

NEVADA EXPLORATION INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED APRIL 30, 2016 AND 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Nevada Exploration Inc.

We have audited the accompanying consolidated financial statements of Nevada Exploration Inc. and its subsidiary, which comprise the consolidated statements of financial position as at April 30, 2016 and April 30, 2015 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Nevada Exploration Inc. and its subsidiary as at April 30, 2016 and April 30, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
August 23, 2016
Toronto, Ontario

NEVADA EXPLORATION INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	April 30, 2016	April 30, 2015 Restated – Note 3	May 1, 2014 Restated – Note 3
ASSETS			
Current assets			
Cash	\$ 74,820	\$ 29,674	\$ 22,603
Accounts receivable (Note 4)	16,506	4,649	2,131
Prepaid expenses (Note 5)	11,595	7,948	17,735
Short term investments (Note 6)	<u>8,503</u>	<u>5,102</u>	<u>3,401</u>
Total current assets	<u>111,424</u>	<u>47,373</u>	<u>45,870</u>
Non-current assets			
Equipment (Note 8)	46,192	138,643	144,860
Deposits and bonds (Note 10)	<u>45,281</u>	<u>28,894</u>	<u>87,321</u>
Total non-current assets	<u>91,473</u>	<u>167,537</u>	<u>232,181</u>
Total assets	<u>\$ 202,897</u>	<u>\$ 214,910</u>	<u>\$ 278,051</u>
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities (Notes 7 and 11)	\$ 132,443	\$ 448,578	\$ 272,045
Short term demand loan (Note 13)	-	30,000	-
Current portion of finance lease obligations (Note 12)	<u>11,381</u>	<u>10,630</u>	<u>9,381</u>
Total current liabilities	<u>143,824</u>	<u>489,208</u>	<u>281,426</u>
Non-current liabilities			
Finance lease obligations (Note 12)	<u>18,631</u>	<u>28,855</u>	<u>35,870</u>
Total liabilities	<u>162,455</u>	<u>518,063</u>	<u>317,296</u>
Equity			
Capital stock (Note 14)	17,364,355	16,368,731	16,122,776
Reserves (Note 14)	866,472	524,956	955,109
Deficit	<u>(18,190,385)</u>	<u>(17,196,840)</u>	<u>(17,117,130)</u>
Total equity	<u>40,442</u>	<u>(303,153)</u>	<u>(39,245)</u>
Total liabilities and equity	<u>\$ 202,897</u>	<u>\$ 214,910</u>	<u>\$ 278,051</u>

Nature of operations and continuance of operations (Note 1)

Change in accounting policy (Note 3)

Subsequent events (Note 21)

Approved and authorized on behalf of the Board on: August 23, 2016

“Wade Hodges”

Director

“Dennis Higgs”

Director

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

NEVADA EXPLORATION INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEAR ENDED APRIL 30,

	2016	2015
		Restated – Note 3
INCOME		
Project management and consulting	\$ 77,923	\$ -
EXPENSES		
Amortization (Note 8)	23,018	19,832
Exploration and evaluation expenditures (Note 9)	260,036	124,508
General exploration costs	7,530	7,427
Interest and bank charges	3,543	1,841
Investor relations	292,481	3,796
Office expenses and other	58,977	71,733
Professional fees and consulting (Note 7)	219,034	111,980
Project management and consulting	27,341	-
Rent	29,582	55,964
Salaries (Note 16)	97,118	122,724
Share-based payments (Notes 14 and 16)	214,572	-
Travel	<u>34,203</u>	<u>1,994</u>
Total operating expenses	<u>(1,267,435)</u>	<u>(521,799)</u>
Loss from operations	<u>(1,189,512)</u>	<u>(521,799)</u>
OTHER ITEMS		
Gain on disposal of equipment (Note 7)	16,460	6,473
Gain on salary settlement (Note 7)	71,363	93,767
Write off of database software (Note 8)	(102,524)	-
Unrealized gain on marketable securities (Note 6)	<u>3,401</u>	<u>1,701</u>
Total other items	<u>(11,300)</u>	<u>101,941</u>
Net loss for the year	(1,200,812)	(419,858)
OTHER COMPREHENSIVE LOSS		
Currency translation adjustment	<u>(11,480)</u>	<u>(9,314)</u>
Comprehensive loss for the year	<u>\$ (1,212,292)</u>	<u>\$ (429,173)</u>
Basic and diluted loss per common share	<u>\$ (0.05)</u>	<u>\$ (0.03)</u>
Weighted average number of common shares outstanding	<u>25,811,236</u>	<u>13,086,301</u>

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

NEVADA EXPLORATION INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Capital Stock		Reserves					Total Equity
	Shares (Note 14)	Amount (Note 14)	Options (Note 14)	Warrants (Note 14)	Currency Translation (Restated – Note 3)	Total Reserves (Restated – Note 3)	Deficit (Restated – Note 3)	
Balance, May 1, 2014	12,806,590	\$ 16,122,776	\$ 840,490	\$ 128,376	\$ (13,757)	\$ 955,109	\$ (17,117,130)	\$ (39,245)
Private placement	283,010	141,505	-	-	-	-	-	141,505
Share issuance costs	-	(4,741)	-	-	-	-	-	(4,741)
Relative fair value of unit warrants issued	-	(46,892)	-	46,892	-	46,892	-	-
Share issuance costs - finders' warrant	-	(793)	-	793	-	793	-	-
Shares issued for property	80,000	8,000	-	-	-	-	-	8,000
Shares issued for debt	205,000	20,500	-	-	-	-	-	20,500
Warrants expired	-	128,376	-	(128,376)	-	(128,376)	-	-
Options expired	-	-	(340,148)	-	-	(340,148)	340,148	-
Currency translation adjustment	-	-	-	-	(9,314)	(9,314)	-	(9,314)
Net loss for the year	-	-	-	-	-	-	(419,858)	(419,858)
Balance, April 30, 2015	13,374,600	\$ 16,368,731	\$ 500,342	\$ 47,685	\$ (23,071)	\$ 524,956	\$ (17,196,840)	\$ (303,153)
Balance, May 1, 2015	13,374,600	\$ 16,368,731	\$ 500,342	\$ 47,685	\$ (23,071)	\$ 524,956	\$ (17,196,840)	\$ (303,153)
Private placement	15,423,000	1,068,825	-	-	-	-	-	1,068,825
Relative fair value of unit warrants issued	-	(362,006)	-	362,006	-	362,006	-	-
Share issuance costs	-	(79,572)	-	-	-	-	-	(79,572)
Shares for debt – bridge financing	939,150	46,958	-	-	-	-	-	46,958
Relative fair value of unit warrants issued	-	(18,932)	-	18,932	-	18,932	-	-
Share issuance costs	-	(4,896)	-	-	-	-	-	(4,896)
Shares for debt – management settlement	2,500,000	125,000	-	-	-	-	-	125,000
Share-based payments	-	-	214,572	-	-	214,572	-	214,572
Warrants exercised	1,850,000	220,247	-	(35,247)	-	(35,247)	-	185,000
Options expired	-	-	(207,267)	-	-	(207,267)	207,267	-
Currency translation adjustment	-	-	-	-	(11,480)	(11,480)	-	(11,480)
Net loss for the year	-	-	-	-	-	-	(1,200,812)	(1,200,812)
Balance, April 30, 2016	34,086,750	\$ 17,364,355	\$ 507,647	\$ 393,376	\$ (34,551)	\$ 866,472	\$ (18,190,385)	\$ 40,442

On August 28, 2015, the Company's common shares were consolidated on the basis of one post-consolidated common share for every ten pre-consolidated common shares. The numbers of the shares, options and warrants presented in these consolidated financial statements have all been adjusted retrospectively to reflect the impact of this share consolidation.

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

NEVADA EXPLORATION INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended April 30, 2016	Year Ended April 30, 2015 Restated – Note 3
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (1,200,812)	\$ (419,858)
Items not affecting cash:		
Amortization	23,018	19,832
Share-based payments	214,572	-
Unrealized gain on marketable securities	(3,401)	(1,701)
Write-off of database software	102,524	-
Gain on sale of equipment	(16,460)	(6,473)
Gain on settlement of debts	(71,363)	(93,767)
Redemption (purchase) of bonds	(17,255)	55,190
Shares issued for property	-	8,000
Changes in non-cash working capital items:		
Accounts receivable	(11,857)	(2,518)
Prepaid expenses	(3,647)	9,787
Accounts payable and accrued liabilities	<u>(93,138)</u>	<u>273,815</u>
Net cash used in operating activities	<u>(1,077,819)</u>	<u>(157,693)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of equipment	-	5,922
Acquisition of equipment	<u>(18,671)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(18,671)</u>	<u>5,922</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	1,068,825	141,505
Share issuance cost	(84,468)	(4,741)
Short-term loan received (Note 13)	16,958	30,000
Warrants exercised	185,000	-
Repayment of finance lease obligations	<u>(11,590)</u>	<u>(9,909)</u>
Net cash provided by financing activities	<u>1,174,725</u>	<u>156,855</u>
Effect of foreign exchange	<u>(33,089)</u>	<u>1,987</u>
Change in cash for the year	45,146	7,071
Cash, beginning of year	<u>29,674</u>	<u>22,603</u>
Cash, end of year	<u>\$ 74,820</u>	<u>\$ 29,674</u>

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

NEVADA EXPLORATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED APRIL 30, 2016 AND 2015

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Nevada Exploration Inc. (the “Company” or “NGE”) was incorporated on April 6, 2006 under the Canada Business Corporations Act and is in the business of acquiring and exploring mineral properties.

The Company is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “NGE” and on the OTCQX marketplace under the trading symbol “NVDEF”. The Company’s head office is located at Suite 1500 - 885 West Georgia Street, Vancouver, BC V6C 3E8. The Company’s registered and records office is located at 25th Floor, 700 W. Georgia St., Vancouver, BC V7Y 1B3.

These consolidated financial statements are authorized for issue on behalf of the Board of Directors on August 23, 2016.

Continuance of operations

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically and recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Subsequent to year end, the Company received proceeds of \$2,968,000 from private placements and the exercise of warrants (Note 21).

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, unregistered claims and noncompliance with regulatory and environmental requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

On August 28, 2015, the Company’s common shares were consolidated on the basis of one post-consolidated common share for every ten pre-consolidated common shares. The numbers of the shares, options and warrants presented in these consolidated financial statements have all been adjusted retrospectively to reflect the impact of this share consolidation.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the years ended April 30, 2016 and 2015.

