

RESOLVE VENTURES INC.

INTERIM FINANCIAL STATEMENTS

May 31, 2005

(Unaudited)

NOTICE TO READER

INTERIM BALANCE SHEETS

INTERIM STATEMENTS OF LOSS AND DEFICIT

INTERIM STATEMENTS OF CASH FLOWS

NOTES TO INTERIM FINANCIAL STATEMENTS

Resolve Ventures Inc.

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UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statement for the period ended May 31, 2005.

NOTICE TO READER

The interim balance sheet as at May 31, 2005 and the interim statements of loss and deficit, and the interim statements of cash flows for the nine-month period then ended are the responsibility of the Company's management.

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

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

/s/ David Baker

David Baker, Director
Vancouver, BC Canada
July 15, 2005

/s/ Martin Auyeung

Martin Auyeung, Director
Vancouver, BC Canada
July 15, 2005

RESOLVE VENTURES INC.
INTERIM BALANCE SHEETS

	May 31 2005 <i>(Unaudited)</i>	August 31 2004 <i>(Audited)</i>
ASSETS		
Current Assets		
Cash	\$ 470,621	\$ 91,066
Taxes recoverable	72,638	8,172
Prepaid expenses	6,000	-
	<u>549,259</u>	<u>99,238</u>
Mineral Properties		
Acquisition costs	575,663	472,125
Deferred exploration costs	1,683,770	871,402
Mineral property credits	(396,567)	-
Deposit on property exploration	-	120,029
	<u>1,862,866</u>	<u>1,463,556</u>
	<u>\$ 2,412,125</u>	<u>\$ 1,562,794</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 144,616	\$ 92,532
Interest on convertible promissory notes	46,475	35,750
	<u>191,091</u>	<u>128,282</u>
Convertible Promissory Notes	<u>115,778</u>	<u>109,658</u>
	<u>306,869</u>	<u>237,940</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share Capital (Note 6)	7,219,830	6,320,614
Share Subscriptions	-	28,400
Equity Portion of Convertible Promissory Notes	40,742	40,742
Deficit	(5,155,316)	(5,064,902)
	<u>2,105,256</u>	<u>1,324,854</u>
	<u>\$ 2,412,125</u>	<u>\$ 1,562,794</u>

Approved by the Directors:

"David Baker"

David Baker, Director

"Martin Auyeung"

Martin Auyeung, Director

RESOLVE VENTURES INC.
INTERIM STATEMENTS OF LOSS AND DEFICIT
(Unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	May 31, 2005	May 31, 2004	May 31, 2005	May 31, 2004
EXPENSES				
Audit and accounting	2,100	9,000	17,060	20,565
Interest on convertible notes	5,615	5,615	16,845	16,845
Bank charges and interest	106	25	342	210
Consulting and professional fees	12,700	18,218	49,390	49,348
Legal	8,352	-	10,838	8,825
Management and administrative services	9,700	-	44,605	14,458
Office, rent and telephone	16,443	11,968	48,942	23,363
Property investigation	857	-	857	-
Regulatory authorities	7,159	2,204	25,738	14,710
Transfer agent	2,459	-	8,055	8,797
Shareholders' communication	44,794	2,062	82,432	7,098
NET LOSS BEFORE THE FOLLOWING	(110,285)	(49,092)	(305,104)	(164,219)
Oil and Gas Income (Loss), Net of Royalties	(15)	-	(76)	-
Interest Income	(452)	(7)	(463)	(726)
(Gain) Loss on foreign exchange	139	-	1,330	-
FIT recovery	-	-	(215,481)	-
NET INCOME (LOSS) FOR THE PERIOD	(109,957)	(49,085)	(90,414)	(163,493)
DEFICIT – BEGINNING OF PERIOD	(5,045,359)	(4,939,522)	(5,064,902)	(4,825,114)
DEFICIT – END OF PERIOD	\$ (5,155,316)	(4,988,607)	(5,155,316)	(4,988,607)
BASIC LOSS PER SHARES			(\$ 0.00)	(0.02)
BASIC WEIGHTED AVERAGE OUTSTANDING			21,070,375	7,979,889
DILUTED LOSS PER SHARES			(\$ 0.00)	(0.01)
DILUTED WEIGHTED AVERAGE OUTSTANDING			37,411,280	9,333,684

