

RESOLVE VENTURES INC.

INTERIM FINANCIAL STATEMENTS

February 28, 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 February 28, 2005.

NOTICE TO READER

The interim balance sheet as at February 28, 2005 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 25, 2005

/s/ *Martin Auyeung*

Martin Auyeung, Director
Vancouver, BC Canada
April 25, 2005

RESOLVE VENTURES INC.
INTERIM BALANCE SHEETS

	February 28 2005 (Unaudited)	August 31 2004 (Audited)
ASSETS		
Current Assets		
Cash	\$ 521,640	\$ 91,066
Taxes recoverable	448,681	8,172
Prepaid expenses	2,896	-
Other receivables	58	-
	<u>973,275</u>	<u>99,238</u>
Mineral Properties		
Acquisition costs	545,663	472,125
Deferred exploration costs	1,446,106	871,402
Mineral property credits	(396,567)	-
Deposit on property exploration	-	120,029
	<u>1,595,202</u>	<u>1,463,556</u>
	<u>\$ 2,568,477</u>	<u>\$ 1,562,794</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 161,496	\$ 92,532
Interest on convertible promissory notes	42,900	35,750
	<u>204,396</u>	<u>128,282</u>
Convertible Promissory Notes	<u>113,738</u>	<u>109,658</u>
	<u>318,134</u>	<u>237,940</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share Capital (Note 6)	7,254,960	6,320,614
Share Subscriptions	-	28,400
Equity Portion of Convertible Promissory Notes	40,742	40,742
Deficit	(5,045,359)	(5,064,902)
	<u>2,250,343</u>	<u>1,324,854</u>
	<u>\$ 2,568,477</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>Six Months Ended</u>	
	Feb. 28, 2005	Feb. 29, 2004	Feb. 28, 2005	Feb. 29, 2004
EXPENSES				
Audit and accounting	11,210	6,865	14,960	11,565
Interest on convertible notes	5,615	5,615	11,230	11,230
Bank charges and interest	138	26	236	185
Consulting and professional fees	19,340	25,130	36,690	45,588
Legal	187	684	2,486	8,825
Management and administrative services	20,370	-	34,905	-
Office, rent and telephone	17,200	9,197	32,499	11,395
Regulatory authorities	11,881	10,296	18,579	21,303
Transfer agent	1,612	-	5,596	-
Shareholders' communication	17,168	5,036	37,638	5,036
NET LOSS BEFORE THE FOLLOWING	(104,721)	(62,849)	(194,819)	(115,127)
Oil and Gas Income (Loss), Net of Royalties	(16)	-	(61)	-
Interest Income	(1)	(708)	(11)	(719)
(Gain) Loss on foreign exchange	-	-	1,191	-
FIT recovery	(215,481)	-	(215,481)	-
NET INCOME (LOSS) FOR THE PERIOD	110,777	(62,141)	19,543	(114,408)
DEFICIT – BEGINNING OF PERIOD	(5,156,136)	(4,877,381)	(5,064,902)	(4,825,114)
DEFICIT – END OF PERIOD	\$ (5,045,359)	(4,939,522)	(5,045,359)	(4,939,522)
BASIC LOSS PER SHARES			\$ 0.00	(0.01)
BASIC WEIGHTED AVERAGE OUTSTANDING			18,169,135	9,333,684
DILUTED LOSS PER SHARES			\$ 0.00	(0.01)
DILUTED WEIGHTED AVERAGE OUTSTANDING			31,688,923	9,333,684

