

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2012

The following Management Discussion and Analysis (“MD&A”) prepared as of December 14, 2012 should be read in conjunction with the unaudited condensed consolidated interim financial statements for the period ended October 31, 2012, and the related notes thereto. Those unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard 34 (“IAS 34”) – Interim Financial Reporting. All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

The reader should also refer to the annual audited financial statements and the MD&A for the year ended April 30, 2012. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

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

DESCRIPTION OF THE BUSINESS

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

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

LAND ACQUISITION AND MAINTENANCE

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

As of December 5, 2012, NGE directly holds 1,204 unpatented mining claims and other mineral interests in the following properties through its wholly owned US subsidiary Pediment Gold LLC:

Project	NGE Claims		OTHER*	Total
	Claims	Area (km²)	Area (km²)	Area (km²)
Fletcher Junction (FJ)	117	9.6	-	9.6
Hot Pot (HP)	6	0.4	8.8	9.2
Bull Creek (BU)	108	8.7	-	8.7
Awakening (AW)	206	16.7	-	16.7
Sand Pass (SP)	89	7.2	9.4	16.6
Rye Patch (RP)	41	3.3	0.8	4.1
Jungo (JU)	108	8.7	-	8.7
Kelly Creek (KC)	430	34.8	20.2	55.0
Whiskey Flats (WF)	99	8.0	-	8.0
TOTAL	1,204	97.4	39.2	136.6

*Leased private lands and claims on BLM land leased from third parties.

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EXPLORATION RISK MANAGEMENT STRATEGY

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

NGE's exploration stages include:

- Hydrogeochemistry: NGE first uses its proprietary hydroprobe sampling technology to collect regularized hydrogeochemistry samples across areas already shown to be prospective based on samples collected from existing springs and wells. NGE uses the data to develop a computerized hydrogeochemistry model of each target.
- Acquisition: NGE acquires the mineral rights covering prospective targets showing large areas of highly anomalous hydrogeochemistry. If a target of exploration interest is on BLM land that is open to location (available), NGE locates mineral claims. If a target lies on private land, NGE completes a title review to determine mineral title ownership, and then endeavours to negotiate an agreement with the owner.
- Soil Geochemistry: NGE completes detailed soil sampling across areas demonstrating prospective hydrogeochemistry to detect the possible vertical migration of gold and trace-elements from the underlying bedrock into the soils above. The use of soil geochemistry allows NGE to confirm the presences of anomalous levels of gold and other trace elements in an additional medium.
- Gravity Geophysics: NGE uses detailed gravity geophysics to provide valuable information about the depth to bedrock across a property. Gravity data can suggest areas of strong changes in the relief or composition of the underlying bedrock, which can be indicative of underlying fault zones and alteration that often control the location of gold mineralization.
- Air Magnetics: NGE uses detailed air magnetic geophysics to provide information on the locations and types of rocks, fault zones, and hydrothermal alteration that generally accompany large gold deposits.
- Seismic Geophysics: NGE uses seismic geophysics, where appropriate, to identify deep-seated, steeply-dipping fault zones that can be projected into the near surface environment. Major, high-angle structures are important since they provide a potential conduit or 'plumbing' system for potential gold-bearing, hydrothermal fluids to access near-surface areas and deposit gold.
- Drilling: where properties successfully pass through the above exploration stages, NGE uses drilling to test for: (1) shallow bedrock (< 1,000ft beneath the surface); (2) structures or faults in bedrock that may source potential mineralization; (3) bedrock that has been altered by hydrothermal fluids; (4) anomalous concentrations of gold and associated trace-elements in bedrock; and (5) sufficiently sized target to reasonably contain an economic resource. NGE evaluates drilling results based on these criteria to determine whether or not to continue to maintain each property and commit further exploration expenditures towards them.

MINERAL EXPLORATION PROPERTIES

Fletcher Junction (FJ)

The Fletcher Junction Project is located in Mineral County, Nevada, approximately 30km southwest of Hawthorne, Nevada. The Company has a 100% interest in 117 claims (9.6km²) at the Fletcher Junction Project, subject to a 1.25% net smelter return royalty ("NSR") to Royal Gold, Inc.

