Nevada Exploration Inc

ANNUAL REPORT 2007

Nevada Exploration Inc





Message from the President & CEO of Nevada Exploration Inc.

11/30/07

Although Nevada Exploration Inc. (TSX:NGE) began trading in March, 2007, the innovative work directed at investigating the relationship between groundwater chemistry and Nevada's gold deposits and at developing a proprietary database and sampling protocol, began nearly 10 years ago.

Through this innovative work NGE recognized that water chemistry provides an extremely-important, early-stage clue to the presence of large gold deposits concealed beneath desert gravels throughout Nevada; specifically, oxidizing gold deposits affect the chemistry of the surrounding groundwater and generate a kind of scent - a scent that can be picked up and followed back to its bedrock source in much less time and for much less money than is possible by using conventional exploration techniques alone.

NGE has completed a regional groundwater chemistry sampling program and is aggressively acquiring the land over the anomalous gold in groundwater anomalies that it has identified to date. NGE currently controls mineral rights on nine properties through 1,479 unpatented mining claims (41 square miles) as well as 3.5 square miles of leased private land. Staking of another 216 unpatented mining claims (6 square miles) of land is in progress. When complete, NGE will control more than 50 square miles of land exhibiting highly anomalous concentrations of gold in groundwater. NGE's water chemistry reconnaissance work and land acquisition strategy are well advanced and we are now turning our focus to drill testing each of our properties.

As we begin drilling the first of our promising properties, Fletcher Junction, it is our intention to identify and contract additional drill rigs and competent drillers to drill test each property as quickly as possible. All of our properties are located in low-relief areas and at low enough elevations that operations can be maintained through the winter. With the start of drilling, NGE will have passed another milestone toward creating sustainable shareholder value by building a solid pipeline of early stage exploration properties through to the early discovery stage of drilling, and a complete demonstration of the validity of our innovative exploration concept.

While management is pleased with the support it has received from its shareholders and the investment community, we are even more excited about the imminent commencement of a program of sustained drilling designed to test each property. Together, much has been accomplished in a short amount of time. We are off to a good start and look forward to the future in the belief that the best is yet to come. Thank you all for your trust and support.

On Behalf of the Management of Nevada Exploration Inc.

Wade A. Hodges
President & CEO

NEVADA EXPLORATION INC.
Period Ended April 30, 2007
Management Discussion and Analysis
Form 51-102F1

1. DATE

The following discussion and analysis is a review of operations, current financial position and outlook for Nevada Exploration Inc. (the “Company” or “NXI”) and should be read in conjunction with the audited financial statements for the period ended April 30, 2007 and December 31, 2006. Results are presented for the period ended April 30, 2007 and reflect four months of results plus comparative figures as at 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. SELECTES CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS

2.1 *Annual Information*

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

	Year ended April 30, 2007	**Year ended December 31, 2006**
Total revenues	13,637	Nil
Loss from continuing operations	(691,899)	($399,483)
Net Income or Loss	(691,899)	($399,483)
Total assets	5,361,518	$4,003,074
Total long term liabilities	Nil	Nil
Cash dividends declared	Nil	Nil

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

2.2 *Management's Discussion and Analysis*

This management's discussion and analysis ("MD&A") provides analysis of NXI’s financial results for the fiscal periods ended April 30, 2007 and December 31, 2006. The following information should be read in conjunction with the audited consolidated financial statements of NXI for the fiscal period ended April 30, 2007 (and the notes thereto), the audited consolidated financial statements of NXI for the year ended December 31, 2006 (and the notes thereto), each of which are attached hereto in Appendix "B".

NEVADA EXPLORATION INC.
Period Ended April 30, 2007
Management Discussion and Analysis
Form 51-102F1

OVERVIEW

NXI is a private company incorporated under the Canada Business Corporations Act on April 6, 2006. All financial information for the fiscal years ended April 30, 2007 and December 31, 2006 annualized financial information reflecting the consolidated activities of NXI prior to the incorporation of NXI.

NXI's primary operations consist of locating gold deposits in the State of Nevada. The Company has 100% interest in the property known as “FJ” which consists of 346 unpatented claims. NXI also has the exploration and mineral rights on 3.4 square miles of land known as the “HP Property”.

OVERALL PERFORMANCE

NXI incurred a consolidated loss of $691,899 for the four-month period ended April 30, 2007, compared to a loss of $399,483 for the year ended December 31, 2006.