The significant accounting policies below have been applied consistently to all periods. These periods are based on IFRS effective as of April 30, 2016.

Change in accounting policy

During the year ended April 30, 2016, the Company retrospectively changed its accounting policy for exploration and evaluation assets. See Note 3.

NEVADA EXPLORATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED APRIL 30, 2016 AND 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Pediment Gold LLC. The financial statements of the Company's subsidiary have been consolidated from the date that control commenced. All inter-company balances and transactions, and income and expenses have been eliminated upon consolidation.

The financial statements include the financial statements of Nevada Exploration Inc. and its subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Functional Currency	Ownership Interest	Principal Activity
Pediment Gold LLC	USA	US dollar	100%	Exploration company

Use of judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Significant assumptions about the future and other sources of estimated uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that the actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) the estimated useful lives of equipment and the related amortization;
- ii) impairment of equipment; and
- iii) valuation of share-based payments and warrants.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of the Company's wholly-owned subsidiary Pediment Gold LLC is the US dollar.

Share issuance 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. If the financing is not completed share issue costs are charged to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Equipment

Equipment is recorded at historical cost less accumulated amortization and impairment charges. Equipment is amortized on a straight-line basis over their estimated useful lives as follows:

Exploration equipment	5 to 7 years
Vehicles	5 years
Computer equipment	3 years

The cost of replacing a piece of equipment is recognized in the carrying amount of the equipment if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of the equipment are recognized in profit or loss as incurred.

Resource properties – exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition cost of mineral properties, properly option payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Impairment

At the end of each reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into cash generating units ("CGU's") for impairment purposes. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit and loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes (cont'd...)

Deferred taxes are recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize that excess.

Provision for environmental rehabilitation

The Company recognizes the fair value of a liability for the provision for environmental rehabilitation in the year in which it is incurred when a reliable estimate of fair value can be made.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the consolidated statement of comprehensive loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability. As at April 30, 2016 and 2015, the Company has not recorded any provision for environmental rehabilitation.

Warrants

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The relative fair value of the share component is credited to capital stock and the relative fair value of the warrant component is credited to warrants reserve. Upon exercise of warrants, consideration paid by the warrant holder together with the amount previously recognized in warrants reserve is recorded as an increase to capital stock. Upon expiration of warrants, the amount applicable to warrants expired is recorded as an increase to capital stock.

Basic and diluted loss per common share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year.

Diluted loss per share is determined by adjusting the loss attributable to common shareholders by the weighted average number of common shares outstanding for 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. As at April 30, 2016 and 2015, warrants and options outstanding are anti-dilutive.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based payments (cont'd...)

The fair value of employee stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be reliably measured, they are measured at the fair value of the share-based payment consideration. Consideration paid for the shares on the exercise of stock options together with the fair value of the stock options previously recognized is credited to capital stock. When vested options are not exercised by the expiry date, the amount previously recognized in share-based payment is transferred to deficit. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

Receivables

Receivables are recorded at face value less any provisions for uncollectible amounts considered necessary.

Revenue recognition

Project management and consulting revenue is recognized at the time the service is provided and collection is reasonably assured.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate, and non-monetary assets and liabilities, at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at different rates from those at which they are translated on initial recognition during the period or in previous consolidated financial statements are recognized in profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of Pediment Gold LLC are expressed in Canadian dollars using the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case exchange rates at the dates of the transactions are used. Exchange differences are recognized in other comprehensive income and reported as currency translation reserve in equity.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form a part of the net investment in the foreign operation, are recognized in foreign currency translation in the currency translation reserve.

Financial instruments

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

NEVADA EXPLORATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 (Expressed in Canadian Dollars)
 FOR THE YEARS ENDED APRIL 30, 2016 AND 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Loans and receivables (“LAR”) - Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Held-to-maturity (“HTM”) - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company’s management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of HTM financial assets, including impairment losses, are recognized in profit or loss.

Available-for-sale (“AFS”) - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment and at disposal, the amount of the cumulative loss is removed from equity and recognized in profit or loss.

Financial liabilities

Financial liabilities are classified into one of two categories, based on the purpose for which the liability was acquired. The Company’s accounting policy for each category is as follows:

Fair value through profit or loss (“FVTPL”) – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities (“OFL”) - This category includes accounts payable and accrued liabilities, finance lease obligations, and short term demand loan all of which are recognized at amortized cost.

<u>Financial Instrument</u>	<u>Classification</u>
Cash	LAR
Short term investments	FVTPL
Deposits and bonds	LAR
Accounts payable and accrued liabilities	OFL
Finance lease obligations	OFL
Short-term demand loan	OFL

Carrying values of financial assets and financial liabilities approximate fair value.

Impairment

All financial assets except for those at FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that the estimated cash flows of a financial asset or group of financial assets are negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments by the borrower; or
- it becomes probable that the borrower will enter into bankruptcy or financial reorganization.

The carrying amount of the financial asset is directly reduced by any impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

Leases

Leases that transfer substantially all of the benefits and risks of ownership of the assets to the Company are accounted for as finance lease obligations. At the time the finance lease obligation is entered into, an asset is recorded together with the related obligation. Assets under finance lease obligations are depreciated over their estimated useful lives.

New Accounting Standards and Amendments to Existing Standards

There were no new and amended standards that became effective for the Company's April 30, 2016 reporting period.

New or revised standards and amendments to existing standards not yet effective

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's April 30, 2016 reporting period:

- Amendment to IAS 1, *Presentation of Financial Statements*, clarifies principles for the presentation and materiality consideration for the financial statements and notes to improve comparability. The amendment to IAS 1 is effective for annual periods beginning on or after January 1, 2016. The impact of this amendment is to be determined.
- New standard IFRS 9, *Financial Instruments*, was issued in final form in July 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for classifying and measuring financial assets. This standard is effective for years beginning on or after January 1, 2018. The impact of this amendment is to be determined.
- New standard IFRS 16, *Leases*, specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019. The impact of this amendment is to be determined.
- New standard IFRS 15, *Revenue from contracts with customers*, provides guidance on how and when revenue from contracts with customers to be recognized, along with new disclosure requirements in order to provide financial statement users with more information and relevant information. This standard is effective for reporting periods on or after January 1, 2018. The impact of this standard is to be determined.

The Company plans to adopt these standards as soon as they become effective for the Company's reporting period.

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3. CHANGE IN ACCOUNTING POLICY

During the year ended April 30, 2016, the Company retroactively changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures of mineral properties to the specific mineral properties, net of recoveries received.

Under the new policy, exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred. As required by IAS8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Company included the restated statement of financial position as of May 1, 2014.

Management considers this accounting policy to provide more reliable and relevant information and more clearly represents the Company’s activities.

The consolidated financial statement impact as at May 1, 2014 is as follows:

	As previously reported	Adjustment	Restated
Exploration and evaluation assets	\$ 4,359,925	\$ (4,359,925)	\$ -
Total assets	4,637,976	(4,359,925)	278,051
Reserves	(1,286,854)	331,745	(955,109)
Deficit	13,088,950	4,028,180	17,117,130
Total shareholder’s equity	4,320,680	(4,359,925)	(39,245)
Total liabilities and shareholder’s equity	4,637,976	(4,359,925)	278,051

The consolidated financial statement impact as at April 30, 2015 is as follows:

	As previously reported	Adjustment	Restated
Exploration and evaluation assets	\$ 3,442,023	\$ (3,442,023)	\$ -
Total assets	3,656,933	(3,442,023)	214,910
Reserves	(1,163,289)	638,333	(524,956)
Deficit	14,393,150	2,803,690	17,196,840
Total shareholder’s equity	3,138,870	(3,442,023)	(303,153)
Total liabilities and shareholder’s equity	3,656,933	(3,442,023)	214,910

Exploration and evaluation costs that were capitalized and previously disclosed during the year ended April 30, 2015 have now been expensed in the statement of loss and comprehensive loss in accordance with the change in accounting policy. Impairment charges on the exploration and evaluation assets during the year ended April 30, 2015 were re-classified to deficit as they would have been expensed in the prior year in accordance with the change in accounting policy. As all exploration and evaluation assets were held in the US subsidiary, the cumulative translation reserve has been adjusted as the change in accounting policy resulted in the restatement of foreign exchange translation on exploration and evaluation assets. Exploration and evaluation costs that were recorded as an investing activity in the statement of cash flows for the year ended April 30, 2015 are now recorded as cash flows used in operating activities.

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4. ACCOUNTS RECEIVABLE

The accounts receivable are as follows:

	April 30, 2016	April 30, 2015
GST receivable	\$ 16,506	\$ 4,649
Total	\$ 16,506	\$ 4,649

5. PREPAID EXPENSES

The prepaid expenses for the Company are as follows:

	April 30, 2016	April 30, 2015
Security deposit for rental of premises	\$ 7,635	\$ 7,948
Other	3,960	-
	<u>\$ 11,595</u>	<u>\$ 7,948</u>

6. SHORT TERM INVESTMENTS

	April 30, 2016	April 30, 2015
	Number	Cost
	Carrying Value	Carrying Value
Spruce Ridge Resources Ltd. - Shares	170,068	\$ 25,000
	\$ 8,503	\$ 5,102

During the year ended April 30, 2016, the Company revalued the shares based on the market price at April 30, 2016 resulting in an unrealized gain of \$3,401 (2015 – \$1,701).

7. RELATED PARTY TRANSACTIONS

During the period ended April 30, 2016, the Company:

- i) paid or accrued \$47,500 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner;
- ii) issued 2,500,000 common shares at a market price of \$0.05 and paid \$49,976 in cash to settle a total of \$246,339 in accrued salaries with Company management resulting in a gain of \$71,363; and
- iii) recognized a gain of \$16,460 resulting from an equipment transfer with a net book value of \$nil to a director of the Company as settlement of \$16,460 of accrued salaries.

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7. RELATED PARTY TRANSACTIONS (cont'd...)

During the period ended April 30, 2015, the Company:

- i) paid or accrued \$47,408 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner;
- ii) issued 25,000 common shares at a market price of \$0.10 per share to settle \$12,500 of indebtedness to a firm of which the Chief Financial Officer is a partner resulting in a gain on settlement of debt of \$10,000; and
- iii) issued 180,000 common shares at a market price of \$0.10 to settle a total of \$101,767 in accrued salaries with Company management resulting in a gain on settlement of debt of \$83,767.

