

RESOLVE VENTURES INC.

INTERIM FINANCIAL STATEMENTS

May 31, 2011

(Unaudited)

NOTICE TO READER

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INTERIM STATEMENTS OF LOSS

INTERIM STATEMENTS OF CASH FLOWS

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NOTES TO INTERIM FINANCIAL STATEMENTS

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statement for the period ended May 31, 2011.

NOTICE TO READER

The interim balance sheet as at May 31, 2011 and the interim statements of loss, and the interim statements of cash flows for the nine-month period then ended are the responsibility of the Company's management.

These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Morgan and Company.

The interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian Generally Accepted Accounting Principles.

/s/ David Baker

David Baker, Director
Vancouver, BC Canada
July 29, 2011

/s/ Martin Auyeung

Martin Auyeung, Director
Vancouver, BC Canada
July 29, 2011

RESOLVE VENTURES INC.

INTERIM BALANCE SHEETS

	MAY 31, 2011	AUGUST 31, 2010
ASSETS		
Current		
Cash	\$ 52,559	\$ 120,578
Goods and Services Tax recoverable	17,066	5,247
Mining duties recoverable	129,712	27,790
Prepaid expenses	19,496	17,539
	<u>218,833</u>	<u>171,154</u>
Equipment (Note 3)	4,941	5,814
Mineral Properties (Note 4)	<u>2,033,540</u>	<u>2,158,752</u>
	<u>\$ 2,257,314</u>	<u>\$ 2,335,720</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 9,621	\$ 24,387
Advance payable	35,000	-
	<u>44,621</u>	<u>24,387</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 6)	9,914,514	9,825,514
Contributed surplus	40,742	40,742
Deficit	(7,742,563)	(7,554,923)
	<u>2,212,693</u>	<u>2,311,333</u>
	<u>\$ 2,257,314</u>	<u>\$ 2,335,720</u>

Nature Of Operations And Going Concern (Note 1)

Approved by the Board of Directors:

"David Baker"
David Baker, Director

"Martin Auyeung"
Martin Auyeung, Director

The accompanying notes are an integral part of these financial statements.

RESOLVE VENTURES INC.

INTERIM STATEMENTS OF LOSS

	<u>3 months ended</u>		<u>9 months ended</u>	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Expenses				
Audit and accounting	\$ 4,500	\$ 4,500	\$ 23,417	\$ 19,761
Amortization	291	363	873	1,090
Bank charges and interest	23	-	128	3,889
Consulting	8,063	11,063	28,188	33,188
Legal	-	-	14,889	7,196
Management and administrative services	21,000	21,000	63,000	63,000
Office, rent and telephone	11,281	12,590	34,473	37,453
Property expenses	-	-	3,045	2,835
Regulatory and filing fees	44	45	8,261	8,740
Transfer agent	1,209	428	5,008	6,023
Shareholder's communication	1,418	1,417	6,358	6,848
Loss For The Period	(47,829)	(51,406)	(187,640)	(190,023)
Deficit, Beginning of Period	(7,694,734)	(7,486,471)	(7,554,923)	(7,347,854)
Deficit, End of Period	(7,742,563)	(7,537,877)	(7,742,563)	(7,537,877)
Loss Per Share, Basic and Diluted			\$ 0.01	\$ 0.01
Weighted Average Outstanding Shares			14,114,835	13,939,927

The accompanying notes are an integral part of these financial statements.

