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South Grass Valley Project
Technical Update 2016-08-24



 **Nevada Exploration** Inc

PIONEERING GROUNDWATER CHEMISTRY EXPLORATION IN NEVADA

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Information in this presentation regarding the Company's mineral properties has been prepared under the supervision of Wade A. Hodges, the Company's 'qualified person' in accordance with National Instrument 43-101 ("NI 43-101"). Without limiting the foregoing, information concerning the Company's mineral properties has been prepared in accordance with the requirements of Canadian securities laws, which differ in material respects from the requirements of securities laws of the United States applicable to U.S. companies subject to the reporting and disclosure requirements of the United States Securities and Exchange Commission ("SEC").

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Inclusion of the adjacent properties herein is meant to demonstrate some parameters for the type of mineral deposit that the Company may encounter while conducting exploration on its properties. The Company cannot state, and it should not be implied, that the results of exploration and development activities on the adjacent properties will be similar on its properties or that similar mineralization will be discovered on its properties. All investors are cautioned that mineral deposits on adjacent properties are not proof of mineral deposits on the Company's properties. A mineral deposit has not yet been discovered on any of the Company's properties. If any of the information on the adjacent properties herein contains a misrepresentation, an investor does not have a remedy under applicable securities legislation.

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This presentation contains forward-looking statements concerning the Company. More particularly, it contains forward-looking statements concerning planned capital expenditures, planned exploration and development activities, the timing of potential exploration and development opportunities associated with the Company's properties. The forward-looking statements are based on certain key expectations and assumptions made by the Company, including expectations and assumptions concerning the success of future exploration and development activities, the geological characteristics of the Company's properties, commodity prices and exchange rates, the application of regulatory and licensing requirements and the availability of capital, labour and services. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct.

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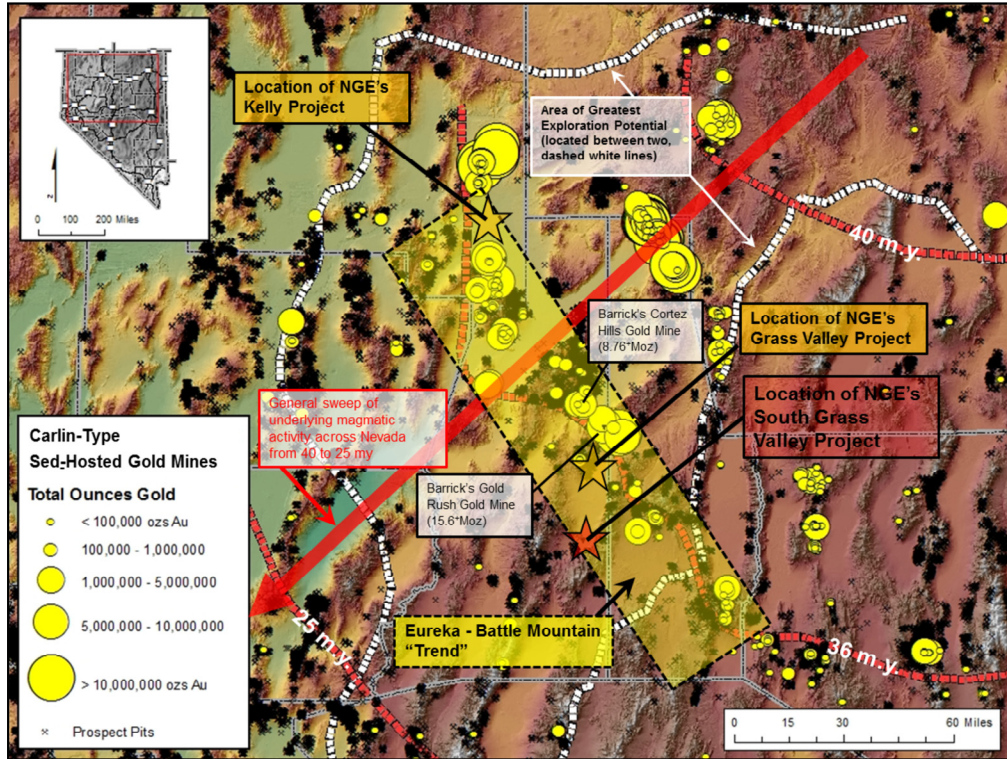
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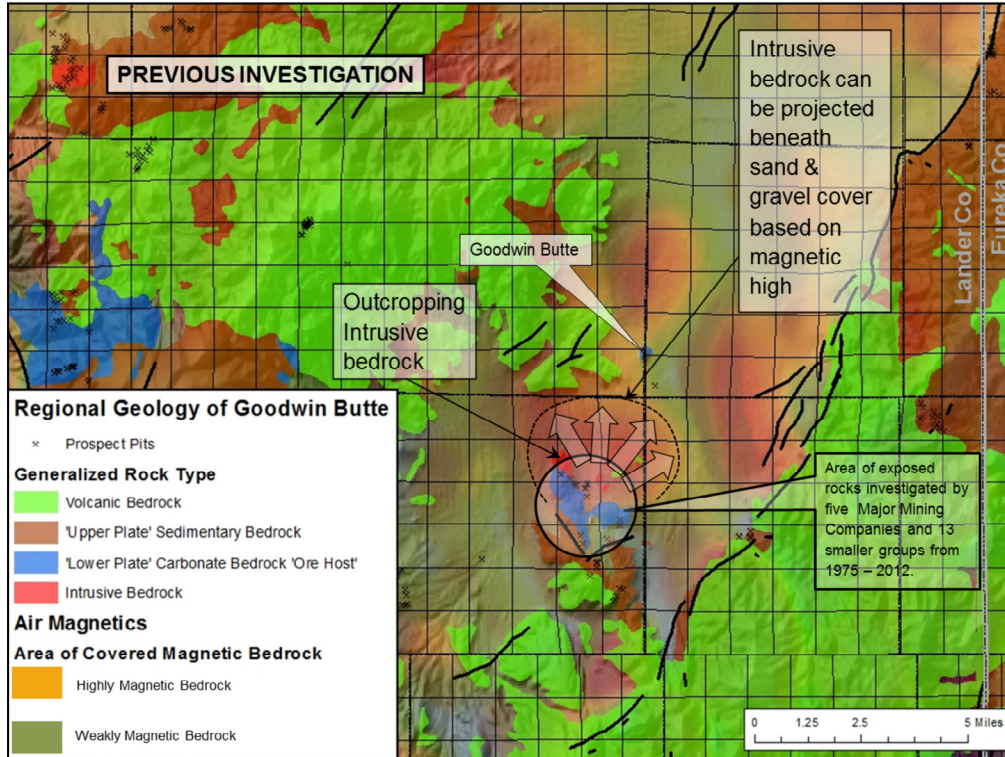