The amounts included in accounts payable and accrued liabilities which are due to related parties are as follows:

	April 30, 2016	April 30, 2015
Due to a firm of which the Chief Financial Officer is a partner	\$ 26,225	\$ 65,848
Due to management of the Company (Note 16)	2,000	13,635
Due to a director of the Company	-	11,660
	<u>\$ 28,225</u>	<u>\$ 91,143</u>

8. EQUIPMENT

	Vehicles	Exploration equipment	Computer Equipment	Total
Cost				
Balance – April 30, 2014	\$ 84,702	\$ 166,932	\$ 127,291	\$ 378,925
Disposal	-	(3,722)	-	(3,722)
Effect of translation	<u>8,532</u>	<u>16,677</u>	<u>12,822</u>	<u>38,031</u>
Balance – April 30, 2015	93,234	179,887	140,113	413,234
Acquisition	-	-	18,671	18,671
Disposal	(37,036)	-	-	(37,036)
Effect of translation	<u>6,896</u>	<u>7,217</u>	<u>4,575</u>	<u>18,688</u>
Balance – April 30, 2016	\$ 63,094	\$ 187,104	\$ 163,359	\$ 413,557
Accumulated amortization				
Balance – April 30, 2014	\$ 40,529	\$ 160,727	\$ 32,809	\$ 234,065
Disposal	-	(3,722)	-	(3,722)
Amortization	10,297	2,169	7,366	19,832
Effect of translation	<u>4,590</u>	<u>16,159</u>	<u>3,667</u>	<u>24,416</u>
Balance – April 30, 2015	55,416	175,333	43,842	274,591
Disposal	(37,036)	-	-	(37,036)
Amortization	11,778	2,480	8,760	23,018
Effect of translation	<u>4,838</u>	<u>6,923</u>	<u>1,310</u>	<u>13,071</u>
Balance – April 30, 2016	\$ 34,996	\$ 184,736	\$ 53,912	\$ 273,644
Impairment				
Balance – April 30, 2014 and 2015	\$ -	\$ -	\$ -	\$ -
Impairment loss	-	-	102,524	102,524
Effect of translation	<u>-</u>	<u>-</u>	<u>(8,803)</u>	<u>(8,803)</u>
Balance – April 30, 2016	\$ -	\$ -	\$ 93,721	\$ 93,721
Carrying amounts				
As at April 30, 2015	\$ 37,818	\$ 4,554	\$ 96,271	\$ 138,643
As at April 30, 2016	\$ 28,098	\$ 2,368	\$ 15,726	\$ 46,192

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8. EQUIPMENT (cont'd...)

During the year ended April 30, 2016, the Company decided to write-off a database that was under construction with a carrying amount of \$102,524 as the Company expects it is unlikely to engage the supplier to complete the roll out of the software.

9. RESOURCE PROPERTIES

Resource properties expenditures for the year ended April 30,

	2016	2015
Grass Valley	59,323	24,288
South Grass Valley	6,972	33,824
Kelly Creek	107,005	46,211
Hot Pot	33,152	5,812
Awakening	53,584	14,373
	\$ 260,036	\$ 124,508

Grass Valley Project (GV)

As at April 30, 2016, the Company's Grass Valley Project consists of 192 (April 30, 2015 - 452) unpatented mining claims held directly by the Company covering approximately 15.5 km² (April 30, 2015 - 37.6 km²).

On February 27, 2012, the Company acquired the Grass Valley Project as part of an Exploration Agreement with McEwen Mining Inc, ("MMI") designed to generate new gold projects in a 25,000 hectare (95 sq mi) study area in north central Nevada using the Company's hydrogeochemistry exploration technology. During the year ended April 30, 2015, McEwen Mining Inc. elected to withdraw from the Exploration Agreement, and NGE now holds a 100% interest in the project.

South Grass Valley (SGV)

As at April 30, 2016, the Company's South Grass Valley Project consists of 32 (April 30, 2015 - 185) unpatented mining claims held directly by the Company covering approximately 2.6 km² (April 30, 2015 - 15.4 km²).

Kelly Creek (KC)

As at April 30, 2016, the Company's Kelly Creek Project consists of 285 (April 30, 2015 - 209) unpatented mining claims, 209 (April 30, 2015 - 209) of which are leased by the Company from Genesis Gold Corporation through a Mining Lease and Option to Purchase Agreement (the "Genesis Agreement"), and 76 (April 30, 2015 - nil) of which are held directly by the company, together covering approximately 21.9 km² (April 30, 2015 - 16.6 km²).

The Company entered into the Genesis Agreement on October 1, 2009 and as amended on August 25, 2015, to acquire a 100% interest in the Genesis's Hot Pot claims, which consists of 209 claims. Under the Genesis Agreement, the Company is the Operator and has the option to purchase 100% of the Genesis claims for 100,000 common shares (50,000 shares issued in 2011, 50,000 shares issued in 2010) and USD\$1,500,000, subject to a 1.5% Net Smelter Return Royalty ("Royalty"), and the following advance royalty payments:

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9. RESOURCE PROPERTIES (cont'd...)

Kelly Creek (KC) (cont'd...)

1 st anniversary (October 1, 2010)	\$	5,000 USD	(paid)
2 nd anniversary (October 1, 2011)		10,000 USD	(paid)
3 rd anniversary (October 1, 2012)		10,000 USD	(paid)
4 th anniversary (October 1, 2013)		10,000 USD	(paid)
5 th and each subsequent anniversaries		10,000 USD	i) & ii)

- i) During the year ended April 30, 2015, the Company issued 80,000 Common shares, plus agreed to pay \$10,000 USD to satisfy the October 1, 2014 payment (paid).
- ii) On August 25, 2015, the Company and Genesis Gold Corporation agreed to amend the terms of the Genesis Agreement to reduce the annual payments due on October 1, 2015 (paid); October 1, 2016; and October 1, 2017, from \$50,000 USD to \$10,000USD, subject to each party's rights under the Genesis Agreement.

Hot Pot (HP)

As at April 30, 2016, the Company's Hot Pot Project consists of approximately 8.8 km² (April 30, 2015 - 8.8 km²) of private land leased by the Company under a Mining Lease Agreement (the "Hot Pot Lease"). Any mineral production on the Project is subject to a 3% Net Smelter Return Royalty (the "Royalty") to the property owner, subject to the Company's right to reduce the Royalty by 1% to 2% for \$2,000,000 USD. The Company entered into the Hot Pot Lease on September 16, 2004, for an initial term of 10 years, as amended on September 2, 2011, and February 25, 2016. Under the February 25, 2016, amendment, the term of the Hot Pot Lease was extended to 20 years, until September 16, 2024, subject to the following payments:

Amendment Date (February 25, 2016)	\$	5,000 USD	(paid)
September 16, 2016	\$	10,000 USD	
September 16, 2017	\$	15,000 USD	
Subsequent Anniversaries	\$	20,000 USD	

All of the Company's mineral interests at Hot Pot are subject to a 1.25% NSR to Royal Gold, Inc.

Awakening (AW)

As at April 30, 2016, the Company's Awakening Project consists of 6 (April 30, 2015 - 72) unpatented mining claims held directly by the Company covering approximately 0.5 km² (April 30, 2015 - 4.5 km²).

10. DEPOSITS AND BONDS

	April 30, 2016	April 30 2015
Security deposits ⁽¹⁾	\$ 5,750	\$ 5,750
Reclamation bond deposits ⁽²⁾	<u>39,531</u>	<u>23,144</u>
	<u>\$ 45,281</u>	<u>\$ 28,894</u>

⁽¹⁾ Security deposits consisted of \$5,750 guaranteed investment certificate ("GIC") and bearing interest at prime less 2%. The GIC was used to secure the credit limit on a credit card.

⁽²⁾ Reclamation bond deposits are required by the U.S. Bureau of Land Management ("BLM") and the U.S. Forest Service ("USFS") to ensure that any reclamation and clean-up work required on the Company's properties will be completed to the satisfaction of the BLM and the USFS. The Company did not have any asset retirement obligations as of April 30, 2016 and 2015.

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11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are as follows:

	April 30, 2016	April 30, 2015
Trade payables	\$ 65,243	\$ 111,693
Due to related parties (Note 7)	26,225	91,143
Due to key management personnel (Note 7)	2,000	208,268
Accrued liabilities	<u>38,975</u>	<u>37,474</u>
Total	\$ 132,443	\$ 448,578

12. FINANCE LEASE OBLIGATIONS

The Company has a finance lease obligation for a leased vehicle of \$31,184 (US- \$24,851), with blended monthly payments of principal and interest, bearing interest at a rate of 2.90% per annum.

	April 30, 2016	April 30, 2015
Finance lease obligations	\$ 31,184	\$ 41,616
Deduct: amount representing interest	<u>(1,172)</u>	<u>(2,131)</u>
Present value of minimum lease payments due	30,012	39,485
Less: current portion	<u>(11,381)</u>	<u>(10,630)</u>
Non-current portion	\$ 18,631	\$ 28,855

The total of principal repayments of the finance lease obligations that are due within the next one year is \$11,381, and the remaining portion for \$18,631 is due between fiscal years 2018 to 2019.

13. SHORT-TERM DEMAND LOAN

	April 30, 2016	April 30, 2015
Loan payable	\$ -	\$ 30,000
	<u>\$ -</u>	<u>\$ 30,000</u>

During the year ended April 30, 2015, the Company entered into an unsecured non-interest bearing loan, payable on demand, with a shareholder of the Company. During the year ended April 30, 2016, the Company received \$16,958 of additional unsecured non-interest bearing loans from shareholders of the Company. The loans of \$46,958 were settled through the issuance of 939,150 units (Note 14).

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14. CAPITAL STOCK

a) Authorized share capital:

As at April 30, 2016, the authorized share capital of the Company was:
Unlimited number of common shares without par value;
Unlimited number of preferred shares without par value; and
All issued shares are fully paid

b) Issued share capital:

On August 28, 2015, the Company's common shares were consolidated on the basis of one post-consolidated common share for every ten pre-consolidated common shares. The numbers of the shares presented in these consolidated financial statements have all been adjusted to reflect the impact of this share consolidation.

