

**NEVADA EXPLORATION INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**FOR THE YEARS ENDED APRIL 30, 2017 AND 2016**



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## 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, 2017 and April 30, 2016 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, 2017 and April 30, 2016 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 18, 2017  
Toronto, Ontario

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

	April 30, 2017	April 30, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 288,627	\$ 74,820
Accounts receivable (Note 4)	50,637	16,506
Prepaid expenses (Note 5)	117,418	11,595
Short term investments (Note 6)	<u>3,401</u>	<u>8,503</u>
<b>Total current assets</b>	<u>460,083</u>	<u>111,424</u>
<b>Non-current assets</b>		
Equipment and intangible assets (Note 8)	417,732	46,192
Deposits and bonds (Note 10)	<u>129,786</u>	<u>45,281</u>
<b>Total non-current assets</b>	<u>547,518</u>	<u>91,473</u>
<b>Total assets</b>	<u>\$ 1,007,601</u>	<u>\$ 202,897</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 7 and 11)	\$ 85,101	\$ 132,443
Current portion of finance lease obligations (Note 12)	<u>12,739</u>	<u>11,381</u>
<b>Total current liabilities</b>	97,840	143,824
<b>Non-current liabilities</b>		
Finance lease obligations (Note 12)	<u>7,492</u>	<u>18,631</u>
<b>Total liabilities</b>	<u>105,332</u>	<u>162,455</u>
<b>Equity</b>		
Capital stock (Note 14)	19,813,380	17,364,355
Reserves (Note 14)	2,188,765	866,472
Deficit	<u>(21,099,876)</u>	<u>(18,190,385)</u>
<b>Total equity</b>	<u>902,269</u>	<u>40,442</u>
<b>Total liabilities and equity</b>	<u>\$ 1,007,601</u>	<u>\$ 202,897</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 18, 2017**

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*"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)

	Year ended April 30, 2017	Year ended April 30, 2016
<b>EXPENSES</b>		
Amortization (Note 8)	\$ 66,834	\$ 23,018
Exploration and evaluation expenditures (Note 9)	946,767	260,036
Filing fees	74,611	113,160
Foreign exchange	10,747	3,308
General exploration costs	18,262	7,530
Interest and bank charges	2,951	3,543
Investor relations	378,763	292,481
Office expenses and other	104,219	55,669
Professional fees and consulting (Note 7)	135,695	105,874
Rent	55,602	29,582
Repairs and maintenance	46,846	-
Salaries (Note 16)	328,308	97,118
Share-based payments (Note 14)	783,685	214,572
Travel	45,127	34,203
<b>Total operating expenses</b>	<u>(2,998,417)</u>	<u>(1,240,094)</u>
<b>OTHER ITEMS</b>		
Gain on sale of equipment (Note 7)	-	16,460
Gain on salary settlement (Note 7)	-	71,363
Net project management consulting revenue	48,215	50,582
Unrealized (loss) gain on short term investments (Note 6)	(5,102)	3,401
Write-off of computer equipment (Note 8)	-	(102,524)
<b>Total other items</b>	<u>43,113</u>	<u>39,282</u>
<b>Net loss for the year</b>	(2,955,304)	(1,200,812)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Item that may be reclassified to profit or loss:		
Currency translation adjustment	<u>23,847</u>	<u>(11,480)</u>
<b>Comprehensive loss for the year</b>	<u>\$ (2,931,457)</u>	<u>\$ (1,212,292)</u>
<b>Basic and diluted loss per common share</b>	<u>\$ (0.07)</u>	<u>\$ (0.05)</u>
<b>Weighted average number of common shares outstanding</b>	45,263,230	25,811,236

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	Total Reserves	Deficit	
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
Currency translation adjustment	-	-	-	-	(11,480)	(11,480)	-	(11,480)
Options expired	-	-	(207,267)	-	-	(207,267)	207,267	-
Net loss for the year	-	-	-	-	-	-	(1,200,812)	(1,200,812)
<b>Balance, April 30, 2016</b>	<b>34,086,750</b>	<b>\$ 17,364,355</b>	<b>\$ 507,647</b>	<b>\$ 393,376</b>	<b>\$ (34,551)</b>	<b>\$ 866,472</b>	<b>\$ (18,190,385)</b>	<b>\$ 40,442</b>
Balance, May 1, 2016	34,086,750	\$ 17,364,355	\$ 507,647	\$ 393,376	\$ (34,551)	\$ 866,472	\$ (18,190,385)	\$ 40,442
Private placement	7,000,000	2,455,000	-	-	-	-	-	2,455,000
Relative fair value of unit warrants issued	-	(650,270)	-	650,270	-	650,270	-	-
Finder's unit shares	147,600	51,660	-	-	-	-	-	51,660
Finder's unit warrants	-	(23,890)	-	23,890	-	23,890	-	-
Share issuance costs	-	(111,062)	-	-	-	-	-	(111,062)
Share-based payments	-	-	783,686	-	-	783,686	-	783,686
Warrants exercised	6,132,000	727,587	-	(113,587)	-	(113,587)	-	614,000
Options expired/forfeited	-	-	(45,813)	-	-	(45,813)	45,813	-
Currency translation adjustment	-	-	-	-	23,847	23,847	-	23,847
Net loss for the year	-	-	-	-	-	-	(2,955,304)	(2,955,304)
<b>Balance, April 30, 2017</b>	<b>47,366,350</b>	<b>\$ 19,813,380</b>	<b>\$ 1,245,520</b>	<b>\$ 953,949</b>	<b>\$ (10,704)</b>	<b>\$ 2,188,765</b>	<b>\$ (21,099,876)</b>	<b>\$ 902,269</b>

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, 2017	Year ended April 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (2,955,304)	\$ (1,200,812)
Items not affecting cash:		
Amortization	66,834	23,018
Share-based payments	783,686	214,572
Unrealized loss (gain) on marketable securities	5,102	(3,401)
Gain on sale of equipment	-	(16,460)
Gain on settlement of debts	-	(71,363)
Write-off of computer equipment	-	102,524
Changes in non-cash working capital items:		
Accounts receivable	(34,131)	(11,857)
Prepaid expenses	(105,823)	(3,647)
Deposits and bonds	(82,672)	(17,255)
Accounts payable and accrued liabilities	<u>(47,342)</u>	<u>(93,138)</u>
<b>Net cash used in operating activities</b>	<u>(2,369,650)</u>	<u>(1,077,819)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of equipment and intangible assets	<u>(431,334)</u>	<u>(18,671)</u>
<b>Net cash used in investing activities</b>	<u>(431,334)</u>	<u>(18,671)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement	2,455,000	1,068,825
Share issuance cost	(59,402)	(84,468)
Short-term loan received	-	16,958
Proceeds from warrants exercised	614,000	185,000
Repayment of finance lease obligations	<u>(12,491)</u>	<u>(11,590)</u>
<b>Net cash provided by financing activities</b>	<u>2,997,107</u>	<u>1,174,725</u>
<b>Effect of foreign exchange</b>	<u>17,684</u>	<u>(33,089)</u>
<b>Change in cash for the year</b>	213,807	45,146
<b>Cash, beginning of year</b>	<u>74,820</u>	<u>29,674</u>
<b>Cash, end of year</b>	<u>\$ 288,627</u>	<u>\$ 74,820</u>

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

**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 West Georgia St., Vancouver, BC V7Y 1B3.

These consolidated financial statements are authorized for issue on behalf of the Board of Directors on August 18, 2017.