The **South Grass Valley Project** sits adjacent to the regional cluster of gold deposits known as the Eureka - Battle Mountain "Trend" within the area of north-central Nevada known for its Carlin-Type Gold Deposits (CTGD's)

Recent advances in the understanding of the origin of Nevada's prolific gold endowment have focused the search for the next CTGD to an area in north-central Nevada defined by two sets of geologic constraints - 1) a zone of overlap of major geologic layers located between the two white dashed lines; and 2) waves of underlying magmatic activity through time, millions of years (m.y.) before present that provided much of the energy to drive the creation of new gold deposits, illustrated in red. This is important as the search for gold in Nevada is no longer narrowly restricted to the "Trends" of past exploration focus for those that understand these latest research developments, but for sound geologic reasons is now located over a much broader area. And more than 60% of that area is covered by sand & gravel, which significantly increases the costs and reduces the discovery rates by conventional exploration methods alone.

For a more detailed explanation of the ore-forming process responsible for Nevada's world-class gold endowment and how this new knowledge is being used by those who understand it to discover the remaining gold deposits in Nevada please review the presentation entitled *Genetic Model for Carlin-Type Gold Deposits and NGE Exploration Strategy* at http://www.nevadaexploration.com/investor_info/presentations/.

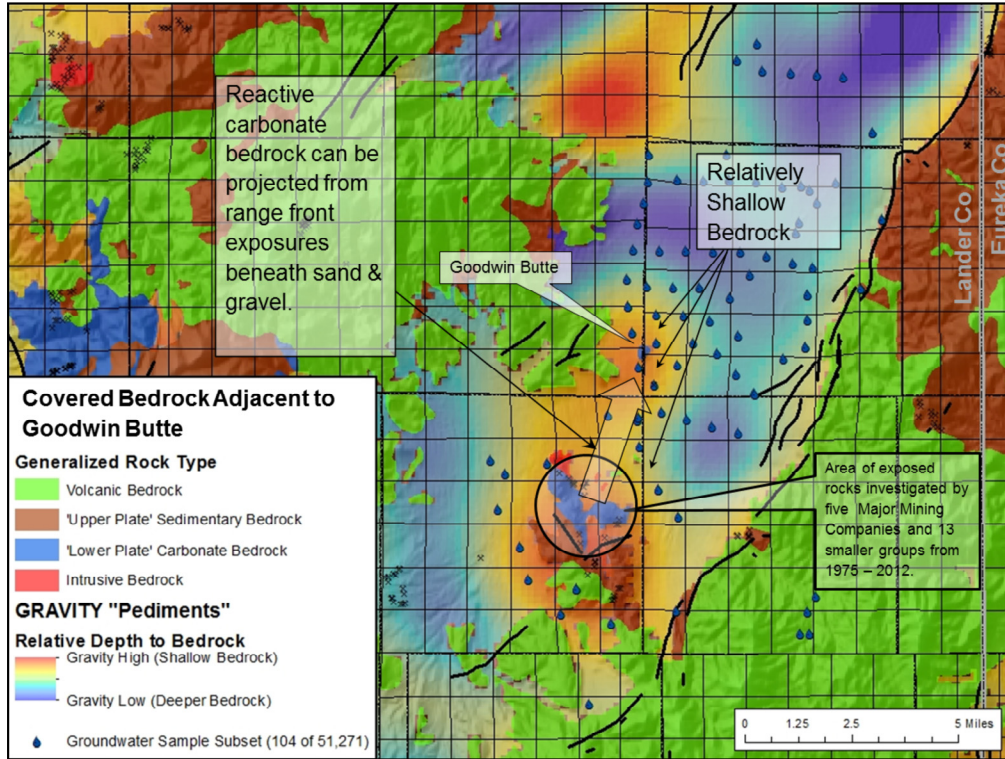
NGE is not alone in applying this new understanding of the formation of large CTGD's, to the search for new, multi-million ounce deposits. Barrick (ABX) has also recognized the importance of this new exploration concept and is actively exploring "beyond the limiting Trends" as explained in recent public presentations by Barrick and demonstrated by their recently acquired land positions.