NXI's total assets as at April 30, 2007 amounted to $5,361,518 an increase of $1,358,444 from December 31, 2006. Cash and accounts receivables make up $3,786,660 or (70.62%) of the Company’s assets while equipment and mineral properties make up the balance of the total asset base for 2007 while in 2006 the Company had cash and receivables totaling $3,088,249 or (77.1%) of the total assets. Mineral properties amounted to $516,667 in 2006 vs $768,145 in 2007 an increase of $251,478. This increase was mainly due the Company’s increased exploration efforts on not only the HP and FJ properties but now 6 other properties. Equipment increased in 2007 as the Company purchased a new Geoprobe exploration rig and other equipment for the period ended April 30, 2007.

RESULTS OF OPERATIONS

Revenue
NXI has not generated any significant revenues in its past fiscal years of 2007/2006 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. NXI will continue to spend money searching the properties it hold rights to and will continue to have to raise funding to do so.

Operating Expenses
Overall in 2007, NXI incurred significant overhead expenses (2007: $705,536, 2006: $399,483 including (i) general and administrative expenses, (ii) stock-based compensation, (iii) amortization costs. The majority of these costs were for stock grants to consultants, directors and employees in the period. The total stock-based expense was $329,855, while in 2006 this number was Nil. General and administrative expenses accounted for $342,665 or (48.56%) in 2007 while in 2006 this figure was $413,451. The drop in spending is due to the figures for 2007 represent only a four-month period while the figures for 2006 represent a twelve-month period.

Amortization
Amortization costs were $25,760 for 2007, an increase from $14,496 in 2006. The increase in amortization results from the purchase of equipment by the Company late in April of 2007.

Assets
Total assets have increased from $5,361,518 as at April 30, 2007 from $4,003,074 as at December 31, 2006 as NXI completed a private brokered equity raise that amounted to $1.2 million dollars. The Company has also increased it's deferred exploration costs as the properties now being analysed increases from 2 to 8 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 NXI vacates the land.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity
As at April 30, 2007 NXI had cash amounting to $3,559,095 and $3,078,563 as at December 31, 2006. NXI believes that now with the completion of the brokered Private Placement 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.

During 2007, NXI issued a total of 2,000,000 common shares in a private placement raising a total of $1,200,000. The proceeds of the private placement, net of costs and expenses, were used for working capital purposes.

CAPTIAL EXPENDITURES

In 2007 NXI invested a total of $145,946 in capital assets compared to $226,706 in 2006. The decrease in capital expenditures in 2007 resulted from NXI now focusing on establishing drill targets as they had the necessary equipment for evaluating the properties owned by NXI.

LONG TERM DEBT AND OTHER LONG TERM COMMITMENTS

The Company has no long term debt at April 30, 2007. 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 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, 2007, NXI 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 NXI.

TRANSACTIONS WITH RELATED PARTIES

1. Legal fees of $516,550 (2006 - $64,521), were paid to firms whose partners are directors of the Company.
2. As at April 30, 2007, loans receivable include an amount of $281,811 receivable from two officers of the Company.

DISCLOSURE OF OUTSTANDING SHARE DATA

For information regarding outstanding share capital of NXI, please see Note 7 of the audited consolidated financial statements of NXI for the period ended April 30, 2007.

CRITICAL ACCOUNTING ESTIMATES

For information regarding critical accounting estimates used by NXI, please see Note 2 of the audited consolidated financial statements of NXI for the period ended April 30, 2007.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

On January 1, 2007, the Company adopted CICA accounting Handbook section 3855, Financial Instruments – Recognition and Measurement, section 3861, Financial Instruments – Disclosure and Presentation, section 1530, Comprehensive Income, and section 3251, Equity.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

NXI's financial instruments consist of cash and cash equivalents, subscription receivables, sales tax receivables, deposits paid and accounts payables and accrued liabilities.

Management does not believe these financial instruments expose NXI 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, NXI is subject to a wide variety of risks and uncertainties which are more fully described in section 1 of the MD&A.

SUBSEQUENT EVENTS

1. On May 15, 2007, the Company issued 500,000 stock options to a consultant at $0.60 per share for a maximum period of one year.

2. On June 13, 2007, the Company issued 700,000 stock options to a director, advisors and employees at $0.95 per share for a maximum period of five years.

