

NEVADA EXPLORATION INC.

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2008
(UNAUDITED)**

NEVADA EXPLORATION INC.

TABLE OF CONTENTS

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statements of operations, comprehensive income and deficit	2
Balance sheets	3
Statements of cash flows	4
Notes to financial statements	5 to 19

The accompanying unaudited interim financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these financial statements.

Toronto, Ontario
March 30, 2008

NEVADA EXPLORATION INC.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND DEFICIT

(In Canadian Dollars)

(Unaudited)

2

	Three months ended		Nine months ended	
	January 31,		January 31,	
	2008	2007	2008	2007
	\$	\$	\$	\$
INTEREST INCOME	=	<u>10,121</u>	=	<u>12,736</u>
EXPENSES				
General and administrative	391,787	217,769	1,006,190	420,308
Stock-based compensation (Note 8)	205,251	25,401	615,753	32,856
Foreign exchange	(49,978)	(28,464)	(33,978)	(5,146)
Amortization	<u>32,738</u>	<u>329</u>	<u>51,144</u>	<u>4,931</u>
	<u>579,798</u>	<u>215,035</u>	<u>1,639,109</u>	<u>452,949</u>
NET LOSS AND COMPREHENSIVE INCOME	(579,798)	(204,914)	(1,639,109)	(440,213)
DEFICIT – BEGINNING OF PERIOD	<u>(3,389,890)</u>	<u>(1,452,736)</u>	<u>(2,330,579)</u>	<u>(1,217,437)</u>
DEFICIT – END OF PERIOD	<u>(3,969,688)</u>	<u>(1,657,650)</u>	<u>(3,969,688)</u>	<u>(1,657,650)</u>
Basic and diluted loss per share	<u>\$(0.010)</u>	<u>\$(0.00)</u>	<u>\$(0.003)</u>	<u>\$(0.00)</u>
Weighted average number of shares outstanding	<u>53,036,965</u>		<u>52,780,335</u>	

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

NEVADA EXPLORATION INC.

INTERIM CONSOLIDATED BALANCE SHEETS

(In Canadian Dollars)

(Unaudited)

3

	January 31, 2 0 0 8	April 30, 2 0 0 7
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	2,790,091	3,559,095
Subscriptions receivable	-	205,729
Sales taxes receivable	<u>21,836</u>	<u>21,836</u>
	2,811,927	3,786,660
LOANS RECEIVABLE , bearing interest at a rate of 5%, maturing in April 2009	369,765	369,765
EQUIPMENT (Note 3)	483,711	343,679
SOFTWARE (net of accumulated amortization of \$2,457; nil in 2007)	20,676	19,658
MINERAL PROPERTIES (Note 4)	2,178,651	768,145
LAND DEPOSITS (Note 5)	<u>131,465</u>	<u>73,611</u>
	<u>5,996,195</u>	<u>5,361,518</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>174,194</u>	<u>206,391</u>
LONG-TERM DEBT (Note 6)	<u>64,166</u>	-
SHAREHOLDERS' EQUITY		
Capital stock (Note 7)	6,694,065	4,749,709
Warrants (Note 8)	2,014,743	2,333,032
Contributed surplus (Note 9)	1,018,715	402,962
Deficit	<u>(3,969,688)</u>	<u>(2,330,576)</u>
	<u>5,757,835</u>	<u>5,155,127</u>
	<u>5,996,195</u>	<u>5,361,518</u>
NATURE AND CONTINUANCE OF OPERATIONS (Note 1)		
SUBSEQUENT EVENTS (Note 13)		

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

NEVADA EXPLORATION INC.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Canadian Dollars)

(Unaudited)