RESOLVE VENTURES INC.
INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	May 31, 2005	May 31, 2004	May 31, 2005	May 31, 2004
Cash provided (used) by:				
Operating activities				
Net loss for the period	\$ (109,957)	(49,085)	(90,414)	(163,493)
Items not involving cash				
FIT recovery	-	-	(215,481)	-
Accretion on convertible notes	2,040	2,040	6,120	6,120
	<u>(107,917)</u>	<u>(47,045)</u>	<u>(299,775)</u>	<u>(157,373)</u>
Changes in non-cash working capital balances				
(Increase) decrease in prepaid expenses	(3,104)	-	(6,000)	-
(Increase) decrease in taxes recoverable	376,043	-	(64,466)	-
(Increase) decrease in A/R	58	2,430	-	(1,986)
Increase (decrease) in A/P	(16,880)	(6,915)	52,084	(5,868)
	<u>356,117</u>	<u>(4,485)</u>	<u>(18,382)</u>	<u>(7,854)</u>
	<u>248,200</u>	<u>(51,530)</u>	<u>(318,157)</u>	<u>(165,227)</u>
Financing Activities				
Issue of share capital	(35,130)	-	1,103,447	899,650
Share subscription	-	25,000	(28,400)	(85,000)
Due to related parties	-	-	-	(53,733)
Loan payable	-	-	-	(88,000)
Convertible note & interest	3,575	3,575	10,725	10,725
	<u>(31,555)</u>	<u>28,575</u>	<u>1,085,772</u>	<u>683,642</u>
Investing Activities				
Deferred acquisition costs	(30,000)	(30,000)	(92,288)	(179,250)
Deferred expenses	(237,664)	(8,521)	(415,801)	(433,559)
Deposit on mineral properties	-	-	120,029	-
	<u>(267,664)</u>	<u>(38,521)</u>	<u>(388,060)</u>	<u>(612,809)</u>
Increase (decrease) in cash	(51,019)	(61,476)	379,555	(94,394)
Cash, beginning of period	521,640	69,571	91,066	102,489
Cash, end of period	\$ 470,621	8,095	470,621	8,095

The following transactions which did no result in cash flows have been excluded from financing and investing activities (Note 8):

Acquisition of property – Acres, 75,000 shares @\$0.15	\$11,250
Renunciation of exploration expenses through flow-through shares	<u>215,481</u>
	\$226,731

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 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).

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 an 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 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. Properties which have reached a production stage will have a gain or loss calculated.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 2005

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

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

Values

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

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

Cost of maintaining mineral properties

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

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) Petroleum and Natural Gas Properties

The Company employs the full cost method of accounting for petroleum and natural gas properties whereby all costs relating to exploration and development of reserves are capitalized into geographical cost centres. Such costs include land acquisition costs, geological and geophysical costs, costs of drilling both productive and non-productive wells and related overhead.

Capitalized costs excluding costs relating to unproven properties are depleted using the unit-of-production method based on estimated proven reserves as prepared by an independent engineer. For the purposes of the depletion calculation, proven reserves are converted to a common unit of measure on the basis of their approximate relative energy content.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 2005

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

b) Petroleum and Natural Gas Properties (cont'd)

In applying the full-cost method, the Company performs a ceiling test to ensure that capitalized costs, net of accumulated depletion, do not exceed estimated future net revenues from production of proven reserves. The carrying value of the properties is compared annually to estimated future net cash flows from production or proven reserves. Future net cash flow is estimated using undiscounted value of future net revenues from proven reserves based on current prices, and costs less estimated future site restoration costs, general and administrative expenses, financing costs, and income taxes.

