

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
Year Ended April 30, 2011

1 Date – August 3, 2011

The following management discussion and analysis (“MD&A”) is a review of operations, current financial position and outlook for Nevada Exploration Inc. (the “Company” or “NGE”) for the year ended April, 2011, and should be read in conjunction with the audited financial statements for the year ended April 30, 2010, and the related notes thereto. Amounts are reported in Canadian Dollars based upon the financial statements prepared in accordance with Canadian generally accepted accounting principles. Additional information regarding the Company can be found on www.sedar.com.

Forward looking statements

Certain statements in this MD&A may constitute “forward looking statements” and although management of the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that its expectations will be achieved. Expressions such as “anticipate”, “expect”, “believe”, “estimate” or “forecast” are used to identify these forward looking statements. Such forward looking statements involve risks, uncertainties, and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. These statements are based on conditions as of the date of this MD&A and the Company does not undertake to update any forward looking statements that are contained herein except in accordance with applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

At this time, the Company has limited forward looking information to report; however, please refer to the “Liquidity Risk” section on page 18 and the “Risks and Uncertainties” section on page 19. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and/or to commence profitable operations in the future. There can be no guarantee that the Company will be successful in maintaining adequate financing; nor can there be any guarantee that the Company’s exploration activities will result in an economic discovery.

2 Selected Consolidated Financial Information and Management's Discussion and Analysis

2.1 Management's Discussion and Analysis

Overview

The primary business of NGE is gold exploration in Nevada. Specifically, NGE is advancing a proprietary groundwater chemistry exploration program to look for new gold deposits in Nevada’s underexplored gravel-covered pediment areas where conventional exploration techniques are challenged.

When groundwater flows near a concealed gold deposit it retains a chemical ‘memory’ or ‘fingerprint’ of such an encounter and creates a unique kind of water chemical ‘scent’. NGE is using innovative proprietary groundwater technology to identify and follow prospective water chemical ‘scents’ back up-stream to search for potentially gold-bearing bedrock. The use of groundwater chemistry allows the Company to identify high quality exploration properties for a relatively small investment compared to other traditional exploration techniques.

The Company’s results to date have been encouraging and Management believes that NGE has created significant value with its groundwater chemistry exploration program and properties. To continue to identify new prospects, acquire more land, delineate targets, and advance its properties, NGE requires additional capital and exploration partners. NGE is committed to the development of its groundwater chemistry exploration program and is actively looking at ways to advance its interests while balancing both shareholder risk and dilution.

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Significant events for the year ended April 30, 2011 and through the date of this report are:

1. On June 7, 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 grants 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 totalling USD\$436,000 over five years. Northgate’s exploration commitment in the first year is USD\$500,000. If Northgate completes the initial 51% earn-in, it may then earn an additional 14%, for a total of 65%, by completing a feasibility report on the Property.
2. On September 22, 2010, NGE announced the completion of a non-brokered private placement, pursuant to which, NGE issued 11,258,000 Units at a price of \$0.05 per Unit for total gross proceeds of \$562,900. Each Unit consisted 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 \$0.10 for a period of 12 months.
3. On October 4, 2010, NGE announced a new 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, the rest of which is currently being advanced by Northgate Minerals Corp. under an exploration and option to joint venture agreement. To date, NGE has completed project scale geological mapping, hydrogeochemistry, soil geochemistry, gravity geophysics, and air magnetic geophysics on the entire Awakening project. The combined dataset has delineated several compelling covered pediment targets on the Shine Claims. The goal of the drilling program is to test for hydrothermally altered and geochemically anomalous bedrock similar to that associated with the mineralization at the adjacent Sleeper Gold Mine. NGE has now completed the drilling program and is in the process of analyzing the results.
4. On October 28, 2010, NGE held its Annual General and Special Meeting. All business before the meeting was approved by shareholders, including re-electing NGE's directors, re-approving NGE's stock option plan, re-appointing NGE's auditor, and approving a shares for debt agreement.
5. On November 4, 2010, NGE announced the completion of a non-brokered private placement, pursuant to which, NGE issued 2,601,074 Units at a price of \$0.07 per Unit for total gross proceeds of \$182,075. Each Unit consisted 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 \$0.10 for a period of 12 months.
6. On March 20, 2011, NGE announced the completion of a non-brokered private placement, pursuant to which NGE issued 3,225,000 Units at a price of \$0.08 per Unit for total gross proceeds of \$258,000. Each Unit will consist of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at an exercise price of \$0.12 for a period of 12 months.