Basically, large, CTGD's form where 1) gold-bearing hot water rises along 2) major, high-angle fault zones and reacts with 3) carbonate (limestone) host rocks. Historically, the search by competing mining companies began with identifying areas of exposed carbonate rock followed by geochemical rock sampling to further identify gold and trace elements known to be associated with CTGD's to verify that a potential gold-bearing hydrothermal system was indeed present. Geologic mapping and various geophysical techniques then attempted to identify major fault zones and/or folds. Where major fault zones intersect folded carbonate host rocks associated with gold and trace elements drill targets were identified and tested.

The Intrusive Bedrock outcropping in the center of this image (red) is associated with a broad magnetic high feature (red-orange) similar to the intrusive rock and magnetic response of the Mill Canyon stock adjacent to Barrick's Cortez Hills Breccia Complex (8.76⁺ Mozs) and Gold Rush (15.6⁺ Mozs) deposits located 48 km (30 mi) north. The intrusive rocks exposed here are of the same age (~168m.y.) and composition as the Mill Canyon stock and believed to be important in locating CTGD's as such intrusive rocks mark major zones of deep-seated faulting that can control the emplacement of later gold-bearing hydrothermal systems. Early intrusive activity enhances the structural environment of the adjacent favorable host rock units through folding and faulting to create a variety of structural traps for later (31-35m.y.) CTGD hydrothermal fluids. Small, scattered prospect pits (small black crossed picks) identify small areas of non-Carlin-Type hydrothermal alteration related to the older intrusive activity.

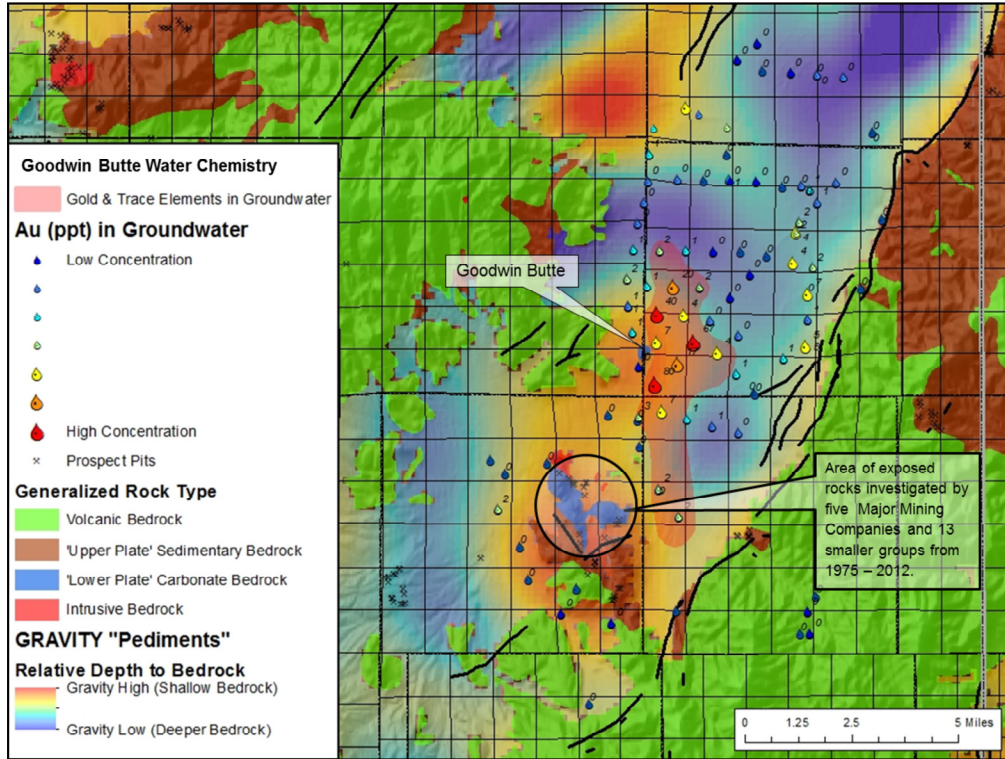
While in theory the concept is simple, in practice not so much. Which is why the area located 4 miles to the SW of Goodwin Butte has been investigated by five major mining companies and 13 smaller groups from 1975 to 2012. This is important, because, while we are not privy to the detailed data these exploration programs generated we can surmise that the area contained all the features of exploration interest that repeatedly suggested to other exploration professionals that the area had some exploration potential, i.e.- the presence of lower plate carbonate host rocks favorable for the development of a CTGD and the presence of a few small prospect pits evidencing hydrothermal alteration and low-level trace-element geochemistry. In spite of the considerable expenditures of time and money by several exploration groups significant gold values have never been identified in outcrop.



