



**NQ EXPLORATION INC.**

(An exploration company)

**MANAGEMENT DISCUSSION AND ANALYSIS**

For the three-month period ended February 28, 2010

(First Quarter)

# MANAGEMENT DISCUSSION AND ANALYSIS

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This management discussion and analysis (“MD&A”) for NQ Exploration Inc. (“NQ” or “the Company”) complies with the Canadian Security Administrators’ National Instrument 51-102A on continuous disclosure obligations.

This MD&A constitutes a narrative, through the eyes of NQ’s management, on the Company’s results for the three-month period ended February 28, 2010, as well as its financial condition and future prospects. It complements the unaudited interim financial statements for the three-month period ended February 28, 2010, but does not form part of them. It should therefore be read in conjunction with the unaudited interim financial statements at February 28, 2010 and the notes thereto, as well as the audited financial statements and notes and the MD&A for the financial year ended November 30, 2009. The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for interim financial statements. The MD&A also provides a review of the Company’s performance for the quarter ended February 28, 2010. This review was performed by management with information available as of the date hereof.

All figures are in Canadian dollars unless otherwise stated. Additional information on the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The shares of NQ are listed on the TSX Venture Exchange under the symbol “NQE”.

## DATE

This MD&A has been prepared on the basis of information available as of April 8, 2010.

## FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements that reflect the Company’s current expectations regarding future events. To the extent that such statements contain information that is not historical in nature, such statements are essentially forward-looking, and often contain words like “anticipate”, “expect”, “estimate”, “intend”, “project”, “plan” and “believe”. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. There are many factors that could cause such differences, including volatility of metal market prices, the impact of changes in foreign exchange or interest rates, imprecision in reserve estimation, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies, the failure to obtain the necessary permits and approvals from government authorities, and other development and operating risks.

While the Company believes that the assumptions inherent in the forward-looking statements are reasonable, readers should not place undue reliance on such statements, which only apply as at the date of this MD&A. The Company disclaims any intention or obligation to update or revise forward-looking statements as a result of new information, future events or otherwise, unless required to do so by applicable securities laws.

## NATURE OF OPERATIONS

NQ was incorporated under the Canadian Business Corporations Act. The Company is engaged in the acquisition, exploration and development of mining properties. NQ conducts its activities in Canada.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERALL PERFORMANCE

### EXPLORATION ACTIVITIES

During the period covered by this analysis, the Company carried out compilation and exploration work and drilling on its mining properties. Exploration expenses of \$252,442 were incurred during for the three-month period ending February 28, 2010.

### PROPERTIES

The properties fall into two geographic groups: 1 - James Bay South, acquired from the Société de développement de la Baie-James ("SDBJ") and 2 - James Bay North, acquired from Everton Resources Inc. ("Everton").

#### James Bay South Properties

Table 1 below provides a summary of the status of the James Bay South properties as at February 28, 2010.

Property	NQ Interest	Partner Interest
Gand I	100%	None
Carheil	100%	None
Opawica <sup>(1)</sup>	100%	None
Rapides-des-Cèdres	12.5% (non-contributing)	Exploration minière H. Blondeau Ltd.: 87.5%
Themines N <sup>(2)</sup>	5% (non-contributing)	Maudore Minerals Ltd.: 95%
(1) Kinross Gold Corporation and Inmet Mining Corporation: 1% NSR royalty.		
(2) Newmont Mining Corporation holds a 1.5% NSR royalty and a 51% right of reversion.		

Table 1: Status of the James Bay South properties as at February 28, 2010

#### Carheil Property: Cu-Zn-Au-Ag

The Carheil property lies in Brouillan Township in the northern Abitibi region, 5 km southwest of the old Selbaie mine (Rio Algom Limited, historical production of 53 million tonnes grading 0.96% copper, 1.90% zinc, 40.7 g/t silver and 0.58 g/t gold), in very similar geological units, on the southern flank of an anticline that lies between the Carheil property and the Selbaie mine.

The Company owns a 100% interest in the Carheil property. The property consists of 32 contiguous claims covering approximately 5.12 km<sup>2</sup>. The property is not subject to any royalties.

