

NEVADA EXPLORATION INC.
Period Ended April 30, 2008
Management Discussion and Analysis

Form 51-102F1

1. Date – August 20, 2008

The following discussion and analysis is a review of operations, current financial position and outlook for Nevada Exploration Inc. (the “Company” or “NGE”) and should be read in conjunction with the audited financial statements for the year-ended April 30, 2008, period ended April 30, 2007 and December 31, 2006. Results are presented for the year-ended April 30, 2008 and reflect twelve months of results plus comparative figures as at April 30, 2007 and December 31, 2006. Amounts are reported in Canadian dollars based upon the financial statements prepared in accordance with Canadian generally accepted accounting principles.

All statements in this MD&A, other than statements of historical fact, that address future acquisitions and events or developments that Nevada expects to occur, are forward-looking statements. Although Nevada believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include industry-related risks, regulatory approvals, and continued availability of capital and financing and general economic, market or business conditions.

2. Selected Consolidated Financial Information and Management's Discussion and Analysis

2.1 Annual Information

The fiscal year end of NGE is April 30. The following table summarizes NGE's financial results during the periods ended April 30, 2008, 2007 and December 31, 2006.

	12 months	4 months	12 months
	April 30, 2008	April 30, 2007	December 31, 2006
Total revenues	104,503	13,637	Nil
Loss from continuing operations	(2,608,750)	(691,899)	(399,483)
Net Loss	(2,608,750)	(691,899)	(399,483)
Total assets	7,914,150	5,361,518	4,003,074
Total long term liabilities	94,397	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

Note: NGE was incorporated on April 6, 2006. Annualized financial information reflect the activities of the NGE subsidiaries prior to the incorporation of NGE.

2.2 Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") provides analysis of NGE's financial results for the year ended April 30, 2008 and the four-month period ended April 30, 2007. The following information should be read in conjunction with the audited consolidated financial statements of NGE for the fiscal period ended April 30, 2008 (and the notes thereto).

Overview

The primary business of NGE is gold exploration focused in the gravel-covered areas of Nevada. When groundwater flows near a concealed gold deposit it retains a unique kind of chemical 'memory' or 'fingerprint' of such an encounter and creates a unique kind of water chemical 'scent'. NGE uses an innovative proprietary groundwater technology that identifies and then follows the scent back up-stream to its gold-bearing bedrock source. NGE then applies conventional exploration techniques to further define and then drill the potential new bedrock source of gold to make a discovery. NGE plans to sell the discovery to a major gold producer for a considerable increase in value that will be passed along to its shareholders.

From January 31, 2008 NGE continued to execute on its strategy of using ground water chemistry to find new gold reserves cheaper and faster than those using more conventional exploration approaches alone. NGE raised \$1,873,542 through the exercise of all warrants that were due to expire on February 28, 2008 and some that were not due to expire but were exercised by investors. In addition, NGE also raised an additional \$1,810,000 through the completion of a non-brokered private placement. These funds, together with existing cash reserves, allowed NGE to continue its innovative program of ground water sampling, acquisition of additional highly prospective land, target definition using conventional soil sampling, gravity and air magnetic surveys and to increase the rate of RC drill testing of each project.

Land Acquisition - continued on target areas evidencing higher-than-normal gold and trace-element ground water chemistry. NGE now controls approximately 247.9 sq-km of mineral rights in Nevada on 11 separate properties, largely through wholly-owned unpatented mining claims staked on BLM land.

The Company has a 100% interest in the following properties:

	Project Name	No. Claims / No. Private Hectares	Total Sq-Km
1	Fletcher Junction	346 claims / 0 hectares	28.8
2	Hot Pot	6 claims / 880 hectares	9.0
3	Bull Creek	513 claims / 0 hectares	12.7
4	AW	267 claims / 0 hectares	22.5
5	SP	197 claims / 940 hectares	25.8
6	WM	54 claims / 0 hectares	4.5
7	KC	648 claims / 0 hectares	54.0
8	RP	169 claims / 80 hectares	14.8
9	DU	78 claims / 0 hectares	6.5
10	WF	273 claims / 0 hectares	22.7
11	JU	200 claims / 0 hectares	16.6
	Totals	2,751 claims / 1,900 hectares	247.9 sq-km

Fletcher Junction and Hot Pot both carry a 1.25% NSR to Royal Gold Inc. and Hot Pot carries an additional 3.0% NSR to an underlying land owner. Since April 30, 2008 the Company has entered into a mineral lease at SP and RP that carries a 2.0% NSR to underlying land owners on that part of the property owned by private parties. Also since April 30, 2008 the Company has added 4 additional claims on the AW property to bring the total to 271.

Risk Management Strategy - NGE manages exploration risk by focusing exploration resources in specific planned stages on each property. If the results from one stage are positive then exploration funds are expended on the next stage. Most importantly, if at any stage the results are negative then the property is dropped from further consideration. This provides a way of breaking the cycle of expensive property maintenance activities that many junior exploration companies often fall into that are designed to recover lost resources from marginal properties. Such staged exploration greatly increases the odds of eventual success by managing risk and assuring that good results move aggressively through the exploration pipeline and that always scarce exploration resources are continually focused in the best places. Results for each of the following stages must be positive for a property to continue to be maintained in NGE's exploration portfolio:

- Proprietary reconnaissance water sampling of existing springs and water wells is used to first identify areas of higher-than-normal gold and trace-element water chemistry.
- Follow-up water sampling is then designed to confirm and then expand the area of higher-than-normal water chemistry.

These first steps are extremely important and assure that all subsequent exploration expenditures are efficiently focused in areas large enough to contain significant new gold mineralization and that have had no previous exploration. NGE is the only exploration company in Nevada to consistently apply water sampling to verify the presence of gold in a concealed geologic setting before committing significant additional exploration funds to otherwise essentially 'blind' or 'poke-n-pray' exploration settings. When NGE identifies and verifies gold and trace-element concentrations in ground water greater than certain specific amounts in more than one sample over a large area the inference is that, as any scent becomes stronger the closer one is to its source, the bedrock source of the gold and trace-elements in the water is 1) relatively nearby, is 2) relatively shallow, is 3) 'oxidized' or relatively easy to mine and concentrate, and is 4) relatively large, i.e.- it takes more than a wedding ring in a ditch to create the kind of gold concentrations in water that NGE has identified.

