

# Resolve Ventures Inc.

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## MANAGEMENT DISCUSSION & ANALYSIS

**For the year ended August 31, 2006**

Date of Report: December 22, 2006

### **Directors and Officers as at December 22, 2006:**

<b>Directors:</b>	Martin Auyeung David Baker Harvey Lawson Brent Peters
<b>Officers:</b>	David Baker, President
<b>Contact Name:</b>	David Baker
<b>Website:</b>	<a href="http://www.resolveventures.com">www.resolveventures.com</a>
<b>TSX Venture Exchange Symbol:</b>	RSV.V (formerly RVN.V)

Form 51-102F1

**RESOLVE VENTURES INC.**

**MANAGEMENT DISCUSSION & ANALYSIS**

For the Year Ended August 31, 2006

1.1 Date of This Report

December 22, 2006

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:

	<u>August 31, 2006</u>	<u>August 31, 2005</u>	<u>August 31, 2004</u>
(a) Net sales	-	-	-
(b) Loss before extraordinary items			
(i) Total loss	\$112,215	\$1,137,132	\$239,788
(ii) Loss per share - basic	\$0.02	\$0.50	\$0.30
(iii) Loss per share - diluted	\$0.02	\$0.50	\$0.30
(c) Net loss			
(i) Total loss	\$112,215	\$1,137,132	\$239,788
(ii) Loss per share - basic	\$0.02	\$0.50	\$0.30
(iii) Loss per share - diluted	\$0.02	\$0.50	\$0.30
(d) Total assets	\$2,375,758	\$1,286,181	\$1,562,794
(e) Total long-term liabilities	\$ -	\$117,818	\$109,658
(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**

The Company had the following mineral property interests in Northern Quebec and Southwestern Yukon:

##### **Ungava Acrex Property**

During the year ended August 31, 2005, the Company entered into an agreement with Acrex Ventures Ltd. ("Acrex") whereby the Company will acquire a 100% interest in and to 150 mineral claims. The claims consist of approximately 15,350 acres located in the Ungava area, Province of Quebec.

In consideration of the acquisition, the Company issued 50,000 of its common shares to Acrex and made a 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:**

A ground exploration program, consisting of geological mapping and prospecting of priority targets was undertaken during the 2006 exploration season. Results are pending at the time of writing.

### **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 50,000 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:**

A ground exploration program, consisting of geological mapping and prospecting of priority targets was undertaken during the 2006 exploration season. Results are pending at the time of writing.

### **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. To acquire a 100% interest in the claims, the Company must pay \$50,000 in cash (paid) and issue 10,000 (issued) shares on Exchange approval. The TSX Venture Exchange approved the transaction on February 4, 2004.

#### **Exploration Results & Future Developments:**

A ground exploration program, consisting of geological mapping and prospecting of priority targets was undertaken during the 2006 exploration season. Results are pending at the time of writing.

### **Ungava West Property**

The Company staked additional claims known as Ungava West. The Company staked (registered) a total of 342 units, totaling 14,222 hectares (35,143 acres) immediate west of the Company's main block of claims in the Raglan district.

#### **Exploration Results & Future Developments:**

A total of 1,649 line kilometers were flown by helicopter-mounted electromagnetic survey during the summer field season. Results will be compiled for follow-up.

**Klu Property:**

On September 1, 2005, the Company entered into an agreement to acquire 100% of the Klu Property Mineral Claims located in Southwestern Yukon. The Company acquired 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 and issued 119,047 common shares to Inco at \$0.42 per share. The Company also paid a \$10,000 finder's fee.

**Exploration Results & Future Developments:**

The Klu property was assessed in light of work to date. No work was carried out during 2006. It was decided that the majority of the claims would be relinquished, although 29 claims pertaining to the Spy showing were retained.

**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 50,000 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 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 it had decided to discontinue its joint venture arrangement with Golden Valley. Accordingly, the Shoot Out property has been written off.