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On December 18, 2008, NGE announced the completion of a Phase I RC drill program at Fletcher Junction, and presented the detailed results that demonstrate how NGE used its hydrogeochemistry exploration technology to discover a new, gold-bearing hydrothermal system in an otherwise blind, covered bedrock setting. Nine wide-spaced drill holes were completed to target depth, and all nine encountered altered bedrock that contained geochemically anomalous gold and gold-associated trace elements, as well as anomalous gold and trace-element hydrogeochemistry. The bedrock, alteration, and the suite of gold-associated trace elements found at Fletcher Junction are similar to those found at the nearby Aurora mining district, noted for historic, high grade underground production.

While significant intervals of potentially ore grade mineralization were not encountered in the Phase I drilling, management believes that the results at Fletcher Junction are substantive in that they demonstrate how NGE has used its unique and proprietary hydrogeochemistry exploration technique to discover a new gold-bearing, hydrothermal system in a covered bedrock setting. The results to date at Fletcher Junction add value to NGE's other projects that were all identified using the same hydrogeochemistry exploration technology, and they establish NGE as a source of quality exploration projects for potential Joint Venture partners.

NGE believes the first phase drill results at Fletcher Junction justify a much larger, Phase II drill program specifically designed to test the vertical fault zones believed to contain ore-grade gold mineralization that source the anomalous gold in groundwater, alluvium, quartz-boulders and bedrock at Fletcher Junction. In preparation for Phase II drilling, NGE has submitted and received approval from the US Forest Service for a new the Plan of Operations.

On July 31, 2012, the Company entered into an Exploration and Option to Joint Venture Agreement with Spruce Ridge Resources Ltd. ("Spruce Ridge"), whereby Spruce Ridge earn a 70% interest in the Property by funding \$2,600,000 in qualifying expenditures, including a firm Year 1 work commitment of \$580,000, and making \$300,000 in payments over 4 years (the "Earn-In"). NGE will act as the Operator during the Earn-In. If Spruce Ridge completes the Earn-In, Spruce Ridge may earn an additional 15%, for a total of 85%, by completing a feasibility report.

Hot Pot (HP)

In 2004, NGE's regional reconnaissance hydrogeochemistry program identified a prospective exploration target near Hot Pot in Humboldt County, Nevada, approximately 30km northwest of Battle Mountain, Nevada. Regional gravity data suggested that the Hot Pot area is underlain by a bedrock high covered by a thin layer of sand & gravel.

On September 16, 2005, the Company entered into a 10 year Mining Lease Agreement on 8.8km² at Hot Pot Project, subject to a 3% NSR to the land owner. The Company also controls 6 claims at Hot Pot (50 hectares). The lands within the Mining Lease Agreement and the 6 claims are subject to a 1.25% NSR to Royal Gold, Inc.

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

In 2007, NGE used its hydroprobe equipment to complete a detailed hydrogeochemistry survey at Hot Pot on a 400m (1/4 mi) grid. The resulting dataset showed highly anomalous gold and trace elements chemistry and further expanded the area of exploration interest. Additionally, in 2007, NGE completed two seismic geophysical lines, which identified several deep, north-trending, steeply-dipping fault zones.

In 2008, NGE completed a detailed gravity geophysical survey, which successfully mapped the relative depth to the underlying bedrock by measuring the density contrast between 200m sampling points. The gravity survey delineated sharp changes in the slope of the bedrock that coincided with the fault zones identified by seismic geophysics.

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

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

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

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

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

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

On August 16, 2011, NGE reported that Enxco withdrew from the Exploration Agreement at Hot Pot, and that as a result, Enxco retained no interest in the project.

Bull Creek (BU)

The Bull Creek Project is located in Humboldt County, Nevada, approximately 60km west-northwest of Winnemucca, Nevada. The Company has a 100% interest in 108 claims (8.7km²) at Bull Creek.

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In 2008, NGE completed a detailed groundwater survey at Bull Creek to delineate the project's anomalous hydrogeochemistry, and then completed a detailed soil sampling program to both verify and model the surface geochemistry above the target. Later in 2008, to further develop the project's exploration model, NGE completed detailed gravity and airborne magnetic geophysical surveys to better understand the different rock types and possible fault zones concealed beneath the large expanse of sand and gravel covering the target. Also in 2008, as a final input to the Bull Creek exploration model, NGE completed seismic geophysics to test for deep-seated fault zones. NGE combined these data sets to develop the conceptual targets for Phase I drill testing.