In February 2009, a 1,251-metre, four-hole drilling program was carried out, including three holes drilled to test the showing in the northeast corner of the property, and another to test the C-02 conductor.

A Pulse EM survey was conducted in three of the four holes, and showed that the thickness of the rhyolite units, the massive to semi-massive sulphide beds and the copper-zinc stringer zones increased very significantly at depth under the northeast corner showing. The intensity of geochemical alterations was also markedly higher in the deepest holes. These results demonstrate a very clear improvement in the copper-zinc discovery potential at depth and toward the center of the property.

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A drilling program was carried out from November 2009 to January 2010 to better quantify this potential. The six holes of this program (3,160.5 metres) all intersected zones mineralized in copper-zinc, sometimes with gold and silver; many of these intersections contain some of the highest grades in the region. While the volcanogenic stringer zones are generally narrower than in earlier drill holes, they contain much higher concentrations of base and precious metals. Furthermore, the deepest holes show a significant increase in the intensity and thickness of the black chlorite alteration, as well as a marked thickening of the felsic volcanic units, along with the appearance of a polymictic agglomerate unit, confirming an increasingly proximal volcanogenic massive sulphide geological environment.

The best results were as follows:

HOLE No.	FROM (m)	TO (m)	LENGTH (m)	Zn (%)	Cu (%)	Ag (g/t)	Au (g/t)
CA-2009-05 including	390.5	537.8	106.0	0.40	0.02	27.7	-
	414.5	425.0	10.5	1.66	-	550.0	-
	457.35	466.25	8.90	0.91	-	55.0	-
	518.25	519.5	1.25	0.32	1.14	13.9	-
	534.3	535.3	1.00	6.06	0.80	-	-
CA-2009-05W	475.7	478.25	2.55	1.29	-	11.2	-
	507.8	508.5	0.70	1.50	0.57	-	-
	547.25	548.25	1.00	-	2.74	27.1	-
CA-2009-06	441.9	490.2	48.3	0.44	-	5.6	-
	532.5	538.35	5.85	1.54	-	13.0	-
	559.9	560.7	0.80	1.49	0.98	11.0	-
CA-2009-07	349.5	350.8	1.30	0.26	1.78	18.5	4.78
	371.5	373.0	1.50	1.56	2.01	25.3	-
CA-2009-08	526.75	527.3	0.55	3.82	0.10	-	-
	528.55	529.05	0.50	0.45	2.24	33.0	-
CA-2010-09 including	542.5	691.5	149.0	0.33	-	30.4	-
	567.0	574.25	7.25	0.64	-	257.9	-
	582.75	585.2	2.45	0.38	-	296.3	-
	616.7	618.7	2.00	1.08	-	15.5	2.55
	676.25	678.0	1.75	1.31	0.58	-	-
	696.0	696.75	0.75	-	1.42	-	-

The 2010 fall-winter program tested the Nordest showing at a vertical depth of from 300 to 600 metres. Holes CA-2009-05, CA-2009-05W and CA-2010-09 were drilled on Section 650E, behind Hole CA-2009-04, which returned the best results of the 2009 winter drilling program. Hole CA-2009-05W is a redrill of Hole CA-2009-05 off a wedge at 465 metres, to compensate for a high level of lost core. Holes CA-2009-06, CA-2009-07 and CA-2009-08 were drilled at 100 and 250 metres west of Section 650E.

The Nordest showing consists of the same lithological units, alterations and mineralization styles as at the Selbaie mine. Among other things, barren massive sulphide lenses have been identified at the top of the rhyolitic unit, along with lenses of so-called "pisolitic rhyolite" (likely chert in gel form), typical Selbaie-environment marker horizons. In addition, the deepest 2010 holes clearly show an increasingly proximal volcanogenic massive sulphide geological environment. For instance, on Section 650E, the black chlorite alteration, while absent near surface, intensifies significantly from 200 to 400 metres deep over a thickness of 30 to 35 metres, and peaks at around 600 metres depth over a thickness of 60 metres. The chloritization is generally accompanied by very intense silicification, with occasional evidence of porcelanite. At about -400 metres, a polymictic agglomerate unit also appears, showing singular fragments of margin-chilled rhyolite, fragments of rhyolitic welded tuffs and fragments of devitrified felsic glass, all evidence of hot, and therefore near-source, deposition. In this area and at depth, fragments of massive sulphides also appear, forming up to 40% of the pyroclastic fragments that surround the agglomerate.

