# Resolve Ventures Inc.

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## MANAGEMENT DISCUSSION & ANALYSIS

**For the year ended August 31, 2005**
Date of Report: December 22, 2005

**Directors and Officers as at December 22, 2005:**

| | |
|---|---|
| **Directors**: | Martin Auyeung<br>David Baker<br>Harvey Lawson<br>Brent Peters |
| **Officers**: | David Baker, President |
| **Contact Name**: | David Baker |
| **Website:** | www.resolveventures.com |
| **TSX Venture Exchange Symbol:** | RVN.V |

Form 51-102F1

# RESOLVE VENTURES INC.

## MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended August 31, 2005

1.1 Date of This Report

December 22, 2005

1.2 Overall Performance

*Description of Business*

Resolve Ventures Inc., formerly known as Mira Properties Ltd., is a junior company listed on the TSX Venture Exchange. The Company is engaged in the acquisition, exploration and development of resource properties. Currently, the Company's planned principal operations include the ongoing exploration of its mineral properties in Northern Quebec and Yukon, and the potential acquisition of other mineral property interests.

1.3 Selected Annual Information

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

| | August 31, 2005 | August 31, 2004 | August 31, 2003 |
|---|---|---|---|
| (a) Net sales | - | - | - |
| (b) Loss before extraordinary items | | | |
| (i) Total loss | $1,137,132 | $239,788 | $561,136 |
| (ii) Loss per share - basic | $0.05 | $0.03 | $0.48 |
| (iii) Loss per share - diluted | $0.05 | $0.03 | $0.48 |
| (c) Net loss | | | |
| (i) Total loss | $1,137,132 | $239,788 | $561,136 |
| (ii) Loss per share - basic | $0.05 | $0.03 | $0.48 |
| (iii) Loss per share - diluted | $0.05 | $0.03 | $0.48 |
| (d) Total assets | $1,286,181 | $1,562,794 | $103,424 |
| (e) Total long-term liabilities | $117,818 | $109,658 | $101,498 |
| (f) Cash dividends declared per-share | N/A | N/A | N/A |

1.4 Results of Operations

***Discussion of Acquisitions, Operations and Financial Condition***

The following should be read in conjunction with the financial statements of the Company and notes attached thereto.

**Mineral Properties Acquired**

During the year ended August 31, 2005, the Company had the following mineral properties interests in Northern Quebec:

**Shoot Out Property**

The Company entered into an option agreement with Golden Valley Mines Ltd. ("Golden") dated August 29, 2003 whereby the Company may earn a 50% interest in certain mining claims located in the Lac Dumas and Lac Forcier Townships of Northern Quebec. The option is subject to Golden first acquiring a 100% interest in and to the property by fulfilling the terms of an option agreement entered into by Golden and the mineral rights holder. Effective on the date on which Golden acquires a 100% interest in the Property, the Company will receive an exclusive option to acquire an undivided 50% interest in the Property by:

i) issuing 500,000 common shares to Golden. (issued)

ii) paying $100,000 to Golden as follows:
   - $20,000 upon regulatory approval (paid)
   - $20,000 by November 29, 2003 (paid)
   - $30,000 by May 29, 2004 (paid)
   - $30,000 by May 29, 2005 (paid)

iii) incurring exploration expenditures in the aggregate amount of $2,000,000 as follows:

   - $350,000 by December 31, 2003 (completed),
   - an additional $550,000 on or before December 31, 2004 (completed),
   - an additional $1,100,000 on or before December 31, 2005.

The Company received regulatory approval for the transaction on September 9, 2003. The Company paid a $44,250 finder’s fee with regards to the option agreement. The Company paid an additional $43,500 finder’s fee in December 2004 pursuant to an August 29, 2003 finder’s fee agreement.

At the time of signing the agreement, the finder’s fee due to D. Baker Capital Inc., was an arms’ length transaction. On January 8, 2004, David Baker, the sole director of D. Baker Capital Inc., became the president and a director of the Company.

