RESOLVE VENTURES INC.

INTERIM FINANCIAL STATEMENTS

February 28, 2010

(Unaudited)

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 February 28, 2010.

NOTICE TO READER

The interim balance sheet as at February 28, 2010 and the interim statements of loss and deficit, and the interim statements of cash flows for the six-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
April 29, 2010

/s/ Martin Auyeung
Martin Auyeung, Director
Vancouver, BC Canada
April 29, 2010

RESOLVE VENTURES INC.

INTERIM BALANCE SHEETS

	FEBRUARY 28, 2010	AUGUST 31, 2009
ASSETS		
Current		
Cash	**$ 216,763**	$ 942,446
Goods and Services Tax recoverable	**4,716**	3,766
Tax credit and mining duties recoverable	**174,223**	-
Prepaid expenses	**15,661**	15,214
	411,363	961,426
Equipment (Note 3)	**6,540**	7,267
Mineral Properties (Note 4)	**2,154,330**	1,876,447
	$ 2,572,233	$ 2,845,140
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 18,207**	$ 155,864
Tax credit and mining duties payable (Note 4)	**125,241**	121,874
	143,448	277,738
SHAREHOLDERS' EQUITY		
Share Capital (Note 6)	**9,874,514**	9,874,514
Contributed surplus	**40,742**	40,742
Deficit	**(7,486,471)**	(7,347,854)
	2,428,785	2,567,402
	$ 2,572,233	$ 2,845,140

Nature Of Operations And Going Concern (Note 1)

Approved by the Board of Directors:

"David Baker"	"Martin Auyeung"
David Baker, Director	Martin Auyeung, Director

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

RESOLVE VENTURES INC.

INTERIM STATEMENTS OF LOSS AND DEFICIT

	3 months ended		6 months ended	
	Feb 28, 2010	Feb. 28, 2009	**Feb 28, 2010**	Feb. 28, 2009
Expenses				
Audit and accounting	$ **10,761**	$ 9,922	$ **15,261**	$ 15,397
Amortization	**364**	454	**727**	908
Bank charges and interest	**3,864**	48	**3,889**	83
Consulting	**11,062**	14,100	**22,125**	28,200
Legal	**1,610**	2,227	**7,196**	9,376
Management and administrative services	**21,000**	19,500	**42,000**	39,000
Office, rent and telephone	**11,857**	14,376	**24,863**	29,399
Property expenses	**-**	-	**2,835**	-
Regulatory and filing fees	**7,495**	8,575	**8,695**	11,200
Transfer agent	**1,491**	1,587	**5,595**	4,368
Shareholder's communication	**1,563**	3,011	**5,431**	9,200
Loss For The Period	**(71,067)**	(73,800)	**(138,617)**	(147,131)
Deficit, Beginning of Period	**(7,415,404)**	(6,999,356)	**(7,347,854)**	(6,926,025)
Deficit, End of Period	**(7,486,471)**	(7,073,156)	**(7,486,471)**	(7,073,156)
Loss Per Share, Basic and Diluted			$ **0.01**	$ 0.08
Weighted Average Outstanding Shares			**13,939,927**	1,879,097

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

RESOLVE VENTURES INC.

INTERIM STATEMENTS OF CASH FLOWS

	3 months ended		6 months ended	
	Feb. 28, 2010	Feb. 28, 2009	**Feb. 28, 2010**	Feb. 28, 2009
Cash provided (used) by:				
Operating activities				
Loss for the period	$ **(71,067)**	$ (73,800)	$ **(138,617)**	$ (147,131)
Items not involving cash				
Amortization	**364**	454	**727**	908
	(70,703)	(73,346)	**(137,890)**	(148,039)
Changes in non-cash working capital balances				
(Increase) in prepaid expenses	**(203)**	(2,953)	**(447)**	(4,015)
(Increase) in taxes recoverable	**(649)**	(1,593)	**(950)**	(1,674)
(Increase) in tax credit and mining duties recoverable, net	**(170,856)**	-	**(170,856)**	-
Increase (decrease) in A/P	**(120,455)**	113,567	**(137,657)**	106,072
	(362,866)	35,675	**(447,800)**	(45,840)
Financing Activities				
Issue of share capital (net of share issue costs)	**-**	-	**-**	492,275
Share subscription	**-**	-	**-**	(25,000)
	-	-	**-**	467,275
Investing Activities				
Mineral property tax credits	**174,223**	-	**174,223**	-
Deferred expenses	**(400,554)**	(211,732)	**(452,106)**	(500,492)
	(226,331)	(211,732)	**(277,883)**	(500,492)
Increase (decrease) in cash	**(589,197)**	(176,057)	**(725,683)**	(79,057)
Cash, beginning of period	$ **805,960**	$ 192,855	$ **942,446**	$ 95,855
Cash, end of period	$ **216,763**	$ 16,798	$ **216,763**	$ 16,798

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

RESOLVE VENTURES INC.

INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY

February 28, 2010

	SHARE CAPITAL						
	SHARES	AMOUNT	SHARES SUBSCRIBED	CONTRIBUTED SURPLUS	EQUITY PORTION O VONVERTIBLE PROMISSORY NOTES	DEFICIT	TOTAL
Balance, August 31, 2008	938,927	8,397,239	25,000	40,742	(40,742)	(6,926,025)	1,536,956
Issue of shares for private placements	13,001,000	1,590,500	(25,000)	-	-	-	1,565,500
Share issuance costs	-	(8,225)	-	-	-	-	(8,225)
Tax benefits renounced on flow-through shares	-	(105,000)	-	-	-	-	105,000)
Net loss for the year	-	-	-	-	-	(421,829)	(421,829)
Balance, August 31, 2009	13,939,927	9,874,514	-	40,742	-	(7,347,854)	$ 2,567,402
Net loss for the period	-	-	-	-	-	(138,617)	(138,617)
Balance, February 28, 2010	**13,939,927**	**$ 9,874,514**	**$ -**	**$ 40,742**	**$ -**	**$ (7,486,471)**	**$ 2,428,785**

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

FEBRUARY 28, 2010

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 six months ended February 28, 2010, the Company incurred a net loss of $138,617 (2009 - $147,131) and has an accumulated deficit of $7,486,471 (August 31, 2009 - $7,347,854). 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial Instruments

CICA Handbook Section 3861, "Financial Instrument – Disclosure and Presentation", has been replaced by CICA Handbook Section 3862, "Financial Instruments – Disclosure" and Section 3863 – "Financial Instruments – Presentation". These standards require entities to disclose quantitative and qualitative information that enables users to evaluate the significance of financial instruments for the Company's financial performance, and 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. In addition, the Company is required to disclose management's objectives, policies and procedures for managing these risks.

The Company classifies its financial assets as either held-for-trading, available-for-sale, or loans and receivables. Financial liabilities are classified as either held-for-trading or other liabilities.

Held-for-trading financial assets and liabilities are recorded at fair value as determined by active market prices and valuation models, as appropriate. Valuation models require the use of assumptions concerning the amount and timing of estimate future cash flows and discount rates. In determining these assumptions, the Company uses readily observable market inputs where available, or where not available, inputs generated by the Company. Changes in fair value of held-for-trading financial instruments recorded in operations.

Available-for-sale financial assets are recorded at fair value as determined by active market prices. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income. If a decline in fair value is deemed to be other than temporary, the unrealized loss is recognized in operations. Investment in equity instruments that do not have an active quoted market price are measured at cost.

Receivables are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

The fair values of the Company's available-for-sale financial assets and liabilities approximate their carrying values as the investment are carried at fair values with gains and losses of a temporary nature recorded in other comprehensive loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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 February 28, 2010, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 six months ended February 28, 2010 and 2009 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) 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.

k) 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.

l) 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.

m) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Recently Adopted Accounting Pronouncements

i) Going Concern

Effective September 1, 2008, the Company implemented the amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

ii) Financial Instruments

Effective September 1, 2008, the Company implemented the new CICA Handbook Sections: 3862, Financial Instruments – Disclosure, and 3863, Financial Instruments – Presentation, which replace Section 3861, Financial Instruments – Disclosures and Presentation. These new standards revise and enhance the disclosure requirements, and carry forward, substantially unchanged, the presentation requirements. Sections 3862 and 3863 emphasize the significance of financial instruments for the entity's financial position and performance, the nature and extent of the risks arising from financial instruments, and how these risks are managed.

iii) Capital Disclosures

Effective September 1, 2008, the Company implemented the new CICA Handbook Section 1535, Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and processes for managing capital.

o) Future Accounting Pronouncements Not Yet Adopted

i) The CICA issued Section 3064 – Goodwill and Intangible Assets replacing Section 3450, *Research and Development Costs*. The new standard establishes guidelines for the recognition, measurement, presentation and disclosure of research and development costs. Management has determined that the adoption of this standard will have no impact upon its consolidated financial statements.

ii) Canada's Accounting Standards Board ratified a plan that will result in Canadian GAAP being converged with International Financial Reporting Standards ("IFRS") by 2011. Management has performed a preliminary analysis and highlighted areas where its current Canadian accounting practices differ from IFRS however, the impact on the Company's consolidated financial statements has not yet been determined.