## MANAGEMENT DISCUSSION AND ANALYSIS

The high copper and zinc grades obtained from this program, as well as the associated high precious metal grades (550 g/t silver over 10.5 metres and 4.78 g/t gold over 1.30 metres), are among the most significant ever obtained in the region, outside of Selbaie, yet another indication of proximity and excellent potential.

These results, as well as the compilation and reinterpretation of the entire sector, have led the Company to consider extending the property considerably.

### **Opawica Property: Au**

The property lies 20 kilometre east of Desmaraisville in the Chibougamau mining camp. The property lies within a major regional NE-SW deformation corridor that hosts a number of gold showings and two former producers, the Lac Shortt mine, three kilometre to the north, and the Bachelor Lake mine, 20 kilometres to the west. Metanor Resources Inc. is presently reactivating the Bachelor Lake mine, whose mill is already in operation. No mineral resource has been estimated for the Opawica property; no drilling has been done on the property since 1983. Previous work on the property, including 41 drillholes, identified a gold-bearing zone about 350 metres long, extending to a depth of 100 to 200 metres. In addition to high grade gold potential at depth, the property has untested low-grade-high-tonnage potential on surface, the mineralized zone being spatially associated with porphyry-type dikes within a gold-anomalous envelope over 40 metres wide.

The following table shows some of the best assay results of previous drilling:

Hole	Grade/Thickness
23-11	87.5 g/t gold over 1.5 metres
23-05	23.7 g/t gold over 0.75 metres
Q0-2	2.5 g/t gold over 6.1 metres
23-04	5.1 g/t gold over 2.0 metres
Q0-5	6.9 g/t gold over 3.8 metres
Q0-9	3.6 g/t gold over 4.7 metres

The Company is in the process of reviewing all the relevant data in order to define the property's potential in light of a new geological model for the area, including the possibility that the mineralized zones have a different orientation.

### **Gand I Property: Au**

The Gand I property lies in the James Bay region, about 25 km northeast of Desmaraisville in the Chibougamau mining district. It consists of 76 contiguous claims in Gand and Lespérance townships covering a total area of 12.55 km<sup>2</sup>. The property is wholly-owned by NQ.

The property is adjacent to the Lac Shortt mine property, in a similar geological setting. The Lac Shortt mine, which produced 2.7 million tonnes grading 4.65 g/t of gold, lies about 5 km to the west. Two favourable structures cross the Company's property: the Lac Shortt Fault, which hosts the mine of the same name, and the Opawica Fault, which hosts various deposits, including the Mariposite deposit immediately east of Gand I. Mariposite has historical inferred reserves (Camchib, 1986) of 470,300 tonnes at 2.75 g/t Au and 211,240 tonnes at 4.11 g/t gold in two zones.

A site visit in June confirmed that the property setting was favourable to gold mineralization, with important metallotects identified, including a strongly-altered horizon of Temiscamingue-type sediments in a pull-apart structural setting. All the property data is currently being reviewed to assess its potential in light of the new geological model.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## **James Bay North Properties**

No work was done on the James Bay North properties during the period covered by this MD&A. No work was done on the James Bay North properties during the period. In the coming year, the Company will assess the future exploration requirements on the property.

## **Aylmer Property: Au, Ag, Cu, Zn, Mo**

The Aylmer property lies in the James Bay region of northern Quebec. The property now consists of 12 claims covering a total area of 6.31 km<sup>2</sup>. It is wholly owned by NQ, although subject to a 2% NSR royalty.

No exploration work was carried out on the property during the period covered by this MD&A.