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7. On June 6, 2011, NGE announced that it has been engaged by US Gold Corporation (“US Gold”) (NYSE: UXG) (TSX: UXG) to conduct a hydrogeochemistry exploration program on US Gold’s large land position surrounding its Gold Bar and Tonkin Properties in Nevada (“Project Area”). The Project Area totals approximately 430 sq-km (165 sq-mi) and contains considerable areas of highly prospective but covered bedrock. US Gold 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, US Gold 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.
8. On June 23, 2011, NGE announced that Northgate Minerals Corporation has mobilized a diamond drill rig to the Awakening Gold Project to begin its 2011 drilling program. Northgate expects that the 2011 drill program will include 3,000 metres of diamond drilling, and will last from four to six weeks; the results will be available for release in the fall.
9. On June 27, 2011, NGE announced that it has engaged Toronto based Gravitass Capital Corporation (“Gravitass”) as a strategic consultant. Gravitass will work with NGE’s management team to expand the market for its Nevada gold projects and its hydrogeochemistry exploration technology.
10. On August 3, 2011, NGE announced the completion of a non-brokered private placement, pursuant to which NGE issued 7,000,000 Units at a price of \$0.08 per Unit for total gross proceeds of \$560,000. Each Unit will consist of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at an exercise price of \$0.12 for a period of 12 months.

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Land Acquisition and Maintenance

The Company carefully evaluates the cost of land acquisition and yearly holding fees to ensure that it only holds land with the highest exploration potential. When NGE decides that the results from groundwater sampling, soil geochemistry sampling, seismic surveys, gravity surveys, air magnetic surveys, and drilling indicate that certain lands are no longer prospective, NGE releases these lands. Conversely, when results indicate that certain other lands are worth acquiring, NGE acquires these lands.

As of August 3, 2011, NGE directly and indirectly holds 1,950 unpatented mining claims and other mineral interests in the following properties through its wholly owned US subsidiaries, Pediment Gold LLC and Nevada Greenfields 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)	264	21.9	-	21.9
Awakening (AW)	432	35.9	1.2	37.1
Sand Pass (SP)	145	12.0	9.4	21.4
Rye Patch (RP)	126	10.0	0.8	10.8
Jungo (JU)	156	13.0	-	13.0
Kelly Creek (KC)	581	48.5	20.2	68.7
Whiskey Flats (WF)	123	9.4	-	9.4
TOTAL	1,950	160.7	40.4	201.1

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

On March 1, 2010, the Nevada State Legislature approved an additional fee assessment for mining claims in Nevada. The amount of the fee varied from \$70 to \$195USD per claim payable by June 1, 2011. On May 31, 2011, the First Judicial District Court of the State of Nevada entered a Declaratory Judgment declaring the fee unconstitutional and thus NGE did not pay the fee for any of its own claims or any claims that it leases from other 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 manages risk and assures that properties showing positive results move aggressively through the exploration pipeline. As a result, NGE continually focuses exploration resources on the most prospective targets.

NGE's exploration stages include:

- Groundwater Chemistry: NGE first uses its proprietary hydroprobe sampling technology to collect regularized groundwater samples across areas already shown to be prospective based on samples collected from existing springs and water wells. NGE uses the regularized groundwater chemistry samples to develop a computerized groundwater chemistry model of each target.
- Acquisition: NGE acquires the mineral rights covering prospective targets showing large areas of highly anomalous groundwater chemistry. 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 groundwater chemistry 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.

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 groundwater chemistry 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 groundwater chemistry. 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 groundwater 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 groundwater chemistry 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 is working with the US Forest Service on a new Plan of Operations. During the 2009 and early 2010, NGE's biological and archaeological consultants completed the required surveys and have submitted their reports to the US Forest Service. NGE is now awaiting the US Forest Service's comments on the Plan of Operations.

On March 31, 2010 NGE completed a 253 page technical report that summarized all work completed on the property and began discussions with potential JV partners.

Hot Pot (HP)

In 2004, NGE's regional reconnaissance groundwater sampling program identified an area of anomalous groundwater chemistry 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 was covered by a thin layer of sand & gravel.

On September 16, 2004, 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 groundwater chemistry.

In 2007, NGE used its Hydroprobe equipment to complete a detailed groundwater chemistry survey at Hot Pot on a 400m (1/4 mi) grid. The resulting groundwater chemistry model 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

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gravity survey delineated sharp changes in the slope of the bedrock that coincided with the fault zones identified by seismic geophysics.

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

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

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

On June 4, 2009, the Company entered into an Exploration Agreement with International Enexco Ltd. ("Enexco") whereby Enexco 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 Enexco had begun drilling at Hot Pot.

On January 25, 2010, Enexco reported on its 2009 Hot Pot drilling program. In the news release, Enexco reported that they completed 3,462 metres of core drilling in 11 drill holes to develop stratigraphic information and to test for mineralized structures beneath the alluvial cover. The drilling successfully encountered weak but widespread anomalous gold values in all 11 holes across the 8.8-square-kilometre property. Enexco also reported that they 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:

"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."