4

	Three months ended		Nine months ended	
	January 31,		January 31,	
	2008	2007	2008	2007
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(579,798)	(204,914)	(1,639,109)	(440,213)
Items not affecting cash:				
Amortization	32,738	329	51,144	4,931
Stock-based compensation	<u>205,251</u>	<u>25,401</u>	<u>615,753</u>	<u>32,856</u>
	(341,809)	(179,184)	(972,211)	(402,426)
Change in non-cash working capital items				
Accounts receivables	-	(16,952)	-	(19,567)
Accounts payable and accrued liabilities	<u>(67,925)</u>	<u>349,886</u>	<u>(37,998)</u>	<u>427,120</u>
	<u>(409,734)</u>	<u>153,751</u>	<u>(1,010,209)</u>	<u>5,127</u>
FINANCING ACTIVITIES				
Issuance of capital stock and warrants (net of shares issue and RTO expenses)	1,081,172	2,569,981	1,626,068	4,512,890
Long-term debt	<u>69,962</u>	-	<u>69,962</u>	-
	<u>1,151,134</u>	<u>2,569,981</u>	<u>1,696,030</u>	<u>4,512,890</u>
INVESTING ACTIVITIES				
Subscriptions receivable	-	-	205,729	-
Acquisition of equipment	(162,446)	(168,801)	(192,194)	(298,213)
Mineral properties	(442,587)	(303,322)	(1,410,506)	(389,228)
Land deposits	<u>31,224</u>	<u>(29,280)</u>	<u>(57,854)</u>	<u>(29,280)</u>
	<u>(573,809)</u>	<u>(501,403)</u>	<u>(1,454,825)</u>	<u>(716,721)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	167,591	2,222,328	(769,004)	3,801,296
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	<u>2,622,499</u>	<u>1,578,167</u>	<u>3,559,095</u>	<u>(801)</u>
CASH AND CASH EQUIVALENTS – END OF PERIOD	<u>2,790,091</u>	<u>3,800,495</u>	<u>2,790,091</u>	<u>3,800,495</u>

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

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

5

1. NATURE AND CONTINUANCE OF OPERATIONS

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 8) and recorded in the share issue costs. The remaining balance, namely \$765,197 has been presented as follows; i) \$124,845 was 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. C Level Bio International Holding Inc.'s financial statements present the continuity of 2107189 Ontario Inc. The historic capital stock of the legal parent company prior to the reverse takeover has been retroactively restated for the number of shares received in the reverse takeover transaction. The loss per share calculation of the legal parent company also gave 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.

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

6

1. NATURE AND CONTINUANCE OF OPERATIONS (Continued)

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
Office equipment	5 years

SOFTWARE

Software is recorded at cost, less accumulated amortization. Amortization is recorded on 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.

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

7

2. ACCOUNTING POLICIES (Continued)

MINERAL PROPERTIES (Continued)

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.

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.

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 allocate to expense using a systematic and rational method over its useful life.

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

8

2. ACCOUNTING POLICIES (Continued)

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 shares outstanding during the period.

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.

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

9

2. ACCOUNTING POLICIES (Continued)

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 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 this standard, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions.

Measurement in subsequent periods 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 trading or 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 income. Financial assets classified as held-to-maturity, loans and receivables, or 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.

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

10

Derivative instruments are recorded on the balance sheet at fair value. Changes in the fair values of derivative instruments are recognized in the statement of operations.

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.

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.

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.

COMPREHENSIVE INCOME

Section 1530 introduces Comprehensive Income, which consists of Net Income 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 income. Items affecting OCI are recorded prospectively commencing from January 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.

CAPITAL DISCLOSURES

The Company is a junior exploration company and considers the items included in Shareholders Equity as capital. The Company's objective in managing its share capital is to ensure it raises sufficient equity capital to pursue potential investments, to fund its exploration programs and provide sufficient working capital to meet its ongoing obligations. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

11

3. EQUIPMENT

	January 31, 2008			April 30, 2007		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	\$	\$	\$	\$	\$	\$
Exploration equipment	333,938	71,236	262,702	305,896	29,033	276,863
Vehicles	153,266	11,751	141,515	46,899	5,472	41,427
Office equipment	<u>87,264</u>	<u>7,770</u>	<u>79,494</u>	<u>29,291</u>	<u>3,902</u>	<u>25,389</u>
	<u>574,468</u>	<u>90,757</u>	<u>483,711</u>	<u>382,086</u>	<u>38,407</u>	<u>343,679</u>