- NGE then uses direct-push drilling technology to further delineate the area of unusual water chemistry. NGE's use of proprietary hydroprobe sampling techniques allows hole placement to in-fill in a more regular manner between existing springs and water wells and serves to complete the water chemistry 'fingerprint' of the target property. This stage requires permitting with the BLM and the filing of a reclamation bond to assure that any environmental disturbance will be properly reclaimed and can add additional time to the exploration process beyond the control of NGE management.
- Mineral rights are then acquired covering the area of further exploration interest to assure that NGE will own the rights to any gold deposit that might be discovered. If the area of exploration interest is on BLM land, mineral claims are staked, filed and maintained with the proper governmental authorities. If the area of interest lies on private land a title search is first performed to verify mineral title ownership, then a mineral agreement is negotiated with the owner that provides NGE with sufficient ownership to justify the risk of continued exploration.
- Depending on specific geologic features, a detailed seismic survey may then be completed to provide deep structural information on the location and character of fault zones that may have provided gold-bearing hydrothermal fluids access to the rocks where gold may have precipitated to form a gold deposit.
- Detailed soil sampling across the area of unusual water chemistry and underlying fault zones is then completed, to detect the possible vertical migration of gold and trace-elements from the underlying bedrock into the soils above. Such a program can identify areas of higher-than-normal concentrations of gold and trace-elements and serve to further focus RC drilling.

- Detailed Gravity geophysical surveying provides valuable information on the depth to bedrock over the property. Furthermore, gravity data can suggest areas of strong relief change in the underlying bedrock, which can be indicative of underlying fault zones that often control the location of gold deposits.
- Detailed Air Magnetic geophysical surveying provides information on the types of rocks, fault zones and hydrothermal alteration that accompany potential large gold deposits.

During this reporting period NGE management has nearly completed all these exploration stages on all eleven properties. Results for some stages are still pending on some property areas, but results received to date provide confirmation that new areas of potential gold mineralization have been identified that justify additional exploration expenditures on all eleven properties.

- For each property that successfully passes through all the above stages several drill targets are identified on each property that then require Reverse Circulation (RC) drilling to test for gold in potentially economic concentrations in significant thicknesses of bedrock. This stage requires additional permitting with the BLM and the filing of a reclamation bond to assure that any environmental disturbance will be properly reclaimed and can add additional time to the exploration process beyond the control of NGE management. After a few holes with positive results have been completed it is then that a new 'discovery' can be introduced to prospective buyers and the property then moves into a much more intense drilling stage designed to further 'prove' a deposit. With a new discovery, expectations of significant value often compete for limited ownership and drive valuations upward in a relatively short period of time. It is this increase in value that NGE's business plan is aimed at capturing for its shareholders by selling the new discovery to a major gold producer for development and final production.

During this reporting period NGE management accessed from two to three RC drilling rigs to complete initial RC drilling on two properties and partial drilling on one. Complete drill results have been received for only 10 of 13 drill holes on one property. Complete results for an additional 29 drill holes on two properties are still pending. Eight properties remain to be drill tested and drilling with two RC drill rigs continues.

Fletcher Junction - On June 23, 2008 NGE announced completion of phase I RC drill testing of its Fletcher Junction property. All nine wide-spaced drill holes completed to target depth encountered altered rocks containing higher-than-normal gold and gold-associated trace elements, as well as higher-than-normal gold and trace-element groundwater chemistry. This was an important milestone for NGE and the advancement of its exploration concept in that groundwater chemistry successfully identified and is being used to vector into a previously undiscovered, gold-bearing system where only unaltered basalt covering alluvium were known to exist previously. NGE management believes the first phase drilling results at Fletcher Junction justify a much larger, phase II drilling program specifically designed to intersect ore-grade mineralization in what appears to be the center of the large gold-bearing system. A new Plan of Operations is being submitted to the US Forest Service for a 36 hole drill program.

Bull Creek - On June 27, 2008 NGE announced commencement of phase I RC drilling at its Bull Creek project. Sixteen wide-spaced RC drill holes had been completed and submitted for analysis by August 11, 2008. All holes were completed to target depth and intersected shallow, altered bedrock. Analytical results for all holes are pending.

Hot Pot - On July 14, 2008 NGE announced commencement of phase II RC drilling at its Hot Pot property. Ten holes of a planned 25 to 30 hole program have been completed. Analytical results for all 10 holes are pending and drilling is scheduled to continue.

Targeting and permitting activities on all other projects are moving forward smoothly and well in advance of RC drill rig availability. Drill progress has improved substantially with drill production now running well ahead of analytical results. Drilling costs are averaging below \$40/ft, well below the industry average of \$65/ft, and show signs of continuing to decline with continued process improvements. However, NGE has been told to expect turnaround time for independent, third party analytical results to range from 6 to 8 weeks.

Overall Performance

NGE incurred a consolidated loss of \$2,608,750 for the period ended April 30, 2008, compared to a consolidated loss of \$691,899 for the four-month period ended April 30, 2007.

NGE's total assets as at April 30, 2008 amounted to \$7,914,150 an increase of \$2,552,632 (48%) from April 30, 2007. Cash and term deposits and accounts receivables make up \$3,436,543 or (43.4%) of the Company's assets. Cash and term deposits have decreased only marginally (\$122,552) by operations during the year but was more than offset by cash received from the exercise of warrants and options that amounted to \$1,956,042 since April 30, 2007. The Company also completed three non-brokered private placements in the fiscal year for gross proceeds totaling \$3,010,000. Mineral properties have increased by \$2,597,061 and now account for 42.5% (\$3,365,206 vs \$768,145 or 14.32% at April 30, 2007) of the total asset balance at April 30, 2008. The increase in mineral properties is mainly due the Company's reverse circulation (RC) drill program which started in November 2007. The first property to be drilled on was Fletcher Junction (FJ) which took an unusually long time to complete the first round of drill holes. Once FJ was completed in March 2008 the Company has drilled initial targets on three of its other properties. The Company also helped its drill program by purchasing its own drill rig in May 2008. This now gives NGE two drill rigs at its disposal and will speed up completion of Phase I drilling on all 11 of NGE's properties. The increased drilling has meant a substantial increase in costs spent on this program. The balance of the asset base for April 30, 2008 is made up of equipment and receivables. Equipment has increased marginally in the period ended April 30, 2008 as the Company purchased new exploration equipment (2008 - \$290,782 vs 2007 - \$145,946).

Results of Operations

Revenue

NGE has not generated any significant revenues in its past fiscal years of 2008/2007 with the exception of some interest income earned on investments placed with financial institutions for guaranteed certificates. The Company continues to expend its resources searching for properties that may contain results allowing the Company to setup mining operations and extract enough gold to be profitable. NGE will continue to spend money searching the properties it hold rights to and will continue to raise funding to do so.

Operating Expenses

Overall in the period ended April 30, 2008, NGE's general and administrative expenses increased by \$2,007,717 (284.5%) over April 30, 2007. Significant increases incurred in (i) salaries, (ii) stock-based compensation, (iii) Professional fees, consulting and investor relations, and, (iv) office expenses. The largest single cost was for stock grants to consultants, directors and employees in the period. The total stock-based expense was \$1,037,325, while in 2007 this amount was \$329,855. This increase was driven by grants to consultants, directors and employees during the year. Salaries increased in this period (\$449,842 – 2008 vs \$99,486 – 2007) as NGE added 7 new employees.