In 2008, NGE completed a Phase I drilling program at Bull Creek specifically to test the concept that an undiscovered, potentially gold-bearing hydrothermal system is responsible for the anomalous gold and trace-elements discovered in the groundwater. NGE completed 18 RC drill holes at Bull Creek. The holes were spaced 0.4km (0.25mi) to 1.6km (1.0mi) apart across the 41km² property, and the holes ranged in depth from 100m (300ft) to 300m (1,000ft). The drilling defined shallow bedrock along the eastern margin of the property, ranging in depth from 15m (50ft) to 100m (300ft).

On February 23, 2009, NGE announced completion of data reduction for its Phase I drill program at Bull Creek. The results showed several >200m (>650ft) intervals of hydrothermally altered and geochemically anomalous volcanic rock. The increase in alteration intensity and trace-elements geochemistry seen in the wide-spaced drill holes moving from west to east across the eastern half of the property suggests NGE has discovered the edge of a significant new hydrothermal system of exploration significance. NGE believes additional drilling is warranted farther to the east, and this conclusion is also supported by the structural interpretation of the gravity and air magnetic geophysics. In 2009, NGE increased its claim position towards the east to cover the developing target.

The initial identification of anomalous hydrogeochemistry at Bull Creek has resulted in a successful concept test: the discovery of a large area of hydrothermally-altered, shallow bedrock containing geochemically anomalous gold and gold-associated trace elements. These features of exploration significance are similar to those found at the nearby Sleeper Mine, which produced 1.7M ozs of gold and 1.9M ozs of silver from 1986 to 1996. These results further demonstrate how hydrogeochemistry can efficiently and effectively reduce large, sand and gravel covered valley basins to discrete, highly prospective exploration targets deserving of more focused and intense exploration expenditures.

On June 30, 2010 NGE completed a 438 page technical report summarizing all work completed on the property. NGE believes that additional drilling is warranted at Bull Creek and has is seeking a JV partner to advance the project.

Awakening (AW)

The Awakening Project is located in Humboldt County, Nevada, approximately 50km north-northwest of Winnemucca, Nevada, and directly north of the Sleeper Gold Mine. The Company has a 100% interest in 206 claims (16.7km²) at Awakening.

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

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

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

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

During 2009, NGE completed detailed geologic mapping at a scale of 1:10,000 in the northern-most Slumbering Hills along the eastern edge of Awakening.

In March, 2010, the Company completed a 258 page technical report summarizing all work completed on the property and began discussions with potential JV partners.

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

In early 2011, NGE completed a 10 hole, 1,573 metre (5,160 feet), Phase I drilling program on the Shine Claims within the Awakening Project, north of the Sleeper Gold Mine in Humboldt County, Nevada. NGE has a mining lease and option to purchase agreement on the 15 Shine Claims from DIR Exploration, Inc. The Shine Claims lie within NGE's larger Awakening Project.

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

NGE has received all results from the Company's drilling on the Shine claims and Northgate's drilling and is presently updating the project's exploration model with the new drilling data.

On July 1, 2008, the Company entered into a Mining Lease agreement with DIR Exploration Inc. on 15 claims (1.2km²). Based on the results of work to date at the Awakening Project, the Company is focusing its exploration on areas within the claims controlled directly by NGE; accordingly, NGE terminated the Mining Lease during the period ended July 31, 2012.

Sand Pass (SP)

The Sand Pass Project is located in Humboldt County, Nevada, approximately 10km north of Winnemucca, Nevada. The Company has a 100% interest in 89 claims (7.2km²) at Sand Pass, and on July 10, 2008, the Company entered into a Mining Lease agreement for another 9.4km² with multiple parties, subject to a 2% NSR payable to the private landholders.

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Similar to NGE's other properties, Sand Pass is covered by post-mineral alluvium, and as a result, the area has seen very limited historic exploration activity. Based on the projections of favourable lithology, structure and alteration present at the regional, district and property scales, NGE believes the project has the potential to contain gold-silver mineralization within economic depths beneath the cover.

