



NQ Exploration Inc.

(a development stage company)

Interim Financial Statements

(unaudited)

Nine-month period ending August 31, 2008

(Third Quarter)

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N.B.: The Company's auditors have not reviewed the interim financial statements.

NQ Exploration Inc.

(a development stage company)

Management's Report

(unaudited)

To the shareholders of NQ Exploration Inc.

Management of NQ Exploration Inc. is responsible for the interim financial statements and the notes thereto for the nine-month period ended August 31, 2008. These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and include amounts based on management's best estimates and judgment.

The Company maintains systems of internal control designed to ensure that financial reporting is pertinent and reliable and assets are safeguarded.

The external auditors of NQ Exploration Inc. have not reviewed the financial statements for the period ended August 31, 2008.

Signed (David Grondin)

David Grondin, President

Signed (Jean Rainville)

Jean Rainville, Chief Financial Officer

NQ Exploration Inc.

(a development stage company)

Balance Sheets

	August 31, 2008	November 30,
	(unaudited)	(audited)
	\$	\$
ASSETS		
Current assets		
Cash	825 646	30 000
Consumption taxes receivable	95 361	544
Prepaid expenses	18 596	-
	<u>939 603</u>	<u>30 544</u>
Portfolio investments (Note 5)	4 500	-
Property, plant and equipment (Note 6)	8 646	-
Mining properties (Note 7)	1 563 900	1 600 000
Deferred exploration and development expenditures (Note 8)	790 251	-
	<u>3 306 900</u>	<u>1 630 544</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	335 583	4 448
SHAREHOLDERS' EQUITY		
Capital stock (Note 9)	3 381 446	1 630 000
Warrants (Note 10)	130 176	-
Contributed surplus	261 770	-
Deficit	(801 325)	(3 904)
Other elements of comprehensive income	(750)	-
	<u>2 971 317</u>	<u>1 626 096</u>
	<u>3 306 900</u>	<u>1 630 544</u>

Going-concern assumption (Note 2)

The accompanying notes are an integral part of the interim financial statements.

NQ Exploration Inc.

(a development stage company)

Earnings and Comprehensive Income

(unaudited)

	Three-month period ended August 31, 2008 \$	Nine-month period ended August 31, 2008 \$
Revenue		
Interest	6 050	17 733
Administrative expenses		
Salaries and fringe benefits	(2 656)	58 836
Travel and entertainment	6 152	19 538
Office expenses	2 509	9 060
Writedown of mining properties	-	18 498
(Profit) Loss on disposal of mining properties	(2 552)	9 606
Stock-based compensation	-	261 770
Listing, registrar and shareholder communications	31	32 587
Depreciation of property, plant and equipment	(432)	1 427
Professional fees	32 405	86 908
General expenses	12 375	17 830
	<u>47 832</u>	<u>516 060</u>
Net loss	<u>(41 782)</u>	<u>(498 327)</u>
Net loss per share	<u>(0,002)</u>	<u>(0,022)</u>
Weighted average number of common shares outstanding	<u>24 962 648</u>	<u>22 782 288</u>
Comprehensive income		
Balance, beginning of period	-	-
Net change in unrealized gain on financial assets	<u>(1 250)</u>	<u>750</u>
Comprehensive income for the period	<u>(1 250)</u>	<u>750</u>

The accompanying notes are an integral part of the interim financial statements.

NQ Exploration Inc.

(a development stage company)

Deficit**Contributed Surplus****Warrants**

(unaudited)

	Three-month period ended August 31, 2008	Nine-month period ended August 31, 2008
	<u>\$</u>	<u>\$</u>
DEFICIT		
Balance, beginning of period	724 239	3 904
Net loss	41 782	498 327
Share issue costs	<u>35 304</u>	<u>299 094</u>
Balance, end of period	<u><u>801 325</u></u>	<u><u>801 325</u></u>
CONTRIBUTED SURPLUS		
Balance, beginning of period	261 770	-
Options granted under the plan	-	248 014
Options granted to brokers and consultants	<u>-</u>	<u>13 756</u>
Balance, end of period	<u><u>261 770</u></u>	<u><u>261 770</u></u>
WARRANTS		
Balance, beginning of period	104 733	-
Amount credited to capital stock following the exercise of warrants	<u>(13 122)</u>	<u>(13 122)</u>
Granted	<u>38 565</u>	<u>143 298</u>
	<u><u>130 176</u></u>	<u><u>130 176</u></u>

The accompanying notes are an integral part of the interim financial statements.