Operating Expenses ... (cont'd)

Also the 2007 year-end only consisted of four months. Professional fees, consulting and investor relations costs rose by \$423,090 or 273%. The Company entered into agreements for Investor relations firms to help the Company. These contracts started right after the April 30, 2007 year-end and a third contract was entered into as of December 2007. Total investor relations costs amounted to \$112,062. Professional fees (Legal, Audit, Accounting and Investor relations) accounted for \$317,586. Again, the prior year comparative is only four months in length and the Company had only completed its Qualifying Transaction as of February 27, 2007 and did not have any Investor relations firm under contract and a large amount of Professional fees in the April 30, 2007 year-end were offset against share capital as they were costs directly associated with the Qualifying Transaction. Office expenses rose as new expenditures were incurred after the completion of the Qualifying Transaction such as filing fees associated with a public entity. These costs accounted for \$53,000 in 2008 as opposed to Nil in 2007. Insurance costs, particularly D&O insurance (Director's and Officers) started in the 2008 year-end. Total insurance costs including D&O, liability and property and equipment amounted to \$50,270.

Amortization

Amortization costs were \$125,900 for the period ended April 30, 2008, compared to \$25,760 for the four-month period ended April 30, 2007. The increase in amortization resulted from increased capital asset purchases during the year (2008 - \$290,782 vs 2007 - \$145,946).

Assets

Total assets have increased from \$5,361,518 as at April 30, 2007 to \$7,914,150 as at April 30, 2008. This increase in assets was driven by two factors, 1) cash reserves almost remained the same from April 30, 2007 and 2) NGE increased its mineral properties from \$768,145 at April 30, 2007 to \$3,365,206 at April 30, 2008. This increase of 338% is solely due to the fact that the Company started its Phase 1 drill program in November 2007 while in the prior year the Company was focused on target generation which is not as costly as drilling and NGE has increased the number of properties that it now owns an interest in from 2 to 11 properties. Deposits have also increased in this period as the Company in conjunction with its exploration work has had to post reclamation bonds with the State of Nevada to ensure that clean-up work on the properties will be carried out once NGE vacates the land.

Liquidity and Capital Resources

Liquidity

As at April 30, 2008 NGE had cash and term deposits amounting to \$3,436,543 and \$3,559,095 as at April 30, 2007. NGE now has begun to complete Phase I of its RC drill program and is still in the process of expanding on its target generation and land acquisition programs and believes that now it will be able to meet all of its obligations.

Management expects to finance future operations and growth through the use of (i) issuance of debt and equity securities; (ii) banking and other loan facilities.

The Company had working capital of \$2,742,917 at April 30, 2008 while at April 30, 2007 it had \$3,580,269 in working capital. The decrease in working capital is due to increases in its cash reserves as a result of three private placement equity raises and the exercise of warrants and options by its shareholders throughout the year. Therefore, the increase in mineral properties expenditures in the period ended April 30, 2008 of \$2,597,061 was almost completely negated.

Capital Expenditures

In the period ended April 30, 2008 NGE invested a total of \$290,782 in capital assets compared to \$145,946 for the four month period ended April 30, 2007. The increase in capital expenditures in 2008 is due to NGE now being fully focused on its drilling program and having to purchase some additional equipment as a result of this.

Long Term Debt and Other Long Term Commitments

The Company has long term debt at April 30, 2008 consisting of loans for vehicles amounting to \$125,493 of which \$31,096 relates to the current portion. Principal payments for the next five years are as follows: 2009 - \$31,096, 2010 - \$31,803, 2011 - \$27,815, 2012 - \$19,002 and 2013 - \$15,777. The Company entered into a ten year lease agreement with Julian Tomera Ranches, Inc., covering approximately 2,225 acres of land in Humboldt County, Nevada. The lease gives the Company mining rights to the property for the period. Pursuant to the terms of the lease the Company has paid a total of \$84,981 up to 2007. Starting in 2008, the Company will pay \$22,200 per year. The agreement also calls for the Company to pay Tomera a royalty of 3% Net Smelter Returns from production, if any, on the land covered by this lease. The Company is also obligated to pay Royal Gold Corporation (formerly Battle Mountain Gold Exploration Corp) a royalty of 1.25% of Net Smelter Returns from production of the "HP" and "FJ" properties.

Off Balance Sheet Arrangements

As at April 30, 2008, NGE had no off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to NGE.

Transactions with Related Parties

1. Legal fees of \$109,200 (2007 - \$48,412), were paid to firms whose partners are directors of the Company.
2. As at April 30, 2008, loans receivable include an amount of \$158,440 receivable from two officers of the Company.

Disclosure of Outstanding Share Data

For information regarding outstanding share capital of NGE, please see Note 7 of the audited consolidated financial statements of NGE for the period ended April 30, 2008.

Critical Accounting Estimates

For information regarding critical accounting estimates used by NGE, please see Note 2 of the audited consolidated financial statements of NGE for the period ended April 30, 2008.

Future Accounting Policies

For information regarding future accounting policies used by NGE, please see Note 3 of the audited consolidated financial statements of NGE for the period ended April 30, 2008.

Financial Instruments and Other Instruments

NGE's financial instruments consist of cash and cash equivalents, term deposits, loans receivable, subscription receivables, deposits and accounts payables and accrued liabilities.

Management does not believe these financial instruments expose NGE to any significant interest, currency or credit risks arising from these financial instruments. The fair market values of these financial instruments approximate their carrying values.

Risks and Uncertainties

In conducting its business, NGE is subject to a wide variety of risks and uncertainties which are more fully described in section 1 of the MD&A.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Nevada's Management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of April 30, 2008. Based on this evaluation, the CEO and CFO have concluded that our disclosure controls and procedures, as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim filings, are effective to ensure that information required to be disclosed in reports that we file or submit under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules and forms.

NEVADA EXPLORATION INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AS AT APRIL 30, 2008**

NEVADA EXPLORATION INC.

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AUDITORS' REPORT

To the Shareholders of
NEVADA EXPLORATION INC.

We have audited the consolidated balance sheets of NEVADA EXPLORATION INC. as at April 30, 2008 and 2007, and the consolidated statements of operations, comprehensive income and deficit and cash flows for the year ended April 30, 2008 and for the 4-month period ended April 30, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2008 and 2007 and the results of its operations and its cash flows for the year ended April 30, 2008 and for the 4-month period ended April 30, 2007 in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2006 and for the year then ended were audited by the predecessor auditors who expressed an opinion without reservation on those statements in their report dated May 25, 2007.

Demers Beaulne, LLP

Chartered Accountants

Montreal, August 1, 2008

NEVADA EXPLORATION INC.