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.

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 issued by the IFRS Interpretations Committee (“IFRIC”).

The significant accounting policies below have been applied consistently to all periods. These periods are based on IFRS effective as of April 30, 2017.

**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 consolidated 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 period.

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 intangible assets and the related amortization;
- ii) impairment of equipment;
- iii) valuation of share-based payments and warrants;
- iv) estimated amounts for environmental rehabilitation provisions;
- v) going concern;
- vi) capitalization of intangible assets.

**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 and intangible asset**

Equipment is recorded at historical cost less accumulated amortization and impairment charges. Equipment and intangible assets are 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
Software Database	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.

Intangible assets acquired separately are measured on initial recognition at cost. Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if the Company can demonstrate each of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the intangible asset and use or sell it; (iii) its ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise, they are expensed as incurred. During the year, the Company capitalized expenditures incurred relating to the development of a software database.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

**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, property 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 orderly 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.

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

**Impairment (cont'd...)**

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.

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, 2017 and 2016, 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.

**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.

**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, 2017 and April 30, 2016, warrants and options outstanding are anti-dilutive.

**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.

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

**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.

*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
Accounts receivable (other receivables)	LAR
Short term investments	FVTPL
Deposits and bonds	LAR
Accounts payable and accrued liabilities	OFL
Finance lease obligations	OFL

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

**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**

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:

- 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 in the April 30, 2016 consolidated financial statements.

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 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 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 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 are now recorded as cash flows used in operating activities.

**4. ACCOUNTS RECEIVABLE**

The accounts receivable for the Company are as follows:

	April 30, 2017	April 30, 2016
GST receivable	\$ 18,808	\$ 16,506
Other receivables	<u>31,829</u>	<u>-</u>
Total	<u>\$ 50,637</u>	<u>\$ 16,506</u>

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**5. PREPAID EXPENSES**

The prepaid expenses for the Company are as follows:

	April 30, 2017	April 30, 2016
Security deposit for rental of premises	\$ 8,025	\$ 7,635
Prepaid services	<u>109,393</u>	<u>3,960</u>
	<u>\$ 117,418</u>	<u>\$ 11,595</u>

**6. SHORT TERM INVESTMENTS**

	April 30, 2017	April 30, 2016
	<b>Number</b>	<b>Cost</b>
	<b>Carrying Value</b>	<b>Carrying Value</b>
Spruce Ridge Resources Ltd. - Shares	170,068	\$ 25,000
	\$ 3,401	\$ 8,503

During the year ended April 30, 2017, the Company revalued the shares based on the market price at April 30, 2017 resulting in an unrealized loss of \$5,102 (2016 unrealized gain – \$3,401).

**7. RELATED PARTY TRANSACTIONS**

During the year ended April 30, 2017, the Company:

- i) paid or accrued \$43,300 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner.
- ii) paid or accrued \$13,200 in professional fees to a corporation owned by the Chief Financial Officer of the Company.
- iii) granted 1,020,000 stock options to directors and officers of the Company, resulting in share-based payment expense of \$321,384.

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) granted 1,625,000 stock options to directors and officers of the Company, resulting in share-based payment expense of \$190,040.
- iii) 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.
- iv) 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...)**

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

	April 30, 2017	April 30, 2016
Due to a firm of which the Chief Financial Officer is a partner	\$ 13,860	\$ 26,225
Due to a corporation owned by the Chief Financial Officer	11,000	-
Due to key management of the Company (Note 16)	-	2,000
	<u>\$ 24,860</u>	<u>\$ 28,225</u>

**8. EQUIPMENT AND INTANGIBLE ASSETS**

	Vehicles	Exploration Equipment	Computer Equipment	Software Database	Total
<b>Cost</b>					
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	6,896	7,217	4,575	-	18,688
Balance – April 30, 2016	\$ 63,094	\$ 187,104	\$ 163,359	\$ -	\$ 413,557
Acquisition	-	321,780	3,459	106,095	431,334
Disposal / write-off	-	-	(157,319)	-	(157,319)
Effect of translation	5,513	32,551	5,976	5,023	49,063
Balance – April 30, 2017	\$ 68,607	\$ 541,435	\$ 15,475	\$ 111,118	\$ 736,635
<b>Accumulated amortization</b>					
Balance – April 30, 2015	\$ 55,416	\$ 175,333	\$ 43,842	\$ -	\$ 274,591
Amortization	11,778	2,480	8,760	-	23,018
Disposal / write-off	(37,036)	-	-	-	(37,036)
Effect of translation	4,838	6,923	1,310	-	13,071
Balance – April 30, 2016	\$ 34,996	\$ 184,736	\$ 53,912	\$ -	\$ 273,644
Amortization	11,800	35,491	1,459	18,084	66,834
Disposal / write-off	-	-	(63,598)	-	(63,598)
Effect of translation	3,479	17,024	21,083	437	42,023
Balance – April 30, 2017	\$ 50,275	\$ 237,251	\$ 12,856	\$ 18,521	\$ 318,903
<b>Impairment</b>					
Balance – April 30, 2015	\$ -	\$ -	\$ -	\$ -	\$ -
Impairment loss	-	-	102,524	-	102,524
Effect of translation	-	-	(8,803)	-	(8,803)
Balance – April 30, 2016	\$ -	\$ -	\$ 93,721	\$ -	\$ 93,721
Disposal / write-off	-	-	(93,721)	-	(93,721)
Balance – April 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Carrying amounts</b>					
As at April 30, 2016	\$ 28,098	\$ 2,368	\$ 15,726	\$ -	\$ 46,192
As at April 30, 2017	\$ 18,332	\$ 304,184	\$ 2,619	\$ 92,597	\$ 417,732



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**8. EQUIPMENT AND INTANGIBLE ASSETS (cont'd...)**

During the year ended April 30, 2017, the Company:

- i) completed construction of a drilling rig and purchased an air compressor. The assets were put in use beginning November 1, 2016 and are amortized on a straight line basis over 5 years.
- ii) completed construction of a software database. The software database was put in use beginning November 1, 2016 and is amortized on a straight line basis over 3 years.

