608,777)	(2,808,635)
Cash flows from financing activities				
Issuance of share capital	-	27,901	15,153,990	488,900
Cash share issue costs	(5,539)	(2,643)	(1,360,731)	(64,916)
	(5,539)	25,258	13,793,270	423,984
Net increase (decrease) in cash	(2,920,455)	(1,148,380)	7,470,068	(2,373,719)
Cash and cash equivalents:				
Beginning of period	16,312,492	4,006,591	5,921,969	5,231,930
End of period	\$ 13,392,037	\$ 2,858,211	\$ 13,392,037	\$ 2,858,211

Committee Bay Resources Ltd.

Notes to the Consolidated Financial Statements

For the three and nine month periods ended June 30, 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 to the presentation adopted in the current period.

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and nine month periods ended June 30, 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 nine month periods ended June 30, 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 are 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:

	June 30 2007	September 30 2006
Canada	\$ 31,684,916	\$ 25,379,495
Australia	23,990,128	16,411,378
Argentina	825,668	695,405
Company total	\$ 55,900,712	\$ 42,486,278

5. Investments

Portfolio investments

	June 30, 2007		September 30, 2006	
	Cost	Market	Cost	Market
Underground Drilling and Services Pty Ltd 2006 – 16.5% interest	-	-	\$ 1	\$ 1
Indicator Minerals Inc. 1,000,000 common shares (2006 – 1,000,000 common shares)	\$ 210,000	\$ 455,000	210,000	790,000
Gold nuggets 41 oz (2006 – nil)	27,756	28,361	-	-
	\$ 237,756	\$ 483,361	\$ 210,001	\$ 790,001

Due to the change in accounting policy described in note 2, the Company has, at June 30, 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 June 30, 2007. The resulting unrealized gain has been recorded as a component of Other Comprehensive Income in the Consolidated Statement of Comprehensive Loss.

Equity investment in Underground Drilling and Services Pty Ltd.

	June 30, 2007		September 30, 2006	
	Cost	Carrying Value	Cost	Carrying Value
Underground Drilling and Services Pty Ltd 2007 – 50% interest	\$ 1	\$ (4,247)	\$ -	\$ -

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and nine month periods ended June 30, 2007 and 2006

During the period ended June 30, 2007, a subsidiary of the Company acquired an additional 33.5% equity interest in Underground Drilling and Services Pty Ltd. ("UD&S"), a private mining services company operating in Western Australia. The Company now owns 50% of the voting shares of UD&S at a nominal cost of \$1. Consequently, management has determined that its investment in UD&S is an investment subject to significant influence and has applied equity accounting.

Under equity accounting the Company initially records its cost to acquire its interest in the investee. Subsequently, for as long as the Company exercises or has a right to exercise significant influence over the operations of the investee, this cost is adjusted for the Company's share of income or loss of the investee after adjusting for intercompany profits, gains, or losses. The Company's share of the investee's adjusted income or loss is taken into the Company's net income in the period in which the income or loss is earned or incurred by the investee subject to significant influence.

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and nine month periods ended June 30, 2007 and 2006

6. **Property, plant, and equipment**

	<u>June 30, 2007</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Canadian Operations			
Furniture and office equipment	\$ 68,257	\$ 26,208	\$ 42,049
Leasehold improvements	12,724	7,632	5,092
Computer equipment	180,888	94,104	86,784
Mobile equipment	157,071	95,488	61,583
Camp and field equipment	160,261	71,724	88,537
	579,201	295,156	284,045
Argentine Operations			
Mobile equipment	25,776	13,890	11,886
Australian Operations			
Field and office equipment	143,016	42,640	100,376
Three Mile Hill gold processing mill	595,663	163,223	432,440
Mobile equipment	110,913	25,788	85,125
Spare parts	209,781	-	209,781
	1,059,373	231,651	827,722
	\$ 1,664,350	\$ 540,697	\$ 1,123,653
	<u>September 30, 2006</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Canadian Operations			
Furniture and office equipment	\$ 68,257	\$ 18,788	\$ 49,469
Leasehold improvements	12,724	5,723	7,001
Computer equipment	174,658	69,756	104,902
Computer software	87,776	87,776	-
Mobile equipment	157,071	77,609	79,462
Camp and field equipment	160,261	56,100	104,161
	660,747	315,752	344,995
Argentine Operations			
Mobile equipment	25,776	10,439	15,337
Australian Operations			
Field and office equipment	115,764	22,853	92,911
Three Mile Hill gold processing mill	595,663	89,425	506,238
Mobile equipment	72,756	13,612	59,144
Spare parts	209,781	-	209,781
	993,964	125,890	868,074
	\$ 1,680,487	\$ 452,081	\$ 1,228,406

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and nine month periods ended June 30, 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:

Nine months ended June 30, 2007

	Amortization Capitalized	Amortization Expense	Total Amortization
Canada	\$ 33,503	\$ 33,677	\$ 67,180
Argentina	3,451	-	3,451
Australia	105,761	92,653	198,414
	<u>\$ 142,715</u>	<u>\$ 126,330</u>	<u>\$ 269,045</u>

Nine months ended June 30, 2006

	Amortization Capitalized	Amortization Expense	Total Amortization
Canada	\$ 45,072	\$ 47,846	\$ 92,918
Argentina	4,930	-	4,930
Australia	30,985	45,720	76,705
	<u>\$ 80,987</u>	<u>\$ 93,566</u>	<u>\$ 174,553</u>