During the period ended April 30, 2016, the Company:

- Completed its non-brokered private placement by issuing 14,100,000 units at a price of \$0.05 per unit, for gross proceeds of \$705,000. Each unit consists of one common share and one non-transferable common share purchase warrant, with each full warrant entitling the holder to purchase a common share for a period of three years at an exercise price of \$0.10. Fair value allocated in connection to these warrants was \$265,248. In connection with the private placement, the Company paid \$74,277 in share issuance costs;
- Issued 939,150 units at a price of \$0.05 per unit to settle \$46,958 of unsecured demand loans provided to the Company by shareholders (Note 13). Each unit consists of one common share and one non-transferable common share purchase warrant, with each full warrant entitling the holder to purchase a common share for a period of three years at an exercise price of \$0.10. Fair value allocated in connection to these warrants was \$18,932. In connection with the bridge financing, the Company paid \$4,896 in share issuance costs;
- Completed a shares for debt settlement whereby the Company issued 2,500,000 common shares to the Company's management team at a price of \$0.05 per common share to settle \$125,000 of accrued salaries (Note 7);
- Completed a non-brokered private placement where the Company issued 1,323,000 units at a price of \$0.275 per unit, for gross proceeds of \$363,825. Each unit consists of one common share and one half of one transferable common share purchase warrant entitling holder to purchase one common share at an exercise price of \$0.50 for a period of two years. Fair value allocated in connection to these warrants was \$96,758. In connection with the private placement, the Company paid \$5,295 in share issuance costs; and
- Issued 1,850,000 common shares as a result of warrants exercised for gross proceeds of \$185,000.

During the period ended April 30, 2015, the Company:

- Issued 80,000 common shares at a market price of \$0.10 per common share to satisfy part of the 2014 annual payment due to Genesis Gold Corporation under a Mining Lease and Option to Purchase Agreement (Note 9); and
- Completed a non-brokered private placement by issuing 283,010 units at a price of \$0.50 per unit, for gross proceeds of \$141,505. Each unit consists of one common share and one non-transferable common share purchase warrant entitling the holder to purchase one common share at an exercise price of \$0.50 for a period of three years. Fair value allocated in connection to these warrants was \$46,892. In connection with the private placement, the Company:
 - i) paid finders' fee of \$4,741 to an arm's length party; and
 - ii) issued 4,000 finders' warrants with a fair value of \$793.

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14. CAPITAL STOCK (cont'd...)

b) Issued share capital (cont'd...):

- Issued 205,000 common shares at a market price of \$0.10 per common share to settle a total of \$114,267 in accrued salaries with management and indebtedness to a firm of which the CFO is a partner. The Company recognized a gain on debt settlement of \$93,767 (Note 7).

c) Options

The Company has a stock option 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.

During the year ended April 30, 2016, the Company:

- granted an aggregate of 1,625,000 stock options to acquire common shares of the Company to officers and directors of the Company. The options have an exercise price of \$0.185 and vest one third immediately, one third vest in 1 year, and one third vest in 2 years. These options are valued at \$255,887 and the vested value recorded as at April 30, 2016 is \$193,040;
- granted an aggregate of 125,000 stock options to acquire common shares of the Company to a consultant. The options have an exercise price of \$0.315 and vest one third immediately, one third vest in 1 year, and one third vest in 2 years. These options are valued at \$23,799 and the vested value recorded as at April 30, 2016 is \$11,754. In the absence of a reliable measurement of the services received from the consultant, the transaction has been measured at the fair value of the stock options issued; and
- granted an aggregate of 100,000 stock options to Future Money Trends LLC for investor relations consulting. The options have an exercise price of \$0.37 and vest, one quarter every 3 months with the first quarter of the options vesting July 20, 2016. These options are valued at \$26,952 and the vested value recorded as at April 30, 2016 is \$9,778. In the absence of a reliable measurement of the services received from the consultant, the transaction has been measured at the fair value of the stock options issued.

During the year ended April 30, 2015, the Company did not grant any stock options.

A continuity of share purchase options for the year ended April 30, 2016 is as follows:

Expiry date	Exercise price	April 30, 2015	Granted	Expired	Cancelled	April 30, 2016	Exercisable					
December 31, 2015	\$ 1.00	250,000	-	(250,000)	-	-	-					
August 9, 2016	1.00	20,000	-	-	-	20,000	20,000					
September 25, 2017	1.10	10,000	-	-	-	10,000	10,000					
December 4, 2017	1.20	50,000	-	-	-	50,000	50,000					
March 2, 2019	1.00	280,000	-	-	-	280,000	280,000					
October 19, 2020	0.185	-	1,625,000	-	-	1,625,000	541,667					
December 31, 2020	0.315	-	125,000	-	-	125,000	41,667					
April 20, 2016	0.37	-	100,000	-	-	100,000	-					
Total		610,000	1,850,000	(250,000)	-	2,210,000	943,334					
Weighted average exercise price	\$	1.02	\$	0.20	\$	1.00	\$	-	\$	0.34	\$	0.51
Weighted average remaining life of options outstanding												4.18 years

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14. CAPITAL STOCK (cont'd...)

b) Options (cont'd...):

A continuity of share purchase options for the year ended April 30, 2015 is as follows:

Expiry date	Exercise price	April 30, 2014	Granted	Expired	Cancelled	April 30, 2015	Exercisable
September 30, 2014	\$ 1.60	25,000	-	(25,000)	-	-	-
September 30, 2014	1.00	90,000	-	(90,000)	-	-	-
November 17, 2014	1.00	60,000	-	(60,000)	-	-	-
December 31, 2015	1.00	295,000	-	-	(45,000)	250,000	250,000
August 9, 2016	1.00	40,000	-	-	(20,000)	20,000	20,000
September 25, 2017	1.10	10,000	-	-	-	10,000	10,000
December 4, 2017	1.20	50,000	-	-	-	50,000	50,000
March 2, 2019	1.00	305,000	-	-	(25,000)	280,000	280,000
Total		875,000	-	175,000	(90,000)	610,000	610,000
Weighted average exercise price		\$ 1.05	\$ -	\$ 1.10	\$ 1.10	\$ 1.02	\$ 1.02
Weighted average remaining life of options outstanding						2.33 years	

The following weighted average assumptions were used for the Black-Scholes valuation of the options granted during the year.

	April 30, 2016
Share price	\$0.20
Risk-free interest rate	0.93%
Expected life of options	3.97 years
Annualized volatility based on historical volatility	153.11%
Dividend rate	0.00%
Forfeiture rate	0.00%
Exercise price	\$0.20

c) Warrants

During the year ended April 30, 2016, the Company:

- Granted 14,761,500 common share purchase warrants in connection to private placements;
- Granted 939,150 common share purchase warrants in connection with the settlement of unsecured demand loans; and
- Had 1,850,000 warrants exercised.

During the year ended April 30, 2015, the Company:

- Granted 283,010 common share purchase warrants and 4,000 finder warrants in connection to a private placement.

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14. CAPITAL STOCK (cont'd...)

c) Warrants (cont'd...)

A continuity of share purchase warrants for the year ended April 30, 2016 is as follows:

Expiry date	Exercise price	April 30, 2015	Granted	Exercised	Expired	April 30, 2016	Exercisable
August 19, 2017	\$ 0.50	283,010	-	-	-	283,010	283,010
August 19, 2017	0.50	4,000	-	-	-	4,000	4,000
August 28, 2018	0.10	-	939,150	-	-	939,150	939,150
August 28, 2018	0.10	-	13,200,000	(1,650,000)	-	11,550,000	11,550,000
September 23, 2018	0.10	-	900,000	(200,000)	-	700,000	700,000
December 29, 2017	0.50	-	661,500 ^a	-	-	661,500	661,500
Total		287,010	15,700,650	(1,850,000)	-	14,137,660	14,137,660
Weighted average exercise price		\$ 0.50	\$ 0.12	\$ 0.10^b	\$ -	\$ 0.13	\$ 0.13

a) Warrants entitles the holder to purchase one common share at an exercise price of \$0.50 for a period of two years, subject to an accelerated expiry provision of 30 days if on any 20 consecutive trading days after issuance, the closing price of the common shares of the Company is greater than \$0.75 per share.

b) The weighted average share price on the date of exercise was \$0.32.

A continuity of share purchase warrants for the year ended April 30, 2015 is as follows:

Expiry date	Exercise price	April 30, 2014	Granted	Expired	April 30, 2015	Exercisable
December 24, 2014	\$ 1.50	500,000	-	(500,000)	-	-
August 19, 2017	0.50	-	283,010	-	283,010	283,010
August 19, 2017	0.50	-	4,000	-	4,000	4,000
Total		500,000	287,010	(500,000)	287,010	287,010
Weighted average exercise price		\$ 1.50	\$ 1.50	\$ 1.50	\$ 0.50	\$ 0.50

The following weighted average assumptions were used for the Black-Scholes valuation of the warrants granted during the year.

	April 30, 2016	April 30, 2015
Share price	\$0.07	\$0.04
Risk-free interest rate	0.46%	1.09%
Expected life of warrants	2.96 years	3 years
Annualized volatility based on historical volatility	140.06%	85.28%
Dividend rate	0.00%	0.00%
Fair value per warrant	\$0.05	\$0.02

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15. SEGMENTED INFORMATION

The Company operates in one industry segment, being the acquisition, exploration, and development of resource properties. Geographic information is as follows:

	April 30, 2016	April 30, 2015
Non-current assets:		
United States		
Equipment	\$ 46,192	\$ 138,643
Deposits and bonds	<u>39,531</u>	<u>23,144</u>
	<u>\$ 85,723</u>	<u>\$ 167,787</u>

	April 30, 2016	April 30, 2015
Income:		
United States		
Project management and consulting	\$ 77,923	\$ -

16. KEY MANAGEMENT COMPENSATION

Remuneration of key management of the Company is as follows:

	Year Ended April 30, 2016	Year Ended April 30, 2015
Salaries	\$ 97,118	\$ 119,351
Share-based payments	<u>193,040ⁱ⁾</u>	<u>-</u>
	<u>\$ 290,158</u>	<u>\$ 119,351</u>

i) During the year ended April 30, 2016, the Company granted 1,626,000 stock options to directors and officers resulting in share-based payments expense of \$193,040.

The amount included in accounts payable and accrued liabilities which is due to key management personnel is as follows:

	April 30, 2016	April 30, 2015
Due to key management personnel	\$ 2,000	\$ 208,268

17. COMMITMENTS

The Company has the following commitments:

- premise commitments of \$17,166 in fiscal 2017; and
- various commitments relating to its resource properties as disclosed in Note 9.