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND DEFICIT
(In Canadian Dollars)

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	Period ended April 30,		Period ended December 31,
	2008 (12 months) \$	2007 (4 months) \$	2006 (12 months) \$
INTEREST INCOME	<u>104,503</u>	<u>13,637</u>	<u>-</u>
GENERAL AND ADMINISTRATIVE			
Salaries	449,842	99,486	-
Rent	68,853	8,796	26,660
Travel	116,305	48,812	69,545
Professional fees, consulting and investor relations	577,932	154,842	140,313
Office expenses and other	254,225	29,599	176,933
Interest and bank charges	16,510	1,130	-
Stock-based compensation (Note 8)	1,037,325	329,855	-
Foreign exchange	66,361	7,256	(28,464)
Amortization	125,900	25,760	14,496
	<u>2,713,253</u>	<u>705,536</u>	<u>399,483</u>
NET LOSS AND COMPREHENSIVE INCOME	<u>(2,608,750)</u>	<u>(691,899)</u>	<u>(399,483)</u>
DEFICIT - BEGINNING OF PERIOD	<u>(2,330,576)</u>	<u>(1,638,677)</u>	<u>(1,239,194)</u>
DEFICIT - END OF PERIOD	<u>(4,939,326)</u>	<u>(2,330,576)</u>	<u>(1,638,677)</u>
Basic and diluted loss per share	<u>(0.05)</u>	<u>(0.02)</u>	<u>(0.01)</u>
Weighted average number of common shares outstanding	<u>54,114,682</u>	<u>43,106,393</u>	<u>30,726,172</u>

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

NEVADA EXPLORATION INC.

CONSOLIDATED BALANCE SHEETS
(In Canadian Dollars)

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	April 30, 2008	April 30, 2007	December 31, 2006
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	1,908,450	3,559,095	3,078,563
Term deposits, bearing interest at rates of 3.58% and 3.47%	1,027,714	-	-
Subscriptions receivable	-	205,729	-
Loans receivable, bearing interest at a rate of 5%	214,656	-	-
Prepaid expenses and other	<u>62,106</u>	<u>21,836</u>	<u>9,686</u>
	3,212,926	3,786,660	3,088,249
TERM DEPOSIT , bearing interest at a rate of 3.47%, maturing in July 2009	500,379	-	-
LOANS RECEIVABLE , bearing interest at a rate of 5%, maturing in April 2009	-	369,765	-
EQUIPMENT (Note 4)	517,161	343,679	221,036
SOFTWARE (net of accumulated amortization of \$11,057; \$2,457 in 2007; none in 2006)	11,058	19,658	14,145
MINERAL PROPERTIES (Note 5)	3,365,206	768,145	516,557
DEFERRED COSTS	-	-	134,848
DEPOSITS AND BONDS	<u>307,420</u>	<u>73,611</u>	<u>28,239</u>
	<u>7,914,150</u>	<u>5,361,518</u>	<u>4,003,074</u>
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	438,913	206,391	245,326
Current portion of long-term debt (Note 6)	<u>31,096</u>	-	-
	470,009	206,391	245,326
LONG-TERM DEBT (Note 6)	<u>94,397</u>	-	-
	<u>564,406</u>	<u>206,391</u>	<u>245,326</u>
SHAREHOLDERS' EQUITY			
Capital stock (Note 7)	9,159,364	4,749,709	3,708,918
Warrants (Note 8)	1,668,390	2,333,032	1,687,507
Options (Note 8)	1,357,832	402,962	-
Contributed surplus (Note 9)	103,484	-	-
Deficit	<u>(4,939,326)</u>	<u>(2,330,576)</u>	<u>(1,638,677)</u>
	<u>7,349,744</u>	<u>5,155,127</u>	<u>3,757,748</u>
	<u>7,914,150</u>	<u>5,361,518</u>	<u>4,003,074</u>

Nature of operations and going concern (Note 1)

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

ON BEHALF OF THE BOARD

_____, Director

_____, Director

NEVADA EXPLORATION INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Canadian Dollars)

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	Period ended April 30,		Period ended
	2008 (12 months) \$	2007 (4 months) \$	December 31, 2006 (12 months) \$
OPERATING ACTIVITIES			
Net loss	(2,608,750)	(691,899)	(399,483)
Items not affecting cash:			
Amortization	125,900	25,760	14,496
Foreign exchange	-	-	(16,495)
Stock-based compensation	<u>1,037,325</u>	<u>329,855</u>	<u>-</u>
	(1,445,525)	(336,284)	(401,482)
Change in non-cash working capital items			
Subscriptions receivable	205,729	-	-
Prepaid expenses and other	(40,270)	(12,150)	(9,686)
Accounts payable and accrued liabilities	<u>232,522</u>	<u>(38,935)</u>	<u>216,110</u>
	(1,047,544)	(387,369)	(195,058)
FINANCING ACTIVITIES			
Issuance of capital stock and warrants	3,766,042	2,328,894	4,101,647
Share issue expenses and RTO expenses	-	(640,352)	(205,725)
Repayment of long-term debt	(6,563)	-	(134,848)
Proceeds of long-term debt	<u>132,056</u>	<u>-</u>	<u>-</u>
	<u>3,891,535</u>	<u>1,688,542</u>	<u>3,761,074</u>
INVESTING ACTIVITIES			
Term deposits	(1,528,093)	-	-
Loans receivable	155,109	(369,765)	-
Acquisition of equipment	(290,782)	(145,946)	(226,706)
Acquisition of software	-	(7,970)	(2,700)
Mineral properties	(2,597,061)	(251,588)	(227,019)
Deposits and bonds	<u>(233,809)</u>	<u>(45,372)</u>	<u>(28,239)</u>
	(4,494,636)	(820,641)	(484,664)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,650,645)	480,532	3,081,352
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	<u>3,559,095</u>	<u>3,078,563</u>	<u>(2,789)</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>1,908,450</u>	<u>3,559,095</u>	<u>3,078,563</u>

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company (formerly C Level Bio International Holding Inc.) was incorporated on April 6, 2006 under the Canada Business Corporations Act. The Company was a capital pool company as defined in the capital pool company policy of the TSX Venture Exchange Inc.

On February 27, 2007, the Company acquired all of the outstanding capital stock of 2107189 Ontario Inc., a company engaged in mineral exploration, specifically for gold, focused in the State of Nevada. Under the terms of the agreement, the Company issued 70,000,000 common shares in exchange for all the issued shares of 2107189 Ontario Inc.

For accounting purposes, 2107189 Ontario Inc. was treated as the acquirer and C Level Bio International Holding Inc., the acquiree. This acquisition has been accounted for as a reverse takeover ("RTO") that does not constitute a business combination. The acquiree's net asset of \$797,648, excluding the contributed surplus, was presented in the capital stock. The costs incurred to execute the reverse takeover and the private placements amounted to \$1,045,708, of which \$280,511 are attributable to the fair market valuation of 799,999 warrants issued to the broker for a private placement (see Note 7) and recorded in the share issue costs. The remaining balance, namely \$765,197 has been presented as follows; i) \$124,845 as operating expenses; and ii) \$640,352 in share issue expenses.

C Level Bio International Holding Inc.'s results of operations have been included in these consolidated financial statements since the date of acquisition, being February 27, 2007. The consolidated financial statements present the continuity of 2107189 Ontario Inc. The loss per share calculation gives effect to the reverse takeover transaction for the prior year presented.

Pursuant to the transaction, C Level Bio International Holding Inc. changed its name to Nevada Exploration Inc. and consolidated its securities on a 2 for 1 basis.