RESOLVE VENTURES INC.
INTERIM STATEMENTS OF CASH FLOWS

	<u>3 months ended</u>		<u>9 months ended</u>	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Cash provided (used) by:				
Operating activities				
Loss for the period	\$ (47,829)	\$ (51,406)	\$ (187,640)	\$ (190,023)
Items not involving cash				
Amortization	291	363	873	1,090
	<u>(47,538)</u>	<u>(51,043)</u>	<u>(186,767)</u>	<u>(188,933)</u>
Changes in non-cash working capital balances				
(Increase) in prepaid expenses	(652)	(1,043)	(1,957)	(1,490)
(Increase) in taxes recoverable	(5,360)	2,400	(11,819)	1,450
(Increase) in tax credit and mining duties recoverable, net	27,790	-	(101,922)	(170,856)
Increase (decrease) in A/P	(5,716)	(9,047)	(14,766)	(146,704)
	<u>(31,476)</u>	<u>(58,733)</u>	<u>(317,231)</u>	<u>(506,533)</u>
Financing Activities				
Issue of share capital	83,000	-	89,000	-
Advance payable	-	-	35,000	-
	<u>83,000</u>	<u>-</u>	<u>124,000</u>	<u>-</u>
Investing Activities				
Mineral property tax credits	-	-	129,712	174,223
Deferred expenses	(4,500)	-	(4,500)	(452,106)
	<u>(4,500)</u>	<u>-</u>	<u>125,212</u>	<u>(277,883)</u>
Increase (decrease) in cash	<u>47,024</u>	<u>(58,733)</u>	<u>(68,019)</u>	<u>(784,416)</u>
Cash, beginning of period	\$ 5,535	\$ 216,763	\$ 120,578	\$ 942,446
Cash, end of period	<u>\$ 52,559</u>	<u>\$ 158,030</u>	<u>\$ 52,559</u>	<u>\$ 158,030</u>

The accompanying notes are an integral part of these financial statements.

RESOLVE VENTURES INC.

INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY

May 31, 2011

	<u>SHARE CAPITAL</u>		SHARES SUBSCRIBED	CONTRIBUTED SURPLUS	EQUITY PORTION O VONVERTIBLE PROMISSORY NOTES	DEFICIT	TOTAL
	SHARES	AMOUNT					
Balance, August 31, 2009	13,939,927	9,874,514	-	40,742	-	(7,347,854)	\$ 2,567,402
Tax benefits renounced on flow-through shares	-	(49,000)	-	-	-	-	(49,000)
Net loss for the year	-	-	-	-	-	(207,069)	(207,069)
Balance, August 31, 2010	13,939,927	9,825,514	-	40,742	-	(7,554,923)	\$ 2,311,333
Warrants exercised	890,000	89,000	-	-	-	-	89,000
Net loss for the period	-	-	-	-	-	(187,640)	(187,640)
Balance, May 31, 2011	14,829,927	\$ 9,914,514	\$ -	\$ 40,742	\$ -	\$ (7,742,563)	\$ 2,212,693

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company's principal operations are the exploration of mineral properties in Canada (Note 4).

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is expending its best efforts in this regard, the outcome of these matters cannot be predicted at this time. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

During the nine months ended May 31, 2011, the Company incurred a net loss of \$187,640 (2010 - \$190,023) and has an accumulated deficit of \$7,742,563 (August 31, 2010 - \$7,554,923). The Company is in the process of acquiring, exploring and developing its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and upon future profitable production. The operations of the Company have primarily been funded by the issuance of common shares. Continued operations of the Company are dependent on the Company's ability to complete equity financing or generate profitable operations in the future. Management's plan in this regard is to secure additional funds through future equity financings, which may be unavailable or unavailable on reasonable terms.

Pursuant to the shareholders' approval at the annual and special general meeting of shareholders held on November 19, 2008, the Company has consolidated its capital on a 10 old for 1 new basis. Effective at the opening April 23, 2009, the shares of the Company commenced trading on TSX Venture Exchange on a consolidated basis.

The numbers of shares and issue prices per share in this financial statements and notes have been restated to reflect the share consolidation.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial Instruments

Financial instruments are classified into one of five categories: Held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash as held-for-trading and accounts payable, accrued liabilities as other financial liabilities. The carrying values of the Company's financial instruments were a reasonable approximation of fair value.