## **Candlestick Property: Au**

The Candlestick property lies 35 km south of the La Grande River in the James Bay region of northern Quebec. During the period covered by this MD&A, the property was reduced by 20 claims, to now comprise 90 claims covering a total area of 46.6 km<sup>2</sup>. NQ has a 100% interest in the property, which is subject to a 2% NSR royalty.

No exploration work was carried out on the property during the period covered by this MD&A.

## **Conviac Property: Au, Cu, Zn**

The Conviac property lies in the James Bay region of Quebec, 22 km north of the Eastmain River and about 275 km north of Chibougamau. During the period covered by this MD&A, 243 claims were dropped. The property now consists of 198 contiguous claims that cover a total area of 104.1 km<sup>2</sup>. It is wholly-owned by NQ.

The property lies 85 km southeast of Goldcorp Inc.'s Éléonore deposit (NI 43-101 indicated resource of 1.83 million ounces of gold) and 65 km east of Eastmain Resources Inc.'s Eau Claire deposit (NI 43-101 indicated and inferred resource of 1 million ounces of gold).

No exploration work was carried out on the property during the period covered by this MD&A.

## **Duncan Property: Au, Ag, Cu, Zn**

The Duncan project lies in the James Bay region of Quebec, approximately 35 km south of Radisson. Some 141 claims were dropped during the period covered by this MD&A. The Duncan property now comprises 229 claims in two blocks covering a total area of 116.8 km<sup>2</sup>. The claims are wholly-owned by NQ, with some of them subject to a 2% NSR royalty.

No exploration work was carried out on the property during the period covered by this MD&A.

## **Eastmain North Property: Au, Cu, Zn**

The Eastmain North property lies in the James Bay region of Quebec, approximately 250 km north of Chibougamau. NQ dropped 387 claims during the period covered by this MD&A, and the property now consists of 131 contiguous claims covering a total area of 69.1 km<sup>2</sup>. NQ owns a 100% interest in the property, with a portion subject to a 1% NSR royalty.

## MANAGEMENT DISCUSSION AND ANALYSIS

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The property lies 75 km southeast of Goldcorp Inc.'s Éléonore project (43-101 indicated resource of 1.83 million ounces of gold) and 30 km east of Eastmain Resources Inc.'s Eau Claire deposit (43-101 indicated and inferred resource of 1 million ounces of gold).

No exploration work was carried out on the property during the period covered by this MD&A.

### **Le Moyne Property: Au**

The Le Moyne property lies 35 km south of the La Grande River in the James Bay region of Quebec. The Company dropped 58 claims during the period covered by this MD&A and acquired 20 others further to the east. The property now consists of 40 contiguous claims covering a total area of 20.6 km<sup>2</sup>. It is wholly-owned by NQ and is subject to a 2% NSR royalty.

No exploration work was carried out on the property during the period covered by this MD&A.

### **Morand Property: U-Th, Au**

The Morand property lies in the James Bay region of Quebec, about 72 km west of Radisson and immediately north of the La Grande River. The property consists of 177 contiguous map-designated claims covering a total area of 89.85 km<sup>2</sup>. It is wholly-owned by NQ and is subject to a 2% NSR royalty.

No exploration work was carried out on the property during the period covered by this MD&A.

### **Pine Hill Property: Au**

The Pine Hill property lies north of the LG-3 reservoir in the James Bay region of Quebec, about 135 km east of Radisson. NQ Exploration dropped 151 claims during the period covered by this MD&A. The Pine Hill property now consists of 68 contiguous claims covering an area of 34.5 km<sup>2</sup>. It is wholly-owned by NQ and is not subject to any royalties.

No exploration work was carried out on the property during the period covered by this MD&A.

### **Pine Hill North Property: U, Au, Mo**

The Pine Hill North property lies in the James Bay region of Quebec, about 150 km east of Radisson and north of the LG-3 reservoir. The property consists of 85 continuous map-designated claims covering a total area of 42.9 km<sup>2</sup>. It is wholly-owned by NQ, with 64 claims subject to a 2% NSR royalty.

No exploration work was carried out on the property during the period covered by this MD&A.