The Company is in the process of acquiring and exploring mineral properties and has not yet determined whether its properties contain reserves that are economically recoverable. The amounts shown for mineral properties and related deferred exploration costs represent costs incurred to date and do not reflect present or future values. The recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and future profitable production.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long term. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

2. ACCOUNTING POLICIES

BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 2107189 Ontario Inc. and Pediment Gold LLC.

EQUIPMENT

Equipment is recorded at cost, less accumulated amortization. Amortization is recorded on a straight-line basis at the following terms:

Exploration equipment	5 to 7 years
Vehicles	5 years
Computer equipment	3 years
Office equipment	5 years

SOFTWARE

Software is recorded at cost, less accumulated amortization. Amortization is recorded on a straight-line basis over a period of three years.

MINERAL PROPERTIES

All direct costs related to the acquisition and exploration of mineral properties are capitalized as incurred. Discretionary option payments arising from the acquisition of mineral properties are only recognized when paid. Amounts received from other parties to earn an interest in the Company's mineral properties are applied as a reduction of mineral properties.

On a periodic basis, management reviews the carrying values of mineral properties to assess whether there has been any impairment in value. In the event that management determines the carrying values of any mineral property to be permanently impaired, the carrying value will be written down or written off, as appropriate. If a property is brought into production, the carrying value will be amortized against the income generated by the property.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank balances and highly liquid temporary money market instruments with initial maturities of three months or less.

2. ACCOUNTING POLICIES (Continued)

FUTURE INCOME TAXES

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

DEFERRED COSTS

Costs incurred in 2006 with respect to the reverse takeover described in Note 1 were deferred and charged to capital stock in 2007.

SHARE ISSUE COSTS

Professional fees, consulting fees and other costs that are directly attributable to financing transactions are charged to capital stock when the related shares are issued.

ASSET RETIREMENT OBLIGATION

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability, and subsequently allocated to expense using a systematic and rational method over its useful life.

STOCK-BASED COMPENSATION

The Company uses the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock. Any consideration paid by the option holders to purchase shares is credited to capital stock.

LOSS PER SHARE

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Existing stock options and share purchase warrants have not been included in the computation of diluted loss per share because to do so would be anti-dilutive.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

2. ACCOUNTING POLICIES (Continued)

IMPAIRMENT OF LONG-LIVED ASSETS

The Company monitors the recoverability of long-lived assets, including property and equipment, at least annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company reviews factors such as current market value, future asset utilization and business climate and, when such indicators exist, compares the carrying value of the assets to the future undiscounted cash flows expected to result from the use of the related asset. If such cash flows are less than the carrying value, the impairment charge to be recognized equals the amount by which the carrying amount of the asset exceeds the fair value of the asset. Fair value is generally measured equal to the estimated future discounted net cash flows from the asset or assets.

FOREIGN CURRENCY TRANSLATION

The Company's subsidiary is an integrated foreign operation and is translated into Canadian dollars using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Income and expense items are translated at rates approximating those in effect at the time of the transaction. Translation gains and losses are reflected in loss for the period.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that 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 those estimates. Significant estimates made by the Company include economic useful life of depreciable assets for purposes of calculating amortization, carrying value of mineral properties to assess whether there has been any impairment in value and valuation allowance for future income taxes.

FINANCIAL INSTRUMENTS

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Under these standards, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions.

Measurement in subsequent years is dependent upon the classification of the financial instrument as held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other than held-for-trading liabilities.

The held-for-trading classification is applied when an entity is trading in an instrument or alternatively, the standard permits that any financial instrument be irrevocably designated as held-for-trading. The held-to-maturity classification is applied only if the asset has specified characteristics and the entity has the ability and intent to hold the asset until maturity. An asset can be classified as available-for-sale when it has not been classified as held-for-trading, held-to-maturity or loans and receivables. Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in those fair values recognized in net earnings. Financial assets classified as held-to-maturity or loans and receivables, and financial liabilities classified as other than held-for-trading liabilities are measured at amortized cost using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses being recognized in Other Comprehensive Income ("OCI") as described below. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost.

2. ACCOUNTING POLICIES (Continued)

Section 3861 establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. The purpose of the section is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows.

TRANSACTION COSTS

For a financial asset or financial liability classified as held-for-trading, all transaction costs are recognized immediately in net earnings. For a financial asset or financial liability classified other than as held-for-trading, directly attributable transaction costs are added to the amount of such asset or liability.

COMPREHENSIVE INCOME

Section 1530 introduces Comprehensive Income, which consists of net earnings and OCI. OCI represents changes in Shareholders' equity during a period arising from transactions and other events with non-owner sources that are recognized in Comprehensive Income, but excluded from net earnings. Items affecting OCI are recorded prospectively commencing from May 1, 2007. Cumulative changes in OCI, if any, are included in Accumulated Other Comprehensive Income (AOCI), which is presented as a new category within Shareholders' equity on the balance sheet. OCI and AOCI are presented net of tax.

EQUITY

Section 3251 establishes standards for the presentation of equity and the changes in equity during the period.

3. FUTURE ACCOUNTING CHANGES

CAPITAL DISCLOSURES

The Accounting Standards Board ("AcSB") issued Section 1535, Capital Disclosures. This new standard establishes standards for disclosures about capital and requirements for an entity to disclose qualitative information about its objectives, policies and processes for managing capital and to disclose quantitative data about what it regards as capital. This standard will be effective for annual financial statements beginning on May 1, 2008 and should not have a material impact on the Company's financial statements.

FINANCIAL INSTRUMENTS

AcSB issued Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation. Section 3862 requires that the financial statements should disclose qualitative and quantitative information about exposure to risks arising from financial instruments and Section 3863 carries forward current standards for presentation of financial instruments. These new standards will be effective for annual financial statements beginning on May 1, 2008 and should not have a material impact on the Company's financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The AcSB announced that accounting standards in Canada are to converge with IFRS. The changeover date from current Canadian GAAP to IFRS has been established as January 1, 2011. While IFRS use a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. The Company is currently assessing the future impact of these new standards on its financial statements.