NQ Exploration Inc.

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Mining Properties and Deferred Exploration Expenditures

(unaudited)

	Three-month period ended August 31, 2008 \$	Nine-month period ended August 31, 2008 \$
Balance, beginning of period	<u>1 635 091</u>	<u>1 600 000</u>
Plus:		
Mining properties	10 000	10 000
Analysis	22 108	22 108
Consultant	4 900	21 574
Line Cutting	11 975	11 975
Claims	32 642	55 315
Geophysics	190 004	190 694
Geology	452 481	479 506
Geochemistry	1 400	5 335
Stacking	4 255	4 255
	<u>729 765</u>	<u>800 762</u>
Balance before deductions	<u>2 364 856</u>	<u>2 400 762</u>
Writedown	-	18 498
Right of first refusal	10 705	28 113
	<u>10 705</u>	<u>46 611</u>
Balance, end of period	<u>2 354 151</u>	<u>2 354 151</u>

The accompanying notes are an integral part of the interim financial statements.

NQ Exploration Inc.

(a development stage company)

Cash Flows

(unaudited)

	Three-month period ended August 31, 2008	Nine-month period ended August 31, 2008
	\$	\$
OPERATING ACTIVITIES		
Net loss	(41 782)	(498 327)
Non-cash items		
Writedown of mining properties	-	18 498
(Profit) Loss on disposal of mining properties	(2 552)	9 606
Stock-based compensation	-	261 770
Depreciation of property, plant and equipment	(432)	1 427
	<u>(44 766)</u>	<u>(207 026)</u>
Changes in non-cash working capital items (Note 4)	<u>229 381</u>	<u>217 722</u>
Cash flow used in operating activities	<u>184 615</u>	<u>10 696</u>
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(780)	(10 073)
Proceeds of sale, right of first refusal	13 256	13 256
Deferred exploration expenditures	<u>(729 764)</u>	<u>(800 761)</u>
Cash flow used in investing activities	<u>(717 288)</u>	<u>(797 578)</u>
FINANCING ACTIVITIES		
Issuance of capital stock and warrants	271 000	1 842 500
Share issue costs	<u>(35 304)</u>	<u>(259 972)</u>
Cash flow from financing activities	<u>235 696</u>	<u>1 582 528</u>
Net increase (decrease) in cash	(296 977)	795 646
Cash, beginning of period	<u>1 122 623</u>	<u>30 000</u>
Cash, end of period	<u><u>825 646</u></u>	<u><u>825 646</u></u>

The accompanying notes are an integral part of the interim financial statements.

NQ Exploration Inc.

(a development stage company)

Notes to the Financial Statements

as at August 31, 2008

(unaudited)

1 - STATUTES AND NATURE OF OPERATIONS

NQ Exploration Inc. (the "Company") was incorporated on October 24, 2007 under the Canadian Business Corporations Act. It is primarily engaged in the acquisition, exploration and development of mining properties. The Company is in the start-up phase and has no income from the development of its mining properties.

NQ Exploration Inc. is a mining exploration company. Until it is established that the Company's properties contain economically-minable resources, these properties are classified as exploration properties. Recovery of deferred exploration expenses notably depends on the Company's ability to discover economically-recoverable reserves and resources, guaranty and maintain its property titles and rights, secure the financing required to complete exploration, development and construction of processing facilities, obtain certain government approvals and achieve profitability of the operation.

2 - GOING-CONCERN ASSUMPTION

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to the going-concern assumption that the entity is able to realize its assets and discharge its liabilities in the normal course of business once they become payable.

For the period ended August 31, 2008, the Company declared a loss of \$ 41,782. The Company's ability to realize its assets and discharge its liabilities depends on the sustained financial support of its shareholders and future financing.

These financial statements do not reflect adjustments, which may be material, in the carrying value of assets and liabilities, and the classification of the deferred expenses and balance sheet that would be required if the going-concern assumptions were inappropriate.

3 - BASIS OF PRESENTATION AND ACCOUNTING ESTIMATES

These interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, and are based on the same accounting principles and methods as were used in the preparation of the Company's most recent annual financial statements, with the exception of the adoption of the new standards described in the following paragraphs. These interim financial statements should therefore be read in conjunction with the Company's audited financial statements for the year ended November 30, 2007.