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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 264 claims (21.9km²) at Bull Creek.

In 2008, NGE completed a detailed groundwater survey at Bull Creek to delineate the project's anomalous groundwater chemistry, and then completed a detailed soil sampling program to both verify and model the surface geochemistry above the prospective groundwater chemistry 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 groundwater chemistry 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 groundwater chemistry 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 begun discussions with potential JV partners.

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 432 claims (35.9km²) at Awakening. On July 1, 2008, the Company entered into a Mining Lease agreement with DIR Exploration Inc. on 15 claims (1.2km²) that are subject to a 3% NSR.

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.

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

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

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

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 7, 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 grants 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. Northgate's exploration commitment in the first year is USD\$500,000. If Northgate completes the initial 51% earn-in, it may then earn an additional 14%, for a total of 65%, by completing a feasibility report on the Property.

On October 4, 2010, NGE announced a new 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, the rest of which is currently being advanced by Northgate Minerals Corp. under an exploration and option to joint venture agreement. To date, NGE has completed project scale geological mapping, hydrogeochemistry, soil geochemistry, gravity geophysics, and air magnetic geophysics on the entire Awakening project. The combined dataset has delineated several compelling covered pediment targets on the Shine Claims. The goal of the drilling program is to test for hydrothermally altered and geochemically anomalous bedrock similar to that associated with the mineralization at the adjacent Sleeper Gold Mine. NGE has completed the drilling program and is now analyzing the results.

On June 23, 2011, NGE announced that Northgate Minerals Corporation has mobilized a diamond drill rig to the Awakening Gold Project to begin its 2011 drilling program. Northgate expects that the 2011 drill program will include 3,000 metres of diamond drilling, and will last from four to six weeks; the results will be available for release in the fall.

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 145 claims (12.0km²) at Sand Pass, and on July 10, 2008,

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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.

Similar to NGE's other properties, Sand Pass is covered by syn- to post-mineral volcanic units and 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 groundwater 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.

Winnemucca Mountain (WM)

The Winnemucca Mountain Project is located in Humboldt County, Nevada, approximately 5 km west of Winnemucca, Nevada. While the results to date at the Project have been encouraging, the Company has decided to focus its resources on its other projects. During the year ended April 30, 2011, the Company abandoned its Winnemucca Mountain Project claims, resulting in a charge to operations of \$140,546.

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 126 claims (10.0km²) 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 syn- to post-mineral volcanic units and 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 geochemical patterns that provided direct indications of potential, covered 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.

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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 156 claims (13.0km²) 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 groundwater sampling program. NGE has completed additional groundwater 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.

In 2008, NGE completed detailed, district-scale gravity and air magnetic geophysical surveys. In May, 2010, NGE mapped the geology of bedrock exposures along the range front. NGE believes that the Jungo Project is deserved of Phase I drilling and has begun discussions with potential JV partners.

Dunphy (DU)

The Dunphy Project is located in Eureka County, Nevada, approximately 40 km east of Battle Mountain, Nevada. While the results to date at the Project have been encouraging, the Company has decided to focus its resources on its other projects. During the year ended April 30, 2011, the Company abandoned its Dunphy Project claims, resulting in a charge to operations of \$96,839.

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 581 claims (48.5km²) at Kelly Creek. On October 13, 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.

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 groundwater sampling program across the Kelly Creek Basin and successfully delineated a significant area of geochemical anomalous groundwater chemistry similar to that surrounding the adjacent gold mines. A detailed district-scale gravity geophysical survey was completed in 2010 with positive results confirming the presence of shallow bedrock over the large area.

NGE believes the groundwater chemistry 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.

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Year Ended April 30, 2011

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 123 claims (9.4km²) at Whiskey Flats.

The Whiskey Flat property is largely covered by syn- to post-mineral volcanic units 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 groundwater 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 groundwater chemistry 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 three (3) 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	Air Magnetics	Gravity	Phase I Drilling
Fletcher Junction	2005				2008
Hot Pot	2007	2007		2008	2008
Bull Creek	2008	2008	2008	2008	2008
Awakening	2008	2008	2008	2008	
Sand Pass	2007	2008	2008	2008	
Rye Patch	2007	2008	2008	2010	
Jungo	2008		2008	2008	
Kelly Creek	2007			2010	
Whiskey Flats	2008		2009	2011	
TOTAL	9	5	6	8	3

For a summary of NGE's property expenditures to date, please refer to Note 4 in the associated financial statements.

Results of Operations

Revenue

NGE generated \$83,516 (2010 - \$Nil) of revenue in the year ended April 30, 2011, from consulting activities. 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.