On June 16, 2005, the Company announced that, although the East Shoot Out exploration program had been completed to a very high technical standard, it had decided to discontinue its joint venture arrangement with Golden. Accordingly, the Shoot Out property has been written off.

Exploration Results & Future Developments:

The 2004 exploration program on the east Shoot Out property was initiated in July and consisted of gridding (7 grids), magnetics, MaxMin, and moving loop electromagnetic surveys, geological mapping, prospecting, and sampling and diamond drilling. The program was completed during September during which time 1112 m were drilled in 8 diamond drill holes.

The exploration results for the 2004 exploration program were received from the Company's joint venture partner, Golden Valley Mines Ltd., and were reviewed and verified.

Although the East Shoot Out exploration program was completed to a very high technical standard, the Company decided to discontinue its joint venture arrangement with Golden Valley and focus its corporate efforts and resources on its own Raglan holdings.

**Ungava Acrex Property**

During the year ended August 31, 2005, the Company entered into an agreement with Acrex whereby the Company will acquire a 100% interest in and to 150 mineral claims currently owned by Acrex. The claims consist of approximately 15,350 acres located in the Ungava area, Province of Quebec. The agreement was accepted for filing by the TSX Venture Exchange on July 5, 2005.

In consideration of the acquisition, the Company issued 500,000 of its common shares to Acrex and make cash payment of $65,000.

This Agreement replaces a September 19, 2003 option agreement previously granted to the Company by Acrex to earn up to a 70% interest in the Property. The Agreement further provides that Acrex will retain a 3% net smelter return royalty on any mineral production from the Property. The Company has the option to purchase up to 2-1/2% of the royalty, at a price of $500,000 per one-half percent.

The Company paid a $13,788 finder's fee, upon completion of phase one work program with regards to the September 19, 2003 option agreement, in January 2005.

At the time of signing the September 19, 2003 option agreement, the finder's fee due to D. Baker Capital Inc. was an arms' length transaction. On January 8, 2004, David Baker, the sole director of D. Baker Capital Inc., became the president and a director of the Company.

Exploration Results & Future Developments:

During the year, the Company completed the airborne AeroTem magnetic-electromagnetic survey and the final report for this work has been received. During the winter months of 2005 and 2006, the airborne survey will be evaluated and interpreted and recommendations for the project will be formulated. A ground exploration program, consisting of geological mapping and prospecting, magnetic and electromagnetic surveys, and diamond drilling is planned for the summer exploration season of 2006.

**Ungava Ubex Property**

The Company entered into a purchase agreement with Ubex Capital Inc. and Menace Capital Corp. ("vendors") dated September 22, 2003 whereby the Company may acquire a 100% interest in four mineral properties covering approximately 25,610 acres in the Ungava region of Northern Quebec. To earn the interest in the property, the Company must pay $15,000 upon signing of the letter of intent (paid), pay $35,000 (paid) and issue 500,000 common shares (issued) of the Company upon approval of the agreement by the TSX Venture Exchange. The agreement received regulatory approval on January 19, 2004. The vendors will retain a 1% net smelter return royalty on any future mineral production from the properties.

Exploration Results & Future Developments:

During the year, an airborne magnetic-electromagnetic survey (AeroTem survey by Aeroquest) was completed over the property and the final report was received. The results of the airborne survey will be evaluated and integrated with previously compiled geological and exploration data, and target areas for follow-up will be prioritized. A ground exploration program, consisting of geological mapping and prospecting, magnetic and electromagnetic surveys, and diamond drilling is planned for the summer exploration season of 2006.

