

RESOLVE VENTURES INC.

INTERIM FINANCIAL STATEMENTS

November 30, 2005

(Unaudited)

NOTICE TO READER

INTERIM BALANCE SHEETS

INTERIM STATEMENTS OF LOSS AND DEFICIT

INTERIM STATEMENTS OF CASH FLOWS

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 November 30, 2005.

NOTICE TO READER

The interim balance sheet as at November 30, 2005 and the interim statements of loss and deficit, and the interim statements of cash flows for the three-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
January 24, 2006

/s/ Martin Auyeung

Martin Auyeung, Director
Vancouver, BC Canada
January 24, 2006

RESOLVE VENTURES INC.

BALANCE SHEETS

	November 30, 2005 <i>(Unaudited)</i>	August 31, 2005 <i>(Audited)</i>
ASSETS		
Current		
Cash	\$ 59,258	\$ 233,765
Goods and Services tax recoverable	8,072	10,984
Tax credit recoverable (Note 4)	245,000	245,000
Prepaid expenses	1,500	-
Other receivables	182	-
	<u>314,012</u>	<u>489,749</u>
Quebec Mining Duties Recoverable (Note 4)	109,000	109,000
Mineral Property (Note 4)	925,395	687,432
	<u>\$ 1,348,407</u>	<u>\$ 1,286,181</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 48,166	\$ 34,775
Interest on convertible promissory notes	53,625	50,050
	<u>101,791</u>	<u>84,825</u>
Convertible Promissory Notes (Note 5)	119,858	117,818
	<u>221,649</u>	<u>202,643</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 6)	7,284,830	7,244,830
Share Subscriptions	100,000	-
Equity Portion Of Convertible Promissory Notes (Note 5)	40,742	40,742
Deficit	(6,298,814)	(6,202,034)
	<u>1,126,758</u>	<u>1,083,538</u>
	<u>\$ 1,348,407</u>	<u>\$ 1,286,181</u>

Approved on Behalf of the Board of Directors:

Director

Director

RESOLVE VENTURES INC.

STATEMENTS OF LOSS AND DEFICIT

	THREE MONTHS ENDED NOVEMBER 30	
	2005	2004
Expenses		
Audit and accounting	\$ 5,250	\$ 3,750
Interest on convertible notes	5,615	5,615
Bank charges and interest	121	98
Consulting	22,450	17,350
Conferences and shows	2,550	5,919
Legal	6,008	2,299
Loss on foreign exchange	-	1,191
Management and administrative services	12,400	14,535
Office, rent and telephone	22,660	15,299
Property investigation	152	-
Regulatory and filing fees	8,285	6,698
Shareholders' communication	6,630	5,550
Travel and promotion	3,579	9,001
Transfer agent	1,092	3,984
Loss Before The Following	(96,792)	(91,289)
Interest Income And Other Income	12	10
Oil and gas, net royalties	-	45
Net Loss	(96,780)	(91,234)
Deficit, Beginning Of Period	(6,202,034)	(5,064,902)
Deficit, End Of Period	\$ (6,298,814)	\$ (5,156,136)
Loss Per Share, Basic and diluted	\$ (0.00)	\$ (0.01)
Weighted Average Shares Outstanding	28,324,466	17,473,692

RESOLVE VENTURES INC.

STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED NOVEMBER 30	
	2005	2004
Cash Flows From Operating Activities		
Net loss for the period	\$ (96,780)	\$ (91,234)
Accretion of interest on convertible notes	2,040	2,040
Accrued interest on convertible notes	3,575	3,575
	<u>(91,165)</u>	<u>(85,619)</u>
Change in non-cash working capital items:		
Prepaid expenses	(1,500)	(5,717)
Goods and Services Tax recoverable	2,912	-
Other receivables	(182)	(31,636)
Accounts payable and accrued liabilities	13,391	113,790
	<u>(76,544)</u>	<u>(9,182)</u>
Cash Flows From Financing Activities		
Issuance of share capital	(10,000)	599,377
Share subscriptions received	100,000	(28,400)
	<u>90,000</u>	<u>570,977</u>
Cash Flows From Investing Activities		
Deposit on mineral properties	-	120,029
Acquisition costs on mineral properties	(50,000)	(5,000)
Exploration expenses on mineral properties	(137,963)	(572,539)
	<u>(187,963)</u>	<u>(457,510)</u>
Net Increase (Decrease) In Cash	(174,507)	104,285
Cash, Beginning Of Year	233,765	91,066
Cash, End Of Year	\$ 59,258	\$ 195,351

Non-cash Transactions - Note 8

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

1. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions and events cast substantial doubt upon the validity of this assumption. The Company has incurred significant losses over several years as a result of administrative expenses and the write off of costs incurred on unprofitable resource properties. In addition, there are questions as to whether the Company will have enough working capital to meet future administrative and property expenditures. The Company’s continued existence is dependent upon its ability to obtain additional financing and achieving future profitable production from existing resource properties or proceeds from the disposition thereof.