During the year ended April 30, 2016, the Company recorded an impairment charge on 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. During the year ended April 30, 2017, the Company wrote-off this database.

**9. RESOURCE PROPERTIES**

Resource properties expenditures for the year ended April 30,	2017	2016
Grass Valley	\$ 141,768	\$ 59,323
South Grass Valley	186,066	6,972
Kelly Creek	610,961	140,157
Awakening	<u>7,972</u>	<u>53,584</u>
	<u>\$ 946,767</u>	<u>\$ 260,036</u>

**Grass Valley Project (GV)**

As at April 30, 2017, the Company's Grass Valley Project consists of 425 (April 30, 2016 - 192) unpatented mining claims held directly by the Company covering approximately 35.5 km<sup>2</sup> (April 30, 2016 - 15.5 km<sup>2</sup>).

**South Grass Valley (SGV)**

As at April 30, 2017, the Company's South Grass Valley Project consists of 264 (April 30, 2016 - 32) unpatented mining claims held directly by the Company covering approximately 22.1 km<sup>2</sup> (April 30, 2016 - 2.6 km<sup>2</sup>).

**Kelly Creek (KC)**

The Company has combined its former Hot Pot Project into its Kelly Creek Project, the combination of which is now together referred to as the Kelly Creek Project.

As at April 30, 2017, the Company's Kelly Creek Project consists of:

- 180 (April 30, 2016 - 76) unpatented mining claims held directly by the company, covering approximately 13.0 km<sup>2</sup> (April 30, 2016 - 5.3 km<sup>2</sup>);
- 209 (April 30, 2016 - 209) unpatented mining claims leased by the Company from Genesis Gold Corporation through a Mining Lease and Option to Purchase Agreement (the "Genesis Agreement"), covering approximately 15.1 km<sup>2</sup> (April 30, 2016 - 16.6 km<sup>2</sup>); and
- approximately 14.2 km<sup>2</sup> (April 30, 2016 - 8.8 km<sup>2</sup>) of private land leased by the Company under a Mining Lease Agreement (the "Hot Pot Lease").

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. 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 <sup>st</sup> anniversary (October 1, 2010)	\$	5,000 USD	(paid)
2 <sup>nd</sup> anniversary (October 1, 2011)		10,000 USD	(paid)
3 <sup>rd</sup> anniversary (October 1, 2012)		10,000 USD	(paid)
4 <sup>th</sup> anniversary (October 1, 2013)		10,000 USD	(paid)
5 <sup>th</sup> 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 (paid); and October 1, 2017, from \$50,000 USD to \$10,000 USD, subject to each party's rights under the Genesis Agreement.

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, February 25, 2016 and February 16, 2017. Any mineral production on the project is subject to a 3% Net Smelter Return Royalty (the "NSR") to the property owner, subject to the Company's right to reduce the Royalty by 1% to 2% for \$2,000,000 USD. Under the February 25, 2016, amendment, the term of the Hot Pot Lease was extended to 20 years, until September 16, 2024. Under the February 16, 2017, amendment, additional lands were added to the Hot Pot Lease, subject to the following payments:

Amendment Date (February 16, 2017)	\$	5,000 USD	(paid)
September 16, 2017	\$	25,000 USD	
Subsequent Anniversaries	\$	30,000 USD	

The majority of the Company's mineral interests at Kelly Creek are subject to a 1.25% NSR to Royal Gold, Inc.

**Awakening (AW)**

As at April 30, 2017, the Company's Awakening Project consists of 6 (April 30, 2016 - 6) unpatented mining claims held directly by the Company covering approximately 0.5 km<sup>2</sup> (April 30, 2016 - 0.5 km<sup>2</sup>).

**10. DEPOSITS AND BONDS**

	April 30, 2017	April 30, 2016
Security deposits <sup>(1)</sup>	\$ 11,500	\$ 5,750
Reclamation bond deposits <sup>(2)</sup>	<u>118,286</u>	<u>39,531</u>
	<u>\$ 129,786</u>	<u>\$ 45,281</u>

<sup>(1)</sup> Security deposits consisted of \$11,500 guaranteed investment certificate ("GIC") and bearing interest at prime less 2%. The GIC was used to secure the credit limit on a credit card.

<sup>(2)</sup> 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.

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**11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

	April 30, 2017	April 30, 2016
Trade payables	\$ 43,241	\$ 65,243
Due to related parties (Note 7)	24,860	26,225
Due to key management personnel (Note 7)	-	2,000
Accrued liabilities	<u>17,000</u>	<u>38,975</u>
<b>Total</b>	<b>\$ 85,101</b>	<b>\$ 132,443</b>

**12. FINANCE LEASE OBLIGATIONS**

The Company has a finance lease obligation for a leased vehicle of \$23,113 (US - \$17,617), with blended monthly payments of principal and interest, bearing interest at a rate of 2.90% per annum.

	April 30, 2017	April 30, 2016
Finance lease obligations	\$ 20,729	\$ 31,184
Deduct: amount representing interest	<u>(498)</u>	<u>(1,172)</u>
Present value of minimum lease payments due	20,231	30,012
Less: current portion	<u>(12,739)</u>	<u>(11,381)</u>
<b>Non-current portion</b>	<b>\$ 7,492</b>	<b>\$ 18,631</b>

The total of principal repayments of the finance lease obligations that are due within one year is \$12,739 and the remaining portion for \$7,492 is due between fiscal years 2018 to 2019.

**13. SHORT-TERM DEMAND LOAN**

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 during the year ended April 30, 2016 (Note 14).

#### **14. CAPITAL STOCK**

a) Authorized share capital:

As at April 30, 2017, 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 year ended April 30, 2017, the Company:

- Completed a non-brokered private placement by issuing 2,000,000 units at a price of \$0.3525 per unit, for 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. Fair value allocated in connection to these warrants was \$187,330. In connection with the private placement, the Company paid \$21,036 as share issuance costs.
- Completed a non-brokered private placement by issuing 5,000,000 units at a price of \$0.35 per unit, for 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. Fair value allocated in connection to these warrants was \$462,940. In connection with the private placement, the Company paid \$38,366 as share issuance costs and issued 147,600 finder's units on the same terms as the units described above. The finder's shares granted were estimated to have a fair value of \$51,660. The finder's warrants granted were estimated to have a fair value of \$23,890 and were accounted for as share issuance cost.
- Issued 6,132,000 common shares as a result of warrants exercised for gross proceeds of \$614,000.