**Ungava Scott Property**

On January 12, 2004, the Company acquired additional claims in the Ungava Belt in northern Quebec (also referred to as the Raglan District). The new acquisition comprises 54,952 acres situated south of the Company’s Shoot Out Property, Acrex Joint Venture and the claims purchased from Ubex and Menace Capital. To acquire a 100% interest in the claims, the Company must pay $50,000 in cash and issue 100,000 shares on Exchange approval. The TSX Venture Exchange approved the transaction on February 4, 2004. The $50,000 has been paid and the 100,000 shares have been issued.

Exploration Results & Future Developments:

During the year, an airborne magnetic-electromagnetic survey (AeroTem survey by Aeroquest) was completed over the property and the final report was received. As with all of the Resolve Raglan District properties, the results of the airborne survey will be evaluated and integrated with previously compiled geological and exploration data, and target areas for follow-up will be prioritized. A ground exploration program, consisting of geological mapping and prospecting, magnetic and electromagnetic surveys, and diamond drilling is planned for the summer exploration season of 2006.

***Discussion of Operations and Financial Condition***

**Results of Operations**

The net loss for the year ended August 31, 2005 was $1,137,132 as compared with a net loss of $239,788 for the year ended August 31, 2004. The increase of net loss was mainly caused from the write-off of Shoot Out property in the amount of $908,736. At the same time, operating expenses increased in the following categories:

- Office, rent, and telephone;
- Shareholders' communication, conferences and shows;
- Consulting
- Regulatory fees

The increase in expenses related to shareholders' communication, conferences and shows can be attributed to the expenses incurred by the Company as exhibitors in various shows and conferences. In addition, the Company continues to maintain and update its website and client data base.

Consulting fees and regulatory fees also increased due to the increased activities in mineral properties acquisition and exploration.

Office expense also had a significant increase. In February 2004, the Company moved to its new location at Suite 802, 700 West Pender. In April 2005, an office (600 – 580 Hornby St.) for shareholders communication was opened. Increased activity in the Raglan properties also resulted in increased administration work.

Below is a comparison of the major General and Administration Expenses during the years ended August 31, 2005 and 2004:

| | August 31, 2005 | August 31, 2004 | Increase (Decrease) |
|---|---|---|---|
| Audit and accounting | 30,560 | 29,765 | 795 |
| Bank charges and interest | 580 | 1,236 | (656) |
| Consulting | 71,650 | 14,500 | 57,150 |
| Conferences and shows | 27,176 | 5,275 | 21,901 |
| Interest on convertible notes | 22,460 | 22,460 | - |
| Legal | 16,451 | 15,751 | 700 |
| Loss on foreign exchange | 1,366 | 139 | 1,227 |
| Office, rent and telephone | 72,935 | 40,881 | 32,054 |
| Management and administrative services | 59,991 | 54,618 | 5,373 |
| Professional fees | 3,690 | 14,458 | (10,768) |
| Property investigation | 857 | - | 857 |
| Regulatory fees & services | 31,209 | 23,712 | 7,497 |
| Shareholders' communication | 32,238 | 6,846 | 25,392 |
| Travel and promotion | 65,071 | 1,456 | 63,615 |
| Transfer agent | 8,993 | 9,624 | (631) |
| Total | $ 444,370 | $ 240,721 | $ 203,649 |

**Investor Relations Activities**

Currently, the Company has no formal arrangements in place with respect to investor relations. The directors and a consultant act as the spokespersons responding to any shareholder or investor calls. During the period, the Company issued press releases, responded to investor inquiries and conducted shareholder and investor mail outs. The shareholder communication expenses were all related to mail-outs and website maintenance.

**Financings, Principal Purposes & Milestones**

On March 1, 2005, the Company announced that it had arranged a non-brokered private placement involving the issuance of up to 8,000,000 units (5,040,000 non-flow through units and 2,960,000 flow-through units) at a price of $0.06 per non-flow through unit and $0.08 per flow-through unit, for total proceeds of $539,200. Each unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one additional common share of the Company for a period of two years from closing at a price of $0.10 per non-flow and flow-through share. Finder's fees and financing fees paid in connection with the private placement, comprised a total of $35,130.