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and nine month periods ended June 30, 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	-	-	6,560	1,650	-	-	13,320
Claims and land use	(185)	-	-	-	-	10	-	(175)
Fieldwork	1,111	-	-	2,765	127	54	-	4,057
Geological consulting	347	-	-	-	-	90	-	437
Operator recoveries	(79)	-	-	-	-	-	-	(79)
Impairment and abandonment	-	(201)	-	-	-	-	(8)	(209)
Balance, June 30, 2006	16,488	-	12	9,325	1,777	664	-	28,266
Acquisition cost	-	-	-	2,798	(189)	-	-	2,609
Claims and land use	50	-	-	201	49	4	-	304
Fieldwork	1,698	-	-	107	166	2	-	1,973
Geological consulting	543	-	-	-	-	4	-	547
Operator recoveries	-	-	-	-	-	-	-	-
Balance, September 30, 2006	18,779	-	12	12,431	1,803	674	-	33,699
Acquisition cost	-	-	-	324	-	-	-	324
Claims and land use	39	-	-	234	66	4	-	343
Fieldwork	2,046	-	-	2,195	163	59	-	4,463
Geophysics	-	-	-	293	-	-	-	293
Geological consulting	178	-	-	-	-	63	-	241
Balance, June 30, 2007	\$ 21,042	\$ -	\$ 12	\$ 15,477	\$ 2,032	\$ 800	\$ -	\$ 39,363

**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	\$ -	\$ -	\$ 9,682	\$ 1,461	\$ -	\$ -	\$ 16,669
Exploration	15,516	-	12	5,795	571	800	-	22,694
Balance, June 30, 2007	\$ 21,042	\$ -	\$ 12	\$ 15,477	\$ 2,032	\$ 800	\$ -	\$ 39,363

Redemption Joint Venture

During the period ended June 30, 2007, the Company announced that a subsidiary had completed its AU\$8 Million sole funding earn-in ("Earn-in") to 50% ownership of the tenements comprising the Redemption Joint Venture ("RJV"). Subsequent to reaching the Earn-in, the Company's funding obligations for exploration and development of the RJV tenements is reduced from 100% of expenditures to 50% of expenditures.

Committee Bay Resources Ltd.
Notes to the Consolidated Financial Statements

For the three and nine month periods ended June 30, 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	-	(1,840,603)
Future income taxes	-	(602,144)
	95,721,342	\$ 50,274,740

Warrants

Balance, September 30, 2006 and June 30, 2007	\$ 1,015,557
Common shares at June 30, 2007	\$ 50,274,740
Warrants at June 30, 2007	1,015,557

Share capital, June 30, 2007 **95,721,342** **\$ 51,290,297**

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 \$0.70 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

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8. Share capital, continued

Exercise Price	Number of Warrants	Weighted average remaining contractual life in years
\$ 1.00	2,699,999	0.1
0.75	4,590,445	1.1
0.75	27,500	1.2
0.70	9,150,000	2.6
0.80	1,066,666	0.1
0.80	1,408,998	1.1
0.60	2,086,400	1.6
\$ 0.75	21,030,008	1.6

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.

Subsequent to the period ended June 30, 2007, a total of 3,766,665 warrants with a weighted average exercise price of \$0.94 have expired.

Per share calculations

The exercise of stock options and warrants would be anti-dilutive for the three month period ended June 30, 2007 and the nine month periods ended June 30, 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	(485,000)	1.69
Outstanding June 30, 2007	4,647,424	\$ 1.10

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8. Share capital, continued

Exercise prices	Number outstanding	Weighted average remaining contractual life in years	Number exercisable
\$ 0.25	412,875	0.3	412,875
0.52	911,049	1.1	911,049
1.80	105,000	1.5	105,000
1.80	2,000,000	2.1	2,000,000
0.56	22,500	0.3	22,500
0.31	216,000	2.4	216,000
0.81	580,000	3.6	580,000
0.50	400,000	4.4	400,000
\$ 1.10	4,647,424	2.1	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 (2006 - 640,000) options to employees and consultants of the Company.

Subsequent to the period, the Company granted 4,500,000 stock options at a weighted average exercise price of \$0.45 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, June 30, 2007	<u>\$ 5,806,156</u>

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10. Related party transactions

During the period ended June 30, 2007, the Company incurred consulting expenses of \$104,485 (2006 - \$135,938) and capitalized mineral interest geological consulting services of \$45,555 (2006 - \$57,525) related to management and technical services provided by directors or companies controlled by directors. All amounts were fully paid at June 30, 2007 (2006 - \$2,712 payable).

During the period ended June 30, 2007, the Company purchased equipment (2006 - office furniture) from a company controlled by a director for the sum of \$5,500 (2006 - \$4,000).

As at June 30, 2007, \$77,932 is receivable from companies with common management and/or directors and is included in accounts receivable.

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

Nine months ended June 30	2007	2006
Accounts receivable	\$ (61,187)	\$ 452,856
Prepaid expenses	99,020	36,567
Accounts payable and accrued liabilities	46,318	(196,630)
	\$ 84,151	\$ 292,793

Change in non-cash working capital relating to:

Operating activities	\$ (19,552)	\$ 825,626
Investing activities	103,703	(532,833)
Financing activities	-	-
	\$ 84,151	\$ 292,793

b) The statement of cash flows for the three and nine month periods ended June 30, 2007 and 2006 exclude the non cash transactions disclosed in notes 3 and 8, and an addition of \$320,258 to the Asset Retirement Obligation related to the Redemption property and a corresponding addition to the acquisition cost of the Redemption property.