GAAP requires the Company to provide disclosures in its financial statements that enable users to evaluate:

- the significance of financial instruments for the Company's financial position and performance,
- the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and
- How the Company manages those risks.

b) Mineral Properties, and Deferred Exploration and Development Costs

Costs and Amortization

Mineral properties, including options to mineral claims, are stated at cost. The recorded cost of mineral properties and exploration and development interests is based on cash paid and assigned value, if any, of share considerations given for mineral properties and exploration and development costs incurred.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Mineral Properties, and Deferred Exploration and Development Costs (Continued)

Costs and Amortization (Continued)

All direct and indirect costs relating to the acquisition of mineral properties are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or when management has determined that there is impairment in the carrying values of those mineral properties.

The Company defers expenditures directly attributable to the exploration and development of mineral properties, pending a decision as to the commercial viability of a property. At such times as the Company loses or abandons title on its interest in the property, the accumulated expenditures on such property are charged to operations. If any property reaches commercial production, the applicable costs of the mineral property and the deferred exploration and development expenditures will be amortized against related production revenues on the unit of production method, based on the property's estimated reserves.

Values

Based on the information available to date, the Company has not yet determined whether the mineral properties it is exploring and developing contain economically recoverable reserves. The recoverability of the amounts capitalized as mineral properties and deferred exploration and development costs is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete its exploration and development programs and upon future profitable production.

The amounts shown for mineral properties and deferred exploration and development expenses represent costs incurred to date, and do not necessarily represent present or future values as they are entirely dependent upon various factors as noted above.

Cost of Maintaining Mineral Properties

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Mineral Properties, and Deferred Exploration and Development Costs (Continued)

Environmental Protection and Rehabilitation Costs

Presently, the Company does not foresee the necessity to make any material expenditure in this area; as a result, no amounts have been accrued for future site restoration costs.

c) Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of change and have maturities of three months or less from the date of acquisition, held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. As at May 31, 2011, the Company had no cash equivalents.

d) Equipment

Office equipment is recorded at cost and amortized over its economic life using the declining balance method at the rate of 20%.

e) Income Taxes

Income taxes are recorded using the liability method of tax allocation. Future income taxes are calculated based on temporary timing differences arising from the difference between the tax basis of an asset or liability and its carrying value using tax rates anticipated to apply in the periods when the timing differences are expected to reverse. The recognition of future income tax assets is limited to the amount that is more likely than not to be realized.

f) Loss Per Share

Basic loss per common share is computed by dividing losses by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only instruments with exercise amounts less than market prices impact the diluted calculations. In computing diluted loss per share, no shares were added to the weighted average number of common shares outstanding during the nine months ended May 31, 2011 and 2010 for the dilutive effect of employee stock options and warrants as they were all anti-dilutive. No adjustments were required to report loss from operations in computing diluted per share amounts.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Stock Option Plan

The Company accounts for all grants of options to employees, non-employees, and directors in accordance with the fair value method of accounting for stock based compensation pursuant to CICA Handbook Section 3870 – “Stock Based Compensation and Other Stock Based Payments”.

h) Foreign Currency Translation

Transactions denominated in foreign currencies are translated to Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at current rates of exchange and other assets and liabilities are translated at historical rates of exchange. Revenues and expenses are translated at average rates of exchange for the year, except for amortization and depletion which are translated at rates in effect when the related assets were acquired. All exchange gains and losses are recognized currently in earnings.

i) Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from and affect the results reported in these financial statements.

j) Measurement Uncertainty

Management’s capitalization of exploration and development costs and assumptions regarding the future recoverability of such costs are subject to significant measurement uncertainty. Management’s assessment of recoverability is based on, among other things, the Company’s estimate of current mineral reserves and resources which are supported by geological estimates, estimated metal prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could materially affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Flow-through Financing

The Company has financed a portion of its exploration activities through the issue of flow-through shares which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to share capital and the related exploration costs have been charged to mineral property deferred exploration costs. When transferring the tax deductibility of exploration expenditures to the investor (renunciation), future income tax recovery income has been recognized and share capital has been reduced accordingly.

l) Fair Value of Warrants

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value using the residual method to determine the fair value of warrants issued. Warrants issued to brokers are evaluated using the Black-Scholes model.