On October 21, 2004, the Company completed a brokered private placement for the issuance of 1,311,000 flow-through common shares at a price of $0.18 per common share for total proceeds of $235,980. The Company paid a total of $28,965 in finance fees, commissions, legal fees and agency expenses with regard to the private placement. In addition, the Company issued finder's fee in the form of 11,537 common shares at a price of $0.18 per share and an aggregate of 196,650 broker warrants, each such broker warrant entitling the holder to purchase one common share of the Company at an exercise price of $0.18 per common share for a period of 2 years from the closing date.

On September 21, 2004, the Company completed Tranche #2 of the private placement announced on July 19, 2004. 2,089,500 non-flow-through units at $0.15 per unit and 535,000 flow-through units at $0.20 per unit were sold with gross proceeds of $420,425 received. Each non-flow through unit consists of one common share and one non-transferable share purchase warrant which allows the holder to purchase an additional non-flow through common share of the Company at the same unit price for a period of two years from the date of issuance. Each flow-through unit consists of one flow-through common share and one non-transferable share purchase warrant which allows the holder to purchase an additional flow-through common share of the Company at the same unit price for a period of two years from the date of issuance. Finders' fees paid for the Tranche #2 were $28,062 cash, 136,350 warrants to purchase one common share at $0.15 per share, and 28,500 warrants to purchase one common share at $0.20 per share.

1.5 Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

| | Q4 31-Aug-05 | Q3 31-May-05 | Q2 28-Feb-05 | Q1 30-Nov-04 | Q4 31-Aug-04 | Q3 31-May-04 | Q2 29-Feb-04 | Q1 30-Nov-03 |
|---|---|---|---|---|---|---|---|---|
| Net sales | - | - | - | - | - | - | - | - |
| Net Income (loss): | | | | | | | | |
| Total | ($1,046,718) | ($109,957) | $110,777 | ($91,234) | ($76,295) | ($49,085) | ($62,141) | ($52,267) |
| Per share | ($0.05) | ($0.00) | $0.006 | ($0.01) | ($0.01) | ($0.01) | ($0.01) | ($0.01) |
| Per share -diluted | ($0.05) | ($0.00) | $0.004 | ($0.01) | ($0.01) | ($0.01) | ($0.01) | ($0.01) |

*Discussion*

For the year-ended August 31, 2005, please refer to Section 1.4 Results of Operations.

1.6 Liquidity

As the Company has no revenue generating projects at this time, the ability of the Company to carry out its business plan rests with its ability to secure equity and other financings. At August 31, 2005, the Company's working capital was $404,924 compared to a working capital deficit of $29,044 at the year ended August 31, 2004.

The Company will require additional financing to fund any new acquisitions, exploration programs as well as its holding costs on all of its properties. The ability of the Company to successfully fund the Ungava properties and to acquire additional projects is conditional on its ability to secure financing when required. The Company proposes to meet any additional financing requirements through the exercise of outstanding warrants, or arranging other forms of equity financing. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired by the Company.

1.7 Capital Resources

The only capital resources of the Company are its mineral properties, with a historical cost of $687,432. The Company is committed to further expenditures on its properties, as detailed in Section 1.4 Results of Operations.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

During the year, the Company entered into the following transactions with directors of the Company or companies controlled by them or individuals related to them:

| | 2005 | 2004 |
|---|---|---|
| Management fees | 30,000 | 33,500 |
| Fees for consulting services | 17,250 | 14,500 |
| Deferred management and consulting fees | 12,000 | - |
| Rent for office | - | 2,500 |
| Website maintenance | 6,000 | - |

Accounts payable and accrued liabilities include $1,013 (2004 - $2,500) due to a director and $3,407 (2004 - $60,640) owing to companies related by virtue of common directors for expenses incurred by the related company on behalf of the Company.