NEVADA EXPLORATION INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Canadian Dollars)

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4. EQUIPMENT

	April 30, 2008			April 30, 2007		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	\$	\$	\$	\$	\$	\$
Exploration equipment	326,545	92,200	234,345	305,896	29,033	276,863
Vehicles	239,155	40,330	198,825	46,899	5,472	41,427
Computer equipment	17,554	2,926	14,628	-	-	-
Office equipment	<u>89,615</u>	<u>20,252</u>	<u>69,363</u>	<u>29,291</u>	<u>3,902</u>	<u>25,389</u>
	<u>672,869</u>	<u>155,708</u>	<u>517,161</u>	<u>382,086</u>	<u>38,407</u>	<u>343,679</u>

	December 31, 2006		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Exploration equipment	159,950	11,316	148,634
Vehicles	46,899	2,345	44,554
Office equipment	<u>29,291</u>	<u>1,443</u>	<u>27,848</u>
	<u>236,140</u>	<u>15,104</u>	<u>221,036</u>

NEVADA EXPLORATION INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Canadian Dollars)

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5. MINERAL PROPERTIES

	April 30, 2008								
	AW	BC	DU	FJ	HP	SP	RP	WI	KC
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition costs									
Balance - beginning of period	13,020	-	7,359	151,581	-	18,587	15,945	5,095	-
Additions	<u>87,364</u>	<u>36,536</u>	<u>27,040</u>	<u>47,225</u>	<u>11,723</u>	<u>68,284</u>	<u>54,307</u>	<u>18,718</u>	<u>138,994</u>
Balance - end of period	<u>100,384</u>	<u>36,536</u>	<u>34,399</u>	<u>198,806</u>	<u>11,723</u>	<u>86,871</u>	<u>70,252</u>	<u>23,813</u>	<u>138,994</u>
Exploration costs									
Balance - beginning of period	-	-	-	167,617	303,924	-	-	-	-
Incurred during the period									
Drilling	-	-	-	519,584	143,706	-	-	-	-
Geochemical	16,737	1,095	5,691	5,909	31,505	5,030	37	6,701	10,362
Geophysics	94,003	15,156	-	-	117,231	-	-	-	-
Geological	-	-	307	645	196	-	-	-	-
Rent	-	-	-	-	15,335	-	-	-	-
Salaries	15,295	1,983	5,888	66,947	18,482	9,244	5,371	10,353	10,881
Travel	3,081	730	2,164	15,156	31,220	768	3,804	4,358	6,109
Other	-	-	-	8,869	-	-	-	-	-
	<u>129,116</u>	<u>18,964</u>	<u>14,050</u>	<u>617,110</u>	<u>357,675</u>	<u>15,042</u>	<u>9,212</u>	<u>21,412</u>	<u>27,352</u>
Balance - end of period	<u>129,116</u>	<u>18,964</u>	<u>14,050</u>	<u>784,727</u>	<u>661,599</u>	<u>15,042</u>	<u>9,212</u>	<u>21,412</u>	<u>27,352</u>
Total costs	<u>229,500</u>	<u>55,500</u>	<u>48,449</u>	<u>983,533</u>	<u>673,322</u>	<u>101,913</u>	<u>79,464</u>	<u>45,225</u>	<u>166,346</u>
	WF	BU	Other	Total					
	\$	\$	\$	\$					
Acquisition costs									
Balance - beginning of period	-	39,530	-	251,117					
Additions	<u>34,387</u>	<u>184,352</u>	-	<u>708,930</u>					
Balance - end of period	<u>34,387</u>	<u>223,882</u>	-	<u>960,047</u>					
Exploration costs									
Balance - beginning of period	-	19,646	25,841	517,028					
Incurred during the period									
Drilling	-	-	33,061	696,351					
Geochemical	-	40,774	109,735	233,576					
Geophysics	-	137,612	928	364,930					
Geological	-	780	27,197	29,125					
Rent	-	-	-	15,335					
Salaries	20,675	33,068	163,667	361,854					
Travel	-	10,671	99,349	177,410					
Other	-	-	681	9,550					
	<u>20,675</u>	<u>222,905</u>	<u>434,618</u>	<u>1,888,131</u>					
Balance - end of period	<u>20,675</u>	<u>242,551</u>	<u>460,459</u>	<u>2,405,159</u>					
Total costs	<u>55,062</u>	<u>466,433</u>	<u>460,459</u>	<u>3,365,206</u>					

NEVADA EXPLORATION INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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5. MINERAL PROPERTIES (Continued)

	April 30, 2007							
	AW	BU	DU	FJ	HP	SP	RP	WI
	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition costs								
Balance - beginning of period	-	-	-	147,624	-	-	-	-
Additions	<u>13,020</u>	<u>39,530</u>	<u>7,359</u>	<u>3,957</u>	-	<u>18,587</u>	<u>15,945</u>	<u>5,095</u>
Balance - end of period	<u>13,020</u>	<u>39,530</u>	<u>7,359</u>	<u>151,581</u>	-	<u>18,587</u>	<u>15,945</u>	<u>5,095</u>
Exploration costs								
Balance - beginning of period	-	-	-	117,185	251,748	-	-	-
Incurred during the period								
Rent	-	-	-	-	174	-	-	-
Drilling	-	827	-	764	857	-	-	-
Geochemical	-	18,598	-	19,236	18,017	-	-	-
Geological	-	221	-	30,432	33,128	-	-	-
Other	-	-	-	-	-	-	-	-
	-	<u>19,646</u>	-	<u>50,432</u>	<u>52,176</u>	-	-	-
Balance - end of period	-	<u>19,646</u>	-	<u>167,617</u>	<u>303,924</u>	-	-	-
Total costs	<u>13,020</u>	<u>59,176</u>	<u>7,359</u>	<u>319,198</u>	<u>303,924</u>	<u>18,587</u>	<u>15,945</u>	<u>5,095</u>
	<u>Other</u>		<u>Total</u>					
	\$		\$					
Acquisition costs								
Balance - beginning of period	-	147,624						
Additions	-	<u>103,493</u>						
Balance - end of period	-	<u>251,117</u>						
Exploration costs								
Balance - beginning of period	-	<u>368,933</u>						
Incurred during the period								
Rent	-	174						
Drilling	-	2,448						
Geochemical	-	55,851						
Geological	-	63,781						
Other	<u>25,841</u>	<u>25,841</u>						
	<u>25,841</u>	<u>148,095</u>						
Balance - end of period	<u>25,841</u>	<u>517,028</u>						
Total costs	<u>25,841</u>	<u>768,145</u>						

NEVADA EXPLORATION INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Canadian Dollars)

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5. MINERAL PROPERTIES (Continued)

	December 31, 2006		
	FJ	HP	Total
	\$	\$	\$
Acquisition costs			
Balance - beginning of period	121,709	-	121,709
Additions	<u>25,915</u>	-	<u>25,915</u>
Balance - end of period	<u>147,624</u>	-	<u>147,624</u>
Exploration costs			
Balance - beginning of period	<u>40,343</u>	<u>127,486</u>	<u>167,829</u>
Incurred during the period			
Rent	-	47,420	47,420
Geochemical	<u>76,842</u>	<u>76,842</u>	<u>153,684</u>
	<u>76,842</u>	<u>124,262</u>	<u>201,104</u>
Balance - end of period	<u>117,185</u>	<u>251,748</u>	<u>368,933</u>
Total costs	<u>264,809</u>	<u>251,748</u>	<u>516,557</u>

AW

The Awakening Project is located in Humboldt County, Nevada, approximately 50 km north-northwest of Winnemucca, Nevada. During 2008, the Company staked 166 additional claims at the Awakening Project, for a new total of 267 claims (approx. 2,200 hectares) - the Company has a 100% interest in all 267 claims.

BC

The Company has no ownership interest at BC; work to date has been to determine whether to acquire an ownership interest at BC.