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 December 31, 2006. 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

FOR THE 4-MONTH PERIOD ENDED APRIL 30, 2007

AND FOR THE YEAR ENDED DECEMBER 31, 2006

NEVADA EXPLORATION INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT FOR THE 4-MONTH PERIOD ENDED APRIL 30, 2007 AND FOR THE YEAR ENDED DECEMBER 31, 2006 (In Canadian Dollars)

	April 30, 2007 (4 months)	December 31, 2006 (12 months)
INTEREST INCOME	**$ 13,637**	$ -
EXPENSES		
General and administrative	**342,665**	413,451
Stock-based compensation (Note 8)	**329,855**	-
Foreign exchange	**7,256**	(28,464)
Amortization	**25,760**	14,496
	705,536	399,483
NET LOSS	**(691,899)**	(399,483)
DEFICIT – BEGINNING OF PERIOD	**(1,638,677)**	(1,239,194)
DEFICIT – END OF PERIOD	**$ (2,330,576)**	$ (1,638,677)
Basic and diluted loss per share	**$ (0.02)**	$ (0.01)
Weighted average number of shares outstanding	**43,106,393**	30,726,172

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

NEVADA EXPLORATION INC.

CONSOLIDATED BALANCE SHEETS AS AT APRIL 30, 2007 AND DECEMBER 31, 2006
(In Canadian Dollars)

	April 30, 2007	December 31, 2006
CURRENT ASSETS		
Cash and cash equivalents	**$ 3,559,095**	$ 3,078,563
Subscriptions receivable	**205,729**	-
Sales taxes receivable	**21,836**	9,686
	3,786,660	3,088,249
LOANS RECEIVABLE, bearing interest at a rate of 5%, maturing in April 2009	**369,765**	-
EQUIPMENT (Note 4)	**343,679**	221,036
SOFTWARE (net of accumulated amortization of $2,457; nil in 2006)	**19,658**	14,145
MINERAL PROPERTIES (Note 5)	**768,145**	516,557
DEFERRED COSTS	**-**	134,848
LAND DEPOSITS (Note 6)	**73,611**	28,239
	$ 5,361,518	$ 4,003,074
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 206,391**	$ 245,326
SHAREHOLDERS' EQUITY		
Capital stock (Note 7)	**4,749,709**	3,708,918
Warrants (Note 8)	**2,333,032**	1,687,507
Contributed surplus (Note 9)	**402,962**	-
Deficit	**(2,330,576)**	(1,638,677)
	5,155,127	3,757,748
	$ 5,361,518	$ 4,003,074

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 15)

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

ON BEHALF OF THE BOARD

______________________, Director ______________________, Director

NEVADA EXPLORATION INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT FOR THE 4-MONTH PERIOD ENDED APRIL 30, 2007 AND FOR THE YEAR ENDED DECEMBER 31, 2006 (In Canadian Dollars)

	April 30, 2007 (4 months)	December 31, 2006 (12 months)
OPERATING ACTIVITIES		
Net loss	**$ (691,899)**	$ (399,483)
Items not affecting cash:		
Amortization	**25,760**	14,496
Stock-based compensation	**329,855**	-
Foreign exchange	**-**	(16,495)
	(336,284)	(401,482)
Change in non-cash working capital items		
Sales taxes receivable	**(12,150)**	(9,686)
Accounts payable and accrued liabilities	**(38,935)**	216,110
	(387,369)	(195,058)
FINANCING ACTIVITIES		
Issuance of capital stock and warrants (net of shares issue and RTO expenses)	**1,688,542**	3,895,922
Deferred costs	**-**	(134,848)
	1,688,542	3,761,074
INVESTING ACTIVITIES		
Loans receivable	**(369,765)**	-
Acquisition of equipment	**(145,946)**	(226,706)
Acquisition of software	**(7,970)**	(2,700)
Mineral properties	**(251,588)**	(227,019)
Land deposits	**(45,372)**	(28,239)
	(820,641)	(484,664)
INCREASE IN CASH AND CASH EQUIVALENTS	**480,532**	3,081,352
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	**3,078,563**	(2,789)
CASH AND CASH EQUIVALENTS – END OF PERIOD	**$ 3,559,095**	$ 3,078,563

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

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 7) 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.

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 and deferred exploration costs.

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.

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.

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.

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.

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.