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

12

4. MINERAL PROPERTIES

	January 31, 2008				
	AW	BC	DU	FJ	HP
	\$	\$	\$	\$	\$
Acquisition costs					
Balance – beginning of period	61,466	82,379	41,768	196,630	24,741
Additions	<u>14,954</u>	<u>3</u>	-	<u>(85,999)</u>	<u>1,440</u>
Balance – end of period	<u>76,420</u>	<u>82,382</u>	<u>41,768</u>	<u>110,631</u>	<u>26,181</u>
Exploration costs					
Balance – beginning of period	<u>4,162</u>	<u>20,690</u>	<u>5,308</u>	<u>169,694</u>	<u>402,536</u>
Incurred during the period					
Drilling	-	-	-	273,068	-
Geochemical	10,399	1,680	530	3,275	12,593
Geophysics	-	5,840	-	-	29,518
Geological	-	-	-	438	-
Other	-	-	-	-	-
	<u>10,399</u>	<u>7,520</u>	<u>530</u>	<u>276,781</u>	<u>42,111</u>
Balance – end of period	<u>14,561</u>	<u>28,210</u>	<u>5,838</u>	<u>446,475</u>	<u>444,647</u>
Total costs	<u>90,981</u>	<u>110,592</u>	<u>47,606</u>	<u>557,106</u>	<u>470,828</u>
	SP	RP	WI	Other	Total
	\$	\$	\$	\$	\$
Acquisition costs					
Balance – beginning of period	105,480	84,917	28,914	144,391	770,686
Additions	-	<u>962</u>	-	<u>75,552</u>	6,912
Balance – end of period	<u>105,480</u>	<u>85,879</u>	<u>28,914</u>	<u>219,943</u>	777,598
Exploration costs					
Balance – beginning of period	<u>3,184</u>	<u>2,399</u>	<u>2,667</u>	<u>354,738</u>	965,378
Incurred during the period					
Drilling	-	-	-	7,029	280,097
Geochemical	1,435	-	3,332	9,143	42,387
Geophysics	-	-	-	-	35,358
Geological	-	-	-	4,382	4,820
Other	-	-	-	<u>72,483</u>	72,483
	<u>1,435</u>	-	<u>3,332</u>	<u>93,037</u>	435,145
Balance – end of period	<u>4,619</u>	<u>2,399</u>	<u>5,999</u>	<u>452,527</u>	1,400,523
Total costs	<u>110,099</u>	<u>87,316</u>	<u>34,913</u>	<u>599,987</u>	2,178,651

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

13

4. MINERAL PROPERTIES (Continued)

	April 30, 2007				
	AW	BC	DU	FJ	HP
	\$	\$	\$	\$	\$
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>	-
Balance – end of period	<u>13,020</u>	<u>39,530</u>	<u>7,359</u>	<u>151,581</u>	-
Exploration costs					
Balance – beginning of period	-	-	-	<u>117,185</u>	<u>251,748</u>
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>
	SP	RP	WI	Other	Total
Acquisition costs					
Balance – beginning of period	-	-	-	-	147,624
Additions	<u>18,587</u>	<u>15,945</u>	<u>5,095</u>	-	<u>103,493</u>
Balance – end of period	<u>18,587</u>	<u>15,945</u>	<u>5,095</u>	-	<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>18,587</u>	<u>15,945</u>	<u>5,095</u>	<u>25,841</u>	<u>768,145</u>

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

14

5. LAND DEPOSITS

The Company deposited \$131,465 as security for reclamation on properties.

6. LONG-TERM DEBT

	January 31, <u>2008</u>	April 30, <u>2007</u>
Vehicle loan bearing interest at the rate of 2.9%, having a payment of \$1,154 per month principal and interest, maturing in 2010, secured by the rolling stock	\$ 37,813	-
Vehicle loan bearing interest at the rate of 2.9%, having a payment of \$571 per month principal and interest, maturing in 2011, secured by the rolling stock	<u>32,150</u>	-
	69,963	-
Current portion of long-term debt	<u>5,797</u>	-
	<u>\$ 64,166</u>	=

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

15

7. CAPITAL STOCK

Authorized, an unlimited number and without par value:

Common shares, voting and participating.

Issued and outstanding:

	Common shares	
	Number	Amount
Balance - December 31, 2006	41,666,667	\$ 3,708,918
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 ⁽ⁱ⁾	2,000,000	1,200,000
Warrant valuation	-	<u>(314,906)</u>
Balance – April 30, 2007	51,916,667	4,749,709
Issuance of shares for cash	2,626,426	1,627,941
Warrant exercised for shares	=	<u>316,415</u>
Balance – January 31, 2008	<u>54,543,093</u>	<u>\$ 6,694,065</u>

⁽ⁱ⁾ 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 amounting to \$90,000, which is included in share issue costs. The warrants were valued at \$314,906 and the following assumptions were used: expected volatility of 112%; expected dividend yield of 0%; risk-free interest rate of 3.25% and expected life of 2 years.