m) Asset Retirement Obligations

The Company has adopted the CICA Handbook Section 3110 "asset retirement obligations" which establishes standards for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated asset retirement costs. The standards apply to legal obligations associated with the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. The standards require that a liability for an asset retirement obligation be recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made. Furthermore, a corresponding asset retirement cost should be recognized by increasing the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated nominal future value.

n) Impairment of Long-Lived Assets

The Company assesses the impairment of long-lived assets, which consist primarily of mineral property, property and equipment, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used are measured by a comparison of the carrying values of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the amount of the impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Recently Adopted Accounting Pronouncements

Financial Instruments – Disclosures

CICA Handbook Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. Section 3863 disclosures enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

p) Future Accounting Pronouncements Not Yet Adopted

International Financial Reporting Standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that fiscal 2011 is the changeover date for non-calendar year end publicly accountable enterprises to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. It will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. Management has performed a preliminary analysis and highlighted areas where its current Canadian accounting practices may differ from IFRS. The impact on the Company's financial statements has not yet been determined.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

3. MINERAL PROPERTIES

Summary of Mineral Properties

	BALANCE AUGUST 31 2010	ADDITIONS	BALANCE MAY 31 2011
Acquisition costs	\$ 487,913	\$ -	\$ 487,913
Deferred exploration costs and advances	2,345,451	4,500	2,349,951
Mineral property tax credits and incentives	(453,519)	(129,712)	(583,231)
Write-off of mineral property costs	(221,093)	-	(221,093)
Total mineral property deferred costs	\$ 2,158,752	\$ (125,212)	\$ 2,033,540

	BALANCE AUGUST 31 2009	ADDITIONS	BALANCE AUGUST 31 2010
Acquisition costs	\$ 487,913	\$ -	\$ 487,913
Deferred exploration costs and advances	1,888,845	456,606	2,345,451
Mineral property tax credits and incentives	(279,218)	(174,301)	(453,519)
Write-off of mineral property costs	(221,093)	-	(221,093)
Total mineral property deferred costs	\$ 1,876,447	\$ 282,305	\$ 2,158,752

a) *Raglan Property*

The Company has 100% interest in 880 claims consisting of approximately 90,085 acres located in the Ungava area, Province of Quebec.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

3. MINERAL PROPERTIES (Continued)

The costs related to the Raglan Property are as follows:

	BALANCE AUGUST 31 2010	ADDITIONS	BALANCE MAY 31 2011
Acquisition costs			
Shares	\$ 179,125	\$ -	\$ 179,125
Cash	198,788	-	198,788
	377,913	-	377,913
Deferred exploration expenses			
Camp site	126,472	-	126,472
Claim staking and maintenance	590,776	-	590,776
Consulting	46,818	4,500	51,318
Drilling	47,842	-	47,842
Equipment rental	4,304	-	4,304
Field work, supplies and mobilization	60,960	-	60,960
Fuel and storage	73,920	-	73,920
General and administration	41,789	-	41,789
Geophysical survey	899,336	-	899,336
Helicopter	81,402	-	81,402
Management fee	95,428	-	95,428
Reports and maps	38,755	-	38,755
Sampling and assays	119,188	-	119,188
Salaries and wages	7,368	-	7,368
	2,234,358	-	2,238,858
Refundable tax credits and mining duties	(453,519)	(129,712)	(583,231)
Total mineral property deferred costs	\$ 2,158,752	\$ (125,212)	\$ 2,033,540

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

3. MINERAL PROPERTIES (Continued)

a) Raglan Property (Continued)

	BALANCE AUGUST 31 2009	ADDITIONS	BALANCE AUGUST 31 2010
Acquisition costs			
Shares	\$ 179,125	\$ -	\$ 179,125
Cash	198,788	-	198,788
	377,913	-	377,913
Deferred exploration expenses			
Camp site	126,472	-	126,472
Claim staking and maintenance	412,971	177,805	590,776
Consulting	41,818	5,000	46,818
Drilling	-	47,842	47,842
Equipment rental	4,304	-	4,304
Field work, supplies and mobilization	5,025	55,935	60,960
Fuel and storage	73,920	-	73,920
General and administration	41,789	-	41,789
Geophysical survey	876,515	22,821	899,336
Helicopter	-	81,402	81,402
Management fee	82,414	13,014	95,428
Reports and maps	31,755	7,000	38,755
Sampling and assays	73,401	45,787	119,188
Salaries and wages	7,368	-	7,368
	1,777,752	456,606	2,234,358
Refundable tax credits and mining duties	(279,218)	(174,301)	(453,519)
Total mineral property deferred costs	\$ 1,876,447	\$ 282,305	\$ 2,158,752