During 2007 and 2008, NGE completed both hydrogeochemistry and soil geochemistry sampling programs across Sand Pass and identified geochemical indications of potential gold mineralization. Following up on the successful geochemistry programs, in 2008, NGE completed detailed, district-scale gravity and air magnetic geophysical surveys also with positive results. NGE is now preparing a detailed technical report summarizing all work completed on the property. NGE will begin discussions with potential JV partners upon the completion of the technical report.

Rye Patch (RP)

The Rye Patch Project is located in Pershing County, Nevada, approximately 30km northeast of Lovelock, Nevada. The Company has a 100% interest in 41 claims (3.3km²) at Rye Patch. On May 22, 2008, the Company entered into a Mining Lease Agreement on another 65 hectares with a private party, subject to a 2.0% NSR; and on July 21, 2008, the Company entered into a Mining Lease Agreement on an additional 16 hectares from another private party, also subject to a 2.0% NSR payable to a private landholder.

While the Rye Patch gold property is along the same West Humboldt Range structural trend responsible for both past and present producing gold mines, NGE's property has seen no historic exploration activity because it is largely covered by post-mineral alluvium. NGE's projections of favorable lithology, structure and alteration at the regional, district and property scales suggest that potentially important gold-silver mineralization may be located within economic depths beneath the cover at Rye Patch.

In 2007, NGE collected and analyzed groundwater samples across the project area and identified hydrogeochemical patterns that provided direct indications of potential gold mineralization. In 2008, NGE collected soil samples that confirmed the presence of anomalous concentrations of gold and gold-related trace elements in soils. In 2008, NGE completed a detailed, district-scale air magnetic geophysical survey, and in 2010, NGE completed a detailed gravity survey as well. NGE has systematically advanced the Rye Patch target through its staged exploration program and the combined datasets have delineated several compelling drill targets. NGE is presently preparing a detailed technical report summarizing all work completed on the property. NGE will begin discussions with potential JV partners upon the completion of the technical report.

Jungo (JU)

The Jungo Project is located in both Humboldt and Pershing Counties, Nevada, approximately 60km west of Winnemucca, Nevada. The Company has a 100% interest in 108 claims (8.7km²) at Jungo. The Jungo property is largely covered by syn- to post-mineral volcanic units and post-mineral alluvium and has seen no historic exploration activity. NGE identified the Jungo target as part of its ongoing reconnaissance hydrogeochemistry sampling program. NGE has completed additional hydrogeochemistry sampling and examined the regional, district, and property scale lithology, structure and alteration, and NGE believes the results suggest favorable geology beneath the property and the potential for mineralization within economic depths.

Kelly Creek (KC)

The Kelly Creek Project is located in Humboldt County, Nevada, approximately 40km north-northwest of Battle Mountain, Nevada. The Company has a 100% interest in 430 claims (34.8km²) at Kelly Creek. On October 1, 2009, the Company entered into a Mining Lease and Option to Purchase Agreement with Genesis Gold Corporation ("Genesis") to acquire a 100% interest of Genesis's Hot Pot Claims, which consist of 254 unpatented mineral claims (20.2km²). Under the Agreement, the Company is the Operator and has the option to purchase 100% of the Genesis claims for USD\$1,500,000, subject to a 1.5% Net Smelter Return Royalty ("Royalty"). The Company also has the option to purchase one half of the royalty (0.75%) for USD\$750,000.

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

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

NGE believes the hydrogeochemistry and gravity geophysics collected to date, as well as the favorable regional, district and property scale lithology, structure and alteration, indicate a strong potential for covered gold mineralization beneath the Kelly Creek project area. NGE expects the next phases of work at Kelly Creek to include detailed air magnetic geophysics, additional groundwater sampling, and seismic geophysics.

Whiskey Flats (WF)

The Whiskey Flats Project is located in Mineral County, Nevada, approximately 20km south of Hawthorne, Nevada. The Company has a 100% interest in 99 claims (8.0km²) at Whiskey Flats.