NEVADA EXPLORATION INC.
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Year Ended April 30, 2011

Operating Expenses

During the year ended April 30, 2011, NGE's net losses were \$1,350,559 compared to \$1,674,791 for the year ended April 30, 2010. The decrease was due to decreased activity and stock-based compensation.

Interest and bank charges during the year ended April 30, 2011, were \$(156), compared to \$49,539 for the year ended April 30, 2010. The difference is due to an over-accrual of payroll liabilities from previous year and decreased interest expenses.

Office expenses during the year ended April 30, 2011, were \$50,611, compared to \$151,833 for the year ended April 30, 2010.

Professional fees, consulting, and investor relations costs during the year ended April 30, 2011, were \$201,812, compared to \$240,696 for the year ended April 30, 2010.

Rent costs for the year ended April 30, 2011, were \$67,203, compared to \$86,004 for the year ended April 30, 2010. The decrease was due to the Company subletting a portion of its Nevada offices.

Salaries and related expenses during the year ended April 30, 2011, were \$414,611, compared to \$473,403 for the year ended April 30, 2010. Salary expenses for the year ended April 30, 2011, include \$86,375 (US\$88,637) credit to loans payable to the Company that two officers and directors of the Company elected to receive in lieu of salary in order to preserve the Company's cash.

The total stock-based compensation expense for the year ended April 30, 2011, was \$330,427, compared to \$546,166 for the year ended April 30, 2010. Stock-based compensation expense consists of both the fair value of options granted during the year and options granted in prior years that vested during the ended.

Selected Annual Financial 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, 2011	Year ended April 30, 2010	Year ended April 30, 2009
Total revenues	\$ 97,885	\$ 11,138	\$ 42,824
Loss for the year	(1,350,559)	(1,674,791)	(1,977,040)
Basic and diluted loss per share	(0.01)	(0.02)	(0.03)
Total assets	6,548,694	6,630,162	6,384,098
Total long-term liabilities	6,882	34,287	74,142
Cash dividends	-	-	-

Fourth Quarter

The following is a summary of significant events and transactions that occurred during the quarter ended April 30, 2011:

- a) The Company expended approximately \$126,349 on mineral properties.
- b) The Company recognized stock based compensation of \$36,708 in the statement of operations.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
Year Ended April 30, 2011

Summary of Quarterly Results

The following table sets out selected unaudited financial information, presented in Canadian dollars and prepared in accordance with generally accepted accounting principles in Canada, for each of the last eight quarters. The information contained herein is drawn from interim financial statements of the Company for each of the aforementioned eight quarters.

Quarter Ending	2011	2011	2010	2010
	April 30	January 31	October 31	July 31
Revenue	\$ 9,388	\$ 30,811	\$ 12,508	\$ 45,178
Working Capital	36,108	36,964	152,102	38,806
Expenses	206,727	489,151	283,931	205,438
Net Loss	(237,405)	(458,340)	(271,423)	(383,391)
Net Loss (per Share)	(0.00)	(0.01)	(0.00)	(0.00)

Quarter Ending	2010	2010	2009	2009
	April 30	January 31	October 31	July 31
Revenue	\$ 3,177	\$ 121	\$ 5,370	\$ 2,470
Working Capital (Deficiency)	59,704	275,053	176,375	(147,413)
Expenses	445,987	440,931	510,042	308,983
Net Loss	(410,375)	(440,810)	(504,178)	(319,428)
Net Loss (per Share)	(0.01)	(0.01)	(0.01)	(0.01)

Assets & Liabilities

The Company's long term debt as at April 30, 2011, is \$6,882 compared to \$34,287 at April 30, 2010. The long term debt consists of loans for one vehicle and one backhoe. During the year ended April 30, 2011, NGE sold a vehicle and some equipment.

Deposits for land reclamation also add to the Company's asset base. Deposits as at April 30, 2011, are \$55,743. 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. Several roads remain un-reclaimed on USFS lands at NGE's Fletcher Junction property pending a new permit application, while all other reclamation has been completed.

Liquidity and Capital Resources

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.

NEVADA EXPLORATION INC.
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	April 30, 2011	April 30, 2010
Working capital	\$ 36,108	\$ 59,704
Deficit	(9,941,716)	(8,591,157)

Net cash used in operating activities for the year ending April 30, 2011 was \$528,584 compared to net cash used of \$936,989 during the year ending April 30, 2010 and consists primarily of the operating loss, stock-based compensation, write-off of mineral properties and changes in non-cash working capital items.

Net cash used in investing activities for the year ending April 30, 2011 was \$310,734 compared to net cash used of \$477,950 during the year ending April 30, 2010. The difference is due to decreased mineral property expenditures during the year ending April 30, 2011.