On December 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) contained in CICA Handbook Section 3862, "Financial Instruments - Disclosure", Section 3863, "Financial Instruments - Presentation" and Section 1535, "Capital Disclosures". These new standards only apply to disclosures and presentation, and do not affect the Company's financial results.

Section 3862 describes the disclosure required to assess the significance of financial instruments for the entity's financial position and performance, as well as the nature and importance of risks arising from the financial instruments to which the entity is exposed and how the entity manages such risks.

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(unaudited)

The purpose of Section 3863 is to help users of financial statements better understand the materiality of financial instruments in relation to the entity's financial condition, performance and cash flows. This section carries forward the presentation requirements of Section 3861, "Financial Instruments - Disclosure and Presentation" .

Section 1535 establishes standards for disclosure about the entity's capital and how it is managed, to enable users of the financial statements to assess its objectives, policies and processes for managing capital.

Property, Plant and Equipment

Property, plant and equipment are recognized at the cost of acquisition. Depreciation is calculated based on their useful lives using the declining balance method at the following annual rates:

Office materials	30%
Computer materials	40%
Software	40%

Stock-Based Compensation

The Company uses the fair value method to recognize option grants. This method involves assigning a charge against earnings based on the acquisition of rights attached to the options granted. The counterpart is recognized in shareholders' capital under stock options.

The fair value of the option is calculated using the Black-Scholes option pricing model.

The counterpart paid on exercise of stock options or share acquisitions is credited to capital stock, and amounts included in stock options in shareholders' equity are transferred to capital stock.

When options are cancelled or expire, the corresponding amount recognized in stock options is credited to contributed surplus.

Comprehensive Income

Comprehensive income represents the change in equity resulting from transactions and events from sources other than the Company's shareholders. Other elements of the Company's comprehensive income generally consist of unrealized gains or losses on financial assets classified as available-for-sale. Henceforth, the Company's financial statements will include a statement of comprehensive income, while cumulative other elements of comprehensive income are shown as a new category of shareholders' equity.

NQ Exploration Inc.

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Notes to the Financial Statements

as at August 31, 2008

(unaudited)

4 - CASH FLOWS

	Three-month period ended August 31, 2008	Nine-month period ended August 31, 2008
	\$	\$
The breakdown of changes in non-cash working capital items is as follows:		
Decrease (increase) in:		
Subsidy receivable	1 500	-
Consumption taxes receivable	(65 171)	(94 817)
Prepaid expenses	10 486	(18 596)
Increase (decrease) in:		
Accounts payable and accrued liabilities	282 566	331 135
	<u>229 381</u>	<u>217 722</u>

5 - PORTFOLIO INVESTMENT

The portfolio investment consists of available-for-sale securities, and are recognized at their fair value.

	\$
Cost	5 250
Unrealized gain	(750)
Fair value of available-for-sale securities	<u>4 500</u>

6 - PROPERTY, PLANT AND EQUIPMENT

	August 31, 2008 (unaudited)		
	Cost	Cumulative Depreciation	Net value
	\$	\$	\$
Office materials	780		780
Computer materials	6 396	964	5 432
Software	2 897	463	2 434
	<u>10 073</u>	<u>1 427</u>	<u>8 646</u>

NQ Exploration Inc.

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Notes to the Financial Statements

as at August 31, 2008

(unaudited)

7 - MINING PROPERTIES

	Balance at November 30, 2007	Acquisition (Writedown/ disposal)	Balance at August 31, 2008
	\$	\$	\$
James Bay North			
Aylmer	8 930	-	8 930
Candlestick	35 083	-	35 083
Castle	307 138	-	307 138
Conviac	140 651	-	140 651
Corvet Sud	78 777	-	78 777
Duncan	83 561	-	83 561
Eastmain	56 771	-	56 771
Eastmain Nord	160 106	-	160 106
Gauchet	5 741	-	5 741
Jobert	18 498	(18 498)	-
Le Moyne	24 877	-	24 877
Morand	56 452	-	56 452
Pine Hill	51 349	-	51 349
Pine Hill Nord	24 558	-	24 558
Pontax	40 186	-	40 186
Sakami	48 159	-	48 159
Star Lake	38 432	-	38 432
Wapamisk	20 731	-	20 731
	<u>1 200 000</u>	<u>(18 498)</u>	<u>1 181 502</u>
James Bay South			
Gand I	275 117	-	275 117
Barry II	17 195	(17 195)	-
Rapide-des-Cèdres	73 304	-	73 304
Veza	10 407	(10 407)	-
Thermines N	2 715	-	2 715
Opawica	19 548	-	19 548
Carheil	1 714	10 000	11 714
	<u>400 000</u>	<u>(17 602)</u>	<u>382 398</u>
Total	<u>1 600 000</u>	<u>(36 100)</u>	<u>1 563 900</u>