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	Feb. 28, 2005	Feb. 29, 2004	Feb. 28, 2005	Feb. 29, 2004
Cash provided (used) by:				
Operating activities				
Net loss for the period	\$ 110,777	(62,141)	19,543	(114,4089)
Items not involving cash				
FIT recovery	(215,481)	-	(215,481)	-
Accretion on convertible notes	2,040	2,040	4,080	6,120
	<u>(102,664)</u>	<u>(60,101)</u>	<u>(191,858)</u>	<u>(110,328)</u>
Changes in non-cash working capital balances				
(Increase) decrease in prepaid expenses	2,821	-	(2,896)	-
(Increase) decrease in taxes recoverable	(410,181)	-	(448,681)	-
(Increase) decrease in A/R	1,250	(1,989)	8,114	(4,416)
Increase (decrease) in A/P	(44,826)	11,941	68,964	1,048
	<u>(450,936)</u>	<u>9,952</u>	<u>(374,499)</u>	<u>(3,368)</u>
	<u>(553,600)</u>	<u>(50,149)</u>	<u>(566,357)</u>	<u>(113,696)</u>
Financing Activities				
Issue of share capital	539,200	6,500	1,138,577	899,650
Share subscription	-	-	(28,400)	(110,000)
Due to related parties	-	-	-	(53,733)
Loan payable	-	-	-	(88,000)
Convertible note & interest	3,575	3,575	7,150	7,150
	<u>542,775</u>	<u>10,075</u>	<u>1,117,327</u>	<u>655,067</u>
Investing Activities				
Deferred acquisition costs	(57,288)	(55,000)	(62,288)	(149,250)
Deferred expenses	394,402	(25,039)	(178,137)	(425,039)
Deposit on mineral properties	-	-	120,029	-
	<u>337,114</u>	<u>(80,039)</u>	<u>(120,396)</u>	<u>(574,289)</u>
Increase (decrease) in cash	326,289	(120,113)	430,574	(32,918)
Cash, beginning of period	<u>195,351</u>	189,684	<u>91,066</u>	102,489
Cash, end of period	<u>\$ 521,640</u>	<u>69,571</u>	<u>521,640</u>	<u>69,571</u>

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	215,481
	<u>\$226,731</u>

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
February 28, 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
February 28, 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
February 28, 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
February 28, 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
February 28, 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
- 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.

Costs related to the Shoot Out Property are as follows:

	Balance as at 28-Feb-05	Additions as at 28-Feb-05	Balance as at 31-Aug-04
Acquisition costs:			
Shares	\$ 100,000	-	100,000
Cash	157,750	43,500	114,250
Total acquisition costs	257,750	43,500	214,250
Deferred expenses:			
Advances for future exploration	-	(120,029)	120,029
Airborne	264,095	12,795	251,300
Camp site	98,449	8,303	90,146
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	230,365	117,348	113,017
Helicopter	235,536	132,405	103,131
Legal	16,786	3,086	13,700
Logistics	12,000	-	12,000
Total deferred expenses	1,021,903	116,584	905,319
Total Mineral Property Deferred Costs	\$ 1,279,653	160,084	1,119,569

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
February 28, 2005

4. MINERAL PROPERTIES (cont'd)

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.

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 28-Feb-05	Additions as at 28-Feb-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	14,130	13,765	366
Consulting	2,567	2,567	-
G&A and office	2,701	3,405	-
Geophysical survey	106,056	93,556	12,500
Total deferred expenses	168,677	133,038	35,639
Total Exploration Costs	\$ 236,590	163,076	73,514

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
February 28, 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 28-Feb-05	Additions as at 28-Feb-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	26,760	25,570	1,190
Consulting	1,711	1,711	-
G&A and office	3,405	3,405	-
Geophysical survey	117,750	105,250	12,500
Total deferred expenses	197,291	157,981	39,310
Total Exploration Costs	\$ 347,291	157,981	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 28-Feb-05	Additions as at 28-Feb-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	2,833	209	2,624
Consulting	1,426	1,426	-
G&A and office	2,905	2,905	-
Geophysical survey	35,083	35,083	-
Total deferred expenses	58,236	47,072	11,164
Total Exploration Costs	\$ 128,236	46,420	81,164

RESOLVE VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
February 28, 2005

4. MINERAL PROPERTIES (cont'd)

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

	Balance as at 28-Feb-05	Additions as at 28-Feb-05	Balance as at 31-Aug-04
Acquisition costs:	\$ 545,663	73,538	472,125
Deferred exploration costs:	1,446,106	454,674	991,432
Total Exploration Costs	1,991,769	528,212	1,463,557

5. CONVERTIBLE PROMISSORY NOTES

	<u>28-02-05</u>	<u>31-08-04</u>
Convertible promissory notes	\$ 130,000	130,000
Equity portion of convertible promissory notes	(40,742)	(40,742)
	89,258	89,258
Interest accretion	24,480	20,400
Debt portion of convertible promissory notes	\$ 113,738	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
February 28, 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
	<u>11,935,500</u>	<u>1,195,605</u>
Issued for properties acquisition during the period		
- Ungava Acrex property \$0.15	75,000	11,250
	<u>75,000</u>	<u>11,250</u>
Brokers' warrants (Black-Scholes fair value)	-	18,134
Finders' fee - Cash paid	-	(57,028)
- Brokers' warrants (fair value)	-	(18,134)
- Shares issued	11,537	-
	<u>11,537</u>	<u>(57,028)</u>
Cancellation of escrow shares	(9,994)	-
Exploration expenditures renunciation	-	(215,481)
	<u>(9,994)</u>	<u>(215,481)</u>
Balance, February 28, 2005	<u>26,777,894</u>	<u>7,254,960</u>

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 will consist of one common share and one transferable share purchase warrant.