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

3. MINERAL PROPERTIES (Continued)

b) Klu Property

On September 1, 2005, the Company acquired a 100% interest in the Klu Property Mineral Claims located in southwestern Yukon from Inco Limited for a cash payment of \$50,000, 119,047 common shares of the Company at \$0.42 per share and a finder's fee of \$10,000. The property is subject to a 2% net smelter return held by FNX Mining Company Inc.

The Company wrote off all deferred costs in connection with this property during the year ended August 31, 2009 as the amounts were not recoverable.

Costs related to the Klu Property are as follows:

	BALANCE AUGUST 31 2010	ADDITIONS	BALANCE MAY 31 2011
Acquisition costs			
Shares (119,047 at \$0.42)	\$ 50,000	\$ -	\$ 50,000
Cash	50,000	-	50,000
Finder's fee	10,000	-	10,000
	<u>110,000</u>	-	<u>110,000</u>
Deferred exploration expenses			
Airborne	18,185	-	18,185
Assays	1,823	-	1,823
Camp and fieldwork	11,328	-	11,328
Claim staking and maintenance	10,088	-	10,088
Consulting	46,640	-	46,640
General and administration	22,411	-	22,411
Equipment	340	-	340
Site visits	278	-	278
	<u>111,093</u>	-	<u>111,093</u>
Write-off of mineral property deferred costs	<u>(221,093)</u>	-	<u>(221,093)</u>
Total mineral property deferred costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

3. MINERAL PROPERTIES (Continued)

b) Klu Property (Continued)

	BALANCE AUGUST 31 2009	ADDITIONS	BALANCE AUGUST 31 2010
Acquisition costs			
Shares (119,047 at \$0.42)	\$ 50,000	\$ -	\$ 50,000
Cash	50,000	-	50,000
Finder's fee	10,000	-	10,000
	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Deferred exploration expenses			
Airborne	18,185	-	18,185
Assays	1,823	-	1,823
Camp and fieldwork	11,328	-	11,328
Claim staking and maintenance	10,088	-	10,088
Consulting	46,640	-	46,640
General and administration	22,411	-	22,411
Equipment	340	-	340
Site visits	278	-	278
	<u>111,093</u>	<u>-</u>	<u>111,093</u>
Write-off of mineral property deferred costs	<u>(221,093)</u>	<u>-</u>	<u>(221,093)</u>
Total mineral property deferred costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c) Mineral Exploration Credits

As a result of the Company incurring exploration expenditures on its Quebec mineral property, the Company applied for the Province of Quebec government tax credits. The amounts received or claimed are allocated to the Quebec property. As at May 31, 2011, \$129,712 Quebec tax credits for the year ended August 31, 2010 have not been received and have been included in receivables.

During the year ended August 31, 2007, the Company's mineral property tax claims were assessed, and the Company was requested to repay previously received credits. The amount of \$126,906, inclusive of interest charges, has been repaid to Quebec government in June 2010 by applying the 2009 Quebec corporate tax credits to it.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

4. SHARE CAPITAL

a) Authorized: unlimited common shares without par value.

b) Warrants Outstanding

A summary of the Company's warrants that have been issued and their status at May 31, 2011 and 2010, and the changes for the periods ending on those dates is presented below:

	2011		2010	
	WARRANTS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE	WARRANTS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
Balance, beginning of period	10,000,000	\$ 0.10	10,000,000	\$ 0.10
Exercised	(890,000)		-	
Balance, end of period	<u>9,110,000</u>	\$ 0.10	<u>10,000,000</u>	\$ 0.10

