

Committee Bay Resources Ltd.

Unaudited Consolidated Interim Financial Statements
June 30, 2003

Committee Bay Resources Ltd.

Unaudited Consolidated Interim Statements of Loss and Deficit
For the periods ending June 30, 2003 and 2002

	Three Months Ending Jun. 30, 2003	Three Months Ending Jun. 30, 2002	Six Months Ending Jun. 30, 2003	Six Months Ending Jun. 30, 2002
	\$	\$	\$	\$
Expenses				
Management and Consulting fees	32,500	23,500	62,500	43,000
Professional fees	29,298	22,535	31,595	26,390
Exploration Costs	13,700	1,089	24,622	2,447
Corporate filing and Transfer agent	69,823	(373)	78,378	(226)
Advertising and promotion	33,961	3,729	51,424	3,729
Office supply and rent	2,614	2,161	5,250	2,939
Interest and bank charges	280	-	313	-
	182,176	52,641	254,082	78,279
Loss from operations				
Interest	55	-	55	-
Non-refundable deposit/fee	-	-	-	20,000
Write down of mineral property	-	-	-	-
Net loss for the period	(182,121)	(52,641)	(254,027)	(58,279)
Adjustments	(1,258)	-	52,729	-
Deficit – Beginning of period	(259,794)	(95,721)	(241,875)	(90,083)
Deficit – End of period	(443,173)	(148,362)	(443,173)	(148,362)
Loss per share	(0.014)	(0.005)	(0.022)	(0.005)
Weighted avg. # shares	12,905,584	11,047,887	11,630,455	11,047,887

Committee Bay Resources Ltd.

Unaudited Consolidated Interim Statements of Cash Flow
For the periods ending June 30, 2003 and 2002

	Three Months Ending June 30, 2003 \$	Three Months Ending June 30, 2002 \$	Six Months Ending June 30, 2003 \$	Six Months Ending June 30, 2002 \$
Cash provided by (used in)				
Operating activities				
Net loss for the period	(182,121)	(52,641)	(254,027)	(58,279)
Net change in non-cash working capital balances relating to operating activities	<u>1,604</u>	<u>33,700</u>	<u>402,703</u>	<u>57,577</u>
	<u>(180,517)</u>	<u>(18,941)</u>	<u>148,676</u>	<u>(702)</u>
Financing activities				
Issuance of shares	1,293,368	-	1,294,124	-
Cost of share issuance	<u>(42,514)</u>	<u>-</u>	<u>(42,514)</u>	<u>-</u>
	<u>1,250,854</u>	<u>-</u>	<u>1,251,610</u>	<u>-</u>
Investing activities				
Mineral properties	(1,183)	-	(1,203)	-
Exploration costs	(636,559)	(865)	(647,346)	(17,420)
Recovered from JV partner	494,166	-	494,166	-
Capital assets	<u>(57,419)</u>	<u>-</u>	<u>(57,419)</u>	<u>-</u>
	<u>(200,995)</u>	<u>(865)</u>	<u>(211,802)</u>	<u>(17,420)</u>
Increase (Decrease) in cash	869,342	(19,806)	1,188,484	(18,122)
Cash – Beginning of period	<u>404,100</u>	<u>20,125</u>	<u>84,958</u>	<u>18,441</u>
Cash – End of period	<u>1,273,442</u>	<u>319</u>	<u>1,273,442</u>	<u>319</u>

1. Business Combination

On July 15, 2002 Arta Enterprises Inc. ("Arta") acquired 51.4% of the common shares of CBR and 100% of the shares of 895924 Alberta Ltd. ("Holdco"), which held the remaining 48.6% of the common shares of CBR. The consideration paid by Arta was the issuance of an aggregate of 4,750,000 common shares of Arta ("Common Shares") and warrants to acquire an aggregate of 1,400,000 flow through Common Shares at a price of \$0.25 per Common Share at any time within two years of issuance. In addition, Arta issued 230,000 Common Shares to Research Capital Corporation and 137,500 Common Shares to Tarman Inc. as finders fees. The companies then proceeded with a corporate restructuring and amalgamation, continuing under the name Committee Bay Resources Ltd.

The business combination of Arta, CBR and Holdco has been accounted for using the reverse takeover method of purchase accounting. CBR was deemed to be the acquirer and deemed to have purchased the assets and liabilities of Arta because the shareholders of CBR and Holdco, as a group, became owners of more than 64% of the voting shares of Arta on a fully diluted basis following the business combination. The results of operations of Arta are included in the consolidated financial statements from July 15, 2002, the date of the business combination. For accounting purposes, the company is considered to be a continuation of CBR, except with regard to the authorized and issued share capital, which is that of the legal parent company, Arta. **The financial position of CBR as at December 31, 2001 and the results of operations and cash flows for the periods prior to July 15, 2002 presented in these financial statements are of CBR only.** Details of the business combination are as follows:

	Net Assets Acquired
Cash	\$ 199,984
Goods and Services tax Recoverable	9,787
Fair value of net assets acquired or Carrying value of net assets sold	\$ 209,771
Consideration paid (received) Common Shares	\$209,771

2. Nature of Operations

Committee Bay Resources Ltd. ("CBR" or the "Company") was incorporated under the Canada Business Corporations Act on December 17, 1996 as 3328147 Canada Inc. and remained inactive until June 30, 1998. On September 18, 1998 the company changed its name to Committee Bay Resources Ltd. The company operates as an exploration mining company with activities in Nunavut, Canada.

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 dependant upon future events, therefore preparation of these financial statements requires the use of estimates, which may vary from actual results. In particular, the recoverability of amounts shown for the mineral interests is

dependant upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interests in the property, the ability of the company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from disposition of the mineral interests. The amounts shown for the mineral interest represents net costs incurred to date and do not represent present or future values.