### **Star Lake Property: U, Cu, Au**

The Star Lake property lies in the James Bay region of Quebec, 120 km southeast of Radisson. NQ dropped 30 claims during the period covered by this MD&A, and the property now consists of 217 contiguous claims covering a total area of 112.2 km<sup>2</sup>.

No exploration work was carried out on the property during the period covered by this MD&A.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Person Responsible for the Technical Information

Jacquelin Gauthier, a geological engineer, Vice President, Exploration and a qualified person under Regulation 43-101 respecting standards of disclosure for mineral projects, wrote and approved the technical content of the Management Discussion and Analysis. Mr. Gauthier also planned and supervised the work done on the property.

Additional information on all the properties can be found on NQ's website at [www.ngexploration.com](http://www.ngexploration.com).

## RESULTS OF OPERATION

NQ anticipates that, for the foreseeable future, quarterly results of operations will be impacted by various factors, including the timing of exploration and the efforts and level of expenditures devoted to the Company's development. Due to fluctuations in these factors, NQ believes that period-to-period comparisons of its operating results cannot provide a clear, accurate picture of its future performance.

The following discussion constitutes an analysis of the operating results for the three-month period ended February 28, 2010. The selected financial information shown below is derived from the unaudited interim financial statements for the periods indicated.

## FINANCIAL HIGHLIGHTS

	February 28 (3 months)	
	2010	2009
Revenues	\$ 827	\$ 1,523
General administrative expenses and salaries	\$ 48,509	\$ 63,615
Registration, listing fees and shareholders' information	\$ 16,234	\$ 8,463
Professional and consultant fees	\$ 2,869	\$ 19,562
Stock-based compensation	\$ 18,449	\$ -
Amortization of equipment	\$ 516	\$ 783
Part XII.6 taxes	\$ 724	\$ 197
Interest of debentures	\$ 22,314	\$ -
Write-off of deferred exploration expenses and of mining properties	\$ -	\$ 25,185
Loss before income taxes	\$ (108,788)	\$ (116,282)
Future income and mining taxes	(75,328)	-
Net loss	\$ (184,116)	\$ (116,282)
Cash & cash equivalents	\$ 424,628	\$ 249,924

## Revenues

Revenues for the three-month period ended February 28, 2010, amounted to \$827 (\$1,523 in 2009) and consisted of interest income. Being a mining exploration company, NQ does not generate any regular earnings so in order to survive; the Company has to issue capital stock.

## General Administrative Expenses and Salaries

General administrative expenses and salaries for the three-month period ended February 28, 2010, consisted mainly of general office expenditures, travel expenses, entertainment expenses, salaries, claims renewal costs and expenses incurred to rent office space in Rouyn-Noranda and Quebec.

## MANAGEMENT DISCUSSION AND ANALYSIS

The change from the previous period is mainly due to \$7,740 in claim renewal fees for the three-month period ended February 28, 2010 (\$33,760 in 2009). The Company capitalizes claims renewal costs in the year that a property is acquired, and then expenses them from the second year on.

### Listing and Registrar Fees and Shareholder Communications

Listing and registrar fees and shareholder communications expenses for the three-month period ended February 28, 2010 consisted mainly of legal and regulatory expenses required to comply with the requirements of the securities commission. The increase in expenses was caused by the dissemination of a larger number of press releases and the hiring of an investor relations firm.

### Professional and Consultant Fees

Professional fees for the three-month period ended February 28, 2010, consisted mainly of legal, accounting, auditing and management expenses. The change was due to the auditor's billing period.

### Stock-Based Compensation

Stock-based compensation for the three-month period ended February 28, 2010, represents options granted to directors, officers and consultants. A compensation expense of \$18,449 (Nil in 2009) was recognized under earnings for stock options granted during the period using the Black-Scholes option-pricing model.

### Part XII.6 Taxes

Part XII.6 taxes represent taxes payable on exploration expenses incurred after February 28, 2010.

### Interest on Debentures

Since April 2009, the Company has issued debentures on which interest is payable.

### Write-Off and Sale of Deferred Exploration Expenditures and Mining Properties

The Company did not record any write-down for the three-month period ended February 29, 2010, unlike in the preceding period.