These financial statements do not reflect adjustments that would be necessary if the “going concern” assumption were not appropriate. Management believes that the actions already taken or planned will mitigate the adverse conditions and events which raise doubts about the validity of the “going concern” assumption used in preparing these financial statements.

If the “going concern” assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

2. NATURE OF OPERATIONS

The Company’s principal operations are the exploration of mineral properties in the Raglan area of Northern Quebec. (see Note 4).

During the year ended August 31, 2005, in conjunction with its continuance under the new British Columbia Company Act, the Company altered its authorized share capital from 50,000,000 common shares without par value to an unlimited number of common shares without par value.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) 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.

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 an 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.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) Mineral properties and deferred exploration and development costs (cont'd)

Cost of maintaining mineral properties

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

Environmental protection and rehabilitation costs

The Company's policy relating to environmental protection and land rehabilitation programs is to charge to income any such costs incurred during the year. 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.

b) 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.

c) 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 three months ended November 30, 2005 for the dilutive effect of employee stock options and warrants as they were all anti-dilutive. No adjustments were required to reported loss from operations in computing diluted per share amounts.

d) 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".

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) 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.

f) 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.

g) 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.

h) 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.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

4. MINERAL PROPERTIES

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)

- lii) 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 regard to the option agreement (included as part of acquisition costs). 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 Valley. Accordingly, the Shoot Out property has been written off.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

4. MINERAL PROPERTIES (cont'd)

Shoot Out Property: (cont'd)

Costs related to the Shoot Out Property are as follows:

	Balance as at November 30, 2005	Additions (Recoveries) And (Write Offs)	Balance as at August 31, 2005
Acquisition costs:			
Shares (500,000 @ \$0.20)	\$ 100,000	-	100,000
Cash	187,750	-	187,750
Total acquisition costs	<u>287,750</u>	-	<u>287,750</u>
Deferred expenses:			
Advances for future exploration	-	-	-
Airborne	260,491	-	260,491
Camp site	233,250	-	233,250
Claims and maintenance	9,144	-	9,144
Consulting	2,888	-	2,888
Drilling, assaying, & overhead	100,048	-	100,048
Geology & field work	88,237	-	88,237
G&A, project management, and claim maintenance	188,975	-	188,975
Helicopter	198,234	-	198,234
Legal	15,917	-	15,917
Logistics	12,000	-	12,000
Total deferred expenses	<u>1,109,184</u>	-	<u>1,109,184</u>
Refundable tax credits and mining duties	<u>(488,198)</u>	-	<u>(488,198)</u>
Write-off of Shoot Out property			
Acquisition costs	(287,750)	-	(287,750)
Deferred expenses	(620,986)	-	(620,986)
Total property costs written off	<u>(908,736)</u>	-	<u>(908,736)</u>
Total Mineral Property Deferred Costs	\$ -	-	-

Ungava Acrex:

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.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

4. MINERAL PROPERTIES (cont'd)

Ungava Acrex: (cont'd)

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.

Costs related to the Ungava Acrex Property are as follows:

	Balance as at November 30, 2005	Additions/ (Recoveries)	Balance as at August 31, 2005
Acquisition costs:			
Shares	\$ 59,125	-	59,125
Cash	98,788	-	98,788
Total acquisition costs	<u>157,913</u>	-	<u>157,913</u>
Deferred exploration expenses:			
Camp site	42,519	-	42,519
Claim and maintenance	27,940	220	27,720
Consulting	11,328	2,584	8,744
G&A	12,743	146	12,597
Geophysical survey	106,389	-	106,389
Salaries and wages	2,364	2,364	-
Total deferred exploration expenses	<u>203,283</u>	<u>5,314</u>	<u>197,969</u>
Refundable tax credits and mining duties	<u>(77,307)</u>	-	<u>(77,307)</u>
Total Mineral Property Deferred Costs	\$ 283,889	5,314	278,575

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

4. MINERAL PROPERTIES (cont'd)

Ungava Ubex

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.