DU

The Dunphy Project is located in Eureka County, Nevada, approximately 40 km east of Battle Mountain, Nevada. The Company has a 100% interest in 78 claims (approx. 650 hectares) at Dunphy.

FJ

The Fletcher Junction Project is located in Mineral County, Nevada, approximately 30 km southwest of Hawthorne, Nevada. The Company has a 100% interest in 346 claims (approx. 2,800 hectares) at the Fletcher Junction Project, subject to a 1.25% net smelter return royalty ("NSR") to Royal Gold, Inc.

HP

On September 16, 2005, the Company entered into a 10 years Mining Lease Agreement on 900 hectares at the Hot Pot Project located in Humboldt County, Nevada, approximately 30 km northwest of Battle Mountain, Nevada. The Hot Pot Project is subject to a 3% NSR to the property owner and a 1.25% NSR to Royal Gold, Inc.

SP

The Sand Pass Project is located in Humboldt County, Nevada, approximately 10 km north of Winnemucca, Nevada. The Company has a 100% interest in 197 claims (approx. 1,600 hectares) at Sand Pass.

RP

The Rye Patch Project is located in Pershing County, Nevada, approximately 30 km northeast of Lovelock, Nevada. The Company has a 100% interest in 169 claims (approx. 1,400 hectares) at Rye Patch.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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5. MINERAL PROPERTIES (Continued)

WI

The Winnemucca Mountain Project is located in Humboldt County, Nevada, approximately 5 km west of Winnemucca, Nevada. The Company has a 100% interest in 54 claims (approx. 450 hectares) at Winnemucca Mountain.

KC

The Kelly Creek Project is located in Humboldt County, Nevada, approximately 40 km north-northwest of Battle Mountain, Nevada. During 2008, the Company staked 648 claims (approx. 5,300 hectares) at Kelly Creek - the Company has a 100% interest in all 648 claims.

WF

The Whiskey Flat Project is located in Mineral County, Nevada, approximately 20 km south of Hawthorne, Nevada. The Company has a 100% interest in 273 claims (2,275 hectares) at Whiskey Flats.

BU

The Bull Creek Project is located in Humboldt County, Nevada, approximately 60 km west-northwest of Winnemucca, Nevada. During 2008, the Company staked 245 additional claims at the Bull Creek Project, for a new total of 513 claims (approx. 4,200 hectares) - the Company has a 100% interest in all 513 claims.

6. LONG-TERM DEBT

	April 30, 2008	April 30, 2007	December 31, 2006
	\$	\$	\$
Loans bearing interest at rates ranging from 1.9% to 2.9%, repayable in monthly installments \$2,765 plus interest, maturing in 2013, secured by the vehicles	125,493	-	-
Current portion of long-term debt	<u>31,096</u>	-	-
	<u>94,397</u>	-	-

Principal payments of long-term debt for the next five years are as follows:

2009	\$ 31,096
2010	31,803
2011	27,815
2012	19,002
2013	15,777

NEVADA EXPLORATION INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

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7. CAPITAL STOCK

Authorized, an unlimited number of common shares, voting and participating.

Issued and outstanding:

	Number	Amount
Balance – December 31, 2005	3,000,000	\$ 3,000
Issuance of shares	13,000,000	1,612,910
Private placement ⁽ⁱ⁾	3,972,480	1,986,240
Warrant valuation	-	(649,500)
Private placement ⁽ⁱⁱ⁾	13,333,333	2,000,000
Warrant valuation	-	(1,038,007)
Share issue costs	-	(205,725)
	<u>33,305,813</u>	<u>3,708,918</u>
Balance - December 31, 2006	33,305,813	3,708,918
Shares issued upon RTO (Note 1)	50,027,520	-
Consolidation of shares (2 for 1 basis)	(41,666,667)	-
Additional paid-up capital relating to shares issued in prior years	-	278,912
C Level Bio International Holding Inc., capital stock and deficit	8,250,000	797,648
Share issue costs and RTO expenses	-	(920,863)
Private placement ⁽ⁱⁱⁱ⁾	2,000,000	1,200,000
Warrant valuation	-	(314,906)
	<u>51,916,666</u>	<u>4,749,709</u>
Balance – April 30, 2007	51,916,666	4,749,709
Private placements ^(iv)	1,810,000	1,531,234
Exercise of options	412,500	82,500
Exercise of warrants	4,302,005	1,873,542
Ascribed value of options and warrants exercised	-	922,379
	<u>58,441,171</u>	<u>\$ 9,159,364</u>
Balance – April 30, 2008	58,441,171	\$ 9,159,364

7. CAPITAL STOCK (Continued)

- (i) On November 14, 2006, the Company completed a private placement of 3,972,480 units at a price of \$0.50 per unit for gross proceeds of \$1,986,240. Each unit was comprised of one common share and one-half common share purchase warrant. Each warrant was exercisable at \$0.225 per share for a period of one year. The warrants were valued at \$649,500 using the following assumptions: expected volatility of 112%; expected dividend yield of 0%; risk-free interest rate of 3.15% and expected life of one year.
- (ii) On December 29, 2006, the Company completed a private placement with respect to 13,333,333 units at \$0.15 per unit. Each unit was comprised of one common share and one-half common share purchase warrant, exercisable for a period of 18 months at \$0.30 per share. The agent received a cash commission of \$178,000, which is included in share issue costs. In addition, the agent received 1,066,667 warrants, exercisable at \$0.15 per share for a period of 18 months and 266,666 warrants post-consolidation, exercisable at \$0.30 per share for a period of one year. The warrants were valued at \$1,038,007 and the agent's warrants were valued at \$280,511 using the following assumptions: expected volatility of 112%; expected dividend yield of 0%; risk-free interest rate of 3.15% and expected life of 12 and 18 months.
- (iii) On April 23, 2007, the Company completed a private placement by issuing 2,000,000 units at \$0.60 per unit. Each unit is comprised of one common share and one-half common share purchase warrant, exercisable for a period of 24 months at \$0.75 per share. The agent received a cash commission of \$90,000, which is included in share issue costs. The warrants were valued at \$314,906 using the following assumptions: expected volatility of 112%; expected dividend yield of 0%; risk-free interest rate of 3.25% and expected life of 2 years.
- (iv) On January 23, 2008 and March 11, 2008, the Company completed non-brokered private placements, issuing 1,810,000 units at \$1.00 per unit. Each unit is comprised of one common share and one-half common share purchase warrant, exercisable for a period of 24 months at \$1.50 per share. The warrants were valued at \$278,766 using the following assumptions: expected volatility of 95%; expected dividend yield of 0%; risk-free interest rate of 2.66% and 3.30% and expected life of 2 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS

The Company has a stock options plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price, minimum price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years, and vest at the discretion of the board.