18. FINANCIAL RISK MANAGEMENT

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Short term investments are measured at level 1 of the fair value hierarchy. The fair value of short term investments is measured at the market price of the common shares held at the measurement date. The carrying value of cash, deposits and bonds, finance lease obligations, accounts payable and accrued liabilities and short-term demand loan approximated their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and deposits and bonds. Management believes that the credit risk concentration with respect to cash, deposits and bonds and short-term investments is remote as it maintains accounts with highly-rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the normal course of business.

As at April 30, 2016, the Company had a cash balance of \$74,820 (April 30, 2015 - \$29,674) to settle current liabilities of \$143,824 (April 30, 2015 - \$489,208). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. Subsequent to year end, the Company received proceeds of \$2,968,000 from private placements and the exercise of warrants (Note 21).

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18. FINANCIAL RISK MANAGEMENT (cont'd...)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

(a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash, deposits and bonds and on the Company's finance lease obligations are not considered significant.

(b) Foreign currency risk

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. Net assets denominated in foreign currency and the Canadian dollar equivalents as at April 30, 2016 are as follows:

	USD	CDN
Current assets	\$ 34,322	\$ 43,067
Non-current assets	68,316	85,723
Current liabilities	(46,155)	(57,915)
Non-current liabilities	(14,848)	(18,631)
	\$ 41,635	\$ 52,244

Based on the above net exposures as at April 30, 2016, and assuming all other variables remain constant, a 1% change in the value of the US dollar against the Canadian dollar would result in an increase/decrease of \$416 in comprehensive loss.

19. CAPITAL MANAGEMENT

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares and incentive stock options. In the management of capital, the Company includes the components of equity as well as cash.

The Company prepares annual estimates of exploration expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest any excess cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. The Company currently has insufficient capital to fund its exploration programs and is reliant on completing equity financings to fund further exploration. The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year ended April 30, 2016.

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20. INCOME TAXES

	2016	2015
Loss before income taxes	\$ (1,200,812)	\$ (419,858)
Expected income tax recovery at average statutory rate of 26.00% for 2016 (2015 – 26.00%)	\$ (312,000)	\$ (109,000)
Share-based payment and other non-deductible expenses	56,000	-
Adjustment of tax loss carry-forward	-	(361,000)
Share issuance cost incurred	(22,000)	-
Change in statutory rates and other	(11,000)	(167,000)
Effect of foreign exchange differences	(91,000)	(203,000)
Tax benefits not recognized	<u>380,000</u>	<u>840,000</u>
	\$ -	\$ -

	2016	2015
Deferred tax assets:		
Non-capital loss carry-forwards	\$ 3,735,000	\$ 3,365,000
Share issue costs and other	28,000	18,000
Deferred tax assets not recognized	<u>(3,763,000)</u>	<u>(3,383,000)</u>
Net deferred tax assets	\$ -	\$ -

The Company has available for deduction against future taxable income non-capital losses of approximately \$4,814,000 and US net operating losses of approximately \$7,289,000 (expressed in Canadian dollars) expiring as follows:

	CDN	US
2025	\$ 2,000	\$ -
2026	181,000	-
2027	858,000	-
2028	569,000	-
2029	549,000	-
2030	81,000	-
2031	357,000	638,000
2032	591,000	355,000
2033	391,000	457,000
2034	331,000	3,628,000
2035	130,000	1,788,000
2036	<u>682,000</u>	<u>423,000</u>
	\$ 4,814,000	\$ 7,289,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available against which the Company can utilize the benefits.

21. SUBSEQUENT EVENTS

Subsequent to the year ended April 30, 2016, the Company:

- on July 12, 2016, closed a non-brokered private placement offering issuing 5,000,000 units at a price of \$0.35 per Unit, for total gross proceeds of \$1,750,000. Each unit consists of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.60 for a period of 18 months. In connection with the Offering, the Company paid finders fees totaling \$30,392 in cash and issued 147,600 units on the same terms as the units described above;
- on August 3, 2016, granted 2,220,000 stock options to officers, directors, and consultants at an exercise price of \$0.47 expiring August 3, 2026. The options vest one-third after 6 months and one-third August 3, 2017 and one-third August 3, 2018;
- on August 10, 2016, closed a non-brokered private placement offering of 2,000,000 units at a price of \$0.3525 per unit, for total gross proceeds of \$705,000. Each unit consists of one common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.60 for a period of 18 months;
- issued 5,130,000 shares as a result of 5,130,000 warrants exercised for proceeds of \$513,000; and
- 20,000 options expired unexercised on August 9, 2016.

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The following Management Discussion and Analysis (“MD&A”) prepared as of August 23, 2016 should be read in conjunction with the audited consolidated financial statements for the year ended April 30, 2016, and the related notes thereto. Those audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

The reader should also refer to the annual audited financial statements and the MD&A for the year ended April 30, 2015. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to Nevada Exploration Inc. (the “Company” or “NGE”) is available for view on SEDAR at www.sedar.com.

DESCRIPTION OF THE BUSINESS

Nevada Exploration Inc. is a publicly traded junior mineral exploration company whose shares are traded on the TSX Venture Exchange (“TSX-V”) and on the OTCQX marketplace (“OTCQX”). The Company is engaged in gold exploration in Nevada, USA. The Company was incorporated under the Canada Business Corporations Act on April 6, 2006. On July 14, 2010, the Company amalgamated with its subsidiary 2107189 Ontario Inc. The Company and its wholly owned subsidiary Pediment Gold LLC are referred to herein collectively as “the Company”, “NGE”, “our”, or “we”.

NGE is applying the latest in covered deposit exploration technology to identify, acquire, and advance new exploration properties in Nevada’s highly prospective, yet underexplored covered basins. Specifically, the Company has developed proprietary hydrogeochemistry (groundwater chemistry) exploration technology to explore for gold in Nevada’s covered basins where traditional exploration techniques are challenged. NGE’s business model is to create shareholder value by leveraging its properties and technology through generative exploration, joint ventures, and other exploration partnerships.

CORPORATE UPDATE

On August 10, 2016, the Company announced that it had closed a private placement financing, issuing 2,000,000 Units at a price of \$0.3525 per Unit, for total proceeds of \$705,000. Each Unit consisted of one common share and one half of one transferable common share purchase warrant entitling the holder to purchase one common share at an exercise price of \$0.60 for a period of eighteen months.

On July 12, 2016, the Company announced that it had closed a private placement financing, issuing 5,000,000 Units at a price of \$0.35 per Unit, for total proceeds of \$1,750,000. Each Unit consisted of one common share and one half of one non-transferable common share purchase warrant entitling the holder to purchase one common share at an exercise price of \$0.60 for a period of eighteen months.

On May 2, 2016, and June 6, the Company announced that it had staked a total of 178 additional claims at the Company’s Kelly Creek Project, based on an updated geologic model for the Project. With the addition of these new claims, NGE now controls more than 38.22 km² (14.76 mi²) or 3,822 hectares (9,445 acres) within the Kelly Creek Basin.

On December 29, 2015 the Company announced that it had closed a private placement financing, issuing 1,323,000 Units at a price of \$0.275 per Unit, for total proceeds of \$363,825. Each Unit consisted of one common share and one half of one non-transferable common share purchase warrant entitling the holder to purchase one common share at an exercise price of \$0.50 for a period of two years, subject to an accelerated expiry provision.

On December 15, 2015, the Company announced that its common shares have commenced trading on the OTCQX in the United States under the symbol “NVDEF”. The Company’s common shares will continue to trade on the TSX Venture Exchange under the symbol “NGE”.

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On October 26, 2015, the Company announced that it has received new analytical results from eight drill holes at its Grass Valley Project that confirm the presence of a large, gold-bearing hydrothermal system consistent with the geologic setting of a Carlin-style gold deposit.

On October 19, 2015, the Company announced that it has engaged Future Money Trends, LLC (“FMT”) to provide certain financial publishing and digital marketing services focusing on introducing the Company to a broader audience. In exchange for these services, FMT will receive an initial fee of US\$30,000 and a monthly fee of US\$7,000. The agreement is for a one-year term and the Company has the right to cancel the agreement at any time. Also, the Company has agreed to issue FMT 100,000 incentive stock options by the fourth month of the term of the agreement.

On August 28, 2015, the Company’s common shares were consolidated on the basis of one post-consolidated common share for every ten pre-consolidated common shares. The numbers of the shares presented in this MD&A have all been adjusted to reflect the impact of this share consolidation.

During August and September 2015, the Company announced that it closed a financing, bridge loans, and shares for debt settlements.

Financing

The Company completed a non-brokered private placement of \$705,000 in aggregate proceeds. The Company issued 14,100,000 post-consolidation units at a price of \$0.05 per unit. Each unit consisted of one post-consolidation common share and one non-transferable post-consolidation common share purchase warrant, with each full warrant entitling the holder to purchase one post-consolidation common share for a period of three years at an exercise price of \$0.10.

Bridge loan

The Company entered into loan agreements with shareholders to provide an aggregate of \$46,958 in the form of non-interest bearing unsecured demand loans to provide bridge financing to the Company as the Company completed the financing and share consolidation. The Company issued 939,150 units, on the same terms as the units in the above financing, to settle the amounts due under the Bridge loan.

Shares for debt settlement

The Company’s management team has agreed to settle the outstanding amounts owing for accrued salaries with a combination of shares and cash. The Company’s management team has settled accrued salaries by accepting 2,500,000 post-consolidation common shares at a price of \$0.05, for a total of \$125,000, plus \$49,973 in cash, and by agreeing to forgive \$71,363 in accrued salaries.

LAND ACQUISITION AND MAINTENANCE

On an ongoing basis, the Company evaluates the holding costs and results to date at each of its properties and periodically adjusts its land holdings to ensure that the Company focuses its resources on land with the highest exploration potential.

As of April 30, 2016, NGE directly holds 271 unpatented mining claims and other mineral interests in the following properties through its wholly owned US subsidiary Pediment Gold LLC:

Project	NGE Claims		OTHER*	Total
	Claims	Area (km ²)	Area (km ²)	Area (km ²)
Grass Valley (GV)	192	15.5	-	15.5
South Grass Valley (SGVA)	32	2.6	-	2.6
Kelly Creek (KC)	76	5.3	16.6	21.9
Hot Pot (HP)	-	-	8.8	8.8
Awakening (AW)	6	0.5	-	0.5
TOTAL	306	23.9	25.4	49.3

*Leased private lands and interest in claims on BLM land held by third parties.