Costs related to the Ungava Ubex Property are as follows:

	Balance as at November 30, 2005	Additions/ (Recoveries)	Balance as at August 31, 2005
Acquisition costs:			
Shares (500,000 @ \$0.20)	\$ 100,000	-	\$ 100,000
Cash	50,000	-	50,000
Total acquisition costs	<u>150,000</u>	-	<u>150,000</u>
Deferred exploration expenses:			
Camp site	47,665	-	47,665
Claim and maintenance	39,473	220	39,253
Consulting	10,172	2,584	7,588
G&A	11,252	145	11,107
Geophysical survey	118,084	-	118,084
Salaries and wages	2,364	2,364	-
Total deferred exploration expenses	<u>229,010</u>	5,313	<u>223,697</u>
Refundable tax credits and mining duties	<u>(87,279)</u>	-	<u>(87,279)</u>
Total Mineral Property Deferred Costs	\$ 291,731	5,313	286,418

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

4. MINERAL PROPERTIES (cont'd)

Ungava Scott:

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.

Costs related to the Ungava Scott Property are as follows:

	Balance as at November 30, 2005	Additions/ (Recoveries)	Balance as at August 31, 2005
Acquisition costs:			
Shares (100,000 @ \$0.20)	\$ 20,000	-	\$ 20,000
Cash	50,000	-	50,000
Total acquisition costs	<u>70,000</u>	-	<u>70,000</u>
Deferred exploration expenses:			
Camp site	15,888	(100)	15,988
Claims & maintenance	63,432	48,106	15,326
Consulting	11,892	3,735	8,157
G&A	13,843	3,235	10,608
Geophysical survey	35,417	-	35,417
Salaries and wages	2,364	2,364	-
Total deferred exploration expenses	<u>142,836</u>	<u>57,340</u>	<u>85,496</u>
Refundable tax credits and mining duties	<u>(33,057)</u>	-	<u>(33,057)</u>
Total Mineral Property Deferred Costs	\$ 179,779	57,340	122,439

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

4. MINERAL PROPERTIES (cont'd)

Klu Property:

On September 8, 2005, the Company announced that it had 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 would acquire the property from Inco Limited ("Inco") for a cash payment of \$50,000 and \$50,000 worth of the Company's 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.

Costs related to the Klu Property are as follows:

	Balance as at November 30, 2005	Additions/ (Recoveries)	Balance as at August 31, 2005
Acquisition costs:			
Shares (1,190,476 @ \$0.042) \$	50,000	50,000	\$ -
Cash	50,000	50,000	-
Total acquisition costs	100,000	100,000	-
Deferred exploration expenses:			
Airborne	18,185	18,185	-
Assays	1,823	1,823	-
Camp and fieldwork	11,328	11,328	-
Claims & maintenance	4,730	4,730	-
Consulting	30,565	30,565	-
G&A	3,025	3,025	-
Equipment	340	340	-
Total deferred exploration expenses	69,996	69,996	-
Total Mineral Property \$	169,996	169,996	-
Deferred Costs			

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

4. MINERAL PROPERTIES (cont'd)

Summary of Mineral Properties:

	Balance as at November 30, 2005	Additions/ (Recoveries) And (Write Offs)	Balance as at August 31, 2005
Acquisition costs	\$ 765,663	100,000	665,663
Deferred exploration costs and advances:	1,754,309	137,963	1,616,346
Write-off Shoot Out property	(908,736)	-	(908,736)
Mineral property tax credits and incentives	(685,841)	-	(685,841)
Total Mineral Property Deferred Costs	\$ 925,395	237,963	687,432

Mineral Exploration Credits

As a result of the Company incurring exploration expenditures on its Quebec mineral properties, the Company applied for the following Province of Quebec government tax credits:

2004 Quebec Corporate Tax Credit (received)	\$ 331,841
2005 Quebec Corporate Tax Credit	<u>245,000</u>
Total	<u>576,841</u>
2004 Quebec mining duties credit	64,000
2005 Quebec mining duties credit	<u>45,000</u>
	<u>109,000</u>
Total refundable tax credits and mining duties	<u>\$ 685,841</u>

The amounts are allocated to the respective Quebec properties based upon proportionate costs incurred on the properties.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

5. CONVERTIBLE PROMISSORY NOTES

	2005	2004
Convertible promissory notes	\$ 130,000	\$ 130,000
Equity portion of convertible promissory notes	(40,742)	(40,742
)
	89,258	89,258
Interest accretion	30,600	20,400
Debt portion of convertible promissory notes	\$ 119,858	\$ 109,658

The convertible promissory notes 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.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
NOVEMBER 30, 2005

6. CAPITAL STOCK AND SHAREHOLDERS' EQUITY

a) Common Shares

Authorized:

Unlimited common shares without par value, effective from May 4, 2005 (2004: 50,000,000 common shares without par value).