During the year 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).
- Issued 1,850,000 common shares as a result of warrants exercised for gross proceeds of \$185,000.

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

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

- 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.

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 ten years.

In the absence of a reliable measurement of the services received from the consultants, the following stock option grants have been measured at the fair value of the stock options issued.

During the year ended April 30, 2017, the Company:

- granted 2,220,000 options to officers, directors and consultants of the Company expiring August 3, 2026. The options have an exercise price of \$0.47 and vest one third after 6 months from the date of grant, one third vest in 1 year and one third vest in 2 years. These options are valued at \$994,092 and the vested value recorded during the year ended April 30, 2017 is \$699,484. The total value recorded for options vested during the year ended April 30, 2017 is \$783,686.

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 expiring October 19, 2020. 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 during the year ended April 30, 2016 is \$193,040; and
- granted an aggregate of 125,000 stock options to acquire common shares of the Company to a consultant expiring December 31, 2020. 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 during the year ended April 30, 2016 is \$11,754.
- granted an aggregate of 100,000 stock options to Future Money Trends LLC for investor relations consulting expiring April 20, 2016. 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.

A continuity of share purchase options for the year April 30, 2017 is as follows:

Expiry date	Exercise price	April 30, 2016	Granted	Expired/ Forfeited	Cancelled	April 30, 2017	Exercisable			
August 9, 2016	\$ 1.00	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	1,083,333			
December 31, 2020	0.315	125,000	-	-	-	125,000	83,333			
April 20, 2021	0.37	100,000	-	-	-	100,000	100,000			
August 3, 2026	0.47	-	2,220,000	(100,000)	-	2,120,000	706,667			
<b>Total</b>		<b>2,210,000</b>	<b>2,220,000</b>	<b>(120,000)</b>	<b>-</b>	<b>4,310,000</b>	<b>2,313,333</b>			
Weighted average exercise price	\$	0.34	\$	0.47	\$	0.56	\$	0.40	\$	0.41

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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, 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, 2021	0.37	-	100,000	-	-	100,000	-
<b>Total</b>		<b>610,000</b>	<b>1,850,000</b>	<b>(250,000)</b>	<b>-</b>	<b>2,210,000</b>	<b>943,334</b>
<b>Weighted average exercise price</b>		<b>\$ 1.02</b>	<b>\$ 0.20</b>	<b>\$ 1.00</b>	<b>\$ -</b>	<b>\$ 0.34</b>	<b>\$ 0.51</b>

The following weighted average inputs and assumptions were used for the Black-Scholes valuation of the options granted during the year ended April 30, 2017 and 2016.

	April 30, 2017	April 30, 2016
Share price	\$0.47	\$0.20
Risk-free interest rate	1.10%	0.93%
Expected life of warrants	8.8 years	3.97 years
Annualized volatility based on historical volatility	132.3%	153.11%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%
Fair value per option	\$0.45	\$0.20

c) Warrants

During the year ended April 30, 2017, the Company:

- i) Granted 3,573,799 common share purchase warrants in connection to private placements.
- ii) Had a total of 6,132,000 warrants exercised.
- iii) Cancelled 71,500 warrants.

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

- i) Granted 14,761,500 common share purchase warrants in connection to a private placement.
- ii) Granted 939,150 common share purchase warrants in connection with the settlement of unsecured demand loans.
- iii) Had a total of 1,850,000 warrants exercised.

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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, 2017 is as follows:

Expiry date	Exercise price	April 30, 2016	Granted	Exercised	Cancelled	April 30, 2017	Exercisable
August 19, 2017*	\$ 0.50	283,010	-	-	-	283,010	283,010
August 19, 2017*	0.50	4,000	-	(2,000)	-	2,000	2,000
August 28, 2018	0.10	939,150	-	-	-	939,150	939,150
August 28, 2018	0.10	11,550,000**	-	(6,130,000)	-	5,420,000	5,420,000
September 23, 2018	0.10	700,000	-	-	-	700,000	700,000
December 29, 2017	0.50	661,500 <sup>a</sup>	-	-	-	661,500	661,500
January 12, 2018	0.60	-	2,499,999	-	(71,500)	2,428,499	2,428,499
January 12, 2018	0.60	-	73,800	-	-	73,800	73,800
February 10, 2018	0.60	-	1,000,000	-	-	1,000,000	1,000,000
<b>Total</b>		<b>14,137,660</b>	<b>3,573,799</b>	<b>(6,132,000)</b>	<b>(71,500)</b>	<b>11,507,959</b>	<b>11,507,959</b>
<b>Weighted average exercise price</b>		<b>\$ 0.13</b>	<b>\$ 0.60</b>	<b>\$ 0.10<sup>b</sup></b>	<b>\$ 0.60</b>	<b>\$ 0.29</b>	<b>\$ 0.29</b>

\* expired subsequently unexercised

\*\* 1,150,000 warrants exercised subsequently (Note 21)

- 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 \$0.55.

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 <sup>a</sup>	-	-	661,500	661,500
<b>Total</b>		<b>287,010</b>	<b>15,700,650</b>	<b>(1,850,000)</b>	<b>-</b>	<b>14,137,660</b>	<b>14,137,660</b>
<b>Weighted average exercise price</b>		<b>\$ 0.50</b>	<b>\$ 0.12</b>	<b>\$ 0.10<sup>b)</sup></b>	<b>\$ -</b>	<b>\$ 0.13</b>	<b>\$ 0.13</b>

- 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.

The following weighted average inputs and assumptions were used for the Black-Scholes valuation of the warrants granted during the year ended April 30, 2017 and 2016.