3. CHANGES IN ACCOUNTING POLICIES

On January 1, 2007, the Company adopted CICA accounting handbook section 3855, Financial Instruments – Recognition and Measurement, section 3861, Financial Instruments – Disclosure and Presentation, section 1530, Comprehensive Income, and section 3251, Equity.

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.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

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, sales taxes 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 are classified as other than held-for-trading liabilities and are measured at amortized cost using the effective interest rate method.

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.

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.

IMPACT UPON ADOPTION
In accordance with the transitional provisions of the standards, prior periods have not been restated in light of the adoption of these new accounting standards.

Upon adoption, no adjustment was required to the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE 4-MONTH PERIOD ENDED APRIL 30, 2007 AND FOR THE YEAR ENDED DECEMBER 31, 2006 (In Canadian Dollars)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

FUTURE ACCOUNTING CHANGES

Capital Disclosures and Financial Instruments – Presentation and Disclosure

The CICA issued three new accounting standards: section 1535, Capital Disclosures, section 3862, Financial Instruments – Disclosures, and section 3863, Financial Instruments – Presentation. These new standards will be effective for fiscal years beginning on or after October 1, 2007 and the Company will adopt them on May 1, 2008. These new standards should not have a material impact on the Company's financial statements.

4. EQUIPMENT

	April 30, 2007			December 31, 2006		
	Cost $	Accumulated amortization $	**Net book value $**	Cost $	Accumulated amortization $	Net book value $
Exploration equipment	305,896	29,033	**276,863**	159,950	11,316	148,634
Vehicles	46,899	5,472	**41,427**	46,899	2,345	44,554
Office equipment	29,291	3,902	**25,389**	29,291	1,443	27,848
	382,086	38,407	**343,679**	236,140	15,104	221,036

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE 4-MONTH PERIOD ENDED APRIL 30, 2007 AND FOR THE YEAR ENDED DECEMBER 31, 2006 (In Canadian Dollars)

4. MINERAL PROPERTIES

	2007				
	AW	BC	DU	FJ	HP
	$	$	$	$	$
Acquisition costs					
Balance – beginning of year	-	-	-	147,624	-
Additions	13,020	39,530	7,359	3,957	-
Balance – end of year	13,020	39,530	7,359	151,581	-
Exploration costs					
Incurred during the year					
Rent	-	-	-	-	174
Drilling	-	827	-	764	857
Geochemical	-	18,598	-	19,236	18,017
Geological	-	221	-	30,432	33,128
Other	-	-	-	-	-
	-	19,646	-	50,432	52,176
Balance – beginning of year	-	-	-	117,185	251,748
Balance – end of year	-	19,646	-	167,617	303,924
Total costs	13,020	59,176	7,359	319,198	303,924

	2007				
	SP	RP	WI	Other	**Total**
	$	$	$	$	**$**
Acquisition costs					
Balance – beginning of year	-	-	-	-	**147,624**
Additions	18,587	15,945	5,095	-	**103,493**
Balance – end of year	18,587	15,945	5,095	-	**251,117**
Exploration costs					
Incurred during the year					
Rent	-	-	-	-	**174**
Drilling	-	-	-	-	**2,448**
Geochemical	-	-	-	-	**55,851**
Geological	-	-	-	-	**63,781**
Other	-	-	-	25,841	**25,841**
	-	-	-	25,841	**148,095**
Balance – beginning of year	-	-	-	-	**368,933**
Balance – end of year	-	-	-	25,841	**517,028**
Total costs	18,587	15,945	5,095	25,841	**768,145**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE 4-MONTH PERIOD ENDED APRIL 30, 2007 AND FOR THE YEAR ENDED DECEMBER 31, 2006 (In Canadian Dollars)

4. MINERAL PROPERTIES (Continued)

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

5. LAND DEPOSITS

The Company deposited $73,611 as security for reclamation on properties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE 4-MONTH PERIOD ENDED APRIL 30, 2007 AND FOR THE YEAR ENDED DECEMBER 31, 2006 (In Canadian Dollars)

6. 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, 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)
Share issued upon RTO (Note 1)	50,027,520	-
Consolidation of shares (2 for 1 basis)	(41,666,666)	-
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(iii)	2,000,000	1,200,000
Warrant valuation	-	(314,906)
Balance – April 30, 2007	51,916,667	$ 4,749,709

(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 is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable at $0.225 per share for a period of one year. The warrants were valued at $649,500 and the following assumptions were used: 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 by issuing 13,333,333 units at $0.15 per unit. Each unit is 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 amounting to $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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE 4-MONTH PERIOD ENDED APRIL 30, 2007 AND FOR THE YEAR ENDED DECEMBER 31, 2006 (In Canadian Dollars)

6. CAPITAL STOCK (Continued)

(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 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.