	<u>NUMBER OF SHARES</u>	<u>AMOUNT</u>
Balance, September 1, 2005	27,277,894	\$ 7,244,830
Issued for property acquisitions:		
- Klu property @ \$ 0.042	1,190,476	50,000
Share issue costs:		
- Financing fee – cash paid	-	(10,000)
	<u>28,468,370</u>	<u>7,284,830</u>
Balance, November 30, 2005	<u>28,468,370</u>	<u>\$ 7,284,830</u>

b) Private Placements

On October 27, 2005, the Company announced that it had 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 (subsequently increased to 2,875,000 post consolidation units. See *Subsequent Events*) 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.

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 share. Finder's fees paid in connection with the private placement, comprised of a total of \$28,880.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
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6. CAPITAL STOCK AND SHAREHOLDERS' EQUITY (cont'd)

b) Private Placements (cont'd)

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 \$28,965.74 in finance fees, commissions, legal fees and agency expenses with regards to the private placement. In addition, the Company issued 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, for finder's fees.

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.

The fair value of the Brokers' warrants was determined using the Black-Scholes pricing model with the following weighted average assumptions:

Dividend yield	\$Nil
Expected volatility	159% - 206%
Risk free rate of return	4%
Expected life of warrants	2 yrs

<u>Warrants issued</u>	<u>Exercise Price</u>	Fair value (determined using the Black-Scholes model)
136,350	\$0.15	\$14,999
28,500	\$0.20	\$ 3,135
196,650	\$0.18	\$13,766
361,500		\$31,900

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6. CAPITAL STOCK AND SHAREHOLDERS' EQUITY (cont'd)

c) Escrow Shares

During the year ended August 31, 2005, 9,994 common shares, which were subject to an escrow agreement, were cancelled due to the expiration of the escrow agreement.

d) Warrants Outstanding

Exercisable Into Number of Common Shares	Exercise Price	Expiry Date
3,036,150	\$0.15	August 17, 2006
1,356,000	\$0.20	August 17, 2006
2,225,850	\$0.15	September 27, 2006
563,500	\$0.20	September 27, 2006
196,650	\$0.18	October 20, 2006
8,000,000	\$0.10	February 27, 2007
15,378,150		

e) 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 year ended August 31, 2005 and 2004, there were no stock options granted, exercised or outstanding for the purchase of common shares.

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7. 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 three months ended November 30, 2005 and 2004, the Company entered into the following transactions with directors of the Company or companies controlled by them:

	<u>2005</u>	<u>2004</u>
Management fees	\$ 6,300	\$ 7,500
Fees for consulting services	\$ 3,000	\$ 5,000
Management and consulting fees allocated to deferred exploration costs	\$ 5,700	\$ 5,000
Website maintenance	\$ 1,500	\$ -

Accounts payable and accrued liabilities include \$8,170 (2004 - \$59,899) owing to companies related by virtue of common directors for expenses incurred by the related company on behalf of the Company.

8. NON-CASH TRANSACTIONS

During the quarter, investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows as follows:

	<u>Nov. 30, 2005</u>	<u>Nov. 30, 2004</u>
<ul style="list-style-type: none"> • 75,000 common shares issued at \$0.15 per share in respect of Ungava Acrex property acquisition payment 	\$ -	\$ 11,250
<ul style="list-style-type: none"> • 1,190,476 common shares issued at \$0.042 per share in respect of Klu property acquisition payment 	50,000	-
	<u>\$50,000</u>	<u>\$11,250</u>

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9. FINANCIAL INSTRUMENTS

The Company has estimated the fair value of its financial instruments, which consist of cash, accounts receivable, accounts payable and accrued liabilities, related party loans payable, loans payable and principal and interest portions of promissory notes payable. The Company used valuation methodologies and market information available as at year end and has determined that the carrying amounts of such financial instruments approximate fair value. It is management's opinion that the Company is not exposed to significant interest, credit or foreign currency risks arising from these financial instruments, except as noted below.

The Company's promissory notes detailed in Note 5 are all convertible at the option of the holders into common shares of the Company and are issued with interest payable at rates less than normal market rates under similar conditions without the conversion feature.

Therefore, should the holders of such debentures not elect to exercise their conversion rights, replacement funds may not be available to repay the debentures on their respective maturity dates or refinance the debentures at equivalent rates. No reliable estimate can be made as to the financial amount of such risk.

10. SUBSEQUENT EVENTS

Pursuant to a special resolution passed by shareholders April 13, 2005, the Company consolidated its capital on a 10 old for 1 new basis, Effective January 17, 2006, the shares of the Company commenced trading on the TSX Venture Exchange on a consolidated basis under the new trading symbol "RSV".

On January 23, 2006, the TSX Venture Exchange accepted for filing documentation with respect to a Non-Brokered Private Placement announced on October 27, 2005. The private placement involves the issuance of 2,875,000 Units at \$0.19 per Unit, each Unit comprised of one share and one warrant to acquire an additional share at a price of \$0.25 per share for a two-year period.