As of February 28, 2005, the Company has issued 8,000,000 Units (5,040,000 non-flow through units and 2,960,000 flow-through units (the "Units") at a price of \$0.06 per non-flow through Unit and \$0.08 per flow-through Unit, for gross proceeds of \$539,200 through the private placement. Each Unit is comprised of one common share ("Share") and one share purchase warrant, each warrant entitling the holder to purchase one additional common share ("Warrant Share") of the Company for a period of two years from closing at a price of \$0.10 per non-flow and flow-through Warrant Share. The Shares and Warrant Shares are subject to a four-month hold period expiring on June 29, 2005.

Finder's fees apply in this transaction in accordance with the policies of the TSX Venture Exchange and were paid in cash subsequently.

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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

On September 27, 2004, the TSX Venture Exchange accepted the Company's amended Stock Option Plan, which was approved by the Company's shareholders at the last 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.

As at February 28, 2005, there were no stock options outstanding for the purchase of common shares.

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 six 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 and administrative fees	\$18,000	\$12,500
Rent for office	\$ -	\$2,500
Fees for consulting services	\$4,250	\$11,000
Deferred management and consulting fees	\$3,000	\$ -

Accounts payable and accrued liabilities include \$16,339 (2004 - \$Nil) owing to a company related by virtue of common directors for exploration costs incurred by the related company on behalf of the Company.

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8. NON-CASH TRANSACTIONS

During the six 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.

10. SUBSEQUENT EVENTS

- a) On March 1, 2005, the Company announced that it had closed its non-brokered private placement through the issuance of 8,000,000 Units (see Note 6(a)). 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.

Finder's fees may apply in this transaction in accordance with the policies of the TSX Venture Exchange. Proceeds of the financing will be added to working capital and will be applied towards the Company's work commitments on its mineral properties in the Raglan Belt in Northern Quebec. The proposed financing is subject to regulatory approvals.

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10. SUBSEQUENT EVENTS (cont'd)

- b) On March 18, 2005, the Company reported by way of a press release, that results of an airborne geophysical survey completed last season had been received and were currently being evaluated, and a program for the 2005 exploration season is being formulated.

The Company has an operating interest in approximately 96,000 acres in the Raglan District of the Cape Smith Belt, Northern Quebec. The property forms a contiguous block on the southern part of the belt. During the latter part of the 2004 exploration season, a total of 2736 line kilometers of AeroTem magnetic and electromagnetic surveys were completed over the Company's ground.

In addition, the Company is participating in a joint venture on the East Shoot Out property with Golden Valley Mines. Exploration completed on the East Shoot Out Property during 2004 included geological mapping, prospecting, ground geophysical surveys and diamond drilling.

The Company also announced that at its upcoming Annual General Meeting, in addition to the normal business, the Company's shareholders would be asked to approve special resolutions, as follows:

- to consolidate the Company's share capital (authorized 50 million common shares without par value, of which 26,777,890 are issued and outstanding) on the basis of up to every ten shares of the Company being consolidated to one share, or to such other consolidation ratio as may be acceptable to the regulatory authorities and approved by the directors of the Company;
 - if required by the regulatory authorities, to change the Company's name to International Resolve Ventures Inc., or such other name as may be acceptable to the regulatory authorities and approved by the board of directors; and
 - to increase the Company's authorized capital to an unlimited number of common shares, without par value, as allowed for under the Business Corporations Act.
- c) On March 14, 2004, the Company accepted the assignment of its working interest in the Peggy Lynne Lease, Texas to a third party, at no cost, due to the lack of future potential and to eliminate the future legal and financial liabilities.
- d) On April 15, 2005, the Company reported that at its Annual General Meeting of shareholders held on April 13th, 2005, the following were elected directors for the ensuing year: David Baker, Martin Auyeung, Harvey Lawson and Brent Peters.

In addition to normal business, the proposed share consolidation of up to 10 old shares for one new share received 96% approval from 46% of the company's shareholders that were present at the meeting either in person or by proxy. David Baker, who was re-appointed President at the Board of Directors meeting which followed the shareholders' meeting, clarified that the Company has no immediate plans to carry out the proposed consolidation. Shareholder approval was sought in the event that circumstances arise in the coming year that will require the Company to proceed with such consolidation.