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 non-compliance with regulatory requirements.

3. 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, 2002. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in Canada have been omitted. These interim financial statements should be read in conjunction with the December 31, 2002 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.

4. Mineral Properties

	Cumulative			Jun 30, 2003	Dec. 31, 2002
	Acquisition costs \$	Exploration costs \$	Recovered & recoverable \$	Net carrying amount \$	Net carrying amount \$
Committee Bay, Nunavut Territory	92,795	1,745,832	636,559	1,202,068	1,137,356

Pursuant to an Asset Purchase Agreement dated July 3, 1998 between the Company and its former parent, Aurcana Corporation ("Aurcana"), the company acquired all of Aurcana's right, title and interest in and to the mineral properties located on or near Committee Bay, Nunavut Territory (the "Assets"). The property is subject to a 1.0% net smelter royalty (NSR), reduced from 3%.

The Company applied for 21 new claims through its wholly owned subsidiary, Committee Bay North Ltd., on October 31, 2002. These claims cover over 54,000 acres within the Committee Bay Greenstone Belt. The claims were pending approval by the Nunavut Mine Records Office at quarter-end.

The Company acquired a 100% undivided interest in 49 new mineral claims covering over 124,000 acres and six federal prospecting permits covering 220,000 acres pursuant to a Letter of Agreement dated November 7, 2002 with Hunter Exploration Group of Vancouver. The permits were approved by the Nunavut Mine Records Office during the quarter, while approval of the claims remained pending at quarter-end.

5. Share Capital

(a) Authorized:

Unlimited number of common voting shares without nominal or par value

(b) Common shares issued:

	Number	Amount \$
Balance at Dec 31, 2002	10,339,520	1,471,076
For cash on exercise of agents options @ 0.20 – Feb 20	3,780	756
For cash on private placement @ 0.35 – Apr 15	2,000,000	700,000
Finders fee on private placement @ 0.35 – Apr 15	5,000	1,750
For cash on private placement @ 0.30 – May 5	1,000,000	300,000
Finders fee on private placement @ 0.30	115,385	34,616
For cash on exercise of agents options @ 0.20 – May 7	119,900	23,980
For cash on private placement @ 0.30 – Jun 4	333,333	100,000
For cash on exercise of agents options @ 0.20 – Jun 9	23,800	4,760
For cash on exercise of directors options @ 0.25 – Jun 24	120,000	30,000
For cash on exercise of warrants @ 0.30 – Jun 24	327,540	98,262
Share issuance costs	-	(42,514)
Balance at June 30, 2003	14,388,258	2,722,686

(c) Escrow:

An aggregate of 2,699,154 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 instalments over the course of the 36 month period following July 19, 2002, the Initial Release date.

(d) Options:

The company has established a stock option plan for the benefit of 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 twenty (20%) percent of the issued and outstanding listed shares (on a non-diluted basis); the aggregate number of options granted to consultants 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 five (5%) percent of the outstanding Shares (on a non-diluted basis). In the case of an Optionee that is a Consultant, the aggregate number of shares to be issued shall not exceed one (1%) percent of the issued and outstanding Shares (on a non-diluted basis) at the time of the grant. The Shares so reserved by the Board under the Plan shall be authorized but unissued Shares.

Prior to the Qualifying Transaction, the directors of Arta Enterprises Inc. were granted 250,000 incentive stock options, which were to expire on the earlier of 90 days from the date each director

ceases to be a director, of the company, or August 3, 2006. Of these, non-continuing directors exercised 28,500 prior to expiry and 105,000 remain outstanding as the Optionee has continued in his capacity as director of the corporation after the Qualifying Transaction was completed.

The following table summarizes stock options outstanding during the period, excluding agents options:

	Number	Avg. Exercise Price	Expiry
Directors Options	1,300,000	0.25	Oct 30, 2007
Directors Options	105,000	0.20	Aug 3, 2006
Outstanding at Dec 31, 2002	1,405,000	0.25	
Exercised – second quarter	(120,000)	0.25	Oct 30, 2007
Balance – end of quarter	1,285,000	0.25	

(e) Agent's Option Agreements:

Prior to the Qualifying Transaction, Arta 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 were to expire 18 months from the date of listing of the common shares of the Corporation on the TSX (V). All outstanding Agents Options were exercised prior to expiry.

(f) Warrants:

	Number	Avg. Price	Expiry
Balance at December 31, 2002	3,163,080	0.28	
Issuance:			
Common share warrants – Apr 15	1,000,000	0.45	Oct 15, 2003
Common share warrants – May 5	1,000,000	0.40	May 5, 2004
Common share warrants – Jun 4	333,333	0.40	Jun 4, 2004
Exercised:			
Exercise for common @ 0.30 – Jun 24	(327,540)	0.30	
Balance – end of quarter	5,168,873	0.34	

6. Subsequent Events

August 11, 2003, the Board of Directors granted options, pursuant to the Corporation's Stock Option Plan and subject to regulatory approval, to purchase an aggregate of 1,000,000 common shares of the Corporation ("Common Shares") to directors, officers and consultants of the Corporation at an exercise price of \$0.52 per share, or such other price as is acceptable to the TSX Venture Exchange, with the shares to be vested in six equal installments over an 18-month period.

Since the corporate press release of June 27, 2003, on the appointment of Mr. Bernie Kennedy of Vancouver as Investor Relations Manager, the TSX Venture Exchange has accepted a grant by the Board of Directors of options to purchase 100,000 common shares of the Corporation at an exercise price of \$0.42, with the shares to be vested in six equal installments over an 18 month period, pursuant to the Corporation's Stock Option Plan.