Net cash provided by financing activities for the year ending April 30, 2011 was \$935,210 compared to net cash provided of \$1,433,977 during the year ending April 30, 2010. The difference is attributable to decreased financings during the year ending April 30, 2011.

Capital Resources

During the year ended April 30, 2011 the Company:

- i) completed a non-brokered private placement by issuing 11,258,000 Units at a price of \$0.05 per Unit for total gross proceeds of \$562,900. 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 a price of \$0.10 for a period of 12 months. Fair value allocated in connection to these warrants was \$80,795. In connection with the private placement, the Company:
 - a) paid cash share issuance costs of \$21,647.
 - b) issued 56,000 agent warrants with a fair value of \$1,089
- ii) issued 50,00 common shares in connection with a Lease and Option to Purchase Agreement with Genesis Gold Corporation on their HP claims, which form a portion of the Company's KC project in Humboldt Country, Nevada.
- iii) completed a non-brokered private placement by issuing 2,601,074 Units at a price of \$0.07 per Unit for total gross proceeds of \$182,075. 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 a price of \$0.10 for a period of 12 months. Fair value allocated in connection to these warrants was \$29,068. In connection with the private placement, the Company:
 - a) paid cash share issuance costs of \$3,898; and
 - b) issued 7,500 agent warrants with a fair value of \$285.
- iv) Issued 532,000 common shares at \$0.05 per share to reimburse a firm in which an officer and director of the Company is a partner for \$26,600 accounting services rendered in the ordinary course of business.
- v) completed a non-brokered private placement by issuing 3,225,000 Units at a price of \$0.08 per Unit for total gross proceeds of \$258,000. Each unit consists of one common share and on-half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.12 for a period of 12 months. Fair value allocated in

NEVADA EXPLORATION INC.
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connection to these warrants was \$32,131. In connection with the private placement the Company:

- a) Paid cash share issue costs of \$18,878; and
- b) Issued 212,000 agent warrants with a fair value of \$5,428.

Off Balance Sheet Arrangements

As at April 30, 2011, 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.

Transactions with Related Parties

During the year ended April 30, 2011, the Company:

- i) paid or accrued \$346,583 (US\$342,000) (2010 - \$367,289 (US\$342,000)) in management fees, recorded as salaries, to officers and directors of the Company. During the year ended April 30, 2011, \$86,375 (US\$88,637) (2010 - \$113,753 (US\$111,984)) of management fees was applied against loans receivable.
- ii) paid or accrued \$54,129 (2010 - \$63,269) in professional fees to a firm in which an officer and director of the Company is a partner.
- iii) issued 532,000 common shares at \$0.05 per share included in capital stock to reimburse a firm in which an officer and director of the Company is a partner for \$26,600 accounting services rendered in the ordinary course of business.

As at April 30, 2011:

- i) loans receivable include an amount of \$10,101 (2010 - \$96,077) receivable from an officer and director of the Company. The prior year amount included an amount due from two officers and directors of the Company. The loan receivable is guaranteed by 1,350,000 (2010 - 2,100,000) common shares of the Company that are currently being held in trust. Since issuance of the loans receivable, the Company has accrued interest of approximately \$30,300 (2010 - \$25,500), \$4,800 (2010 - \$10,500) of which was accrued during the year ended April 30, 2011. Most of this accrued interest has been paid by the Company as at April 30, 2011.
- ii) accounts payable and accrued liabilities included:
 - a) an amount of \$15,000 (2010 - \$28,860) due to a firm in which an officer and director of the company is a partner.
 - b) An amount of \$93,489 (US\$92,253) (2010 - \$20,261 (US\$19,946)) due to officers and directors of the company for salary payable.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

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Year Ended April 30, 2011

Disclosure of Outstanding Share Data

As at August 3, 2011, the Company has 107,532,851 common shares issued and outstanding and has the following stock options and warrants outstanding:

	Number of Shares	Exercise Price	Expiry Date
Stock options			
	400,000	0.15	March 9, 2012
	500,000	0.60	April 23, 2012
	150,000	0.95	June 8, 2012
	200,000	0.15	June 8, 2012
	150,000	1.00	June 11, 2012
	750,000	0.15	March 4, 2013
	200,000	0.15	June 10, 2013
	1,300,000	0.16	September 30, 2014
	600,000	0.17	November 17, 2014
	3,100,000	0.10	December 31, 2015
Warrants			
	4,019,481	0.10	August 20, 2011
	6,639,356	0.10	September 2, 2011
	4,154,000	0.10	August 26, 2011
	1,531,000	0.10	September 23, 2011
	1,308,037	0.10	November 5, 2011
	1,824,500	0.12	March 22, 2012
	2,516,000	0.12	July 30, 2012
	1,272,200	0.12	August 4, 2012

Financial Instruments and Other Instruments

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

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments.