	April 30, 2017	April 30, 2016
Share price	\$0.47	\$0.07
Risk-free interest rate	0.50%	0.46%
Expected life of warrants	1.5 years	2.96 years
Annualized volatility based on historical volatility	186.74%	140.06%
Dividend rate	0.00%	0.00%
Fair value per warrant	\$0.35	\$0.05

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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, 2017	April 30, 2016
Non-current assets:		
United States		
Equipment and intangible assets	\$ 417,732	\$ 46,192
Deposits and bonds	<u>118,286</u>	<u>39,531</u>
	<u>\$ 536,018</u>	<u>\$ 85,723</u>

	Year Ended April 30, 2017	Year Ended April 30, 2016
Income:		
United States		
Project management and consulting	\$ 50,818	\$ 77,923

**16. KEY MANAGEMENT COMPENSATION**

Remuneration of key management of the Company is as follows:

	Year Ended April 30, 2017	Year Ended April 30, 2016
Salaries	\$ 286,185	\$ 97,118
Share-based compensation	<u>364,101</u>	<u>193,040</u>
	<u>\$ 650,286</u>	<u>\$ 290,158</u>

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

	April 30, 2017	April 30, 2016
Due to key management personnel	\$ -	\$ 2,000



## **17. COMMITMENTS**

The Company has the following commitments:

- a) Total office lease payments of \$25,428 ending December 31, 2017.
- b) Various commitments relating to its resource properties (Note 9).
- c) Finance lease (Note 12).

## **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, other receivables, deposits and bonds, finance lease obligations, accounts payable and accrued liabilities approximate 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 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, 2017, the Company had a cash balance of \$288,627 (April 30, 2016 - \$74,820) to settle current liabilities of \$97,840 (April 30, 2016 - \$143,824). The Company believes that there is minimal liquidity risk as at April 30, 2017 and 2016.

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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, 2017 are as follows:

	USD	CDN
Current assets	\$ 137,572	\$ 187,710
Non-current assets	392,845	536,018
Current liabilities	(42,506)	(57,997)
Non-current liabilities	(5,491)	(7,492)
	\$ 482,420	\$ 658,239

Based on the above net exposures as at April 30, 2017, 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 \$6,582 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, 2017.

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**20. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2017	2016
Loss before income taxes	\$ (2,955,304)	\$ (1,200,812)
Expected income tax recovery at average statutory rate of 26.00% for 2017 (2016 – 26.00%)	\$ (768,000)	\$ (312,000)
Share-based payment and other non-deductible expenses	206,000	56,000
Share issuance cost incurred	(35,000)	(22,000)
Difference in statutory rates and other	(97,000)	(11,000)
Effect of foreign exchange differences	(332,000)	(91,000)
Tax benefits not recognized	<u>1,026,000</u>	<u>380,000</u>
	\$ -	\$ -

The deferred income tax balance comprise the following temporary differences:

	2017	2016
Deferred tax assets:		
Non-capital loss carry-forwards	\$ 4,153,000	\$ 3,610,000
Share issue costs and other	72,000	20,000
Resource properties	1,737,000	1,306,000
Deferred tax assets not recognized	<u>(5,962,000)</u>	<u>(4,936,000)</u>
Net deferred tax assets	\$ -	\$ -

The Company has available for deduction against future taxable income non-capital losses of approximately \$5,603,000 and US net operating losses of approximately \$7,930,000 (expressed in Canadian dollars) expiring as follows:

	CDN	US
2025	\$ 2,000	\$ -
2026	203,000	-
2027	858,000	-
2028	569,000	-
2029	549,000	-
2030	81,000	-
2031	357,000	746,000
2032	591,000	386,000
2033	391,000	497,000
2034	331,000	3,946,000
2035	224,000	1,945,000
2036	658,000	1,000
2037	<u>789,000</u>	<u>409,000</u>
	\$ 5,603,000	\$ 7,930,000

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, 2017, the Company:

- i) issued 1,150,000 common shares pursuant to the exercise of warrants at a price of \$0.10 per share for gross proceeds of \$115,000.
- ii) closed a private placement financing, issuing 3,773,100 units at a price of \$0.30 per unit, for total proceeds of \$1,131,930. 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 until February 17, 2019. In connection with the private placement, the Company issued 206,367 finder's units on the same terms as the units described above.

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The following Management Discussion and Analysis (“MD&A”) prepared as of August 18, 2017 should be read in conjunction with the consolidated financial statements for the years ended April 30, 2017 and 2016, and the related notes thereto. Those 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.

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](http://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 focused in Nevada, USA. The Company and its wholly owned subsidiary Pediment Gold LLC are referred to herein collectively as “the Company”, “NGE”, “our”, or “we”.

Nevada’s total gold production to date exceeds 200Moz, and its current annual production is approximately 5Moz (more than that of Canada). Less than half of Nevada’s bedrock is exposed in its mountain ranges, and the 200Moz produced to date clusters near these exposed bedrock areas. The bedrock and geology beneath the cover in Nevada’s valley basins is in most cases no different than that exposed in its ranges, and so is deemed just as prospective. However, these covered areas have seen virtually no systematic exploration to date because conventional regional-scale geochemical sampling programs are ill-suited to looking under cover. Furthermore, high conventional drilling costs have precluded the wide-spread use of drilling as a follow-up prospecting tool to evaluate meaningful numbers of targets from regional-scale exploration. The result is that half of Nevada, the world’s highest gold producing jurisdiction by area, effectively remains unexplored.

NGE’s team has spent the last decade to integrate the use of hydrogeochemistry (groundwater chemistry) with conventional exploration tools to develop a Nevada-specific regional-scale geochemistry exploration program to evaluate Nevada’s basins. With innovative technology, NGE has completed the world’s largest groundwater sampling program for gold exploration, collecting more than 5,000 samples, to evaluate Nevada’s covered basins for new gold exploration targets. To advance follow-up targets, NGE has overcome the high drilling costs that have previously prohibited the wide-spread use of drilling as a prospecting tool by developing Nevada’s first truck-mounted small-diameter RC drill rig, tailored specifically to the drilling conditions in Nevada’s basins (analogous to RAB drilling in other parts of the world).

By integrating hydrogeochemistry and early-stage low-cost drilling with conventional exploration methods, NGE is generating and advancing a portfolio of gold exploration projects. NGE and its exploration partners have now drilled more than 18,000 metres on targets defined by its integrated exploration program, and at several projects have discovered new large hydrothermal systems, with spatial extents covering several square kilometres, defined by system-appropriate alteration in bedrock over significant drill intervals (>100 feet) containing widespread low-level gold (10-100 ppb) and supporting trace-element lithochemistry consistent with the geologic and geochemical footprints of Nevada’s large gold deposits. These are the types of footprints that yield multi-million-ounce gold deposits in Nevada, and with these results NGE believes that it has demonstrated the validity of its integrated exploration program to discover and advance new high-quality gold targets in otherwise blind settings.

By overcoming the challenges and radically reducing the costs of exploring in Nevada’s covered basins, NGE is taking meaningful steps to open this important new search space up for district-scale exploration. NGE’s business model is to create shareholder value by leveraging its properties and technology through generative exploration, joint ventures, and other exploration partnerships.