Two things may have been either missed or incompletely followed up by previous investigators - 1) outcropping lower plate carbonate host rocks (dark blue, note small outcrop labeled Goodwin Butte) can be projected beneath the adjacent cover of sand & gravel shown as gravity highs (orange colors). Blue colors identify areas where lower density sand & gravel have accumulated to relatively greater thicknesses over bedrock; 2) effective methods to explore beneath areas of sand & gravel had not been adequately developed and were not being widely used. Projecting range front geology and geophysics into adjacent covered areas is relatively easy to do, but unless follow-up 'Poke 'n' Hope' drill testing of projected geology meets with early success the project is rarely able to attract enough resources to complete the test, i.e.- the cost of drill testing is simply too great and many important gold deposits are often missed until one 'lucky' exploration group at the end of a series of 'unlucky' groups "gets lucky".

This is why NGE's pioneering efforts to develop a practical exploration method that indicates the presence of a significant mineralizing system at an early stage to supplement favorable geologic projections is so important to significantly lowering the cost of exploration and simultaneously increasing the rate of successful discovery.

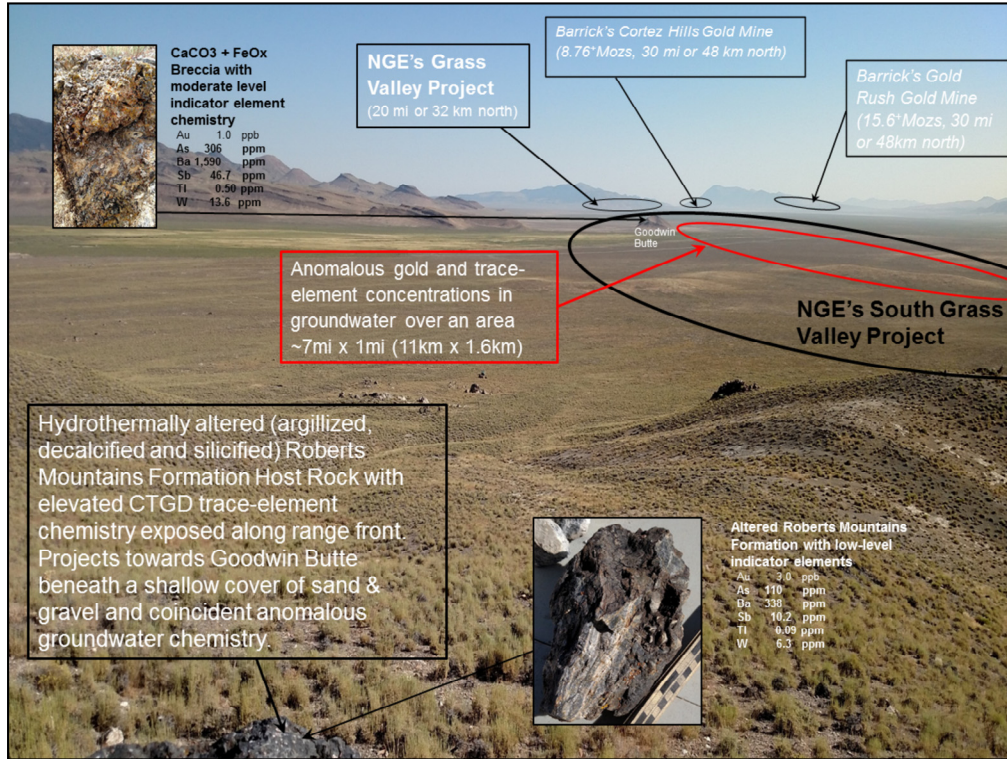
NGE collected 104 samples of groundwater (blue water drops) on a wide-spaced grid using its proprietary groundwater sampling protocol over a large area of covered favorable host rock. The groundwater samples were analyzed for gold and 80 other trace elements to determine if the covered Area of Interest (AOI) was associated with gold and trace-elements indicative of the presence of a potentially significant Carlin-Type gold-bearing hydrothermal system located in the bedrock beneath the relatively thin cover of sand & gravel located to the east of Goodwin Butte.