(a) James Bay North

On November 22, 2007, the Company entered into an acquisition agreement with Everton Resources Inc. ("Everton"), as amended on December 5, 2007, whereby the Company acquired Everton's interests in 18 mining exploration properties (grouped under the name "James Bay North"): Aylmer, Candlestick, Castle, Conviac, Corvet Sud, Duncan, Eastmain, Eastmain Nord, Gauchet, Jobert, Le Moyne, Morand, Pine Hill, Pine Hill Nord, Pontax, Sakami, Star Lake and Wapamisk, in consideration of the issuance of 12,000,000 common shares of the Company at \$0.10 per share.

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Notes to the Financial Statements

as at August 31, 2008

(unaudited)

7 - MINING PROPERTIES (Cont'd)

The Company holds a 100% interest in these properties.

The acquisition is subject to the following termination clause: if for any reason whatsoever the shares of the issuer are not listed on a Canadian securities exchange by December 31, 2008, or by any later date agreed to by the parties, the agreement shall be terminated ipso jure and all parties shall be retroactively reinstated as though the transaction had never taken place.

Peter Bambick holds a royalty of 1% to 2% on all of the claims of the Aylmer, Candlestick, Corvet Sud, Gauchet, Le Moyne and Pine Hill Nord properties, as well as on some of the claims of the Castle, Duncan, Eastmain, Eastmain Nord and Morand properties.

(b) James Bay South

On November 26, 2007, the Company entered into an acquisition agreement with James Bay Development Corporation ("SDBJ"), as amended on December 13, 2007, whereby the Company acquired SDBJ's interests in 6 mining properties (grouped under the name "James Bay South"): Gand I, Rapide-des-Cèdres, Vezza, Themines N, Opawica and Carheil, as well as a 2% NSR royalty on the Chantal property, in consideration of the issuance of 4,000,000 common shares of the Company at a deemed value of \$0.10 per share.

The Rapide-des-Cèdres, Vezza and Opawica properties are subject to rights of first refusal held by the various partners. In the event that SDBJ is unable to transfer its interest in any of its properties to the issuer due to the exercise of a right of first refusal, SDBJ has agreed to remit to the issuer, within three days of reception, half of the consideration received by SDBJ on exercise of the right of first refusal, subject to the requirements of the applicable securities legislation, as appropriate.

Prior to the transfer of the SDBJ's interests, the properties were held as follows:

- Gand I: 100% SDBJ
- Rapides-des-Cèdres: 87.5% Exploration minière H. Blondeau ltée, 12.5% SDBJ (non-contributing interest)
- Vezza: 87.5% Agnico-Eagle Mines Limited, 12.5% SDBJ (non-contributing interest)
- Themines N⁽¹⁾: 95% Maudore Minerals Ltd., 5% SDBJ (non-contributing interest)
- Opawica: 75.6% Kinross Gold Corporation, 24.4% SDBJ
- Carheil: 94.74% BHP Billiton, 5.26% SDBJ

(1) Newmount Mining Corporation holds a 1.5% NSR royalty and a 51% back-in-right.

Agnico-Eagle Mines Ltd. has exercised its right of first refusal on the Vezza property. Pursuant to the agreement with SDBJ, NQ Exploration Inc. received \$13,256 from Agnico-Eagle Mines Ltd., and no longer holds any interest in the property.

Exploration minière H. Blondeau did not exercise its right of first refusal, and the SDBJ's 12.5% interest in the Rapides-des-Cèdres property has been transferred in full to NQ Exploration Inc.

On the Carheil property, SDBJ transferred its full 5.26% interest and NQ Exploration Inc. acquired the 94.74% property interest belonging to Rio Algom Ltd., a subsidiary of BHP Billiton, in consideration of \$10,000. NQ Exploration Inc. now owns a 100% interest in the property, which is not subject to any royalties.

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Notes to the Financial Statements

as at August 31, 2008

(unaudited)

The acquisition was subject to the following termination clause: if for any reason whatsoever the shares of the issuer were not listed on a Canadian securities exchange by December 31, 2008, or by any later date agreed to by the parties, the agreement shall be terminated ipso jure and all parties shall be retroactively reinstated as though the transaction had never taken place. However, this condition has been met with the listing of the shares on the TSX Venture Exchange on the April 30, 2008.