RESOLVE VENTURES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

FEBRUARY 28, 2010

3. EQUIPMENT

	February 28, 2010		
Office furniture	Cost	Accumulated Amortization	Net
	$12,617	**$ 6,077**	**$ 6,540**

	August 31, 2009		
Office furniture	Cost	Accumulated Amortization	Net
	$12,617	$ 5,350	$ 7,267

4. MINERAL PROPERTIES

Summary of Mineral Properties

	BALANCE AUGUST 31 2009	ADDITIONS	**BALANCE FEBRUARY 28 2010**
Acquisition costs	$ **487,913**	$ -	**$ 487,913**
Deferred exploration costs and advances	**1,888,845**	452,106	**2,340,951**
Mineral property tax credits and incentives	**(279,218)**	(174,223)	**(453,441)**
Write-off of mineral property costs	**(221,093)**	-	**(221,093)**
Total mineral property deferred costs	$ **1,876,447**	$ 277,883	**$ 2,154,330**

4. MINERAL PROPERTIES (Continued)

a) Raglan Property

The Company has 100% interest in 1,287 claims consisting of approximately 131,140 acres located in the Ungava area, Province of Quebec.

On 150 of these claims, the Company has the option to purchase up to 2 – ½% of the royalty, at a price of $500,000 per one half percent, and is subject to a 3% net smelter return royalty.

On another 794 claims, the original vendors will retain a 1% net smelter return royalty on any future mineral production from the properties.

The costs related to the Raglan Property are as follows:

	BALANCE AUGUST 31 2009	ADDITIONS	**BALANCE FEBRUARY 28 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	500	**42,318**
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	452,106	**2,229,858**
Refundable tax credits and mining duties	(279,218)	(174,223)	**(453,441)**
Total mineral property deferred costs	$ 1,876,447	$ 277,883	**$ 2,154,330**

4. 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 2009	ADDITIONS	**BALANCE FEBRUARY 28 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**
	110,000	-	**110,000**
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**
	111,093	-	**111,093**
Write-off of mineral property deferred costs	(221,093)	-	**(221,093)**
Total mineral property deferred costs	$ -	$ -	**$ -**

4. MINERAL PROPERTIES (Continued)

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 are allocated to the Quebec property. As at February 28, 2010, $174,223 Quebec tax credits for the year ended August 31, 2009 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 $125,242, inclusive of interest charges, has been recorded as payables according to the most recent assessment. The Quebec government will apply the $174,223 Quebec tax credits to this outstanding payables and refund remaining amount to the Company.

5. RELATED PARTY TRANSACTIONS

During the six months ended February 28, 2010 and 2009, the Company entered into the following transactions with directors and officers of the Company, or companies controlled by directors, officers, and related parties:

	2010	2009
Management fees	**$ 30,000**	$ 24,000
Fees for consulting services	**$ 20,625**	$ 24,300
Professional fees	**$ 9,000**	$ 10,950
Website maintenance	**$ 2,625**	$ 3,450

Prepaid expense includes $509 (2009 - $Nil) paid to a company controlled by a director for future expenses.

During the six months ended February 28, 2010, Goldbrook Ventures Inc. ("Goldbrook"), a company with common directors and management, incurred $260,786 in exploration program expenses on behalf of the Company and charged the Company an exploration program management fee of $13,014. The Company reimbursed the exploration expenses incurred and paid the management fee to Goldbrook.

6. SHARE CAPITAL

a) Authorized: unlimited common shares without par value.

b) Private Placement

On September 26, 2008, the Company completed a non-brokered private placement of 700,000 flow-through shares and 301,000 non-flow-through shares at a price of $0.50 per share for gross proceeds of $500,500. Finders' fees of $8,225 were paid in connection with this private placement.

On June 5, 2009, the Company completed a non-brokered private placement of 10 million units at a price of $0.075 per unit for gross proceeds of $750,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company for a period of two years at a price of $0.10. No finder's fees were paid in conjunction with this private placement.

On August 24, 2009, the Company completed a non-brokered private placement of 1,000,000 flow-through shares and 1,000,000 non-flow-through shares at a price of $0.17 per share for gross proceeds of $340,000. No finder's fees were paid in conjunction with this private placement.

c) Warrants Outstanding

A summary of the Company's warrants that have been issued and their status at February 28, 2010 and 2009, and the changes for the periods ending on those dates is presented below:

	2010			2009		
	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	313,747	$	2.40
Balance, end of period	**10,000,000**	**$**	**0.10**	**313,747**	**$**	**2.40**

Share purchase warrants outstanding at February 28, 2010:

EXERCISABLE INTO NUMBER OF COMMON SHARES	**EXERCISE PRICE PER SHARE**	**EXPIRY DATE**
10,000,000	$ 0.10	June 4, 2011

6. SHARE CAPITAL (cont'd)

d) 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 six months ended February 28, 2010, there were no stock options granted, exercised or outstanding for the purchase of common shares.

7. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. The Company has determined that the carrying amounts of such financial instruments approximate fair value due to their short terms to maturity. It is management's opinion that the Company is not exposed to significant interest, credit or foreign currency risks arising from these financial instruments.

Concentration of Credit Risk

The Company does not believe it is subject to any significant concentration of credit risk. Cash is placed with major financial institutions on a cash basis. Accounts receivable represent amounts that are collectible.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and current liabilities.

8. CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the six months ended February 28, 2010. The Company is not subject to externally imposed capital requirements.