The Whiskey Flat property is largely covered by syn- and post-mineral alluvium and has seen no historic exploration activity. Projections of favorable 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. In 2008, NGE completed a preliminary hydrogeochemistry sampling program across the property and the results show anomalous concentrations of gold and other trace elements, which NGE considers to be a good indication of potential covered gold mineralization. In 2009, NGE completed a detailed, district-scale air magnetic geophysical survey, and in 2011, NGE completed a detailed gravity survey as well.

Summary of Project Work Completed to Date

To date, NGE has completed: detailed hydrogeochemistry sampling on all nine (9) properties; detailed soil chemistry on five (5) properties; detailed air magnetic geophysics on six (6) properties; detailed gravity geophysics on eight (8) properties; and Phase I drilling on four (4) properties. The Company’s management believes the results to date at each of the properties are encouraging and justify additional exploration expenditures. The table below summarizes the completion dates for the referenced work.

PROPERTY	Water Chemistry	Soil Chemistry	Geophysics	Phase I Drilling
Fletcher Junction	2005		2012	2008
Hot Pot	2007	2007	2008	2008
Bull Creek	2008	2008	2008	2008
Awakening	2008	2008	2008	2011
Sand Pass	2007	2008	2008	
Rye Patch	2007	2008	2010	
Jungo	2008		2008	
Kelly Creek	2007		2010	
Whiskey Flats	2008		2011	
TOTAL	9	5	9	4

For a summary of NGE’s property expenditures to date, please refer to Note 7 in the associated financial statements.

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OTHER EXPLORATION PARTNERSHIPS

In addition to advancing its own projects, NGE is using its hydrogeochemistry expertise and equipment to work with other companies on other projects. These exploration partnerships allow NGE to leverage its significant investment in its hydrogeochemistry program to expose NGE's shareholders to the upside of more projects, as well as to provide NGE revenue to offset its operating expenses.

McEwen Mining Inc. at Gold Bar and Tonkin

On June 6, 2011, NGE announced that US Gold Corporation, now McEwen Mining Inc, ("MMI") has engaged NGE to conduct a hydrogeochemistry exploration program on MMI's large land position surrounding its Gold Bar and Tonkin Properties in Nevada ("Project Area").

MMI's Gold Bar and Tonkin Properties are located on the south-central part of the prolific Eureka-Battle Mountain gold trend in north-central Nevada. MMI's land position is located approximately 16 km (10 miles) SE of Barrick's Cortez gold mine complex (39 MMOz as of September 7, 2011) and approximately 35 km (22 miles) NW of Barrick's Ruby Hill gold mine (1.1 MMOz as of December 31, 2010). The Project Area totals approximately 430 km² (165 mi²) and contains considerable areas of highly prospective but covered bedrock. MMI has chosen to work with NGE specifically because of NGE's expertise in exploring for gold mineralization in covered bedrock settings using its industry leading hydrogeochemistry exploration technology.

Under the agreement, NGE will complete a groundwater sampling and analysis program across the Project Area to identify new exploration targets, and in return, MMI will pay NGE agreed upon rates for its services, as well as grant to NGE a 0.5 to 1.0% Net Smelter Return Royalty on resources within the Project Area that are not already contained in NI 43-101 compliant resource areas referred to in reports published prior to the date of the agreement.

McEwen Mining Inc. Generative Agreement

On February 27, 2012, the Company announced the signing of second agreement with MMI, a two-year Exploration Agreement (the "Agreement") to generate new gold projects in a 25,000 hectare (95 sq mi) study area in north central Nevada (the "AOI") using NGE's hydrogeochemistry exploration technology.

Under the Agreement, MMI has engaged NGE to complete a hydrogeochemistry sampling program across the large AOI to identify and delineate discrete new target areas in exchange for a service fee. Any projects that MMI acquires within the AOI will be deemed Designated Properties. Upon acquiring a Designated Property, MMI will pay NGE the greater of \$25,000 USD or \$100 USD per claim, and grant NGE a 30% carried interest in the Designated Property. MMI will be the manager of the Designated Properties, will have sole discretion on the nature and timing of all exploration and development activities at the Designated Properties, and will be solely responsible for payment of all costs incurred in respect of the Designated Properties. If MMI elects to continue to maintain a Designated Property, MMI will pay NGE \$100,000 USD on the first through fourth anniversaries of acquiring the Designated Property, and then \$250,000 USD on each subsequent anniversary. If MMI completes a Production Decision Report on a Designated Property that MMI deems sufficient to base a decision to commence production, the Designated Property will advance under a Joint Venture agreement.