Proceeds on disposal of properties are normally applied as a reduction of the capitalized costs without recognition of a gain or loss, except where such a disposal would alter the depletion rate by 20% or more.

All petroleum and natural gas activities are conducted jointly with others. These financial statements reflect only the Company's proportionate interest in such activities.

c) 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.

d) 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 periods ended February 29, 2004 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.

e) Stock Option Plan

Effective September 1, 2002, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870 – "Stock Based Compensation and Other Stock Based Payments". This section establishes standards for the recognition, measurement and disclosure of stock based compensation and other stock based payments in exchange for goods and services. The section required that all stock based awards made to non-employees be measured and recognized using the fair value based method. The section also permitted the use of intrinsic value based method for awards granted to directors and employees. Under this method, compensation costs were recognized in the financial statements for stock options granted to directors and employees only when the market price exceeded the exercise price at the date of grant, but the method required the disclosure on a pro-forma basis of the impact on operations and earnings per share as if the fair value method of accounting had been adopted.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 2005

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

e) Stock Option Plan (cont'd)

Effective September 1, 2003, the Company changed its accounting policy on a prospective basis to conform with the amended CICA Section 3870. The Company has chosen to account for all grants of options to employees, non-employees, and directors after September 1, 2003 in accordance with the fair value method of accounting for stock based compensation.

f) 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.

g) 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.

h) 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.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 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)
- 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 and is obligated to pay an additional \$56,500 upon completion of the May 29, 2005 cash payment and the December 31, 2005 work commitment 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.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 2005

4. MINERAL PROPERTIES (cont'd)

Shoot Out Property (cont'd):

Costs related to the Shoot Out Property are as follows:

	Balance as at 31-May-05	Additions as at 31-May-05	Balance as at 31-Aug-04
Acquisition costs:			
Shares	\$ 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	200,000	79,971	120,029
Airborne	264,095	12,795	251,300
Camp site	98,449	8,303	90,146
Claims and maintenance	1,125	1,125	-
Consulting	2,887	2,887	-
Drilling, assaying, & overhead	90,124	(35,229)	125,353
Geology & field work	74,547	(2,096)	76,643
G&A, project management, and claim maintenance	237,179	124,162	113,017
Helicopter	235,536	132,405	103,131
Legal	16,786	3,086	13,700
Logistics	12,000	-	12,000
Total deferred expenses	1,232,728	327,409	905,319
Total Mineral Property Deferred Costs	\$ 1,520,478	400,909	1,119,569

Ungava Acrex:

The Company entered into an option agreement with Acrex Ventures Ltd. ("Acrex") dated September 19, 2003 whereby the Company may acquire up to a 70% interest in 150 mineral claims covering 6,210 hectares in the Ungava region of Northern Quebec. To earn the interest in the property, the Company must:

- a. issue:
 - i. 75,000 common shares upon regulatory approval. (issued)
 - ii. 75,000 common shares on or before September 19, 2004 (issued)
 - iii. 100,000 common shares on or before September 19, 2005.

- b. pay:
 - i. \$15,000 upon regulatory approval (paid)
 - ii. \$5,000 on or before September 19, 2004 (paid)
 - iii. \$5,000 on or before September 19, 2005.

- c. incur exploration expenditures in the aggregate amount of \$850,000 as follows:
 - i. \$100,000 on or before January 1, 2005 (incurred),
 - ii. an additional \$250,000 on or before January 1, 2006,
 - iii. an additional \$500,000 on or before January 1, 2007.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 2005

4. MINERAL PROPERTIES (cont'd)

Ungava Acrex (cont'd):

The above share issuances and expenditures will allow the Company to earn a 60% interest in the property. The Company may acquire an additional 10% interest in the Property by incurring an additional \$1,000,000 of exploration expenditures on the Property on or before January 1, 2010.

The Company received regulatory approval for the transaction on September 26, 2003. The Company paid a \$13,788 finder's fee, upon completion of phase one work program with regards to the option agreement, in January 2005.