## SUMMARY OF QUARTERLY RESULTS

The following is a discussion and analysis of NQ's operations for the first quarter ended February 28, 2010. The following selected financial information is taken from the unaudited financial statements for the periods indicated.

\$000s of \$ except for share data	Feb 28 2010	Nov. 30 2009	Aug. 31 2009	May 31 2009	Feb 28 2009	Nov. 30 2008	Aug. 31 2008	May 31 2008
Revenues	1	-	-	-	2	4	6	6
Net loss	184	699	219	271	116	548	41	411
Basic and diluted net loss per share	\$ 0.01	\$ 0.02	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.02	\$ 0.00	\$ 0.02

## LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents as at February 28, 2010, amounted to \$424,628 compared to \$249,924 as at February 28, 2009. Management intends to seek additional capital in the form of equity financing to support current and future mining property development.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table shows a breakdown of financings closed by NQ and how the Company intends to use the proceeds.

Date	Financing		Commercial Goals	
August 2009	Flow-through shares	\$400,000	Exploration expenditures	Still has \$219 474 to realized at the latest December 31, 2010

Administrative expenses for the coming year are expected to be about \$62,000. Management is of the opinion that, even if it is unable to raise equity financing in the future, the Company will be able to meet its current exploration obligations and keep its properties in good standing for the next 12 months. Advanced exploration of some of the mineral properties would require substantially more financial resources. During the three-month period ended February 28, 2010, the Company was able to rely on its ability to raise financing through public or privately negotiated equity offerings. There is no assurance that such financing will be available when required, or under terms that are favourable to NQ. The Company may also select to advance the exploration and development of mineral properties through joint-venture participation.

### CASH FLOWS

	February 28 (3 months)	
	2010	2009
Operating activities	\$ (134,306)	\$ (47,243)
Investing activities	(220)	(76,644)
	<u>\$ (134,526)</u>	<u>\$ (123,887)</u>
Cash & cash equivalents	\$ 424,628	\$ 249,924

During the three-month period ended February 28, 2010, funds used for operating activities were spent primarily on improving operations and promoting the Company.

During the three-month period ended February 28, 2010, investing activities consisted mainly of raising funds for exploration and development of mineral properties. These funds are specifically reserved for exploration on the Carheil, Opawica and Gand 1 properties.

### CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET ARRANGEMENTS

The Company has an employment contract with its president. This contract is for an undetermined term beginning on January 1, 2009. The Company has undertaken to pay the president an annual salary of \$75,000.

In March 2009, the Company signed an employment contract with its vice president of exploration. The contract is for a one-year term, renewable for one year thereafter. The Company has undertaken to pay the vice president of exploration an annual salary of \$50,000.

In April 2009, the Company issued a \$200,000 unsecured convertible debenture to Société de développement de la Baie-James bearing interest at an annual rate of 15%. The debenture capital is convertible at the option of the holder into common shares of the Company at a price of \$0.18 each, up until April 30, 2010. Conversion of the debenture capital may be extended to April 30, 2011, in which case it will be convertible into common shares of the Company at a price of \$0.20 per share.

In July 2009, the Company signed a lease that expires in May 2010 and provides for a total of \$1,800 in rent payment in the coming year.

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In September 2009, the Company issued two unsecured convertible debentures totalling \$250,000 to the Fonds de solidarité FTQ and Sidex Limited Partnership (Sidex), bearing interest at an annual rate of 12% and maturing in 36 months. The debenture capital is convertible at the option of the holder into common shares of the Company at a price of \$0.18 each.

In March 2010, the Company issued a press release announcing that, subject to the approval of the TSX Venture Exchange, it would issue 39,558 common shares to each of the Fonds de solidarité FTQ and Sidex Limited Partnership ("Sidex") (79,116 common shares total) at a price of \$0.187 per share in payment of debenture interest of \$7,397 (Sidex) and \$7,397 (Fonds de solidarité FTQ) for a total of \$14,794 due on March 2, 2010. Interest is payable on debentures issued under the terms of subscription agreements dated September 3, 2009, pursuant to which NQ issued to each of the Fonds de solidarité FTQ and Sidex a convertible \$125,000 debenture on which interest is payable semi-annually, either in cash or in common shares of the Company's capital stock.