On September 24, 2012, the Company announced that MMI has elected to designate a new gold project in Grass Valley, Nevada, as a Designated Property. The Grass Valley Project consists of approximately 59 square kilometres (23 sq mi) of unpatented mining claims and is located along the western side of Grass Valley in central Nevada, approximately 16 kilometres (10 mi) south of Barrick Gold Corp.'s Cortez Hills, the world's largest primary gold producer in 2011. As per the terms of the Exploration Agreement, McEwen Mining has granted NGE a 30% carried interest in the property.

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RESULTS OF OPERATIONS

Revenue

NGE generated \$123,607 (2011 - \$301,642) revenues from project management and consulting activities and received \$72,516 (2011 - \$Nil) in option payments for the period ended October 31, 2012. The Company continues to expend its resources searching for and advancing properties that may contain economic resources that would allow the Company to option or sell its interests, or to set up profitable mining operations.

Operating Expenses

During the period ended October 31, 2012, NGE's net losses were \$335,903 compared to \$468,161 for the period ended October 31, 2011. The decrease in losses was due to decreased professional fees, consulting fees, investor relations activities, share-based payments, and project management and consulting expenses.

General exploration costs during the period ended October 31, 2012, were \$28,226, compared to \$Nil for the period ended October 31, 2011. These costs are costs related to generative exploration rather than to any specific property and therefore expensed.

Professional fees, consulting, and investor relations costs during the period ended October 31, 2012, were \$80,465, compared to \$135,381 for the period ended October 31, 2011. The decrease is due to decreased legal, investor relations and accounting fees.

Project management and consulting expenses during the period ended October 31, 2012, were \$49,186, compared to \$90,344 for the period ended October 31, 2011. The decrease is due to decreased project management and consulting work performed.

Salaries and related expenses during the period ended October 31, 2012, were \$209,015, compared to \$224,869 for the period ended October 31, 2011.

The total share-based payment for the period ended October 31, 2012, was \$55,691 compared to \$185,082 for the period ended October 31, 2011. Share-based payment consists of options granted in the current year and options granted in prior years that vested during the year.

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, 2012	Year Ended April 30, 2011
Total revenues	\$ 543,971	\$ 125,669
Net loss	(854,904)	(1,331,595)
Basic and diluted loss per share	(0.01)	(0.01)
Total assets	7,076,791	5,900,873
Total long-term liabilities	-	6,882

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Summary of Quarterly Results

	Three Month Period Ended October 31, 2012	Three Month Period Ended July 31, 2012	Three Month Period Ended April 30, 2012	Three Month Period Ended January 31, 2012
Total assets	\$ 6,787,205	\$ 6,991,339	\$ 7,076,791	\$ 6,520,059
Exploration and evaluation assets	6,367,182	6,178,755	6,002,903	6,081,083
Working capital (deficiency)	35,249	325,856	577,500	(123,361)
Equity	6,632,997	6,430,084	6,835,944	6,174,414
Revenues	133,794	62,559	20,426	221,693
Net loss	(150,174)	(185,729)	(221,371)	(165,372)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	Three Month Period Ended October 31, 2011	Three Month Period Ended July 31, 2011	Three Month Period Ended April 30, 2011	Three Month Period Ended January 31, 2011
Total assets	\$ 6,536,335	\$ 6,423,175	\$ 5,900,873	\$ 6,317,830
Exploration and evaluation assets	6,041,726	5,474,320	5,487,184	5,770,365
Working capital	41,549	479,031	36,108	36,964
Equity	6,294,026	6,152,115	5,743,484	6,078,956
Revenues	81,923	219,929	37,222	30,811
Net loss	(423,485)	(44,676)	(250,066)	(475,425)
Loss per share	(0.01)	(0.00)	(0.00)	(0.01)

ASSETS & LIABILITIES

Deposits for land reclamation also add to the Company's asset base. Deposits as at October 31, 2012 are \$94,017. 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 NGE's properties will be completed to the satisfaction of the BLM and the USFS. NGE has completed all required BLM reclamation work to date, including dirt-work and seeding, and has to wait for vegetation to regrow before 100% of the bonds will be released.