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 president of the Company.

Costs related to the Ungava Acrex Property are as follows:

	Balance as at 31-May-05	Additions as at 31-May-05	Balance as at 31-Aug-04
Acquisition costs:			
Shares (75,000 @ \$0.15)	\$ 34,125	11,250	22,875
Cash	33,788	18,788	15,000
Total acquisition costs	67,913	30,038	37,875
Deferred expenses:			
Camp site	42,519	19,746	22,773
Claim and maintenance	15,256	14,890	366
Consulting	4,232	4,232	-
G&A and office	9,302	9,302	-
Geophysical survey	106,389	93,889	12,500
Total deferred expenses	177,698	142,059	35,639
Total Exploration Costs	\$ 245,611	172,097	73,514

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 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 31-May-05	Additions as at 31-May-05	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 expenses:			
Camp site	47,665	22,045	25,620
Claim and maintenance	27,885	26,695	1,190
Consulting	3,376	3,376	-
G&A and office	8,913	8,913	-
Geophysical survey	118,084	105,584	12,500
Total deferred expenses	205,923	166,613	39,310
Total Exploration Costs	\$ 355,923	166,613	189,310

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 31-May-05	Additions as at 31-May-05	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 expenses:			
Camp site	15,988	7,448	8,540
Claims & maintenance	3,958	1,334	2,624
Consulting	3,646	3,646	-
G&A and office	8,414	8,414	-
Geophysical survey	35,416	35,416	-
Total deferred expenses	67,422	56,258	11,164
Total Exploration Costs	\$ 137,422	56,258	81,164

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 2005

4. MINERAL PROPERTIES (cont'd)

Summary of Mineral Properties in the Raglan Area of Northern Quebec:

	Balance as at 31-May-05	Additions as at 31-May-05	Balance as at 31-Aug-04
Acquisition costs:	\$ 575,663	103,538	472,125
Deferred exploration costs:	1,683,770	692,338	991,432
Total Exploration Costs	2,259,433	795,876	1,463,557

5. CONVERTIBLE PROMISSORY NOTES

	31-05-05	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	26,520	20,400
Debt portion of convertible promissory notes	\$ 115,778	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
May 31, 2005

6. CAPITAL STOCK

a) Common Shares

Authorized:

50,000,000 common shares without par value

Issued and Outstanding:	Number of shares	Amount (\$)
Balance, beginning of period – September 1, 2004	14,765,851	6,320,614
Issued for cash during the period:		
- Private placement @\$0.15	2,089,500	313,425
- Private placement @\$0.20	535,000	107,000
- Private placement @\$0.18	1,311,000	235,980
- Private placement @\$0.06	5,040,000	302,400
- Private placement @\$0.08	2,960,000	236,800
	11,935,500	1,195,605
Issued for properties acquisition during the period		
- Ungava Acrex property \$0.15	75,000	11,250
	75,000	11,250
Brokers' warrants (Black-Scholes fair value)	-	18,134
Financing fee – Cash paid	-	(6,250)
Finders' fee - Cash paid	-	(85,908)
- Brokers' warrants (fair value)	-	(18,134)
- Shares issued	11,537	-
	11,537	(92,158)
Cancellation of escrow shares	(9,994)	-
Exploration expenditures renunciation	-	(215,481)
	(9,994)	(215,481)
Balance, May 31, 2005	26,777,894	7,219,830

On February 2, 2005, the Company announced that it had arranged a non-brokered private placement involving the issuance of up to 8,000,000 units for total proceeds of \$560,000. Each unit would consist of one common share and one transferable share purchase warrant.

On March 1, 2005, the Company announced that it had closed its non-brokered private placement through the issuance of 8,000,000 Units. Finder's fees were paid in connection with the private placement, comprised of a total of \$28,880.