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

#### **Results of Operations**

The net loss for the twelve months ended August 31, 2006 was \$112,215 as compared with a net loss of \$1,137,132 for the twelve months ended August 31, 2005. During the twelve months, shareholders' communication expenses, travel expenses, and conferences and shows expenses decreased due to less activities during the year. Other expenses including legal fees, audit and accounting fees, management fees, etc. remained at the same level as prior year.

#### **Investor Relations Activities**

Currently, the Company has no formal arrangements in place with respect to investor relations. The directors and two consultants 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, and various attendances in conferences and trade shows.

### Financings, Principal Purposes & Milestones

During the year ended August 31, 2006, the Company consolidated its capital on a 10 old for 1 new basis. The name of the Company and the number of authorized common shares remain unchanged.

During the year ended August 31, 2006, the Company completed a non-brokered private placement. The Company issued 2,875,000 units (the "Units") at a price of \$0.19 per Unit, for gross proceeds of \$546,250. Each Unit is composed of one post-consolidated common share (a "Share") of the Company and one transferable common share purchase warrant (the "Warrant"). Each Warrant is exercisable into one additional post-consolidated common share of the Company ("Warrant Share") for a period of two years from the closing date of the private placement at an exercise price of \$0.25.

During the year ended August 31, 2005, the Company completed a non-brokered private placement involving the issuance of 800,000 units (504,000 non-flow through units and 296,000 flow-through units) at a price of \$0.60 per non-flow through unit and \$0.80 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 \$1.00 per share. Finder's fees and financing fees paid in connection with the private placement, comprised of a total of \$35,130.

#### 1.5 Summary of Quarterly Results

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

	<u>Q4</u> <u>31-Aug-</u> <u>06</u>	<u>Q3</u> <u>31-May-</u> <u>06</u>	<u>Q2</u> <u>28-Feb-</u> <u>06</u>	<u>Q1</u> <u>30-Nov-</u> <u>05</u>	<u>Q4</u> <u>31-Aug-</u> <u>05</u>	<u>Q3</u> <u>31-May-</u> <u>05</u>	<u>Q2</u> <u>28-Feb-</u> <u>05</u>	<u>Q1</u> <u>30-Nov-</u> <u>04</u>
<b>Net sales</b>	-	-	-	-	-	-	-	-
<b>Net Income (loss):</b>								
<b>Total</b>	(\$60,873)	\$48,927	(\$3,489)	(\$96,780)	(\$1,046,718)	(\$109,957)	\$110,777	(\$91,234)
<b>Per share</b>	(\$0.01)	\$0.00	(\$0.00)	(\$0.03)	(\$0.46)	(\$0.05)	\$0.06	(\$0.05)
<b>Per share - diluted</b>	(\$0.01)	\$0.00	(\$0.00)	(\$0.03)	(\$0.46)	(\$0.05)	\$0.04	(\$0.05)

## 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, 2006, the Company's working capital was \$227,816 compared to a working capital of \$404,924 at the year ended August 31, 2005.

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 and Klu 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 \$1,283,513. 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

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 years ended August 31, 2006 and 2005, the Company entered into the following transactions with directors of the Company or companies controlled by them:

	<u>2006</u>	<u>2005</u>
Management fees	<b>\$ 27,000</b>	\$ 30,000
Fees for consulting services	<b>\$ 14,500</b>	\$ 17,250
Management and consulting fees allocated to deferred exploration costs	<b>\$ 68,098</b>	\$ 12,000
Website maintenance	<b>\$ 4,000</b>	\$ 6,000

Prepaid expenses include \$20,117 (2005 - \$Nil) paid to a company controlled by an immediate family member of a director for future rent and leasehold expenses. Prepaid expenses also include \$4,240 (2005 - \$Nil) paid to a director for future management fees.

Accounts payable and accrued liabilities include \$9,553 (2005 - \$1,013) due to a director and a company controlled by a director. Due to related parties of \$566,993 (2005 - \$3,407) is owing to companies related by virtue of common directors which consists of \$485,976 of exploration expenses incurred by the related company on behalf of the Company and \$48,598 charged by the related company as a 10% management fee. The amount is non-interest bearing, unsecured and has no fixed terms of repayment. The amount was paid by the Company to the related party subsequent to August 31, 2006.