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**SIGNIFICANT EVENTS SINCE LAST ANNUAL REPORT**

On May 2, 2016 and June 6, 2016, the Company announced that it had staked 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 km<sup>2</sup> within the Kelly Creek Basin.

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. In connection with the private placement, the Company paid \$38,366 as share issuance costs and issued 147,600 finder's units on the same terms as the units described above.

The Company issued 6,132,000 common shares as a result of warrants exercised for gross proceeds of \$614,000.

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 September 26, 2016, the Company announced that it had added 233 new claims covering 18.9 km<sup>2</sup> at its Grass Valley Project in north-central Nevada, more than doubling the size of the Project to 34.4 km<sup>2</sup>.

On October 31, 2016, the Company announced that it had completed the commissioning of its Scorpion Drill Rig, a truck-mounted, small-diameter reverse-circulation drilling rig designed to provide low-cost, early-stage drilling.

On February 6, 2017, the Company announced that it had received assay results for the first eleven drill holes of its current drilling program at its Kelly Creek Project using its newly-commissioned Scorpion Drill Rig, which included elevated gold of up to 0.15g/t coincident with elevated gold in groundwater along the bedrock contact of up to 890ppt.

On July 21, 2017, the Company announced the results of its ongoing Scorpion drilling program at Kelly Creek, which encountered significant enriched gold at the bedrock-alluvium contact. The results of the program have established that the elevated gold and gold-associated trace-element geochemistry at Kelly Creek is consistent with the size and characteristics of the hydrothermal system associated with the nearby Marigold and Lone Tree gold deposits.

On August 17, 2017, the Company announced that it had closed a private placement financing, issuing 3,773,100 units at a price of \$0.30 per unit, for total proceeds of \$1,131,930. 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. In connection with the private placement, the Company issued 31,717 finder's units on the same terms as the units described above.

**MINERAL PROPERTIES**

As of August 18, 2017, NGE directly holds 875 unpatented mining claims and other mineral interests in the following properties through its wholly owned US subsidiary Pediment Gold LLC:

<b>Project</b>	<b>NGE Claims</b>		<b>OTHER*</b>	<b>Total</b>
	<b>Claims</b>	<b>Area (km<sup>2</sup>)</b>	<b>Area (km<sup>2</sup>)</b>	<b>Area (km<sup>2</sup>)</b>
Grass Valley	425	35.5	-	35.5
South Grass Valley	264	22.1	-	22.1
Kelly Creek	180	13.0	29.3	42.3
Awakening	6	0.5	-	0.5
<b>TOTAL</b>	<b>875</b>	<b>71.1</b>	<b>29.3</b>	<b>100.4</b>

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

***Grass Valley***

The Grass Valley Project is located 90 km southwest of Carlin in Lander County, Nevada, at the northwestern end of Grass Valley, a 924 km<sup>2</sup> valley basin that continues south from the world class mineralization at Barrick Gold Corp.'s Cortez mine, one of the world's largest and lowest cost gold mines. The Company has a 100% interest in 425 claims (35.5 km<sup>2</sup>) at Grass Valley.

Since 2011, NGE has used its integrated exploration program to explore for new gold exploration targets in Grass Valley, in the north-central part of Nevada famous for Carlin-Type Gold Deposits ("CTGDs"), and has identified a 14.5 km by 2.4 km target defined by elevated concentrations of gold and gold-related trace element geochemistry in groundwater.

In addition to completing a detailed hydrogeochemistry program, NGE and a former partner's work to date at the Grass Valley Project has included: vegetation and soil geochemistry (including soil gas mercury); the acquisition and reprocessing of two historic seismic geophysical lines; geologic mapping; a gravity geophysical survey; one stratigraphic orientation drill hole; and most recently, geochemical analysis of approximately 2,400 metres of drill cuttings obtained from seven historic (2005 to 2008) geothermal exploration drill holes.

Based on the work to date at the Project, the Company believes that it has confirmed the presence of a large, gold-bearing hydrothermal system at the Grass Valley Project, consistent with the geologic setting of a CTGD. NGE's exploration team is continuing to update its geologic model with ongoing field mapping activities and 3D compilation and interpretation of the comprehensive exploration datasets. With this work, NGE believes it has established support that the complex structural controls associated with the Cortez mine to the north are also present along the western edge of Grass Valley, coincident with the elevated gold in groundwater. NGE expects that the next stage of work at the project to be a shallow drilling program using its Scorpion Drill Rig to further characterize the geochemistry of the groundwater, alluvium, and bedrock along these inferred structural controls.

**South Grass Valley**

The South Grass Valley Project is located in Lander County, north-central Nevada, approximately 50 kilometres south southwest of Barrick Gold Corp.'s Cortez Pipeline property. The Company has a 100% interest in 264 claims (22.1 km<sup>2</sup>) at South Grass Valley.

The South Grass Valley Project is situated along the Eureka - Battle Mountain Gold Trend, within the specific region of north-central Nevada known for CTGDs defined to the West by the western extent of reactive lower plate carbonate host rocks and to the east by the eastern limit of unreactive upper plate cap rocks. Within this region, major gold mineralization is associated with areas where rising gold-bearing hydrothermal fluids ponded beneath unreactive upper plate cap rocks to react with the favourable lower plate carbonate host rocks below.

These favourable lower plate host rocks have been identified in the mountains surrounding south Grass Valley, and since 1975 at least five major and 13 smaller groups actively explored the area. Despite considerable expenditures by these groups, NGE is not aware of any significant gold values being identified in the exposed bedrock in the mountains surrounding the Project, and as a result, these groups had little justification to undertake the considerable expense and risk required to support sustained efforts to follow the favourable lower plate host rocks beneath the basin cover in the Valley.

Using its industry-leading hydrogeochemistry exploration technology, from 2012 to 2013 the Company collected groundwater samples across South Grass Valley, and delineated a target measuring approximately 11 km by 1.6 km defined by elevated concentrations of gold and CTGD trace element geochemistry. This was a very important step for the Project, because whereas many other groups have recognized the potential to discover new gold deposits in the favourable lower plate carbonate host rocks within South Grass Valley, for the first time, by using hydrogeochemistry, NGE has positively delineated a discrete target within the Valley defined by elevated concentrations of gold and supporting geochemistry characteristic of CTGDs.

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During July, 2016, NGE's technical team completed a range-front geologic mapping and sampling program at South Grass Valley, the results of which have successfully confirmed the presence of hydrothermally altered and geochemically anomalous CTGD lower plate host rock in a small outcrop of exposed bedrock located within the Project, known as Goodwin Butte. Further interpretation of the air magnetic and gravity geophysics data projects this favourable lower plate host rock at Goodwin Butte beneath the target area defined by the elevated gold and supporting trace elements hydrogeochemistry.