During the year ended August 31, 2005, the Company was charged 15% of the budgeted camp construction and transportation costs incurred by a company related by common directors. The amount of $45,281 (2004 - $60,640) was allocated to deferred mineral property costs.

During the year ended August 31, 2004, the Company received a $200,000 short term bridge financing loan from a company related by virtue of a common director. The loan was repaid prior to August 31, 2004 along with $767 of interest paid by the Company.

1.10 Fourth Quarter

The fourth quarter results do not differ significantly from other quarters except for the write-off of mineral property in the amount of $908,736.

1.11 Proposed Transactions

None.

1.12 Critical Accounting Estimates

N/A

1.13 Changes in Accounting Policies

N/A

1.14 Financial and Other Instruments

The carrying value of cash and cash equivalents and accounts payable approximate their fair values due to the short maturity of those instruments.

The Company has outstanding convertible promissory notes which bear interest at 11% calculated monthly, and the interest is payable every six months over the term of the notes. The notes are unsecured and, along with accrued interest, are convertible at the option of the holder at $2.50 per share at any time until February 7, 2007. The Company is obligated to pay all principal and accrued interest in full on February 7, 2007; however, if the Company chooses, it may pay up to 50% of the outstanding principal within the first year, up to 75% of the principal during the second year, up to 87.5% of the principal during the third year, and up to 93.75% of the principal during the fourth year of the notes.

The liability component of the convertible debt is calculated as the present value of the principal, discounted at a rate approximating the interest rate that was estimated would have been applicable to non-convertible debt at the time the debt was issued. This portion of the convertible debt is accreted over its term to the full face value by charges to interest expense. The accretion is a non-cash transaction and has been excluded from the statement of cash flows.

The equity element of the convertible debt comprises the value of the conversion option, being the difference between the face value of the convertible debt and the liability element already calculated.

Following is a summary of the convertible notes as of August 31, 2005:

| | | **31-08-05** | 31-08-04 |
|---|---|---|---|
| Convertible promissory notes | **$** | 130,000 | 130,000 |
| Equity portion of convertible promissory notes | | (40,742) | (40,742) |
| | | 89,258 | 89,258 |
| Interest accretion | | 28,560 | 20,400 |
| Debt portion of convertible promissory notes | **$** | **117,818** | 109,658 |

The recoverability of the amounts capitalized for the mineral properties under exploration is dependent upon the determination of economically recoverable ore reserves, the ability to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

1.15 Other

*Disclosure of Outstanding Share Capital*

| | Number | Book Value |
|---|---|---|
| Common Shares | 27,277,894 | $7,244,830 |

On January 23, 2005, 9,994 common shares, which were subject to an escrow agreement dated January 23, 1991, were cancelled due to the expiration of the escrow agreement.

*Summary of warrants outstanding:*

| Number of Shares | Exercise Price | Expiry Date |
|---|---|---|
| 2,710,000 | $0.10 | September 3, 2005 |
| 4,000,000 | $0.30 | September 24, 2005 |
| 3,036,150 | $0.15 | August 17, 2006 |
| 1,356,000 | $0.20 | August 17, 2006 |
| 1,199,500 | $0.15 | September 21, 2006 |
| 425,000 | $0.20 | September 21, 2006 |
| 261,350 | $0.15 | September 24, 2006 |
| 17,500 | $0.20 | September 24, 2006 |
| 770,000 | $0.15 | September 28, 2006 |
| 66,000 | $0.20 | September 28, 2006 |
| 50,000 | $0.15 | October 4, 2006 |
| 196,650 | $0.18 | October 20, 2006 |
| 8,000,000 | $0.10 | February 27, 2007 |
| 22,088,150 | | |

*Additional Disclosure*

The Company is a venture issuer that has not had any revenue from operations in either of its last two financial years. The Company has capitalized all expenditures relating to the exploration of its mineral property. Details of deferred expenditures for the property are as follows:

**Shoot Out Property**

| | | Balance as at 31-Aug-05 | Additions /(Recoveries) | Balance as at 31-Aug-04 |
|---|---|---|---|---|
| Acquisition costs: | | | | |
| Shares (500,000 @ $0.20) | $ | 100,000 | - | 100,000 |
| Cash | | 187,750 | 73,500 | 114,250 |
| Total acquisition costs | | 287,750 | 73,500 | 214,250 |
| Deferred expenses: | | | | |
| Advances for future exploration | | - | (120,029) | 120,029 |
| Airborne | | 260,491 | 9,191 | 251,300 |
| Camp site | | 233,250 | 143,104 | 90,146 |
| Claims and maintenance | | 9,144 | 9,144 | - |
| Consulting | | 2,888 | 2,888 | - |
| Drilling, assaying, & overhead | | 100,048 | (25,305) | 125,353 |
| Geology & field work | | 88,237 | 11,594 | 76,643 |
| G&A, project management, and claim maintenance | | 188,975 | 75,958 | 113,017 |
| Helicopter | | 198,234 | 95,103 | 103,131 |
| Legal | | 15,917 | 2,217 | 13,700 |
| Logistics | | 12,000 | - | 12,000 |
| Total deferred expenses | | 1,109,184 | 203,865 | 905,319 |
| Refundable tax credits and mining duties | | (488,198) | (488,198) | - |
| Write-off of Shoot Out property | | | | |
| Acquisition costs | | (287,750) | (287,750) | - |
| Deferred expenses | | (620,986) | (620,986) | - |
| **Total Mineral Property Deferred Costs** | **$** | **-** | **(1,119,569)** | **1,119,569** |

**Ungava Acrex Property:**

| | | Balance as at 31-Aug-05 | Additions /(Recoveries) | Balance as at 31-Aug-04 |
|---|---|---|---|---|
| Acquisition costs: | | | | |
| Shares | $ | 59,125 | 36,250 | 22,875 |
| Cash | | 98,788 | 83,788 | 15,000 |
| Total acquisition costs | | 157,913 | 120,038 | 37,875 |
| Deferred exploration expenses: | | | | |
| Camp site | | 42,519 | 19,746 | 22,773 |
| Claim and maintenance | | 27,720 | 27,354 | 366 |
| Consulting | | 8,744 | 8,744 | - |
| G&A | | 12,597 | 12,597 | - |
| Geophysical survey | | 106,389 | 93,889 | 12,500 |
| Total deferred exploration expenses | | 197,969 | 162,330 | 35,639 |
| Refundable tax credits and mining duties | | (77,307) | (77,307) | - |
| **Total Mineral Property Deferred Costs** | **$** | **278,575** | **205,061** | **73,514** |

**Ungava Ubex Property**

| | | Balance as at 31-Aug-05 | Additions /(Recoveries) | Balance as at 31-Aug-04 |
|---|---|---|---|---|
| Acquisition costs: | | | | |
| Shares (500,000 @ $0.20) | $ | 100,000 | - | 100,000 |
| Cash | | 50,000 | - | 50,000 |
| Total acquisition costs | | 150,000 | - | 150,000 |
| Deferred exploration expenses: | | | | |
| Camp site | | 47,665 | 22,045 | 25,620 |
| Claim and maintenance | | 39,253 | 38,063 | 1,190 |
| Consulting | | 7,588 | 7,588 | - |
| G&A | | 11,107 | 11,107 | - |
| Geophysical survey | | 118,084 | 105,584 | 12,500 |
| Total deferred exploration expenses | | 223,697 | 184,387 | 39,310 |
| Refundable tax credits and mining duties | | (87,279) | (87,279) | - |
| **Total Mineral Property Deferred Costs** | **$** | **286,418** | **97,108** | **189,310** |