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 was allocated to deferred mineral property costs.

#### 1.10 Fourth Quarter

The fourth quarter results do not differ significantly from other quarters.

#### 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.

Following is a summary of the convertible notes as of August 31, 2006:

	<u>2006</u>	<u>2005</u>
Convertible promissory notes	\$ 130,000	\$ 130,000
Equity portion of convertible promissory notes	(40,742)	(40,742)
	<u>89,258</u>	89,258
Interest accretion	<u>36,720</u>	28,560
Debt portion of convertible promissory notes	<u>\$ 125,978</u>	<u>\$ 117,818</u>

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	6,251,836	\$7,862,939

*Summary of warrants outstanding:*

<u>Number of warrants</u>	<u>Exercise price</u>	<u>Expiry date</u>
119,950	\$ 1.50	September 21, 2006
42,500	\$ 2.00	September 21, 2006
26,135	\$ 1.50	September 24, 2006
1,750	\$ 2.00	September 24, 2006
77,000	\$ 1.50	September 28, 2006
6,600	\$ 2.00	September 28, 2006
5,000	\$ 1.50	October 4, 2006
19,665	\$ 1.80	October 20, 2006
800,000	\$ 1.00	February 27, 2007
2,345,000	\$ 0.25	January 24, 2008
3,443,600		

*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:

**Ungava Acrex Property:**

	<b>Balance as at 31-Aug-06</b>	<b>Additions (Reallocations)</b>	<b>Balance as at 31-Aug-05</b>
Acquisition costs			
Shares	\$ 59,125	\$ -	\$ 59,125
Cash	98,788	-	98,788
	<u>157,913</u>	-	<u>157,913</u>
Deferred exploration expenses			
Camp site	42,519	-	42,519
Claim staking and maintenance	18,012	(9,708)	27,720
Consulting	11,328	2,584	8,744
General and administration	13,431	834	12,597
Geophysical survey	106,389	-	106,389
Salaries and wages	2,465	2,465	-
	<u>194,144</u>	<u>(3,825)</u>	<u>197,969</u>
Refundable tax credits and mining duties	<u>(69,960)</u>	7,347	<u>(77,307)</u>
Total mineral property deferred costs	<u>\$ 282,097</u>	<u>\$ 3,522</u>	<u>\$ 278,575</u>

**Ungava Ubex Property**

	<b>Balance as at 31-Aug-06</b>	<b>Additions (Reallocations)</b>	<b>Balance as at 31-Aug-05</b>
Acquisition costs			
Shares (50,000 at \$2.00)	\$ 100,000	\$ -	\$ 100,000
Cash	50,000	-	50,000
	<u>150,000</u>	-	<u>150,000</u>
Deferred exploration expenses			
Camp site	47,665	-	47,665
Claim staking and maintenance	29,545	(9,708)	39,253
Consulting	10,172	2,584	7,588
General and administration	11,941	834	11,107
Geophysical survey	118,084	-	118,084
Salaries and wages	2,452	2,452	-
	<u>219,859</u>	<u>(3,838)</u>	<u>223,697</u>
Refundable tax credits and mining duties	<u>(79,854)</u>	7,425	<u>(87,279)</u>
Total mineral property deferred costs	<u>\$ 290,005</u>	<u>\$ 3,587</u>	<u>\$ 286,418</u>

**Ungava Scott Property:**

	<b>Balance as at 31-Aug-06</b>	<b>Additions (Reallocations)</b>	<b>Balance as at 31-Aug-05</b>
Acquisition costs			
Shares (10,000 at \$2.00)	\$ 20,000	\$ -	\$ 20,000
Cash	50,000	-	50,000
	<u>70,000</u>	-	<u>70,000</u>
Deferred exploration expenses			
Camp site	15,888	(100)	15,988
Claim staking and maintenance	53,055	37,729	15,326
Consulting	11,892	3,735	8,157
General and administration	16,417	5,809	10,608
Geophysical survey	35,417	-	35,417
Salaries and wages	2,451	2,451	-
	<u>135,120</u>	<u>49,624</u>	<u>85,496</u>
Refundable tax credits and mining duties	<u>(47,641)</u>	<u>(14,584)</u>	<u>(33,057)</u>
Total mineral property deferred costs	<u>\$ 157,479</u>	<u>\$ 35,040</u>	<u>\$ 122,439</u>