8 - DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

	Balance at May 31, 2008	Addition	Sale	Balance at August 31, 2008
	\$	\$	\$	\$
James Bay North				
Aylmer	477	12 086	-	12 563
Candlestick	641	17 883	-	18 524
Castle	18 370	3 343	-	21 713
Conviac	1 798	165 248	-	167 046
Corvet Sud	951	48 841	-	49 792
Duncan	1 166	56 563	-	57 729
Eastmain	2 420	3 845	-	6 265
Eastnain Nord	2 288	201 183	-	203 471
Gauchet	1 114	(1 048)	-	66
Le Moyne	6 117	26 099	-	32 216
Morand	8 823	15 272	-	24 095
Pine Hill	1 714	39 259	-	40 973
Pine Hill Nord	210	39 244	-	39 454
Pontax	876	(200)	-	676
Sakami	771	1 149	-	1 920
Star Lake	491	29 826	-	30 317
Wapamisk	-	1 170	-	1 170
	<u>48 227</u>	<u>659 763</u>	<u>0</u>	<u>707 990</u>
James Bay South				
Gand I	21 270	1 882	-	23 152
Rapide-des-Cèdres	213	1 721	-	1 934
Veza	213	85	298	-
Thermines N	-	55	-	55
Opawica	213	44	-	257
Carheil	648	56 215	-	56 863
	<u>22 557</u>	<u>60 002</u>	<u>298</u>	<u>82 261</u>
Total	<u>70 784</u>	<u>719 765</u>	<u>298</u>	<u>790 251</u>

You can consult the Management Discussion and Analysis for further information on all our properties.

NQ Exploration Inc.

(a development stage company)

Notes to the Financial Statements

as at August 31, 2008

(unaudited)

9 - CAPITAL STOCK

a) Authorized

Unlimited common shares without par value

Issued	August 31, 2008 (unaudited)		November 30, 2007 (audited)	
	Number of shares	\$	Number of shares	\$
Balance, beginning of period	24 000 420	3 135 889	-	-
Issued in consideration of cash				
Private placements	1 155 000	192 435	600 000	30 000 ⁽¹⁾
Issued following the exercise of share purchas	200 000	53 122		
Issued in consideration of mining properties	-	-	16 000 000	1 600 000
Balance, end of period	25 355 420	3 381 446	16 600 000	1 630 000

Escrowed Shares

15,877,620 shares were escrowed as at August 31, 2008.

(1) On December 7, 2007, the Company closed a private placement for gross proceeds of \$202,500 and issued 1,350,000 common shares priced at \$0.15.

On December 28, 2007, pursuant to an offering memorandum, the Company issued 969 special warrants for total gross proceeds of \$969,000. Each special warrant entitles its holder to receive 3,280 flow-through shares of the Company priced at \$0.25 and 900 common shares of the Company priced at \$0.20, for a total of 3,178,320 flow-through shares and 872,100 common shares.

The agent received remuneration of \$96,900 and was granted 58 special warrants entitling their holder to receive 58 broker warrants entitling their holder to subscribe to a total of 243,025 common shares at \$0.20 per share until December 29, 2009. These broker warrants were recorded at a fair value of \$26,000 using the Black-Scholes option pricing model and the following assumptions: a risk-free interest rate of 3.89%, an expected warrant life of 2 years, 100% volatility and a share yield of 0%. The value of the broker warrants, the commission paid to the agent and other issue costs were charged against capital stock.

The special warrants and broker warrants were exercised on February 22, 2008.

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Notes to the Financial Statements

as at August 31, 2008

(unaudited)

9 - CAPITAL STOCK (Cont'd)

(2) On April 30, 2008, the Company closed its initial public offering, raising gross proceeds of \$400,000 and issuing a total of 2,000,000 common shares priced at \$0.20 and 1,000,000 warrants. Each warrant entitles its holder to acquire one common share at \$0.20 for a twelve-month period. These warrants were recorded at their fair value of \$65,611 against capital stock. The Company paid the agent a fee of \$21,170 and 200,000 warrants to purchase 200,000 common shares at \$0.20 for a twelve-month period. The broker warrants were recorded at their fair value of \$13,122, calculated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	2.78%
Expected volatility	82.10%
Weighted average expected life	1 year
Expected yield	0%
Weighted average fair value of options granted	0.0656