With strong support for favourable lower plate carbonate host rocks coincident with elevated gold and supporting CTGD trace element geochemistry in the groundwater, NGE believes that the South Grass Valley Project presents one of the most exciting new gold exploration projects in Nevada. NGE expects that the next stage of work at the project to be a shallow drilling program using its Scorpion Drill Rig to further characterize the geochemistry of the groundwater, alluvium, and bedrock at the Project.

### ***Kelly Creek***

The Kelly Creek Project is located in Humboldt County, Nevada. The Company's has combined its former Hot Pot Project into its Kelly Creek Project, the combination of which is now together referred to as the Kelly Creek Project, which includes: 180 unpatented mining claims held directly by the company, covering approximately 13.0 km<sup>2</sup>; 209 unpatented mining claims leased by the Company from Genesis Gold Corporation through a Mining Lease and Option to Purchase Agreement (the "Genesis Agreement"), covering approximately 15.1 km<sup>2</sup>; and approximately 14.2 km<sup>2</sup> of private land leased by the Company under a Mining Lease Agreement (the "Hot Pot Lease").

The Kelly Creek Basin is situated along the Battle Mountain – Eureka Gold Trend, and is bounded by multi-million-ounce gold deposits to the north (Twin Creeks, Getchell, Turquoise Ridge, and Pinson) and south (Lone Tree, Marigold, Trenton Canyon, Converse, Buffalo Valley, Copper Basin, and Phoenix) - together representing more than 70Moz of gold along the periphery of the Basin. Despite its proximity to world-class mineralization, the interior of the Kelly Creek Basin has seen limited systematic exploration activity to date because its bedrock is largely covered by syn- to post-mineral volcanic units and post-mineral alluvium.

Recognizing the potential to find significant gold mineralization within the Kelly Creek Basin, dozens of major and junior explorers have spent tens of millions of dollars to follow the prospective geology seen in and proximal to the exposed bedrock in the surrounding mountain ranges beneath the sands and gravels covering the Basin. Within the areas controlled by NGE, this activity has included: Santa Fe Pacific completing wide-spaced bedrock mapping drilling in the 1990s; BHP completing an extensive soil auger geochemistry program through the late 1990s; and Placer Dome completing a reconnaissance-scale reverse circulation program in the early 2000s. Other companies that either now hold or have held claims in the immediate area include Newmont, Barrick, AngloGold, Hemlo, Homestake, and Kennecott. The efforts of each company have added valuable information about the geology of the Basin; however, without a cost-effective tool to conduct basin-scale exploration beneath the valley cover, the exploration programs to date in the Kelly Creek Basin have predominantly consisted of unsystematic and uncoordinated efforts focused on relatively small areas.

NGE developed its hydrogeochemistry exploration technology specifically to complete regional-scale exploration for gold in Nevada's covered basins, and NGE has used this technology to map elevated concentrations of gold in groundwater along the major structural corridor beneath the Kelly Creek Basin that connects the multi-million-ounce gold deposits to the north and to the south.

Since establishing its initial holdings in the Kelly Creek Basin, NGE and its exploration partners have completed major work programs, building a comprehensive exploration dataset to understand the geology beneath the Basin. This exploration dataset now includes:

- 1,000 km<sup>2</sup> of regional magnetic geophysical data;
- 670 km<sup>2</sup> of detailed air magnetic geophysical data;
- 1,000 km<sup>2</sup> of regional gravity geophysical data;



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- 100 km<sup>2</sup> of detailed gravity geophysical data;
- 33 line-km of CSAMT geophysical data;
- 49 line-km of 3D reflection seismic data; and
- A drilling database containing 31 drill holes, plus 114 historic drill holes, representing more than 29,000 metres of drilling, including assay results for more than 5,000 drill intervals representing more than 10,000 metres of drill assay data.

With this unparalleled exploration dataset for the Kelly Creek Basin, NGE is has built a comprehensive geologic model focused on the central portion of the Basin where NGE has demonstrated the presence of high levels of gold in the groundwater associated with the structural trend connecting the major gold mineralization to the north and south. NGE is currently completing a shallow drill program using its Scorpion Drill Rig to further characterize the geochemistry of the groundwater, alluvium, and bedrock at the Project.

***Awakening***

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 km<sup>2</sup>) 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.

Work to date on the Project by NGE and a former exploration partner includes:

- 85km<sup>2</sup> of high quality gravity geophysics data;
- 173 km<sup>2</sup> of air magnetic data; and
- Approximately 3,000 metres of core and RC drilling.

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,

	<b>2017</b>	<b>2016</b>
<b>Grass Valley</b>	\$ 141,768	\$ 59,323
<b>South Grass Valley</b>	186,066	6,972
<b>Kelly Creek</b>	610,961	140,157
<b>Awakening</b>	<u>7,972</u>	<u>53,584</u>
	<b>\$ 946,767</b>	<b>\$ 260,036</b>

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**For the Year Ended April 30, 2017**

**RESULTS OF OPERATIONS**

***During the three-month period ended April 30, 2017:***

The Company's net loss during the three-month period ended April 30, 2017 (the "Current Quarter") was \$772,925 compared to \$301,842 for the three-month period ended April 30, 2016 (the "Previous Quarter"). The increase in net loss was primarily due to share-based payments, exploration and evaluation expenditures, and salaries.

Share-based payments during the Current Quarter was \$172,564 compared to \$85,499 during the Previous Quarter. This is the result of a higher Black-Scholes valuation on options granted and vested during the Current Quarter as compared to the Previous Quarter.

Exploration and evaluation expenditures expense during the Current Quarter was \$287,219, compared to \$7,882 during the Previous Quarter. This is due to increased drilling and assaying activities on the properties.

Salaries during the Current Quarter was \$107,843 compared to \$33,246 during the Previous Quarter. This is due to increased management wages during the Current Quarter.

Investor relations expense during the Current Quarter was \$23,695 compared to \$67,051 during the Previous Quarter. The Company engaged an investor relations firm to perform significant work in the Previous Quarter but did not do so in the Current Quarter.

***During the year ended April 30, 2017:***

The Company's net loss during the year ended April 30, 2017 (the "Current Period") was \$2,955,304 compared to \$1,200,812 for the year ended April 30, 2016 (the "Previous Period"). The increase in net losses was primarily due to share-based payments, exploration and evaluation expenditures, and salaries.