**Ungava West Property**

	<b>Balance as at 31-Aug-06</b>	<b>Reallocation from other properties</b>	<b>Balance as a 31-Aug-05</b>
Deferred exploration expenses			
Claim staking and maintenance	\$ 33,833	\$ 33,833	\$ -
Refundable tax credits and mining duties	<u>(13,734)</u>	<u>(13,734)</u>	<u>-</u>
Total mineral property deferred costs	<u>\$ 20,099</u>	<u>\$ 20,099</u>	<u>\$ -</u>

**Raglan Project:**

	<b>Balance as at 31- Aug-06</b>	<b>Additions</b>	<b>Balance as a 31-Aug-05</b>
Deferred exploration expenses			
Camp site	\$ 20,400	\$ 20,400	\$ -
Consulting	326	326	-
Equipment rentals	4,304	4,304	-
Fieldwork, supplies and mobilization	5,025	5,025	-
Fuel and storage	73,920	73,920	-
Management fee	48,598	48,598	-
Geophysical survey	362,470	362,470	-
Reports and maps	18,755	18,755	-
Sampling and assays	776	776	-
	<u>534,574</u>	<u>534,574</u>	<u>-</u>
Refundable tax credits and mining duties	<u>(217,004)</u>	<u>(217,004)</u>	<u>-</u>
Total mineral property deferred costs	<u>\$ 317,570</u>	<u>\$ 317,570</u>	<u>\$ -</u>

**Klu Property:**

	<b>Balance as at 31-Aug-06</b>	<b>Additions (Reallocations)</b>	<b>Balance as at 31-Aug-05</b>
Acquisition costs			
Shares (119,047 at \$0.42)	\$ 50,000	\$ 50,000	\$ -
Cash	50,000	50,000	-
Finder's fee	10,000	10,000	-
	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Deferred exploration expenses			
Airborne	18,185	18,185	-
Assays	1,823	1,823	-
Camp and fieldwork	11,328	11,328	-
Claim staking and maintenance	6,158	6,158	-
Consulting	45,740	45,740	-
General and administration	22,411	22,411	-
Equipment	340	340	-
Site visits	278	278	-
	<u>106,263</u>	<u>106,263</u>	<u>-</u>
Total mineral property deferred costs	<u>\$ 216,263</u>	<u>\$ 216,263</u>	<u>\$ -</u>

**Shoot Out Property**

	<b>Balance as at</b>	<b>Additions</b>	<b>Balance as at</b>
	<b>31-Aug-06</b>		<b>31-Aug-05</b>
Acquisition costs			
Shares (50,000 at \$2.00)	\$ -	\$ -	\$ 100,000
Cash	-	-	187,750
	-	-	287,750
Deferred exploration expenses			
Airborne	-	-	260,491
Camp site	-	-	233,250
Claim staking and maintenance	-	-	9,144
Consulting	-	-	2,888
Drilling, assaying and overhead	-	-	100,048
Geology and fieldwork	-	-	88,237
General and administration, project management, and claim maintenance	-	-	188,975
Helicopter	-	-	198,234
Legal	-	-	15,917
Logistics	-	-	12,000
	-	-	1,109,184

**Summary of Mineral Properties**

	<b>Balance as at</b>	<b>Additions</b>	<b>Balance as at</b>
	<b>31-Aug-06</b>	<b>(Reallocations)</b>	<b>31-Aug-05</b>
Acquisition costs	\$ 487,913	\$ 110,000	\$ 377,913
Deferred exploration costs and advances	1,223,793	716,631	507,162
Mineral property tax credits and incentives	(428,193)	(230,550)	(197,643)
Total mineral property deferred costs	\$ 1,283,513	\$ 596,081	\$ 687,432

*Additional information*

Additional information relating to the company is on SEDAR at [www.sedar.com](http://www.sedar.com).