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EXPLORATION RISK MANAGEMENT STRATEGY

NGE manages exploration risk by focusing exploration resources in specific, planned stages on each property. If the results from one stage are positive, then NGE allocates funds to the next stage. If at any stage, results are negative, NGE drops the property from further consideration. NGE's staged exploration strategy assures that properties showing positive results move aggressively through the exploration pipeline.

NGE's exploration stages include:

- Regional reconnaissance using the most recent understanding of gold deposit formation and our collective exploration experience to project range-front geology into adjacent, shallowly covered areas.
- Hydrogeochemistry: NGE then uses its proprietary hydroprobe sampling technology to collect regularized hydrogeochemistry samples across areas already shown to be prospective based on samples collected from existing springs and wells. NGE uses the data to develop a computerized hydrogeochemistry model of each target.
- Acquisition: NGE acquires the mineral rights covering prospective targets showing large areas of highly anomalous hydrogeochemistry. If a target of exploration interest is on BLM land that is open to location (available), NGE locates mineral claims. If a target lies on private land, NGE completes a title review to determine mineral title ownership, and then endeavours to negotiate an agreement with the owner.
- Surface Geochemistry: NGE may complete detailed soil, vegetation, and/or soil gas sampling across areas demonstrating prospective hydrogeochemistry to detect the possible vertical migration of gold and trace-elements from the underlying bedrock into the soils above. The use of surface geochemistry allows NGE to confirm the presences of anomalous levels of gold and other trace elements in a secondary medium in addition to in the groundwater.
- Gravity Geophysics: NGE uses detailed gravity geophysics to provide valuable information about the depth to bedrock across a property. Gravity data can suggest areas of strong changes in the relief or composition of the underlying bedrock, which can be indicative of underlying fault zones and alteration that often control the location of gold mineralization.
- Air Magnetics: NGE uses detailed air magnetic geophysics to provide information on the locations and types of rocks, fault zones, and hydrothermal alteration that generally accompany large gold deposits.
- Seismic Geophysics: NGE uses seismic geophysics, where appropriate, to identify deep-seated, steeply-dipping fault zones that can be projected into the near surface environment. Major, high-angle structures are important since they provide a potential conduit or 'plumbing' system for potential gold-bearing, hydrothermal fluids to access near-surface areas and deposit gold.

Drilling: where properties successfully pass through the above exploration stages, NGE uses drilling to test for: (1) shallow bedrock (< 1,000ft beneath the surface); (2) structures or faults in bedrock that may source potential mineralization; (3) bedrock that has been altered by hydrothermal fluids; (4) anomalous concentrations of gold and associated trace-elements in bedrock; and (5) sufficiently sized target to reasonably contain an economic resource. NGE evaluates drilling results based on these criteria to determine whether or not to continue to maintain each property and commit further exploration expenditures towards them.

MINERAL EXPLORATION PROPERTIES

Grass Valley (GV)

The Grass Valley Project is located 90 km (55 miles) southwest of Carlin in Lander County, Nevada, along the western side of Grass Valley, approximately 16 kilometres (10 mi) south of Barrick Gold Corp.'s Cortez Pipeline property,

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one of the world's largest and lowest cost gold mines. The Company has a 100% interest in 192 claims (15.5 km²) at Grass Valley.

The Grass Valley project was identified and acquired in 2012 as a result of a hydrogeochemistry sampling program completed as part of a generative Exploration Agreement with McEwen Mining Inc. For the first two years of the project McEwen Mining Inc. controlled the project and advanced it by: collecting rock, soil, and vegetation geochemistry samples; mapping the exposed range front geology in the context of the regionally important structural controls; completing a detailed gravity geophysics survey; acquiring and reprocessing historic seismic geophysical data; and drilling one stratigraphic test drill hole.

The combined exploration dataset has confirmed that this Project represents a compelling new gold exploration target with significant upside in a region of Nevada known for large, world class gold deposits.

In 2014, McEwen Mining Inc. elected to withdraw from the Exploration Agreement, and NGE now holds a 100% interest in the Project.

South Grass Valley (SGV)

The South Grass Valley Project is located in Lander County, north-central Nevada, approximately 50 kilometres (32 miles) south southwest of Barrick Gold Corp.'s Cortez Pipeline property. The Company has a 100% interest in 32 claims (2.6 km²) at South Grass Valley.

Kelly Creek (KC)

As at April 30, 2016, the Company's Kelly Creek Project consists of 285 (April 30, 2015 - 209) unpatented mining claims, 209 (April 30, 2015 - 209) of which are leased by the Company from Genesis Gold Corporation through a Mining Lease and Option to Purchase Agreement (the "Genesis Agreement"), and 76 (April 30, 2015 - nil) of which are held directly by the company, together covering approximately 21.9 km² (April 30, 2015 - 16.6 km²).

The Kelly Creek Project is located in Humboldt County, Nevada, approximately 40km north-northwest of Battle Mountain, Nevada. The Kelly Creek Project consists of 209 unpatented mining claims leased by the Company from Genesis Gold Corporation (the "Genesis Claims") through a Mining Lease and Option to Purchase Agreement (the "Genesis Agreement"), covering approximately 16.6 km².

The Kelly Creek project area is located in the prolific Kelly Creek Basin, between multi-million-ounce gold deposits on the north (Twin Creeks, Getchell, Turquoise Ridge and Pinson) and south (Lone Tree, Marigold, Converse, Trenton Canyon and Copper Canyon). With the addition of Genesis's Hot Pot claims, NGE is now one of the largest property holders in the Kelly Creek Basin, along with Newmont Mining Corporation, which controls the majority of the alternating sections. However, despite its close proximity to world class gold deposits, the Kelly Creek project area has seen very limited historic exploration activity because the Basin's bedrock is largely covered by syn- to post-mineral volcanic units and post-mineral alluvium.

During 2007 and 2008, NGE completed a large scale reconnaissance hydrogeochemistry sampling program across the Kelly Creek Basin and successfully delineated a significant area of anomalous hydrogeochemistry similar to that surrounding the adjacent gold mines. A detailed gravity geophysical survey was completed in 2010 with positive results confirming the presence of shallow bedrock over the large area.

Kelly Creek sits adjacent to NGE's Hot Pot Project and has benefited from the updated and improved understanding of the district geologic controls provided by the Enxco drilling at Hot Pot (see Hot Pot discussion below). Combined with the hydrogeochemistry and gravity geophysics that NGE has collected, and the favorable regional, district and property scale lithology, structure and alteration, NGE believes that it has narrowed the area of exploration focus at Kelly Creek and confirmed the strong potential for covered gold mineralization. NGE expects the next phases of work at Kelly Creek to include detailed air magnetic geophysics, additional groundwater sampling, and seismic geophysics.

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Hot Pot (HP)

In 2004, NGE's regional reconnaissance hydrogeochemistry program identified a prospective exploration target near Hot Pot in Humboldt County, Nevada, approximately 30km northwest of Battle Mountain, Nevada. The Hot Pot Project consists of approximately 8.8 km² (April 30, 2015 - 8.8 km²) of private land leased by the Company under a Mining Lease Agreement

In 2005, nine RC drill holes were completed at Hot Pot to depths ranging from 92m (300ft) to 190m (620ft) for a total of 1,195m (3,900ft). The widely-spaced, shallow holes confirmed bedrock to range in depth from 33m (110ft) to 112m (370ft). The bedrock was hydrothermally altered and contained anomalous gold and trace elements similar to that associated with the Lone Tree gold mine. The drilling also confirmed and enlarged the area of anomalous hydrogeochemistry.

In 2007, NGE used its hydroprobe equipment to complete a detailed hydrogeochemistry survey at Hot Pot on a 400m (1/4 mi) grid. The resulting dataset showed highly anomalous gold and trace elements chemistry and further expanded the area of exploration interest. Additionally, in 2007, NGE completed two seismic geophysical lines, which identified several deep, north-trending, steeply-dipping fault zones. In 2008, NGE completed a detailed gravity geophysical survey, which successfully mapped the relative depth to the underlying bedrock by measuring the density contrast between 200m sampling points. The gravity survey delineated sharp changes in the slope of the bedrock that coincided with the fault zones identified by seismic geophysics.

In 2008, NGE completed 10 vertical, RC drill holes to test small segments of the steeply-dipping fault zones identified by the 2007 seismic and gravity geophysics. Three vertical holes were spaced 100m (330ft) apart on each of three lines. The holes ranged in depth from 50m (165ft) to 175m (575ft) for a total of 1,085m (3,565ft). The shallow drill holes encountered hydrothermally altered bedrock containing anomalous gold and trace elements. Deeper, angle drill holes designed to cross cut the areas where the steeply-dipping fault zones had been projected were planned, but the drilling contractor was unable to complete the program.

Also in 2008, an energy company, with business interests separate from NGE, started a deep test drill hole on the Hot Pot Property. In exchange for NGE's seismic data, NGE was granted access to drill cuttings from the 1,372m (4,500ft) drill hole. Significantly, the deep drill hole encountered hydrothermally-altered, Paleozoic Rocks underlying the Hot Pot Project. Hydrothermal alteration includes carbon re-mobilization, local bleaching, clay, de-calcification and secondary pyrite.

Although potentially economic quantities of gold mineralization have not yet been encountered at Hot Pot, drilling to date has been wide-spaced and could have easily missed the type of high-angle fault zones that control significant known gold mineralization elsewhere in the region. The widely-distributed, highly anomalous gold in groundwater together with the large area of hydrothermally-altered and geochemically anomalous bedrock strongly suggests that higher values for gold in bedrock than have been discovered to date may still be located nearby. The next step is more closely-spaced, shallow, vertical drill holes and/or deeper, angle holes targeted to intersect steeply-dipping, potentially ore-bearing fault zones and favourable bedrock units.

On September 16, 2009, the Company entered into an Exploration Agreement with International Enxco Ltd. ("Enxco") whereby Enxco can earn a 51% interest in the Hot Pot Property by drilling 6,000 meters (19,600ft) over three years, with the option to earn an additional 19%, for 70% total, by drilling another 3,000 meters (9,800ft) during the fourth year. On July 2, 2009, NGE announced that Enxco had begun drilling at Hot Pot.