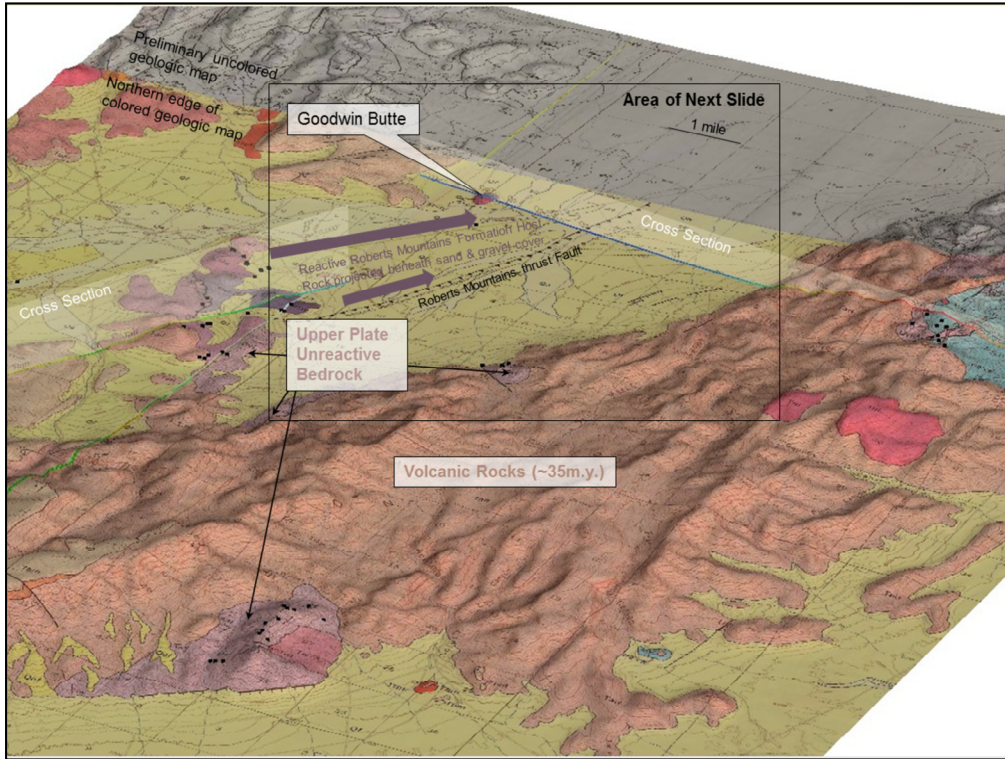
Values for gold (ppt) are plotted here as symbols and colors proportional to their concentrations in the groundwater and clearly show an area of higher-than-normal (anomalous) gold concentration. Although gold is the most important element to have in the groundwater around a potential new gold deposit, anomalous values for a number of other trace-elements that are often associated with CTGD's supports the idea that a gold deposit may be concealed at depth beneath the area of anomalous groundwater chemistry. Importantly, Arsenic (As), Antimony (Sb), Barium (Ba) & Thallium (Tl) among other CTGD-associated trace-elements also show anomalous concentrations over the same area.

NGE is now testing this AOI with infill groundwater sampling using it's newly developed and constructed Scorpion drill rig to further constrain the still large area before follow-up, deeper conventional bedrock drilling. The Scorpion drill rig is basically a small diameter reverse circulation drill with a small footprint to minimize environmental disturbance that permits groundwater sampling in the 3rd dimension PLUS sampling of the alluvium and any altered and/or mineralized bedrock that might be encountered down to depths of 400⁺ft (120⁺m).