**Ungava Scott Property:**

| | | Balance as at 31-Aug-05 | Additions /(Recoveries | Balance as at 31-Aug-04 |
|---|---|---|---|---|
| Acquisition costs: | | | | |
| Shares (100,000 @ $0.20) | $ | 20,000 | - | 20,000 |
| Cash | | 50,000 | - | 50,000 |
| Total acquisition costs | | 70,000 | - | 70,000 |
| Deferred exploration expenses: | | | | |
| Camp site | | 15,988 | 7,448 | 8,540 |
| Claims & maintenance | | 15,326 | 12,703 | 2,623 |
| Consulting | | 8,157 | 8,157 | - |
| G&A | | 10,608 | 10,608 | - |
| Geophysical survey | | 35,417 | 35,417 | - |
| Total deferred exploration expenses | | 85,496 | 74,333 | 11,163 |
| Refundable tax credits and mining duties | | (33,057) | (33,057) | - |
| **Total Mineral Property Deferred Costs** | **$** | **122,439** | **41,276** | **81,163** |

| | | Balance as at 31-Aug-05 | Additions /(Recoveries | Balance as at 31-Aug-04 |
|---|---|---|---|---|
| Acquisition costs: | $ | 665,663 | 193,538 | 472,125 |
| Deferred exploration costs and advances: | | 1,616,346 | 624,915 | 991,431 |
| Write-off Shoot Out property | | (908,736) | (908,736) | - |
| **Mineral property tax credits and incentives** | | **(685,841)** | **(685,841)** | **-** |
| **Total Mineral Property** | | **687,432** | **(776,124)** | **1,463,556** |

*Subsequent Events*

Subsequent to August 31, 2005, the Company:

a) entered into an agreement to acquire 100% of the Klu Property, a Nickel-Copper-Platinum Group Element ("Ni-Cu-PGE") target, located in Southwestern Yukon. The Company will acquire the property from Inco Limited for a cash payment of $50,000 and $50,000 worth of Resolve shares. The property is subject to a 2% net smelter return held by FNX Mining Company Inc.

   The Company made the cash payment of $50,000 on September 13, 2005 and issued 1,190,476 common shares to Inco at $0.042 per share on September 12, 2005.

   On October 3, 2005, the Company announced that it had commenced a field exploration program on the newly acquired Klu property. The program consisted of geological mapping and lithogeochemical sampling and was completed in preparation of an integrated geological, geophysical, and geochemical exploration program to be initiated during the summer 2006 exploration program.

   In addition, the company announced additional claims staked at a new Ungava property – ***Ungava West***. The Company staked (registered) a total of 342 units, totaling 14,222 hectares (35,143 acres) immediately west of the main block of claims in the Raglan district. The claims cover the favourable stratigraphy of the Povungituk and are contiguous, to the south, with Goldbrook's Belanger property. Future work on the newly acquired claims will be conducted in conjunction with the main block of Acrex, Ubex, Scott claims.

   The Company now holds interest in more than 131,000 acres of prospective ground in the southern part of the Raglan District (referred to as the South Trend). The Company's properties are underlain by Povungnituk Formation rocks which are intruded by extensive mafic and ultramafic rocks with potential to host nickel-copper-PGE mineralization. The Company will proceed with the plans to complete an extensive program on its Raglan area properties in 2005.

b) decided to proceed with a common share consolidation of ten old common shares for one new common share, as approved at the Company's Annual General Meeting of shareholders held in 2005. The share consolidation is subject to regulatory approval. The Company also announced that it had arranged a non-brokered private placement to issue up to 2,850,000 post consolidation units at a post consolidated price of $0.19 per unit. Each unit is to consist of one post-consolidated common share and one share purchase warrant exercisable into one post-consolidated common share for a period of two years at the post-consolidated share price of $0.25 per post-consolidated common share. The proposed private placement is subject to regulatory approval and the completion of the 10:1 share consolidation of the Company's common shares.

*Additional information*

Additional information relating to the company is on SEDAR at www.sedar.com.