

**C LEVEL BIO INTERNATIONAL HOLDING INC.**

**INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED OCTOBER 31, 2006**

**C LEVEL BIO INTERNATIONAL HOLDING INC.**

**TABLE OF CONTENTS**

**INTERIM FINANCIAL STATEMENTS**

Statement of earnings and deficit	2
Balance sheet	3
Statement of cash flows	4
Notes to financial statements	5 - 8

C LEVEL BIO INTERNATIONAL HOLDING INC.

**INTERIM STATEMENT OF EARNINGS AND DEFICIT  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED OCTOBER 31, 2006**

(Unaudited)

2

	<b>October 31 2006 (3 months)</b>	<b>October 31 2006 (6 months)</b>
<b>INTEREST</b>	<b>\$ <u>2,615</u></b>	<b>\$ <u>2,615</u></b>
<b>OPERATING EXPENSES</b>		
Professional fees	45,367	45,367
Stock-based compensation	<u>7,455</u>	<u>7,455</u>
	<u>52,822</u>	<u>52,822</u>
<b>NET LOSS AND DEFICIT</b>	<b>\$ <u>(50,207)</u></b>	<b>\$ <u>(50,207)</u></b>
<b>EARNINGS PER SHARE</b>		
Basic and diluted	\$ 0.00	\$ 0.00
Outstanding weighted average number of shares	<b>10,997,260</b>	13,956,522

**C LEVEL BIO INTERNATIONAL HOLDING INC.**

**INTERIM BALANCE SHEET  
AS AT OCTOBER 31, 2006**

(Unaudited)

3

---

**CURRENT ASSETS**

Term deposit, bearing interest at rate of 3.3% and maturing in October 2007	\$ 964,200
Accrued interest	<u>2,615</u>
	<u>\$ 966,815</u>

**CURRENT LIABILITIES**

Accounts payables and accrued liabilities	\$ <u>45,677</u>
---	------------------

**SHAREHOLDERS' EQUITY**

Capital stock (Note 3)	913,780
Contributed surplus	57,565
Deficit	<u>(50,207)</u>
	<u>921,138</u>
	<u>\$ 966,815</u>

C LEVEL BIO INTERNATIONAL HOLDING INC.

**INTERIM STATEMENT OF CASH FLOWS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED OCTOBER 31, 2006**

(Unaudited)

4

	<b>October 31 2006</b>	October 31 2006
	<b>(3 months)</b>	(6 months)
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (50,207)	\$ (50,207)
Item not affecting cash:		
Stock-based compensation	<u>7,455</u>	<u>7,455</u>
	<b>(42,752)</b>	(42,752)
Net change in non-cash operating working capital items	<u>(5,265)</u>	<u>43,062</u>
	<u><b>(48,017)</b></u>	<u>310</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of capital stock, net of share issue expenses	<u>517,517</u>	<u>963,890</u>
<b>INVESTING ACTIVITIES</b>		
Term deposit	<u>(964,200)</u>	<u>(964,200)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(494,700)</b>	-
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<u>494,700</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<u>\$ -</u>	<u>\$ -</u>

Cash and cash equivalents include cash.

**NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED OCTOBER 31, 2006**

(Unaudited)

5

---

**1. DESCRIPTION OF THE BUSINESS**

The Company was incorporated on April 6, 2006 under the Canada Business Corporations Act. The Company is a Capital Pool Company as defined in the Capital Pool Company Policy of the TSX Venture Exchange Inc. (the "Exchange"). The business of the Company will be the identification and evaluation of assets or businesses with a view of completing a qualifying transaction.

**2. ACCOUNTING POLICIES**

***STOCK-BASED COMPENSATION PLAN***

The Company has a stock-based compensation plan, which is described in Note 3. Stock-based compensation is recorded under the fair value based method. According to that method, awards of stock options are measured on their date of grant using the fair market value based method. They are expensed and credited to contributed surplus over their vesting period. This credit is reclassified to capital stock when stock options are exercised.

***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, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses for the period. Actual results could differ from those estimates.

***EARNINGS PER SHARE***

Earnings per share are calculated based on the weighted average number of Common shares outstanding during the period. Diluted net earnings per share are calculated based on the weighted average number of Common shares outstanding during the period, plus the effects of dilutive Common share equivalents such as options. This method requires that diluted net earnings per share be calculated using the treasury stock method, as if all dilutive potential Common share equivalents had been exercised at the beginning of the reporting period, or period of issuance, as the case may be, and that the funds obtained thereby be used to purchase Common shares of the Company at the average market value of the participating share during the period.

C LEVEL BIO INTERNATIONAL HOLDING INC.

NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED OCTOBER 31, 2006

(Unaudited)

6

3. CAPITAL STOCK

Authorized, an unlimited number and without par value:

Common shares, voting and participating.

Issued:

	Common shares	
	#	\$
Beginning balance	-	-
Issuance for cash	16,500,000	1,150,000
Share issue expenses	-	(236,220)
Balance as at October 31, 2006	<u>16,500,000</u>	<u>913,780</u>

On April 7, 2006, the Company issued 10,000,000 Common shares for cash consideration in the amount of \$500,000.