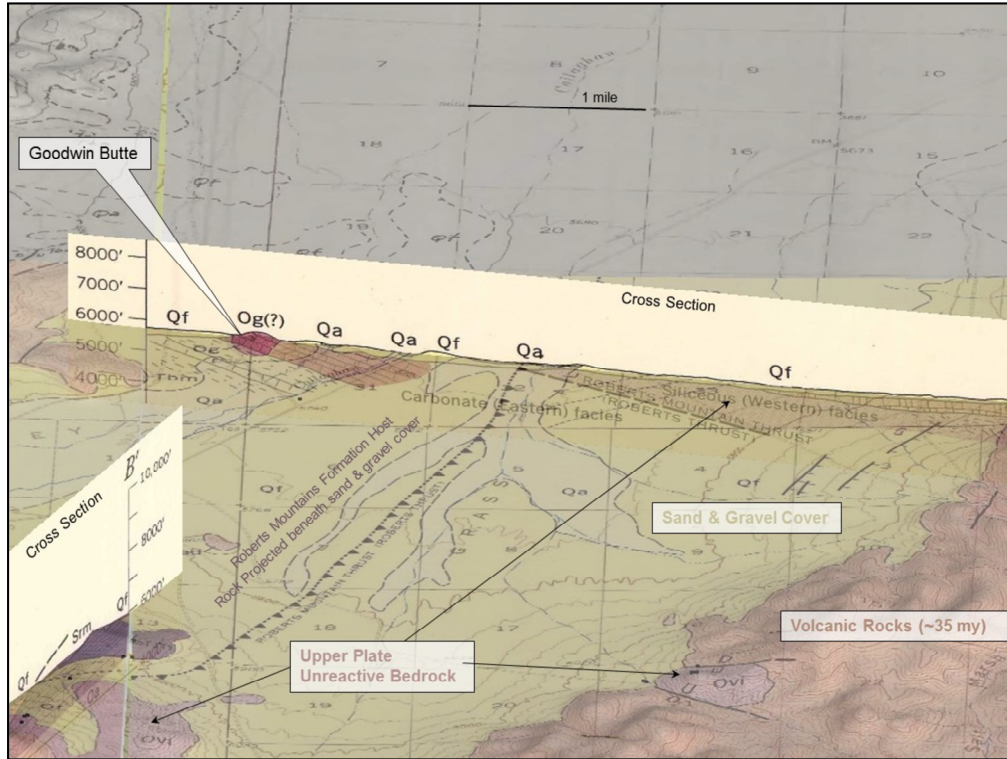
Importantly, although groundwater sampling is sparse in the area previously investigated by others, no gold and only erratically distributed, gold-related trace-elements were identified by NGE reconnaissance groundwater sampling, which is consistent with the repeatedly negative results of previous exploration efforts and supports the idea that exploration within the newly recognized area of anomalous groundwater chemistry might well have very different results.



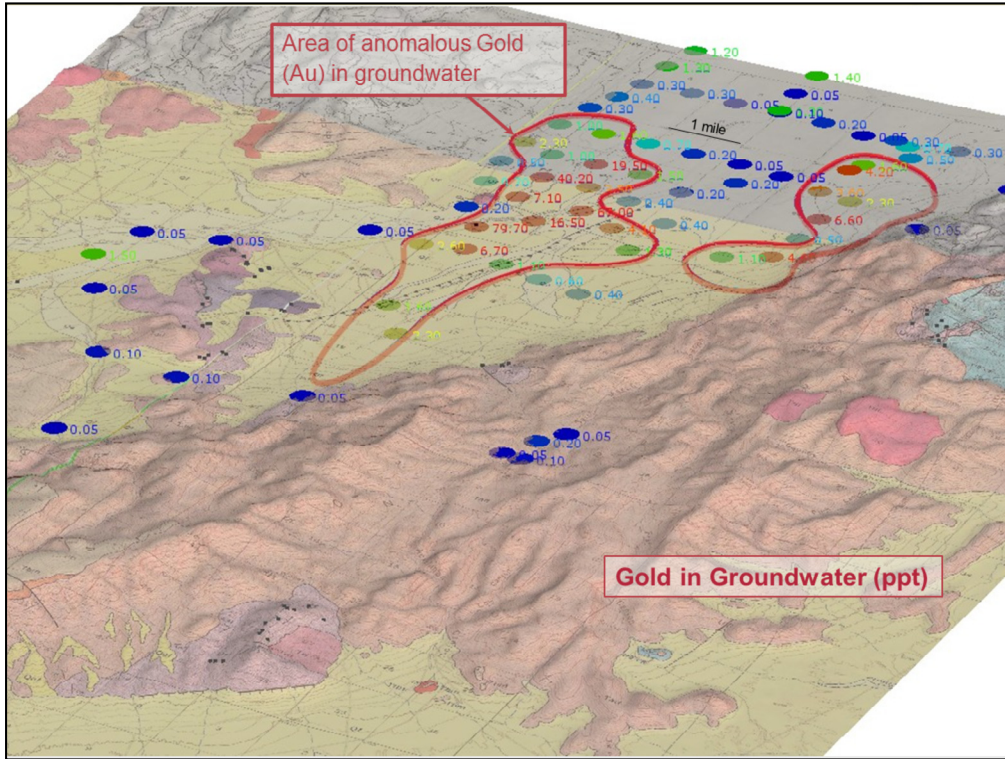
This image was taken looking from the area of outcrop investigated by previous exploration groups towards Goodwin Butte out over the South Grass Valley project area and the Goodwin Butte groundwater anomaly.