In 2009 and early 2010, Enxco completed an 11 hole, 3,462 metre (11,360 ft) core drilling program at Hot Pot to collect stratigraphic information and test for mineralized structures beneath the alluvial cover. Enxco's drilling successfully encountered weak, but widespread anomalous gold values in all 11 holes. Importantly, the results showed that the anomalous gold values at Hot Pot are associated with increased copper values, an association that is related to ore-grade gold mineralization within the Marigold mine complex 9 km (6 miles) to the south-southwest. In addition, the results included anomalous silver concentrations, including one 4.57 metre (15 ft) interval averaging 15.5 gpt silver, as well as several other trace element distribution patterns indicative of a large hydrothermal system. Enxco engaged Doug McGibbon, an economic geologist with over 25 years of exploration experience in the Battle Mountain area and responsible for major discoveries at the Marigold and Pinson mines, to review the drilling results and the

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exploration data, and to put the Hot Pot Property into regional context (taken from January 25, 2010, Enexco news release):

“Mr. McGibbon's study has confirmed that the hydrothermally altered and mineralized lithologies at Hot Pot are similar if not stratigraphically equivalent to those hosting orebodies at the Marigold mine. Although gold values only ranged up to 66 parts per billion, the mineralized zones encountered were up to 149 metres in length beneath overburden cover that was between 40 to 152 metres in all but two of the holes, with the spacing between holes still leaving sufficient room to host a significant gold deposit. Drilling also identified zones of oxidation to depths of 300 metres, significant intervals of brecciated material indicative of several major fault zones and an apparent horst block with similarities to the geologic setting at the Lone Tree mine. Structural analysis is currently under way, and additional geochemical and geophysical work are being considered to focus further drilling.”

On August 16, 2011, NGE reported that Enexco withdrew from the Exploration Agreement at Hot Pot, and that as a result, Enexco retained no interest in the project. NGE has updated the exploration model for the project based on Enexco's drilling, and NGE believes that the combined dataset confirms that the project represents a compelling exploration target in an important part of Nevada.

Awakening (AW)

The Awakening Project is located in Humboldt County, Nevada, approximately 50km north-northwest of Winnemucca, Nevada, and directly north of the Sleeper Gold Mine. The Company has a 100% interest in 6 claims (0.5 km²) at Awakening.

The Awakening Project is largely covered by syn- to post-mineral volcanic units and post-mineral alluvium and as a result, has seen little historic exploration activity. Projections of favourable lithology, structure, and alteration at regional, district and property scales suggest that potentially important gold-silver mineralization may be located within economic depths beneath the cover at Awakening.

In 2007 and 2008, NGE completed a detailed hydrogeochemistry program at Awakening. The groundwater samples contained high levels of gold and other trace elements in concentrations similar to those found at the adjacent Sleeper mine. During April and June, 2008, the Company's field crews completed soil sampling programs across the property and successfully confirmed the presence of anomalous gold and gold-related trace elements.

Also in 2008, NGE acquired approximately 85km² (33mi²) of high quality gravity geophysics data and approximately 173 km² (67 m²) of air magnetic data. The gravity geophysical survey was collected to delineate depth to metasedimentary and granitic bedrock, potential thickness of preserved rhyolitic volcanic rocks, and the location and orientation of prominent lithologic offsets that might be indicative of major fault zones. The detailed air magnetic survey was completed to be used in conjunction with the gravity data to define magnetically anomalous volcanic lithologies and zones of hydrothermal and/or structural magnetite destruction that might be indicative of major fault zones and possible hydrothermal alteration.

The results of the geochemistry and geophysical programs combined to improve NGE's exploration model and demonstrated that Awakening is a compelling target. In 2008, NGE commenced a Phase I RC drilling program at the Awakening property but drilling was suspended due to drilling difficulties.

On June 4, 2010, Northgate Minerals Corp. (“Northgate”) (TSX: NGX, NYSE Amex: NXG) and NGE announced the completion and execution of an Exploration and Option to Enter Joint Venture Agreement (“Agreement”) on NGE's Awakening Gold Project (“Property”), in Humboldt County, Nevada. The Agreement granted Northgate the option to earn an initial 51% interest in the Property by spending USD\$4,100,000 in exploration and making additional cash payments totaling USD\$436,000 over five years. If Northgate completed the initial 51% earn-in, it had the option to earn an additional 14%, for a total of 65%, by completing a feasibility report on the Property.

During 2011, Northgate completed a seven hole core drilling program totalling 2,194 metres (7,198 feet). In January, 2011, Northgate was acquired by AuRico Gold Inc. (“AuRico”). AuRico indicated to NGE that Northgate's drilling results at Awakening were not encouraging enough to warrant AuRico's continuation of the Agreement, and during the year ended April 30, 2012, AuRico elected to terminate the Agreement. AuRico retains no interest in the project.

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NGE’s management believes that the results of NGE’s integrated exploration program at Awakening have delineated a focused pediment target along a structural zone extending north from Paramount Gold & Silver Corp.’s Sleeper Gold Project.

Summary of expenditures by property:

Resource properties expenditures for the year ended April 30,

	2016	2015
Grass Valley	59,323	24,288
South Grass Valley	6,972	33,824
Kelly Creek	107,005	46,211
Hot Pot	33,152	5,812
Awakening	<u>53,584</u>	<u>14,373</u>
	\$ 260,036	\$ 124,508

RESULTS OF OPERATIONS

During the three-month period ended April 30, 2016:

Revenue

The Company generated \$31,422 (2015 - \$nil) revenues from project management and consulting activities. The Company continues to expand its resources searching for and advancing properties that may contain economic resources that would allow the Company to option or sell its interests, or to set up profitable mining operations.

Operating Expenses

During the three-month period ended April 30, 2016, the Company’s net losses were \$301,842 compared to net loss of \$82,700 for the three-month period ended April 30, 2015. The increase in net losses was primarily due to increases in investor relations expenses and share-based payments, write-off of the database, and to the effect of gains on salary settlements recognized in the three-month period ended April 30, 2015.

During the year ended April 30, 2016:

Revenue

The Company generated \$77,923 (2015 - \$nil) revenues from project management and consulting activities.

Operating Expenses

During the year ended April 30, 2016, the Company’s net losses were \$1,200,812 compared to \$419,858 for the year ended April 30, 2015. The increase in net losses for the year ended April 30, 2016 was a primarily as a result of increases in all of: exploration costs, professional fees, investor relations expenses, expenses for share-based payments, and write-off of a database during the year ended April 30, 2016.

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Professional and consulting fees during the year ended April 30, 2016 were \$219,034, compared to \$111,980 during the year ended April 30, 2015. These costs increased due to increase in transfer agent fees, filing fees and legal fees associated with the Company's share consolidation and the OTCQX listing process.

Share-based payments during the year ended April 30, 2016 were \$214,572, compared to \$nil during the year ended April 30, 2015. This is due to vesting portion of 1,625,000 stock options granted to directors and officers of the Company, 125,000 stock options granted to a consultant, and 100,000 stock options granted for investor relations consulting.

Investor relations during the year ended April 30, 2016 were \$292,481, compared to \$3,796 during the year ended April 30, 2015. This is due to the Company's plan to introduce the Company's innovative exploration methods to a broader audience.

Exploration and evaluation expenditures during the year ended April 30, 2016 were \$260,036, compared to \$124,508 during the year ended April 30, 2015. This is due to increased exploration activities at the Awakening project and acquisition costs paid for other exploration projects.

Salaries during the year ended April 30, 2016 were \$97,118, compared to \$122,724 during the year ended April 30, 2015. This is due to new management compensation arrangements during the year ended April 30, 2016.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the financial statements.

	Year Ended April 30, 2016	Year Ended April 30, 2015	Year Ended April 30, 2014
Total revenues	\$ -	\$ -	\$ 259,065
Net loss	(1,200,812)	(419,859)	(1,085,978)
Basic and diluted loss per share	(0.05)	(0.03)	(0.08)
Total assets	202,897	214,910	278,051
Total long-term liabilities	18,631	28,855	35,870

Summary of Quarterly Results

	Three Month Period Ended April 30, 2016	Three Month Period Ended January 31, 2016	Three Month Period Ended October 31, 2015	Three Month Period Ended July 31, 2015
Total assets	\$ 202,897	\$ 244,055	\$ 349,601	\$ 213,467
Working capital (deficiency)	(32,400)	37,566	41,476	(537,389)
Equity	40,442	96,678	187,174	(398,903)
Revenues	-	-	45,257	32,666
Net income (loss)	(301,842)	(498,859)	(342,062)	(58,049)
Income (loss) per share	(0.01)	(0.02)	(0.01)	(0.01)

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	Three Month Period Ended April 30, 2015	Three Month Period Ended January 31, 2015	Three Month Period Ended October 31, 2014	Three Month Period Ended July 31, 2014
Total assets	\$ 214,910	\$ 202,344	\$ 217,000	\$ 266,935
Working capital (deficiency)	(441,835)	(361,788)	(371,244)	(287,926)
Equity	(303,153)	(221,695)	(241,510)	(115,640)
Revenues	-	-	-	-
Net income (loss)	(83,048)	3,702	(238,332)	(102,180)
Loss per share	(0.00)	(0.00)	(0.02)	(0.01)

ASSETS & LIABILITIES

Deposits for land reclamation also add to the Company's asset base. Those deposits as at April 30, 2016 are \$45,281 (April 30, 2015 - \$28,894). These deposits (bonds) are required by the U.S Bureau of Land Management (BLM) and US Forest Service (USFS) to ensure that reclamation and clean-up work on the Company's properties will be completed to the satisfaction of the BLM and the USFS.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company has financed its operations primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt. Subsequent to year-end, the Company received proceeds of \$2,968,000 from private placements and the exercise of warrants.

Net cash used in operating activities for the year ended April 30, 2016 was \$1,077,819 compared to \$157,693 used during the year ended April 30, 2015 and consists primarily of the operating loss and changes in non-cash working capital items.

Net cash used by investing activities for the year ended April 30, 2016 was \$18,671 compared to \$5,922 provided during the year ended April 30, 2015, and consists primarily of acquisition of equipment in the current year compared to proceeds received from sale of equipment in the prior year.

Net cash provided by financing activities for the year ended April 30, 2016 was \$1,174,725 compared to \$156,855 provided during the year ended April 30, 2015. The difference is primarily attributable to proceeds from private placement received and warrants exercised during the year ended April 30, 2016.

Capital Resources

As of April 30, 2016, the Company has a finance lease obligation for a leased vehicle of \$31,184 (US - \$24,851), with blended monthly payments of principal and interest, bearing interest at a rate of 2.90% per annum. The total of principal repayments of the finance lease obligations that are due within the next one year is \$11,381, and the remaining portion for \$18,631 is due between fiscal year 2018 to 2019.

Commitment

The Company has the following commitments:

- premise commitments of \$17,166 in fiscal 2017; and
- various commitments relating to its resource properties.