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

16

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	Carrying value \$	Weighted average exercise price \$
Outstanding, December 31, 2006	6,998,051	1,687,507	0.52	-	-	-
Granted Warrants and options resulting from the RTO	1,799,999	595,415	0.59	1,650,000	796,770	0.60
	<u>325,000</u>	<u>50,110</u>	0.20	<u>825,000</u>	<u>164,909</u>	0.20
Outstanding, April 30, 2007	9,123,050	2,333,032	0.52	2,475,000	961,679	0.47
Exercised	1,248,001	283,306	0.41	247,500	49,473	0.20
Granted	-	-		<u>1,350,000</u>	<u>820,107</u>	0.85
Outstanding, October 31, 2007	7,875,049	2,049,726	0.54	<u>3,577,500</u>	<u>1,732,313</u>	0.62
Exercised	110,926	34,983	0.35			
Granted	-	-				
Outstanding, January 31, 2008	<u>7,764,123</u>	<u>2,014,743</u>	0.55	<u>3,577,500</u>	<u>1,732,313</u>	0.62
Number currently exercisable	<u>7,764,123</u>			<u>747,500</u>		

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

NEVADA EXPLORATION INC.

(In Canadian Dollars)
(Unaudited)

17

8. STOCK OPTIONS AND WARRANTS (Continued)

The following incentive stock options and share purchase warrants were outstanding as at January 31, 2008:

	Number of shares	Exercise price \$	Expiry date
Stock options	247,500	0.20	February 27, 2008
	330,000	0.20	October 3, 2011
	1,000,000	0.60	March 9, 2012
	650,000	0.60	April 30, 2012
	500,000	0.60	May 15, 2012
	850,000	0.95	June 8, 2012
Warrants	4,500	0.20	September 29, 2008
	337,933	0.30	June 30, 2008
	3,135,524	0.45	February 27, 2008
	3,019,500	0.60	August 27, 2008
	266,666	0.60	August 27, 2008
	1,000,000	0.75	April 23, 2009

STOCK-BASED COMPENSATION

During the period, the Company granted 1,350,000 options (1,200,000 in 2007). The fair value using the Black-Scholes option pricing model resulted in a stock-based compensation expense of \$410,502 for the vesting portion, which was also recorded as contributed surplus on the balance sheet.

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

	January 31, 2008	April 30, 2007
Risk-free interest rate	3.15% to 4.18%	3.15% to 4.18%
Expected life of options/warrants	1 to 5 years	1 to 5 years
Annualized volatility	112%	112%
Dividend rate	0%	0%

9. CONTRIBUTED SURPLUS

Balance – April 30, 2007	\$ 402,962
Stock-based compensation	<u>615,753</u>
Balance – January 31, 2008	<u>\$ 1,018,715</u>

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

18

10. COMMITMENTS

- a) The Company has entered into operating leases for an amount of \$268,268. Future minimum lease payments are as follows:

2008	\$ 130,068
2009	27,200
2010	22,200
2011	22,200
2012-2014	<u>66,600</u>
	\$ <u>268,268</u>

- b) The Company entered into a 10 years lease agreement with Julian Tomera Ranches, Inc. ("Tomera Lease") covering approximately 2,225 acres of land in Humboldt County, Nevada. The lease gives the Company mining rights on the property during the period. Pursuant to the terms of the lease, the Company made an initial contribution of \$32,538 in October 2004, with additional annual \$17,481 payments in 2005, 2006, and 2007. Effective in 2008, the annual lease payments will be \$22,200. The agreement also calls for the Company to pay Tomera a royalty of 3% of Net Smelter Returns from production, if any, on the land covered by the Tomera Lease. The Company is also obligated to pay Battle Mountain Gold Exploration Corp. a royalty of 1.25% of Net Smelter Returns from production of the "HP Property" and "FJ".

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, subscriptions receivable, loans receivable, deposits, accounts payable and accrued liabilities and long-term debt. 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. 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. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

12. RELATED PARTY TRANSACTIONS

Legal fees of \$47,486 \$(48,412 in 2007) were paid to firms whose 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.

As at January 31, 2008, loans receivable include an amount of \$281,811 receivable from two officers of the Company.

NEVADA EXPLORATION INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(In Canadian Dollars)

(Unaudited)

19

13. SUBSEQUENT EVENTS

On March 4, 2008, the Company announced that 100% of its outstanding Series' A Warrants have been exercised for total gross proceeds of \$1,649,123,

On March 11, 2008, the Company closed its second private placement tranche and issued 790,000 units, valued at \$1.00/unit, for total gross proceeds of \$790,000. Each unit consists of one common share of Nevada Exploration Inc. plus one 1/2 warrant to purchase a common share of Nevada Exploration Inc. at an exercise price of \$1.50 per common share of Nevada Exploration Inc. for a period of 24 months.