Due to late subscriptions that were not accommodated in this private placement, the Company announced an additional non-brokered private placement involving the issuance of up to 1,000,000 units for total proceeds of \$80,000. Each unit will consist of one common share and one transferable share purchase warrant. The private placement will be comprised of 500,000 non-flow through Units priced at \$0.07 per Unit, and 500,000 flow-through Units priced at \$0.09 per Unit. The warrants attached to the non-flow-through and flow-through Units will grant the warrant holder the right to acquire one Common Share at a price of \$0.10 per share for a period of 24 months from the Closing Date. This private placement did not proceed.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 2005

6. CAPITAL STOCK (cont'd)

b) Escrow Shares

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.

c) Exploration Expenditures Renunciation

During the current quarter, the Company renounced \$591,980 exploration expenditures to the flow-through shareholders. As a result, a future income tax recovery (income) is recorded and the share capital is reduced accordingly, based on an effective tax rate at 36.4%, in the amount of \$215,481.

d) Warrants Outstanding

Number of Shares	Exercise Price	Expiry Date
2,710,000	\$0.10	September 03,2005
4,000,000	\$0.30	September 24, 2005
3,036,150	\$0.15	August 17, 2006
1,356,000	\$0.20	August 17, 2006
2,225,850	\$0.15	September 27, 2006
563,500	\$0.20	September 27, 2006
8,000,000	\$0.10	February 27, 2007
21,891,500		

e) Options Outstanding

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.

As at May 31, 2005, there were no stock options outstanding for the purchase of common shares.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 2005

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

	<u>2005</u>	<u>2004</u>
Management fees	\$22,500	\$12,500
Rent for office	-	\$2,500
Fees for consulting services	\$17,250	\$19,500
Deferred management and consulting fees	\$11,000	-

Accounts payable and accrued liabilities include \$1,070 owing to a director and \$1,651 (2004 - \$Nil) owing to a companies related by virtue of common directors for miscellaneous expenses incurred by the related companies on behalf of the Company.

8. NON-CASH TRANSACTIONS

During the nine months, the investing and financing activity that do not have a direct impact on current cash flows is excluded from the statements of cash flows as following:

75,000 common shares issued at \$0.15 per share in respect to Ungava Acrex property acquisition payment	\$ 11,250
Renunciation of exploration expenditures through flow-through shares	<u>215,481</u>
Total	<u>\$226,731</u>

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 would not likely be available to repay the debentures on their respective maturity dates at equivalent rates. No reliable estimate can be made as to the financial amount of such risk.

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 2005

10. GENERAL AND ADMINISTRATION EXPENSES

The breakdown of General and Administration Expenses for Consulting and professional fees, Office, rent and telephone, and shareholders' communication for nine months ended May 31, 2005 is as follows:

	<u>May 31, 2005</u>
<u>Consulting and professional fees</u>	
Financial	\$ 9,750
Investor relations	21,450
Marketing	14,500
Other	3,690
	<hr/> \$ 49,390
<u>Office, rent and telephone</u>	
Services	\$ 11,633
Supplies	5,088
Couriers & postage	11,603
Rent	22,783
Telephone and interest	9,124
	<hr/> \$ 48,942
Shareholders' communication	
Advertising and promotion	\$ 1,737
Communications	2,450
Conferences and shows	21,372
Mail-out, couriers, and supplies	6,264
Press relaeases	372
Printing	1,612
Travel and entertainment	31,772
Website and telephone	16,853
	<hr/> \$ 82,432

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
May 31, 2005

11. SUBSEQUENT EVENTS

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. Instead, the management will focus its corporate efforts and resources on its own Raglan holdings. Resolve is also reviewing other potential projects and acquisitions that have recently become available.

On June 27, 2005, the Company announced that it had reached an agreement with Acrex Ventures Ltd. ("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 "Property"). The agreement was accepted for filing by the TSX Venture Exchange on July 5, 2005.

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

This Agreement replaces the option 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.

With the acquisition of the Acrex Property, the Company will hold a 100% operating interest in approximately 96,000 acres in the Raglan Ni-Cu-PGE District of Northern Quebec. The Company's land package is located in the southern part of the Raglan Trend.