	Warrants			Stock Options	
	Number	Carrying value \$	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding, December 31, 2005	-	-	-	-	-
Granted	<u>6,998,051</u>	<u>1,687,507</u>	0.52	-	-
Outstanding, December 31, 2006	6,998,051	1,687,507	0.52	-	-
Granted	1,799,999	595,415	0.59	1,650,000	0.60
Warrants and options resulting from the RTO	<u>325,000</u>	<u>50,110</u>	0.20	<u>825,000</u>	0.20
Outstanding, April 30, 2007	9,123,050	2,333,032	0.52	2,475,000	0.47
Exercised	(4,302,005)	(839,924)	0.44	(412,500)	0.20
Expired	(459,112)	(103,484)	0.54	(82,500)	0.20
Granted	<u>905,000</u>	<u>278,766</u>	1.50	<u>3,075,000</u>	0.92
Outstanding, April 30, 2008	<u>5,266,933</u>	<u>1,668,390</u>	0.76	<u>5,055,000</u>	0.77
Number currently exercisable	<u>5,266,933</u>			<u>1,426,667</u>	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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8. STOCK OPTIONS AND WARRANTS (Continued)

The following incentive stock options and share purchase warrants were outstanding as at April 30, 2008:

	Number of shares	Exercise price \$	Expiry date
Stock options	330,000	0.20	October 3, 2011
	1,000,000	0.60	March 9, 2012
	500,000	0.60	April 23, 2011
	150,000	0.60	April 30, 2012
	500,000	0.60	May 15, 2012
	700,000	0.95	June 8, 2012
	150,000	1.00	June 11, 2012
	1,725,000	1.00	March 4, 2013
Warrants	4,500	0.20	September 29, 2008
	337,933	0.30	June 30, 2008
	3,019,500	0.60	August 31, 2008
	1,000,000	0.75	April 23, 2009
	510,000	1.50	January 10, 2010
	395,000	1.50	March 12, 2010

STOCK-BASED COMPENSATION

During the period, the Company granted 3,075,000 options (1,650,000 in 2007; none in 2006). The fair value was estimated at \$0.58 per option using the Black-Scholes option pricing model. A stock-based compensation expense of \$1,037,325 (\$329,855 in 2007) for the vesting portion was recorded for the year ended April 30, 2008.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options and warrants issued:

	April 30, 2008	April 30, 2007
Risk-free interest rate	3.08% to 3.50%	3.15% to 4.18%
Expected life of options	5 years	1 to 5 years
Annualized volatility	95%	112%
Dividend rate	0%	0%

NEVADA EXPLORATION INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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9. CONTRIBUTED SURPLUS

Balance – April 30, 2007	\$ -
Expired warrants	<u>103,484</u>
Balance – April 30, 2008	\$ <u>103,484</u>

10. COMMITMENTS

The Company has entered into operating leases amounts totalling \$133,200. Future minimum lease payments are as follows:

2009	\$ 22,200
2010	22,200
2011	22,200
2012	22,200
2013	22,200
2014	<u>22,200</u>
	\$ <u>133,200</u>

11. FINANCIAL INSTRUMENTS

RISK MANAGEMENT POLICIES

The Company is exposed to risk due to the nature of its financial instruments. Risk management is the responsibility of management and the Company did not use derivative instruments.

FAIR VALUE

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments.

As at April 30, 2008 and 2007 and December 31, 2006, the carrying amount of current financial assets and liabilities approximated the fair value because of the near maturity of those instruments and the carrying value of term deposits and the long-term debt is considered to approximate fair value since it bears interest at current rates for similar types of borrowing arrangements or investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

11. FINANCIAL INSTRUMENTS (Continued)

The Company has implemented the following classifications:

Cash and cash equivalents and deposits are classified as held-for-trading and any period change in fair value is recorded through net income.

Term deposits, subscriptions receivable and loans receivable are classified as loans and receivables and are measured at amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities and long-term debt are classified as other than held-for-trading liabilities and are measured at amortized cost using the effective interest rate method.

CREDIT RISK AND INTEREST RATE RISK

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risk arising from these financial instruments.

FOREIGN EXCHANGE

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. A significant portion of the Company's expenses is denominated in US dollars. Consequently, certain assets, liabilities and operating expenses are exposed to currency fluctuations. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

12. RELATED PARTY TRANSACTIONS

- a) Legal fees of \$109,200 recorded in general and administrative and share issue expenses (\$516,550 in 2007; \$64,521 in 2006) were paid to firms whose certain partners are directors of the Company. These related party transactions were carried out in the normal course of business and accounted for at exchange value.
- b) As at April 30, 2008, loans receivable include an amount of \$158,440 (\$307,811 in 2007) receivable from two officers of the Company.

NEVADA EXPLORATION INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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13. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of mineral properties. The Company's assets are located in Canada and the United States as follows:

	April 30, <u>2008</u> \$	April 30, <u>2007</u> \$	December 31, <u>2006</u> \$
Canada			
Other assets	<u>3,361,068</u>	<u>3,762,295</u>	<u>3,213,411</u>
United States			
Equipment	517,161	343,679	221,036
Mineral properties	3,365,206	768,145	516,557
Other assets	<u>670,715</u>	<u>487,399</u>	<u>52,070</u>
	<u>4,553,082</u>	<u>1,599,223</u>	<u>789,663</u>
Total assets	<u>7,914,150</u>	<u>5,361,518</u>	<u>4,003,074</u>

14. INCOME TAXES

INCOME TAX EXPENSE

The following table reconciles income taxes at statutory rates with the reported taxes in the financial statements:

	April 30, <u>2008</u> (12 months)	April 30, <u>2007</u> (4 months)	December 31, <u>2006</u> (12 months)
Loss before income taxes	\$ (2,608,750)	\$ (691,899)	\$ (399,483)
Statutory average rates	<u>34.5%</u>	<u>35.5%</u>	<u>36.1%</u>
Expected income tax recovery	(900,018)	(245,624)	(144,213)
Stock-based compensation	357,877	119,078	-
Valuation allowance and other	<u>542,141</u>	<u>126,546</u>	<u>144,213</u>
Income tax expense	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Canadian Dollars)

14. INCOME TAXES (Continued)**FUTURE INCOME TAXES**

The temporary differences that give rise to future income tax assets and future income tax liabilities are presented below:

	<u>April 30,</u> <u>2008</u>	<u>April 30,</u> <u>2007</u>	<u>December 31</u> <u>2006</u>
Non-capital losses	\$ 882,368	\$ 292,875	\$ 95,540
Share issue costs	<u>269,584</u>	<u>352,300</u>	<u>59,413</u>
Net future tax asset	1,151,952	645,175	154,953
Valuation allowance	<u>(1,151,952)</u>	<u>(645,175)</u>	<u>(154,953)</u>
	\$ _____	\$ _____	\$ _____

As at April 30, 2008, the Company has non-capital losses of \$2,590,000 expiring as follows:

2026	\$ 281,000
2027	544,000
2028	<u>1,765,000</u>
	\$ <u>2,590,000</u>

The potential tax benefits relating to the non-capital losses carry forwards have not been reflected in these financial statements.

15. CASH FLOWS

Cash flows from operating activities include interest payments of \$16,510 (\$1,130 in 2007; none in 2006).

16. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform to the current year's financial statement presentation.