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.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing.

Net cash used by operating activities for the period ended October 31, 2012 was \$324,150 compared to \$214,195 during the period ended October 31, 2011 and consists primarily of the operating loss and changes in non-cash working capital items.

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Net cash used by investing activities for the period ended October 31, 2012 was \$296,551 compared to \$274,256 used during the period ended October 31, 2011. The difference is due to decreased option payments received.

Net cash used by financing activities for the period ended October 31, 2012 was \$4,290 compared to cash provided of \$518,436 during the period ended October 31, 2011. The difference is attributable to decreased financings during the period ended October 31, 2012.

Capital Resources

During the period ended October 31, 2012, the Company settled outstanding indebtedness to a vendor of \$20,000 through the issuance of 200,000 common shares of the Company at a deemed price of \$0.10 per common share, and the Company issued 50,049 common shares of the Company at a deemed price of \$0.11 per common share as part the annual payment due under a mineral lease to the property owner..

Off Balance Sheet Arrangements

As at October 31, 2012, 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 period ended October 31, 2012, the Company paid or accrued \$31,550 (2011 - \$52,202) in professional fees to a firm in which the Chief Financial Officer of the company is a partner.

During the period ended October 31, 2012, the Company entered into an Exploration and Option to Joint Venture Agreement with Spruce Ridge Resources Ltd. (“Spruce Ridge”) on the Company’s Fletcher Junction Project. A Director of the Company is also an Officer and Director of Spruce Ridge.

The amounts due to related parties are as follows:

	October 31, 2012	April 30, 2012
Firm of which the Chief Financial Officer is a partner	\$ 29,448	\$ 32,136

KEY MANAGEMENT COMPENSATION

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly including any director (whether executive or otherwise) of the Company. The Company’s key management personnel include the following: Chief Executive Officer, Chief Operating Officer, and Vice President of Corporate Development.

Remuneration of key management of the Company was as follows:

	2012	2011
Salaries and benefits	\$ 171,220	\$ 176,550
Share-based payment *	-	12,409
	\$ 171,220	\$ 188,959

* Share-based payment is the fair value of options granted and vested to key management personnel.

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DISCLOSURE OF OUTSTANDING SHARE DATA

As at December 14, 2012, the Company has 118,065,900 common shares issued and outstanding and has the following stock options and warrants outstanding:

	Number of Options	Exercise Price	Expiry Date
Stock options	550,000	0.10	March 4, 2013
	200,000	0.15	June 10, 2013
	250,000	0.16	September 30, 2014
	900,000	0.10	September 30, 2014
	600,000	0.10	November 17, 2014
	3,100,000	0.10	December 31, 2015
	2,250,000	0.10	August 9, 2016
	<u>600,000</u>	0.11	September 25, 2017
	8,450,000		
Warrants	5,278,000	0.14	April 16, 2014

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.

The carrying value of cash, amounts receivable (excluding HST receivable), loans receivable, deposits and bonds, obligations under capital lease and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Financial risk factors

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

Credit risk

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

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Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in below (“Capital Disclosures”). 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 October 31, 2012, the Company had a cash balance of \$132,001 (April 30, 2012 - \$777,826) to settle current liabilities of \$154,208 (April 30, 2012 - \$240,847).

Foreign country risk

Country risk is the risk associated with changes in the business environment that could affect the profits or the value of the assets in a specific country. The Company’s exploration activities are located in the United States, and while it does not foresee country risk as being problematic, the country risk is out of the control of the Company.

Market risk

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

(a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company’s 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.

	CDN	US
Current assets	\$ 142,674	\$ 142,817
Non-current assets	6,580,793	6,587,381
Current liabilities	<u>(90,278)</u>	<u>(90,369)</u>
	<u>\$ 6,633,189</u>	<u>\$ 6,639,829</u>

Net exposure

Based on the above net exposures as at October 31, 2012, 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 \$66,332 in profit or loss.