### ROYALTIES ON MINING PROPERTIES

<b>James Bay North Properties</b>	<b>Royalties</b>
Aylmer	2%
Candlestick	2%
Duncan	2%
Eastmain Nord	1%
Gand1	2%
Le Moyne	2%
Morand	2%
Pine Hill Nord	2%
<b>James Bay South Properties</b>	
Gand I	2%
Opawica	1%

### RELATED-PARTY TRANSACTIONS AND COMMERCIAL OBJECTIVES

During the three-month ended February 28, 2010, the Company paid professional fees of \$3,000 (\$3,000 in 2009) to a company controlled by the Company's chief financial officer, for services rendered in this capacity.

This transaction was entered into in the normal course of business and was measured at the fair market value, which is the amount established and accepted by the parties.

In addition, one of the directors of NQ is also a director of Everton Resources Inc.

### SUBSEQUENT EVENTS

There were no material events subsequent to the end of period.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## NEW ACCOUNTING POLICIES

### Presentation of Financial Statements

The unaudited interim financial statements were prepared by management in accordance with Canadian generally accepted accounting principles (GAAP). These consolidated interim financial statements were prepared using the same accounting policies and methods as were used in the presentation of the audited annual financial statements for the year ended November 30, 2009. The unaudited interim financial statements should be read in conjunction with the audited financial statements and notes thereto contained in the Company's annual management discussion and analysis. The operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the year as a whole. Certain corresponding figures have been restated to reflect the presentation adopted for the current year.

### Future Accounting Changes

#### Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued three new accounting standards: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "No-controlling interests". These new standards will be effective for years beginning on or after January 1<sup>st</sup>, 2011. The Company is in the process of evaluating the requirements of these new standards.

Section 1582 replaces Section 1581, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3, "Business Combinations". The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1<sup>st</sup>, 2011. Sections 1601 and 1602 together replace Section 1600, "Consolidated Financial Statements". Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to years beginning on or after January 1<sup>st</sup>, 2011.

Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements" and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1<sup>st</sup>, 2011.

#### International Financial Reporting Standards (IFRS)

The CICA plans the convergence of Canadian generally accepted accounting principles (GAAP) to IFRS on a transition period ending in 2011. The Company expects this transition to have an effect on its accounting methods, presentation of financial information and information systems. During the next quarters, the Company will develop its internal implementation plan to meet the guidelines of the future reporting requirements.

## CERTIFICATION OF INTERIM FILINGS

The President and Chief Financial Officer have signed the Certifications of Interim Filings as required by Multilateral Instrument 52-109, thus confirming that they have assessed the effectiveness of the disclosure controls and procedures as at the end of the period covered by the interim filings.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OTHER REQUIREMENTS OF THE MD&A

The financial data in the following table is derived from the financial statements for the periods indicated.

### MINING PROPERTIES AND DEFERRED EXPLORATION EXPENSES

	February 28 (3 months)	
	<b>2010</b>	2009
Balance, beginning of period	<u>\$2,403,977</u>	<u>\$1,970,331</u>
Add:		
Analysis	32,438	-
Consulting	10,694	11,582
Drilling	197,283	97,568
Claims	-	2,462
Geophysics and Geology	8,681	49,248
General exploration expenses	<u>3,346</u>	<u>-</u>
	<u>252,442</u>	<u>160,860</u>
Balance, before deduction	<u>2,656,419</u>	<u>2,131,191</u>
Write-off	<u>-</u>	<u>25,185</u>
	<u>-</u>	<u>25,185</u>
Balance, end of period	<u><u>\$2,656,419</u></u>	<u><u>\$2,106,006</u></u>

### MATERIAL COMPONENTS

	February 28 (3 months)	
	<b>2010</b>	2009
<b>Earnings</b>		
Professional and consultant fees	\$ 2,869	\$ 19,562
Write-off of mining properties and deferred exploration expenses	\$ -	\$ 25,185
Stock-based compensation	\$ 18,449	\$ -
	<i>February 28</i>	<i>February 28</i>
	<b>2010</b>	2009
<b>Balance sheet</b>		
Cash reserved for exploration expenses	\$ 224,290	\$ 194,242
Mining properties and deferred exploration expenses	\$ 2,656,419	\$ 2,106,006
Convertible debentures (debt component and debt component of convertible debentures)	\$ 450,000	\$ -

## MANAGEMENT DISCUSSION AND ANALYSIS

The following selected financial information is derived from the unaudited financial statements.