As at April 30, 2011, the carrying amount of current financial assets and liabilities approximated the fair value because of the near maturity of those instruments and the carrying value of term deposits and the long-term debt is considered to approximate fair value since it bears interest at current rates for similar types of borrowing.

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The Company has implemented the following classifications:

- Cash and cash equivalents and deposits are classified as held-for-trading and any period change in fair value is recorded through net income.

Credit Risk and Interest Rate Risk

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risk arising from these financial instruments

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, 2011, the Company was holding cash of \$151,145 (2010 - \$55,253) and current liabilities of \$150,507 (2010 - \$173,590) as a result of the limited cash the Company is exposed to liquidity risk and is reliant on the Company's ability to complete and equity financing.

Foreign Exchange

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.

As at April 30, 2011, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	<u>\$US</u>
Cash and cash equivalents	84,623
Accounts receivable	2,600
Loans receivable	19,400
Prepaid expenses and other	15,478
Deposits and bonds	58,900
Accounts payable and accrued liabilities	(91,093)
Long term debt	(33,754)

Net Exposure

Based on the above net exposures as at April 30, 2011, and assuming that all other variables remain constant, a 10% change in the value of the US dollar against the Canadian dollar would result in an increase of \$5,615 in the loss from operations.

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Year Ended April 30, 2011

Capital Disclosures

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and to have sufficient capital to be able to fund the exploration and development of its mineral properties and acquisition of other mineral resources, for the benefit of its shareholders.

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 its 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 an equity financing 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, 2011.

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.

Recent accounting pronouncements

International financial reporting standards ("IFRS")

In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011.

NEVADA EXPLORATION INC.
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Year Ended April 30, 2011

Conversion to IFRS

The Company is currently examining the transition options and policy choices presented under IFRS and evaluating the impact on the future financial statements of the Company. Many of the differences identified between IFRS and Canadian GAAP are not expected to have material impact on the reported results and financial position. However, there may be changes as a result of IFRS' accounting principles and provisions for first time adoptions. The Company has not yet determined the full accounting effects of adopting IFRS, since some key accounting policy alternatives and implementation decisions are still being evaluated.

First-time adoption of IFRS

IFRS 1, "First-Time Adoption of International Financial Reporting Standards" ("IFRS 1"), provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The Company will need to analyze the various accounting policy choices available and will implement those determined to be most appropriate in the circumstances. The Company expects that key IFRS 1 exemption decisions will be approved by senior management during 2011.

Accounting policies

Below are some of the significant areas that were discussed:

- a) Property, plant and equipment - the Company is not expecting to apply the fair value method to determine the deemed opening cost under IFRS which is one of the significant IFRS1 exemptions.
- b) Financial instruments - The accounting policy of the Company will be amended to:
 - Include changes to impairments of financial assets and their possible reversal.
 - Detail the conditions that need to be met for the designation of financial instrument as "fair value through profit and loss".
- c) Impairment of assets – The accounting policy of the Company will be amended to:
 - Change the assessment method of whether impairment exists: instead of the two step approach under Canadian GAAP, the discounted cash flows are taken as an indication to determine impairment.

Systems and disclosure

IFRS will require more in depth disclosure. The Company is taking the necessary steps to adjust the systems requirements to ensure proper data collection for IFRS disclosure purposes.

The Company will stay informed on the upcoming changes to the IFRS and will continue to adjust its plan way to include all key elements and ensure compliance by 2011.

NEVADA EXPLORATION INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

APRIL 30, 2011 AND 2010

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 balance sheets as at April 30, 2011 and 2010 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

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

Auditor's 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 financial statements.

We believe that the audit evidence we have obtained 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 subsidiaries as at April 30, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describe material uncertainties that cast significant doubt about Nevada Exploration Inc.'s ability to continue as a going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
August 9, 2011
Toronto, Ontario

NEVADA EXPLORATION INC.
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)
AS AT APRIL 30,

	2011	2010
CURRENT ASSETS		
Cash	\$ 151,145	\$ 55,253
Amounts receivable	2,461	66,027
Loans receivable, bearing interest at a rate of 5% (Note 8)	18,361	104,519
Prepaid expenses and other	<u>14,648</u>	<u>7,495</u>
	186,615	233,294
EQUIPMENT (Note 3)	201,134	335,493
MINERAL PROPERTIES (Note 4)	6,105,202	5,970,055
DEPOSITS AND BONDS	<u>55,743</u>	<u>91,320</u>
	\$ 6,548,694	\$ 6,630,162
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 125,444	\$ 148,294
Current portion of long-term debt (Note 5)	<u>25,063</u>	<u>25,296</u>
	150,507	173,590
LONG-TERM DEBT (Note 5)	<u>6,882</u>	<u>34,287</u>
	<u>157,389</u>	<u>207,877</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 6)	11,527,226	10,686,870
Warrants (Note 6)	599,596	450,800
Contributed surplus (Note 6)	4,206,199	3,875,772
Deficit	<u>(9,941,716)</u>	<u>(8,591,157)</u>
	<u>6,391,305</u>	<u>6,422,285</u>
	\$ 6,548,694	\$ 6,630,162