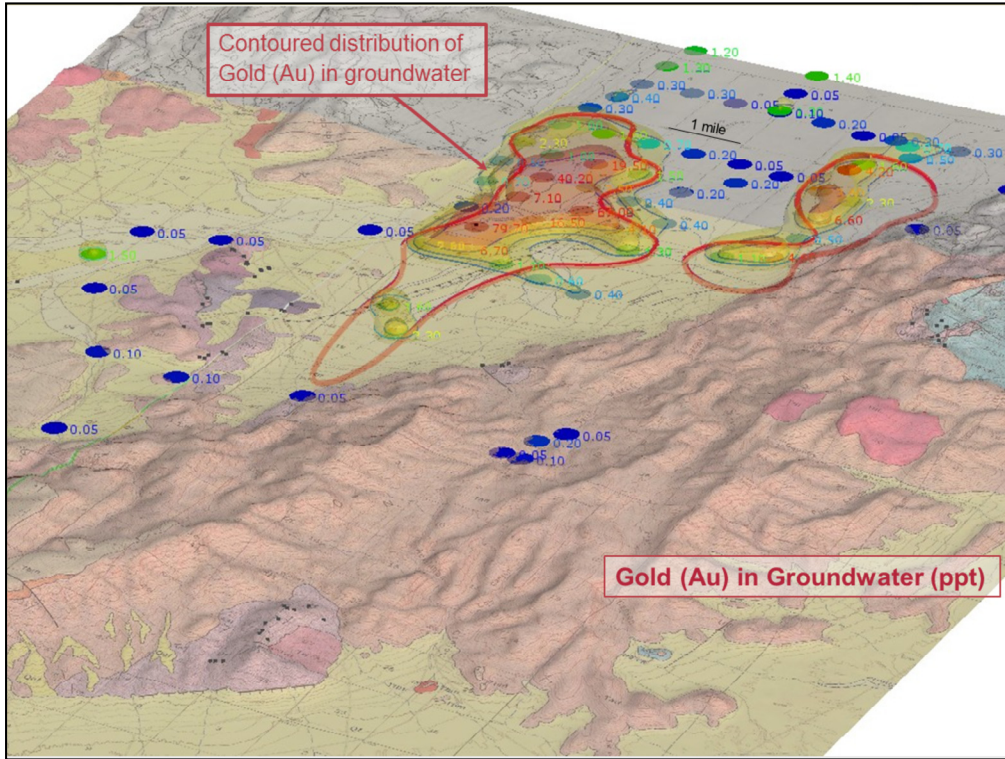
This image provides an oblique overview of the South Grass Valley project area geology.



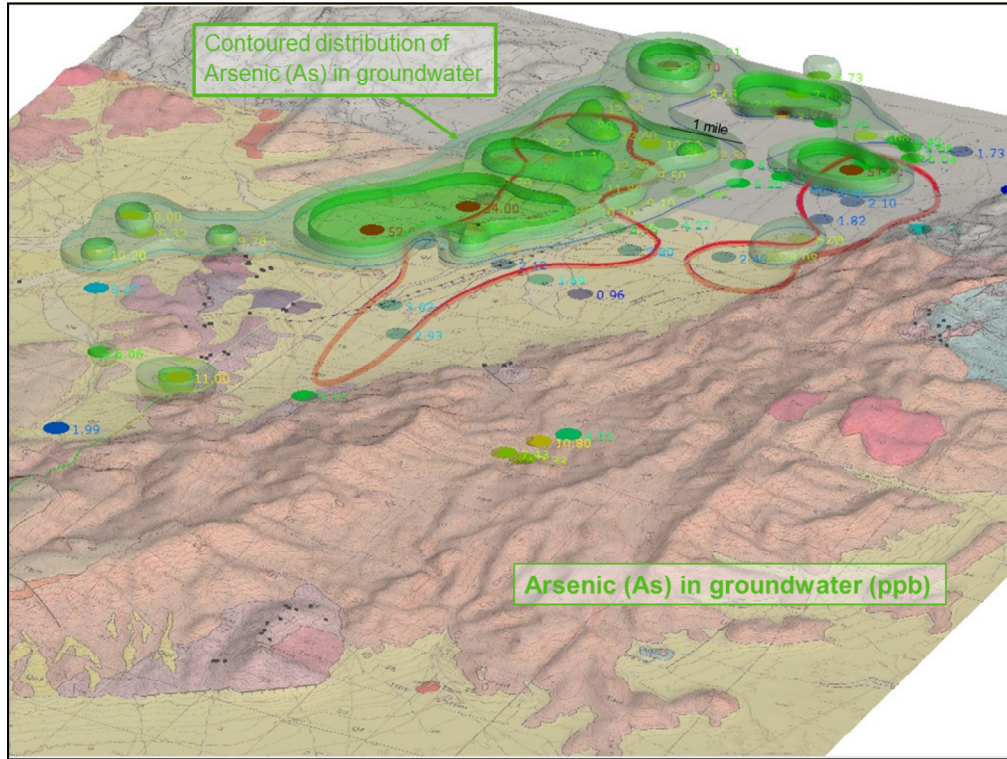
Close up view of E-W Cross Section showing favorable host rock projected beneath shallow cover of sand & gravel that may be sourcing anomalous groundwater chemistry shown in next slide.