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Off Balance Sheet Arrangements

As at April 30, 2016, NGE 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 NGE.

RELATED PARTY TRANSACTIONS

During the year ended April 30, 2016, the Company:

- i) paid or accrued \$47,500 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner;
- ii) issued 2,500,000 common shares at a market price of \$0.05 and paid \$49,976 in cash to settle a total of \$246,339 in accrued salaries with Company management resulting in a gain of \$71,363; and
- iii) recognized a gain of \$16,460 resulting from an equipment transfer with a net book value of \$nil to a director of the Company as settlement of \$16,460 of accrued salaries.

During the year ended April 30, 2015, the Company:

- i) paid or accrued \$47,408 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner;
- ii) issued 25,000 common shares at a market price of \$0.10 per share to settle \$12,500 of indebtedness to a firm of which the Chief Financial Officer is a partner resulting in a gain on settlement of debt of \$10,000; and
- iii) issued 180,000 common shares at a market price of \$0.10 to settle a total of \$101,767 in accrued salaries with Company management resulting in a gain on settlement of debt of \$83,767.

The amounts included in accounts payable and accrued liabilities which are due to related parties are as follows:

	April 30, 2016	April 30, 2015
Due to a firm of which the Chief Financial Officer is a partner	\$ 26,225	\$ 65,848
Due to management of the Company	2,000	13,635
Due to a director of the Company	-	11,660
	<u>\$ 28,225</u>	<u>\$ 91,143</u>

KEY MANAGEMENT COMPENSATION

Remuneration of key management of the Company was as follows:

	Year Ended April 30, 2016	Year Ended April 30, 2015
Salaries	\$ 97,118	\$ 119,351
Share-based payments	<u>193,040ⁱ⁾</u>	<u>-</u>
	<u>\$ 290,158</u>	<u>\$ 119,351</u>

i) During the year ended April 30, 2016, the Company granted 1,626,000 stock options to directors and officers resulting in share-based payments expense of \$193,040.

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The amount included in accounts payable and accrued liabilities which is due to key management personnel is as follows:

	April 30, 2016	April 30, 2015
Due to key management personnel	\$ 2,000	\$ 208,268

DISCLOSURE OF OUTSTANDING SHARE DATA

As at August 23, 2016, the Company has 46,364,351 common shares issued and outstanding and has the following stock options and warrants outstanding:

	Number of Options	Exercise Price	Expiry Date
Stock options			
	10,000	1.10	September 25, 2017
	50,000	1.20	December 4, 2017
	280,000	1.00	March 2, 2019
	1,625,000	0.19	October 19, 2020
	125,000	0.32	December 31, 2020
	100,000	0.37	April 20, 2021
	<u>2,220,000</u>	0.47	August 2, 2026
	4,410,000		
Warrants			
	287,010	0.50	August 19, 2017
	6,420,000	0.10	August 28, 2018
	939,150	0.10	August 28, 2018
	700,000	0.10	September 23, 2018
	661,500	0.50	December 29, 2017
	2,573,799	0.60	January 12, 2018
	<u>1,000,000</u>	0.60	February 10, 2018
	12,581,459		

Fully diluted: 63,355,810

FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Risk Management Policies

The Company is exposed to risk due to the nature of its financial instruments. Risk management is the responsibility of management and the Company did not use derivative instruments.

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Short term investments are measured at level 1 of the fair value hierarchy. The fair value of short term investments is measured at the market price of the common shares held at the measurement date. The carrying value of cash, short

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term demand loan, deposits and bonds, finance lease obligations and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to cash is remote as it maintains accounts with highly-rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in the discussion on capital management. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the normal course of business.

As at April 30, 2016, the Company had a cash balance of \$74,820 (April 30, 2015 - \$29,674) to settle current liabilities of \$143,824 (April 30, 2015 - \$489,208). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. Subsequent to year-end, the Company received proceeds of \$2,968,000 from private placements and the exercise of warrants.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash, deposits, and bonds, and on the Company's finance lease obligations are not considered significant.

(b) Foreign currency risk

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. Net assets denominated in foreign currency and the Canadian dollar equivalents as at April 30, 2016 are as follows:

	USD	CDN
Current assets	\$ 34,322	\$ 43,067
Non-current assets	68,316	85,723
Current liabilities	(46,155)	(57,915)
Non-current liabilities	(14,848)	(18,631)
	\$ 41,635	\$ 52,244

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Based on the above net exposures as at April 30, 2016, and assuming all other variables remain constant, a 1% change in the value of the US dollar against the Canadian dollar would result in an increase/decrease of \$416 in comprehensive loss.

CAPITAL MANAGEMENT

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares and incentive stock options. In the management of capital, the Company includes the components of equity as well as cash.

The Company prepares annual estimates of exploration expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest any excess cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. The Company currently has insufficient capital to fund its exploration programs and is reliant on completing equity financings to fund further exploration. The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the quarter ended April 30, 2016.

RISKS AND UNCERTAINTIES

In conducting its business of mineral exploration, NGE is subject to a wide variety of known and unknown risks, uncertainties and other factors which may affect the results, performance or achievement of the Company. Such risks and factors include, among others: risks related to the actual results of current and future exploration activities; future prices for gold, silver, and other commodities; environmental risks and hazards; the Company's lack of substantial revenue; the Company's ongoing need to raise money through equity financings; increases to operating, labour, and supply costs; and changes to government regulation, taxes, and fees. Although the Company attempts to identify and plan for these important factors that could affect results materially, the Company cautions the reader that the above list of risk factors is not exhaustive, and that there may be other factors that cause results to differ from anticipated, estimated, or intended results. Ultimately, there can be no guarantee that the Company will be successful in making an economic mineral discovery.

LIST OF DIRECTORS AND OFFICERS

Wade A. Hodges, CEO and Director
Dennis Higgs, Chairman and Director
Cyrus Driver, CFO
Kenneth Tullar, COO
James Buskard, President
Dr John E. Larson, Director
Benjamin Leboe, Director

CONTINUANCE OF OPERATIONS

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically and recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Subsequent to year-end, the Company received proceeds of \$2,968,000 from private placements and the exercise of warrants.

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Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims and noncompliance with regulatory and environmental requirements.

CHANGES IN ACCOUNTING POLICIES

There were no new and amended standards that became effective for the Company's April 30, 2016 reporting period.

New or revised standards and amendments to existing standards not yet effective

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's April 30, 2016 reporting period:

- Amendment to IAS 1, *Presentation of Financial Statements*, clarifies principles for the presentation and materiality consideration for the financial statements and notes to improve comparability. The amendment to IAS 1 is effective for annual periods beginning on or after January 1, 2016. The impact of this amendment is to be determined.
- New standard IFRS 9, *Financial Instruments*, was issued in November 2009 as the first step in its project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for classifying and measuring financial assets. This standard is effective for years beginning on or after January 1, 2018. The impact of this amendment is to be determined.
- New standard IFRS 16, *Leases*, specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019. The impact of this amendment is to be determined.
- New standard IFRS 15, *Revenue from contracts with customers*, provides guidance on how and when revenue from contracts with customers to be recognized, along with new disclosure requirements in order to provide financial statement users with more information and relevant information. This standard is effective for reporting periods on or after January 1, 2018. The impact of this standard is to be determined.

The Company plans to adopt these standards as soon as they become effective for the Company's reporting period.

During the period ended April 30, 2016, the Company retroactively changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures of mineral properties to the specific mineral properties, net of recoveries received.

Under the new policy, exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred. As required by IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Company included the restated statement of financial position as of May 1, 2014.

Management considers this accounting policy to provide more reliable and relevant information and more clearly represents the Company's activities.

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The consolidated financial statement impact as at May 1, 2014 is as follows:

	As previously reported	Adjustment	Restated
Exploration and evaluation assets	\$ 4,359,925	\$ (4,359,925)	\$ -
Total assets	4,637,976	(4,359,925)	278,051
Reserves	(1,286,854)	331,745	(955,109)
Deficit	13,088,950	4,028,180	17,117,130
Total shareholder's equity	4,320,680	(4,359,925)	(39,245)
Total liabilities and shareholder's equity	4,637,976	(4,359,925)	278,051

The consolidated financial statement impact as at April 30, 2015 is as follows:

	As previously reported	Adjustment	Restated
Exploration and evaluation assets	\$ 3,442,023	\$ (3,442,023)	\$ -
Total assets	3,656,933	(3,442,023)	214,910
Reserves	(1,163,289)	638,333	(524,956)
Deficit	14,393,150	2,803,690	17,196,840
Total shareholder's equity	3,138,870	(3,442,023)	(303,153)
Total liabilities and shareholder's equity	3,656,933	(3,442,023)	214,910

Exploration and evaluation costs that were capitalized and previously disclosed during the year ended April 30, 2015 have now been expensed in the statement of loss and comprehensive loss in accordance with the change in accounting policy. Impairment charges on the exploration and evaluation assets during the nine months ended April 30, 2015 were re-classified to deficit as they would have been expensed in prior year in accordance with the change in accounting policy. As all exploration and evaluation assets were held in the US subsidiary, the cumulative translation reserve has been adjusted as the change in accounting policy resulted in the restatement of foreign exchange translation on exploration and evaluation assets. Exploration and evaluation costs that were recorded as an investing activity in the statement of cash flows for the year ended April 30, 2015 are now recorded as cash flows used in operating activities.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed consolidated interim financial statements and this accompanying interim MD&A (together the "Interim Filings"). In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

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Statements herein that are not historical facts are forward-looking statements that are subject to risks and uncertainties. Words such as “expects”, “intends”, “may”, “could”, “should”, “anticipates”, “likely”, “believes” and words of similar import also identify forward-looking statements.

Forward-looking statements are based on current facts and analyses and other information that are based on forecasts of future results, estimates of amounts not yet determined and assumptions of management, including, but not limited to, assumptions regarding the Company’s ability to raise additional debt and/or equity financing to fund operations and working capital requirements and assumptions regarding the Company’s mineral properties.

Actual results may differ materially from those currently anticipated due to a number of factors including, but not limited to, general economic conditions, the geology of mineral properties, exploration results, commodity market conditions, the Company’s ability to generate sufficient cash flows from operations and financing to support general operating activities and capital expansion plans, and laws and regulations and changes thereto that may affect operations, and other factors beyond the reasonable control of the Company.

Additional information on factors that may affect the business and financial results of the Company can be found in filings of the Company with the British Columbia Securities Commissions on www.sedar.com