NATURE AND CONTINUANCE OF OPERATIONS (NOTE 1)
SUBSEQUENT EVENTS (NOTE 14)

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

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

	2011	2010
INCOME		
Consulting	\$ 83,516	\$ -
Interest	<u>14,369</u>	<u>11,138</u>
	<u>97,885</u>	<u>11,138</u>
EXPENSES		
Amortization	83,445	112,518
Foreign exchange loss	29,077	31,427
Interest and bank charges	(156)	49,539
Office expenses and other	50,611	151,833
Professional fees, consulting and investor relations	201,812	240,696
Rent	67,203	86,004
Salaries	414,611	473,403
Stock-based compensation (Note 7)	330,427	546,166
Travel	<u>8,217</u>	<u>14,357</u>
	<u>(1,185,247)</u>	<u>(1,705,943)</u>
NET LOSS BEFORE OTHER ITEMS	(1,087,362)	(1,694,805)
OTHER ITEMS		
Gain on sale of equipment	19,603	20,014
Impairment of equipment (Note 3)	(45,415)	-
Write-off of mineral properties (Note 4)	<u>(237,385)</u>	<u>-</u>
	<u>(263,197)</u>	<u>20,014</u>
NET AND COMPREHENSIVE LOSS	(1,350,559)	(1,674,791)
DEFICIT – BEGINNING OF YEAR	<u>(8,591,157)</u>	<u>(6,916,366)</u>
DEFICIT – END OF YEAR	<u>\$ (9,941,716)</u>	<u>\$ (8,591,157)</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average number of shares outstanding	<u>92,191,676</u>	<u>74,347,630</u>

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

NEVADA EXPLORATION INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED APRIL 30,

	2011	2010
OPERATING ACTIVITIES		
Net loss	\$ (1,350,559)	\$ (1,674,791)
Items not affecting cash:		
Amortization	83,445	112,518
Accrued interest	(5,212)	(10,394)
Foreign exchange	5,819	22,025
Recovery of accounts payable	(14,304)	-
Impairment of equipment	45,415	-
Gain on sale of equipment	(19,603)	(20,014)
Loans receivable paid through salaries (Note 8)	86,375	113,753
Stock-based compensation	330,427	546,166
Write-off of mineral properties	<u>237,385</u>	<u>-</u>
	(600,812)	(910,737)
Change in non-cash working capital items		
Accounts receivable	62,438	-
Prepaid expenses and other	(8,264)	9,964
Accounts payable and accrued liabilities	<u>18,054</u>	<u>(36,216)</u>
	<u>(528,584)</u>	<u>(936,989)</u>
INVESTING ACTIVITIES		
Proceeds on sale of equipment	25,102	191,258
Proceeds from mineral property option	88,931	-
Deposits and bonds	32,696	10,738
Mineral properties	<u>(457,463)</u>	<u>(679,946)</u>
	<u>(310,734)</u>	<u>(477,950)</u>
FINANCING ACTIVITIES		
Issuance of capital stock and warrants (net of shares issue costs)	958,552	1,453,884
Repayment of long-term debt	(23,342)	(19,907)
Loan advance	-	116,500
Loan repayment	<u>-</u>	<u>(116,500)</u>
	<u>935,210</u>	<u>1,433,977</u>
INCREASE IN CASH	95,892	19,038
CASH, BEGINNING OF YEAR	<u>55,253</u>	<u>36,215</u>
CASH, END OF YEAR	<u>\$ 151,145</u>	<u>\$ 55,253</u>

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated on April 6, 2006 under the Canada Business Corporations Act and is in the business of acquiring and exploring mineral properties. On July 14, 2010, the Company amalgamated with its subsidiary 2107189 Ontario Inc. The Company has not yet determined whether its properties contain reserves that are economically recoverable. The amounts shown for mineral properties and related deferred exploration costs represent costs incurred to date and do not reflect present or future values. The recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and future profitable production.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. These 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. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financings, or generate profitable operations in the future. Access to the capital markets to obtain equity financing is very uncertain, and may be unavailable to the Company on a timely basis. Subsequent to the year ended April 30, 2011, the Company obtained additional financing through the issuance of common shares (Note 14).

2. ACCOUNTING POLICIES

BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Pediment Gold LLC and Nevada Greenfields LLC.