(3) On June 18, 2008, the Company closed its private offering, raising gross proceeds of \$131,000 and issuing a total of 655,000 common shares priced at \$0.20 and 327,500 warrants. Each warrant entitles its holder to acquire one common share at \$0.25 for a twelve-month period. These warrants were recorded at their fair value of \$23,105 against capital stock, calculated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	2.79%
Expected volatility	76.65%
Weighted average expected life	1 year
Expected yield	0%
Weighted average fair value of options granted	0.0705

(4) On July 15, 2008, the Company closed its private offering, raising gross proceeds of \$100,000 and issuing a total of 500,000 common shares priced at \$0.20 and 250,000 warrants. Each warrant entitles its holder to acquire one common share at \$0.25 for a twelve-month period. These warrants were recorded at their fair value of \$15,460 against capital stock, calculated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	3.07%
Expected volatility	80.82%
Weighted average expected life	1 year
Expected yield	0%
Weighted average fair value of options granted	0.0618

10 - OPTIONS AND WARRANTS

Stock Option Plan and Stock-Based Compensation

The Company's shareholders have approved a stock option plan (the "Plan") whereby the Board of Directors may grant stock options enabling the Company's directors, officers, employees and suppliers to acquire common shares of the Company. The conditions and exercise price of the stock options are determined by the Board of Directors. The options are considered acquired as at the grant date. However, option granted to those responsible for investor relations vest at a rate of 25% per quarter.

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The Plan stipulates that the maximum number of common shares of the Company's capital stock that may be reserved for issuance under the Plan is equal to 1,660,000 common shares of the Company. The maximum number of common shares reserved for issuance of stock options to a single holder may not exceed 10% of the common shares outstanding as at the grant date, or 2% of the number of common shares outstanding in the case of consultants or others providing investor relations services. Stock options expire no later than five years after their grant date.

The exercise price of the stock options is established by the Board of Directors and may not be lower than the market value of the common shares at the grant date.

a) Options

Information on the options outstanding at August 31, 2008 is shown in the following table:

Expiry	Price	Number	Black-Scholes valuation
	\$		\$
March 1, 2013	0.20	200 000	27 911
May 29, 2013	0.25	1 275 000	233 859
		1 475 000	261 770

b) Warrants

	As at August 31, 2008		
	Number of warrants	Average exercise price	Expiry
		\$	
			Black-Scholes valuation
			\$
Balance, beginning of period	1 443 025	0.20	104 733
Warrants associated with the private offering	327 500	0.25	June 18, 2009 23 105
Warrants associated with the private offering	250 000	0.25	July 15, 2009 15 460
Exercised	(200 000)	0.20	(13 122)
Balance, end of period	1 820 525	0.22	130 176

NQ Exploration Inc.

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Notes to the Financial Statements

as at August 31, 2008

(unaudited)

11 - SEGMENTED INFORMATION

During the period, the Company was active in only one segment, being the acquisition, exploration and development of mining properties for economically-recoverable reserves in Canada.

12 - RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company's risk management is coordinated by Company management, in close collaboration with the Board of Directors.

At May 31, 2008, the Company's financial instruments consisted of cash and accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying value. In management's opinion, the Company is not exposed to any material credit or interest risks arising from these financial instruments.

The Company is not exposed to any exchange risks as all its transactions are in Canadian dollars.

The Company manages its cash requirements by paying close attention to the payment of amounts due in the normal course of business. Cash requirements are monitored over various periods, including 30-day, 180-day and 360-day forecasts. Given the nature of the Company's business, funding of long-term cash requirements depends on the Company's ability to obtain additional financing, by various means, including equity financing.

The Company's capital management objectives are to ensure its ability to continue as a going concern and to offer an appropriate return to its shareholders. As long as its mining properties are in the exploration and development phase, the Company does not intend to use debt to finance its work programs.

13 - COMMITMENT

The Company is a tenant pursuant to a lease that expires in September 2009, and pays a monthly rent of \$800.

14 - SUBSEQUENT EVENTS

On October 7, 2008, the Company close a \$400,00 private placement and issued 2,000,000 Units at a price of \$0.20 per unit. Each unit is comprised of one flow-through common share and one-half of a non-flow-through warrant. Each whole warrant entitled the subscriber to purchase an additional common share at an exercise price of \$0.35 for the next first twelve months. The hold period on the shares expires February 7, 2009.

15 - COMPARATIVE FIGURES

Certain comparative figures have been restated to comply with the presentation for the current period.