Share purchase warrants outstanding at May 31, 2011:

EXERCISABLE INTO NUMBER OF COMMON SHARES	EXERCISE PRICE PER SHARE	EXPIRY DATE
9,110,000	\$ 0.10	June 4, 2011

c) Options Outstanding

During the year ended August 31, 2005, the TSX Venture Exchange accepted the Company's amended Stock Option Plan, which was approved by the Company's shareholders at the Annual General Meeting. The Company implemented a rolling stock option plan whereby a maximum of 10% of the issued shares will be reserved for issuance under the plan.

During the nine months ended May 31, 2011, there were no stock options granted, exercised or outstanding for the purchase of common shares.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

5. RELATED PARTY TRANSACTIONS

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.

During the nine months ended May 31, 2011 and 2010, the Company entered into the following transactions with directors and officers of the Company, or companies controlled by directors, officers, and related parties:

	<u>2011</u>	<u>2010</u>
Management fees	\$ 45,000	\$ 45,000
Fees for consulting services	\$ 25,937	\$ 30,937
Professional fees	\$ 13,500	\$ 13,500
Website maintenance	\$ 3,938	\$ 3,938

Prepaid expense includes \$542 (2010 - \$509) paid to a company controlled by a director for future expenses.

At May 31, 2011, the Company had an advance payable of \$35,000 (2010: \$Nil) to a company controlled by a director of the Company. The advance payable was unsecured, non-interest bearing payable on demand.

During the year ended August 31, 2010, Goldbrook Ventures Inc. ("Goldbrook"), a company with common directors and management, incurred \$260,786 (2009: \$338,151) in exploration program expenses on behalf of the Company and charged the Company an exploration program management fee of \$13,014 (2009: \$33,815). The Company reimbursed the exploration expenses incurred and paid the management fee to Goldbrook.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

6. FINANCIAL INSTRUMENTS AND RISK FACTORS

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized. As at May 31, 2011, the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

	LEVEL	HELD FOR TRADING	OTHER FINANCIAL ASSETS/ LIABILITIES	TOTAL CARRYING VALUE	FAIR VALUE
Financial assets					
Cash	1	\$52,559		\$52,559	\$52,559
Financial liabilities					
Accounts payables and accrued liabilities	3		\$9,621	\$9,621	\$9,621

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop certain of these estimates. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies.

The methods and assumptions used to estimate the fair value of financial instruments are described below:

The Company is exposed to potential loss from various risks including commodity price risk, interest rate risk, credit risk and liquidity risk. Based on the Company's operations the liquidity risk and commodity risk are considered the most significant.

a) Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base metals and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of Company's business is in exploration.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MAY 31, 2011

6. FINANCIAL INSTRUMENTS AND RISK FACTORS (cont'd)

b) Liquidity Risk

The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes the company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short term obligations during the period.

During the period, the Company has been able to maintain its liquidity position through private placements in prior years. However, the difficult market conditions make it uncertain whether the Company can continue to raise adequate funds to meet its financial obligations.

7. CAPITAL MANAGEMENT

The Company manages capital with the goal to safeguard the Company's ability to continue as a going concern and ensure its ability to further explore and develop its mineral property holdings in Canada. The Company includes cash and the components of shareholders' equity in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties.

To ensure continued operations the Company depends on external financing to fund its activities. The Company manages its capital requirements through the preparation of annual expenditure budgets, which are updated regularly to take into account factors such as successful financings to fund activities, changes in property holdings and related obligations, and exploration activities.

In the past the Company has been successful in raising funds through the issuance of share capital. It is uncertain, however, how successful the Company will be in raising more funds in the current difficult market conditions. The Company currently has insufficient funds for its operational activities and will require equity financing or other forms of financing in order to fund continued exploration activities and administrative overhead costs for the coming year.

8. SUBSEQUENT EVENTS

In June 2011, 9,110,000 stock purchase warrants with exercise price \$0.10 per share were exercised.