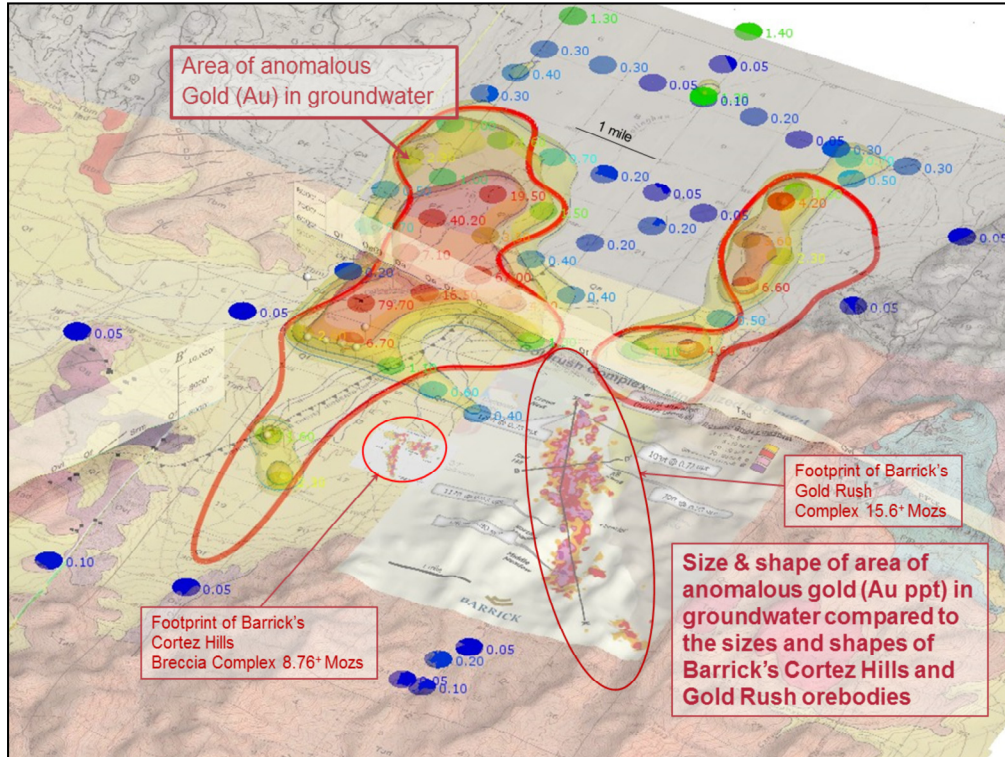
Oblique view of the South Grass Valley gold in groundwater chemistry anomaly.



Contoured distribution of Gold (Au) concentrations in groundwater.



Contoured distribution of Arsenic (As) concentrations in groundwater.



This image is important because it attempts to show the size and shape of the area of exploration interest as defined by the area of anomalous gold and gold-associated trace-elements in groundwater above a large area of potential underlying host rock relative to the size and shape of two known important CTGDs, i.e.- Barrick's Cortez Hills and Gold Rush Complex located 30 miles (48km) to the NNE.

The Goodwin Hill groundwater chemistry anomaly discovered by NGE provides an excellent example of how NGE is using what was not known to previous investigators to better define areas of favorable bedrock that are completely covered by sand & gravel over areas large enough to conceal a significant CTGD.

It is important that while the small outcrops of hydrothermally altered and geochemically anomalous host rock sparsely scattered along the exposed range front may be the distal edges of a covered hydrothermal system they are not large enough in and of themselves to source the large groundwater chemistry anomaly located more than a mile farther east beneath a thin cover of sand & gravel. While it is possible that the anomalous groundwater chemistry might be related to something other than a covered economic bedrock CTGD, the evidence developed to date presents a compelling series of clues that clearly justifies further exploration expenditures.

The next exploration steps involve more detailed groundwater sampling to better delineate the zones of greatest groundwater upwelling in 3 dimensions plus sampling of the alluvium and any shallow, altered and/or mineralized bedrock within the depth constraints (400+ft) of it's wholly-owned Scorpion drill rig followed by deeper conventional drilling into bedrock to test specific elements of the exploration concept.

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