### DISCLOSURE OF OUTSTANDING SHARE DATA (as at April 8, 2010)

<b>Common shares outstanding:</b>	31,856,225	
<b>Options outstanding:</b>	3,295,000	
Average exercise price of:	\$ 0.20	
<u>Expiry date</u>	<u>Number of shares</u>	<u>Exercise price</u>
		\$
May 2013	1,125,000	0.25
October 2013	150,000	0.20
March 2014	600,000	0.20
May 2014	770,000	0.15
July 2014	500,000	0.15
February 2015	150,000	0.20
	<u>3,295,000</u>	
<b>Warrants outstanding :</b>	3,172,223	
Average exercise price of:	\$ 0.26	
<u>Expiry date</u>	<u>Number of shares</u>	<u>Exercise price</u>
		\$
August 2010	200,000 <sup>1</sup>	0.20
August 2010	1,000,000	0.35
June 2011	250,000	0.20
August 2011	333,333	0.20
September 2011	1,388,890	0.24
	<u>3,172,223</u>	

<sup>1</sup> Issued to brokers

# MANAGEMENT DISCUSSION AND ANALYSIS

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## RISKS AND UNCERTAINTIES

NQ is subject to a variety of risks, some of which are described below. If any of the following risks occur, the Company's business, results of operations or financial condition could be adversely affected in a material manner.

**Mining Exploration.** Mining exploration involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, there are no underground or surface infrastructure nor any known commercial orebodies on the mineral properties in which the Company owns an interest, and any proposed exploration program is an exploratory search for ore. Unusual or unexpected formations, fires, power outages, labour disputes, floods, subsidence and the inability to locate the appropriate or adequate manpower, machinery or equipment are all risks associated with the execution of exploration programs. The Company supplements its internal exploration and mining expertise with advice from consultants or others from time to time, as required. The economics of developing gold and other mineral properties is affected by many factors, including the cost of operations, variation in the grade of ore mined and fluctuations in the price of any minerals produced.

**Property Titles.** While the Company has diligently investigated title to the various properties in which it owns interests, and to the best of its knowledge, titles to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers, native or government land claims or regulatory non-compliance.

**Permits and Licenses.** The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all the licenses and permits required for the purposes of exploration, development and mining on its properties.

**Metals Prices.** Even if the Company's exploration programs are successful, factors beyond the Company's control may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and global production. The effect of these factors cannot be accurately predicted.

**Competition.** The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests, as well as for recruitment and retention of qualified employees.

**Environmental Regulations.** The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and greater penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of complying with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

**Conflicts of Interest.** Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest that they may

## MANAGEMENT DISCUSSION AND ANALYSIS

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have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

**Development Stage.** The Company's properties are in the exploration stage and to date none of them have a proven orebody. The Company does not have a history of earnings or providing a return on investment, and there can be no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

**Industry Conditions.** Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations, such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

**Uninsured Hazards.** Exploration and development of mineral deposits involves hazards such as unusual geological conditions. The Company may become subject to liability for pollution or other hazards which cannot be insured against or against which the Company may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Company's assets or its insolvency.

**Future Financing.** Completion of future programs may require additional financing, which may dilute the interests of existing shareholders.

**Key Employees.** Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations.

**Canada Revenue Agency.** There can be no assurance that the Canada Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

### STRATEGY AND OUTLOOK

The gold market is showing a rising trend and the outlook for gold is generally positive. The financing prospects for all the Company's projects are good, which should enable it to significantly advance its exploration program in Quebec, where the potential for discoveries is high.