On September 5, 2006, the Company issued 6,500,000 Common shares for a cash consideration in the amount of 650,000\$.

**Stock-based compensation plan**

On June 16, 2006, the Company established a stock-based compensation plan, subject to regulatory approval. Under the stock-based compensation plan, the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase Common shares, provided that the number of Common shares reserved for issuance will not exceed 10% of the issued and outstanding Common shares, exercisable for a period of up to five (5) years from the date of grant. The exercise price of options is set by the Board of Directors and is equal to the market price of the Common shares at the date of grant. The options shall fully vest and become exercisable only upon the earlier of the following events: (i) as to one-third of the options, the first anniversary of the granting thereof, provided however that no such options may be exercised unless a Qualifying Transaction has been completed or the optioned Shares being the object thereof are duly escrowed until the issuance of the Final Exchange Bulletin, in accordance with the requirements of Policy 2.4 of the Exchange; (ii) as to the second one-third of the options, the second anniversary of the granting thereof; and (iii) as to the final one-third of the options, the third anniversary of the granting thereof. The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common shares and the number of Common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding Common shares.

C LEVEL BIO INTERNATIONAL HOLDING INC.

NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED OCTOBER 31, 2006

(Unaudited)

7

3. CAPITAL STOCK (Continued)

The following table summarizes information about outstanding stock options and warrants as at October 31, 2006:

	Stock options			Warrants		
	Number	Carrying value \$	Weighted average exercise price \$	Number	Carrying value \$	Weighted average exercise price \$
Outstanding - beginning of period	-	-	-	-	-	-
Granted <sup>(1)</sup>	1,650,000	7,455	0.10	650,000	50110	0.10
Outstanding as at October 31, 2006	1,650,000	7,455	0.10	650,000	50110	0.10

<sup>(1)</sup> These options and warrants will generate aggregate stock-based compensation costs of \$215,019 over their vesting period of up to 36 months. Compensation costs with respect to these options and warrants amounted to \$57,565 for the current period, of which \$50,110 was included in the issue share expenses. The fair value for stock options and warrants was established at the time of grant using the Black & Scholes model and based on the following assumptions: risk-free interest rate of 4.00%, expected terms of 24 months and 60 months, anticipated volatility of 127% and an anticipated 0% dividend yield.

Exercise prices \$	Outstanding		Exercisables	
	Number	Weighted average remaining period (months)	Number	Weighted average remaining period (months)
Options: 0.10	1,650,000	59	-	-
Warrants: 0.10	650,000	23	650,000	23

4. FINANCIAL INSTRUMENTS

The carrying amount of financial assets and liabilities approximate the fair market value because of the near maturity of those instruments.



**NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED OCTOBER 31, 2006**

(Unaudited)

8

---

**5. RELATED PARTY TRANSACTIONS**

Three shareholders of and one of the directors of the Company are partners of the law firm acting as legal counsellors with regard to the public offering and the qualifying transaction.

Issuance costs include \$80,369 of fees for services rendered by the law firm.

As at October 31, 2006, the accounts payable and professional fees include an amount of \$33,030 by a company held by a shareholder.

These related party transactions were carried out in the normal course of business and are accounted for at exchange value

**6. CONTRACTUAL OBLIGATIONS**

On October 10, 2006, the Company signed conditional agreement to acquire all of the issued and outstanding common shares of Nevada Exploration Inc. in exchange of 70,000,000 common shares at a price of \$0.15 per share.

In addition, the Company and Nevada Exploration Inc. have entered into an agreement with a broker pursuant to which Nevada Exploration Inc. intends to raise a minimum of \$1,000,000 and a maximum of \$2,000,000 by the issuance of units at \$0.15 per unit. Each unit includes one Common share and one-half of one Common share purchase warrant. Each whole warrant will be exercisable, for a period of 18 months after the closing of the private placement, into one Common share of Nevada Exploration Inc. at an exercise price equal to \$0.30 per Common share. The broker will receive a cash commission equal to 7% of the gross proceeds from the sale of the units and options to acquire that number of units equal to 8% of the number of units sold under the placement.

A non-brokered private placement will be realized for gross proceeds of approximately \$2,000,000 at \$0.15 per share. Each subscriber in the non-brokered private placement will receive for each Common share purchased, one-half of one Common share purchase warrant entitling them to purchase an additional Common share at an effective price of \$0.225 for a period ending 12 months after the closing of the acquisition.

Completion of the acquisition is subject to a number of conditions, including but not limited to the satisfaction of the minimum listing requirements of the TSX-V, TSX-V acceptance of the acquisition as the Company's qualifying transaction pursuant to its Policies, receipt of gross proceeds of a minimum of \$1,000,000 pursuant to the Brokered Private Placement, shareholders' approval of the Company, and any other required approvals or consents. If the acquisition is completed, the transaction will be treated as a reverse takeover.