7. 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	Fair value	Weighted average exercise price	Number	Fair value	Weighted average exercise price
		$	$		$	$
Outstanding, December 31, 2005	-	-	-	-	-	-
Granted	6,998,051	1,687,507	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	796,770	0.60
Warrants and options resulting from the RTO	325,000	50,110	0.20	825,000	164,909	0.20
Outstanding, April 30, 2007	9,123,050	2,333,032	0.52	2,475,000	961,679	0.47
Number currently exercisable	9,123,050			995,000		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE 4-MONTH PERIOD ENDED APRIL 30, 2007 AND FOR THE YEAR ENDED DECEMBER 31, 2006 (In Canadian Dollars)

7. STOCK OPTIONS AND WARRANTS (Continued)

The following incentive stock options and share purchase warrants were outstanding at April 30, 2007:

	Number of shares	Exercise price $	Expiry date
Stock options	495,000	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
Warrants	325,000	0.20	September 29, 2008
	533,333	0.30	June 30, 2008
	3,664,718	0.45	February 27, 2008
	3,333,333	0.60	August 27, 2008
	266,666	0.60	February 27, 2008
	1,000,000	0.75	April 23, 2009

STOCK-BASED COMPENSATION

During the period, the Company granted 1,650,000 options (none in 2006). The fair value using the Black-Scholes option pricing model resulted in a stock-based compensation expense of $329,855 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:

	April 30, 2007	December 31, 2006
Risk-free interest rate	**3.15% to 4.18%**	-
Expected life of options/warrants	**1 to 5 years**	-
Annualized volatility	**112%**	-
Dividend rate	**0%**	-

8. CONTRIBUTED SURPLUS

Balance – December 31, 2006	$ -
Contributed surplus resulting from the RTO (options)	73,107
Stock-based compensation	329,855
Balance – April 30, 2007	$ 402,962

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE 4-MONTH PERIOD ENDED APRIL 30, 2007 AND FOR THE YEAR ENDED DECEMBER 31, 2006 (In Canadian Dollars)

9. 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	66,600
	$ 268,268

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".

10. INCOME TAXES

INCOME TAX EXPENSE

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

	April 30, 2007 (4 months)	December 31, 2006 (12 months)
Loss before income taxes	**$ (691,899)**	$ (399,483)
Statutory average rates	**35.5%**	36.1%
Expected income tax recovery	**(245,624)**	(144,213)
Stock-based compensation	**119,078**	-
Share issue costs incurred	**(48,705)**	(59,415)
Unrecognized benefits of non-capital losses and other	**175,251**	203,628
Income tax expense	**$ -**	$ -

10. 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:

	April 30, 2007 (4 months)	December 31, 2006 (12 months)
Non-capital losses	**$ 280,000**	$ 140,790
Mineral properties	**(148,000)**	(107,000)
Share issue costs	**352,000**	59,413
Net future tax asset	**484,000**	93,203
Valuation allowance	**(484,000)**	(93,203)
	$ -	$ -

As at April 30, 2007, the Company has non-capital losses of $790,000 expiring as follows:

2026	$ 390,000
2027	400,000
	$ 790,000

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

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, subscriptions receivable, sales taxes receivable, loans receivable, deposits and accounts payable and accrued liabilities. 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 $516,550 ($64,521 in 2006) 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 April 30, 2007, loans receivable include an amount of $281,811 receivable from two officers of the Company.

13. COMPARATIVE FIGURES

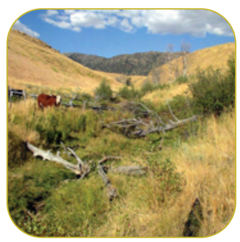
Certain comparative figures have been reclassified to conform with the current period presentation.

14. SUBSEQUENT EVENTS

a) On May 15, 2007, the Company issued 500,000 stock options to a consultant at $0.60 per share for a maximum period of one year.

b) On June 13, 2007, the Company issued 700,000 stock options to a director, advisors and employees at $0.95 per share for a maximum period of five years.









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