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CAPITAL DISCLOSURES

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 shareholders' 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 period ended October 31, 2012

Financial liabilities

Accounts payable and accrued liabilities, and finance lease obligations are classified as financial liabilities and are measured at face value. Management has determined that the face value of financial liabilities approximates fair value due to the expected short-term maturity of the debts.

The Company's financial liabilities primarily constitute trade payables owing to both arms' length and related parties. These are unsecured and, excepting normal trade credit terms, are due on demand.

The Company believes the fair value of its financial liabilities approximate their carrying values primarily due to their short-term nature. There are no quoted market prices from active markets for any of the financial liabilities held by the Company and thus fair values were assessed using valuation techniques consistent with International Financial Reporting Standards. The Company intends to reduce its financial liabilities by re-financing through additional share issuances.

RISKS AND UNCERTAINTIES

In conducting its business of mineral exploration, NGE is subject 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 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, President, CEO and Director
Cyrus Driver, CFO and Director
Kenneth Tullar, COO and Director
Jennifer Boyle, Director
John Ryan, Director
Antonio Ponte, Director
Dr. John E. Larson, Director (joined December 4, 2012)
James Buskard, Vice President Corporate Development and Corporate Secretary

GOING CONCERN OF OPERATIONS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business. There are material uncertainties related to adverse conditions and events that cast significant doubt on the Company’s ability to continue as a going concern.

During the period ended October 31, 2012, the Company incurred a comprehensive loss of \$283,669 and as at that date, the Company had accumulated deficit of \$9,658,408, a working capital surplus of \$35,249 and negative cash flows from operations of \$324,150. These factors create material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern.

As is common with junior mining companies, the Company continues to seek capital through various means including the issuance of equity and/or debt to finance its on-going and planned exploration activities and to cover administrative costs.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Recovery of the carrying value of the mining claims and related deferred exploration expenditures are dependent upon the discovery of economically recoverable resources, the ability of the Company to develop necessary financing to continue exploration and development, the ability of the Company to secure and maintain title and beneficial interest in the properties, entering into agreements with others to explore and develop the properties and upon future profitable production or proceeds from disposition of such properties.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments would be material.

CHANGES IN ACCOUNTING POLICIES

New and amended standards adopted by the Company

Effective May 1, 2012, the Company adopted amendments to IFRS 7, *Financial Instruments: Disclosures* that were issued by the IASB. The application of these amendments has not had any material impact on current and prior year disclosures but may affect disclosures for future transactions or arrangements.

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

Effective for accounting periods beginning on or after January 1, 2013 unless specified:

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New standard IFRS 9, *Financial Instruments*, which covers the classification and measurement of financial assets as part of its project to replace IAS 39, “Financial Instruments: Recognition and Measurement.” In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. This standard is effective for accounting periods beginning on or after January 1, 2015

New standard IFRS 10, *Consolidated Financial Statements*, replaces the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial statements*, and SIC-12, *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control under IFRS so that the same criteria are applied to all entities to determine control. IAS 27, *Separate Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures* were revised and reissued to align with the new consolidation guidance.

New standard IFRS 11, *Joint arrangements*, divides joint arrangements into two types, joint operations and joint ventures, each with their own accounting model. All joint arrangements are required to be reassessed upon transition to IFRS 11 to determine their type to apply the appropriate accounting.

New standard IFRS 12, *Disclosure of Interests in Other Entities*, effective for the Company’s annual reporting period beginning May 1, 2013. This new standard provides the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and consolidated structured entities.

New standard IFRS 13, *Fair Value Measurement*, effective for the Company’s annual reporting period beginning May 1, 2013. This standard defines fair value and sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. The standard does not determine when an asset, a liability or an entity’s own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions).

Amendments to IAS 1, *Presentation of Financial Statements*, requires an entity to group items presented in statement of other comprehensive income on the basis of whether they may be reclassified to profit or loss subsequent to initial recognition. For items presented before tax, the amendments also require that the tax related to the two separate groups to be presented separately. This standard is effective for accounting periods beginning on or after July 1, 2012.

The Company is currently assessing the impact that these standards will have on the Company’s consolidated financial statements.

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 annual audited consolidated financial statements and this accompanying annual MD&A (together the “Annual 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.

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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