Share-based payments during the Current Period was \$783,685 compared to \$214,572 during the Previous Period. This is the result of a higher Black-Scholes valuation on options granted and vested during the Current Period as compared to the Previous Period.

Exploration and evaluation expenditures expense during the Current Period was \$946,767, compared to \$260,036 during the Previous Period. This is due to increased drilling, assaying and maintenance activities on the properties.

Salaries during the Current Period was \$328,308 compared to \$97,118 during the Previous Period. This is due to increased management wages during the Current Period.

Investor relation expenses during the Current Period was \$378,763 compared to \$292,481 during the Previous Period. This is due to the engagement of investor relation firms during the entire duration of the Current Period as opposed to only a partial duration of the Previous Period.

***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, 2017	Year Ended April 30, 2016	Year Ended April 30, 2015
Net loss	\$ (2,955,304)	\$ (1,200,812)	\$ (419,859)
Basic and diluted loss per share	(0.07)	(0.05)	(0.03)
Total assets	1,007,601	202,897	214,910
Total long-term liabilities	7,492	18,631	28,855

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*Summary of Quarterly Results*

	Three Month Period Ended April 30, 2017	Three Month Period Ended January 31, 2017	Three Month Period Ended October 31, 2016	Three Month Period Ended July 31, 2016
Total assets	\$ 1,007,601	\$ 1,560,304	\$ 2,078,220	\$ 2,167,689
Working capital (deficiency)	362,243	1,030,767	1,433,932	1,677,698
Equity	902,269	1,478,341	1,906,217	1,972,889
Net income (loss)	(772,925)	(709,930)	(1,161,593)	(310,856)
Income (loss) per share	(0.01)	(0.01)	(0.03)	(0.01)

	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)
Net income (loss)	(301,842)	(498,859)	(312,769)	(87,342)
Loss per share	(0.01)	(0.02)	(0.01)	(0.01)

**ASSETS & LIABILITIES**

Deposits for land reclamation also add to the Company's asset base. Those deposits as at April 30, 2017 are \$129,786 (2016 - \$45,281). 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.

Net cash used in operating activities for the year ended April 30, 2017 was \$2,369,650 compared to cash used of \$1,077,819 during the year ended April 30, 2016 and consists primarily of the operating loss, payment of payables and increased exploration and evaluation expenses.

Net cash used by investing activities for the year ended April 30, 2017 was \$431,334 compared to \$18,671 used during the year ended April 30, 2016 and consists of the acquisition of a drilling rig, air compressor and a software database.

Net cash provided by financing activities for the year ended April 30, 2017 was \$2,997,107 compared to \$1,174,725 provided during the year ended April 30, 2016. The difference is primarily attributable to proceeds from two private placements totalling \$2,455,000 and \$614,000 of warrants exercised during the year ended April 30, 2016.

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***Capital Resources***

As of April 30, 2017, the Company has a finance lease obligation for a leased vehicle of \$23,113 (US - \$17,617), 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 \$12,739, and the remaining portion for \$7,492 is due between fiscal year 2018 to 2019.

***Commitment***

The Company has the following commitments:

- a) Total office lease payments of \$25,428 ending December 31, 2017.
- b) Various commitments relating to its resource properties

***Off Balance Sheet Arrangements***

As at October 31, 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, 2017, the Company:

- i) paid or accrued \$43,300 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner.
- ii) paid or accrued \$13,200 in professional fees to a corporation owned by the Chief Financial Officer of the Company.
- iii) granted 1,020,000 stock options to directors and officers of the Company, resulting in share-based payment expense of \$321,384.

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) granted 1,625,000 stock options to directors and officers of the Company, resulting in share-based payment expense of \$190,040.
- iii) 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.
- iv) 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.

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

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	April 30, 2017	April 30, 2016
Due to a firm of which the Chief Financial Officer is a partner	\$ 13,860	\$ 26,225
Due to a corporation owned by the Chief Financial Officer	11,000	-
Due to key management of the Company	-	2,000
	<u>\$ 24,860</u>	<u>\$ 28,225</u>

**KEY MANAGEMENT COMPENSATION**

Remuneration of key management of the Company is as follows:

	Year Ended April 30, 2017	Year Ended April 30, 2016
Salaries	\$ 286,185	\$ 97,118
Share-based compensation	<u>346,101</u>	<u>193,040</u>
	<u>\$ 650,286</u>	<u>\$ 290,158</u>

**DISCLOSURE OF OUTSTANDING SHARE DATA**

As at August 18, 2017, the Company has 52,495,818 common shares issued and outstanding and has the following stock options and warrants outstanding:

	Number of Options	Exercise Price	Expiry Date
<b>Stock options</b>			
	10,000	1.10	September 25, 2017
	50,000	1.20	December 4, 2017
	280,000	1.00	March 2, 2019
	1,625,000	0.185	October 19, 2020
	125,000	0.315	December 31, 2020
	100,000	0.37	April 20, 2021
	<u>2,120,000</u>	0.47	August 2, 2026
	<u>4,310,000</u>		
<b>Warrants</b>			
	4,270,000	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
	2,502,299	0.60	January 12, 2018
	1,000,000	0.60	February 10, 2018
	<u>1,989,733</u>	0.60	February 17, 2019
	<u>12,062,682</u>		

**Fully diluted:** 68,868,500

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**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, deposits and bonds, finance lease obligations, accounts payable and accrued liabilities approximate 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 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, 2017, the Company had a cash balance of \$288,627 (2016 - \$74,820) to settle current liabilities of \$97,840 (2016 - \$143,824). The Company believes that there is minimal liquidity risk as at April 30, 2017.

*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

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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, 2017 are as follows:

	USD	CDN
Current assets	\$ 137,572	\$ 187,710
Non-current assets	392,845	536,018
Current liabilities	(42,506)	(57,997)
Non-current liabilities	(5,491)	(7,492)
	\$ 482,420	\$ 658,239

Based on the above net exposures as at April 30, 2017, 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 \$6,582 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 year ended April 30, 2017.

**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.

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**LIST OF DIRECTORS AND OFFICERS**

Wade A. Hodges, CEO and Director  
Cyrus Driver, CFO  
Kenneth Tullar, COO  
James Buskard, President  
Dennis Higgs, Chairman and Director  
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.

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.

**ACCOUNTING POLICIES**

Please refer to the consolidated financial statements for the years ended April 30, 2017 and 2016 on [www.sedar.com](http://www.sedar.com) for all accounting policies, including newly adopted policies and future accounting policy pronouncements.

**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](http://www.sedar.com).

**NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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](http://www.sedar.com)*