EQUIPMENT

Equipment is recorded at cost, less accumulated amortization. Amortization is recorded on a straight-line basis over their estimated useful life as follows:

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

The Company monitors the recoverability of its equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company reviews factors such as current market value, future asset utilization and business climate and, when such indicators exist, compares the carrying value of the assets to the future undiscounted cash flows expected to result from the use of the related asset. If such cash flows are less than the carrying value, the impairment charge to be recognized equals the amount by which the carrying amount of the asset exceeds the fair value of the asset. Fair value is generally measured equal to the estimated future discounted net cash flows from the assets.

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

MINERAL PROPERTIES

All direct costs related to the acquisition and exploration of mineral properties are capitalized as incurred. Discretionary option payments arising from the acquisition of mineral properties are only recognized when paid. Amounts received from other parties to earn an interest in the Company's mineral properties are applied as a reduction of mineral properties.

On a periodic basis, management reviews the carrying values of mineral properties to assess whether there has been any impairment in value. In the event that management determines the carrying values of any mineral property to be permanently impaired, the carrying value will be written down or written off, as appropriate. If a property is brought into production, the carrying value will be amortized against the income generated by the property.

REVENUE RECOGNITION

Consulting revenue is recognized at the time the service is provided and collection is reasonably assured.

FUTURE INCOME TAXES

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

SHARE ISSUE 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.

ASSET RETIREMENT OBLIGATION

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability, and subsequently allocated to expense using a systematic and rational method over its useful life. As at April 30, 2011, no asset retirement obligations have been incurred.

VALUATION OF EQUITY INSTRUMENTS IN PRIVATE PLACEMENTS

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placement units. Warrants attached to units are valued based on the relative fair value of the Black-Scholes value of the warrants and the share price at the time of the finance.

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

LOSS PER SHARE

Basic loss per share is calculated based on the weighted average number of shares outstanding. The treasury stock method is used to compute the dilutive effect of options, warrants and similar instruments.

STOCK-BASED COMPENSATION

The Company accounts for stock options granted to directors, officers, and employees using the fair value method of accounting and for non-employees using the fair value of the equity instruments issued or the value of the services, whichever is more reliably measurable. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to contributed surplus, over the vesting periods. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

FOREIGN CURRENCY TRANSLATION

The Company's subsidiaries are treated as integrated foreign operations and their accounts are translated into Canadian dollars using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Income and expense items are translated at rates approximating those in effect at the time of the transaction. Translation gains and losses are reflected in loss for the period.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by the Company include economic useful life of depreciable assets for purposes of calculating amortization, impairment and valuation on mineral properties and equipment, valuation of options and warrants and valuation allowance for future income taxes.

FINANCIAL INSTRUMENTS

The Company follows the recommendations of CICA Handbook Section 3855, Financial Instruments - Recognition and measurement. Section 3855 provides that all financial instruments are to be recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held-to-maturity, loans and receivables, held for trading, available-for-sale or other liability.

Financial assets

Held for trading assets are subsequently measured at fair value with the change in the fair value recognized in net income during the period.

Held-to-maturity assets are subsequently measured at amortized cost using the effective interest rate method.

Loans and receivables are subsequently measured at amortized cost using the effective interest rate method.

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

FINANCIAL INSTRUMENTS (cont'd...)

Financial assets (cont'd...)

Available-for-sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income.

Financial liabilities

Held for trading liabilities are subsequently measured at fair value with the change in the fair value recognized in net income during the period.

Other liabilities are subsequently measured at amortized cost using the effective interest rate method.

The Company has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash	Held for trading
Amounts receivable	Loans and receivables
Loans receivable	Loans and receivables
Deposits and bonds	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Long-term debt	Other liabilities

CICA Handbook Section 3862, Financial Instruments require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. 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.

See Note 10 for relevant disclosures.

COMPREHENSIVE INCOME

The Company follows the recommendations of CICA Handbook Section 1530, Comprehensive Income. Other comprehensive income consists of changes to unrealized gains and losses on available-for-sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. To date there has not been any other comprehensive income and accordingly, a statement of other comprehensive income has not been presented.

NEVADA EXPLORATION INC.
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2. ACCOUNTING POLICIES (cont'd...)

RECENT ACCOUNTING PRONOUNCEMENTS

International financial reporting standards ("IFRS")

In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of May 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. EQUIPMENT

	2011			2010		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Exploration equipment	\$ 279,635	\$ 125,327	\$ 154,308	\$ 341,715	\$ 114,297	\$ 227,418
Vehicles	78,485	50,282	28,203	139,666	69,892	69,774
Computer equipment	23,257	22,588	669	23,257	17,761	5,496
Office equipment	80,868	62,914	17,954	80,868	48,063	32,805
	<u>\$ 462,245</u>	<u>\$ 261,111</u>	<u>\$ 201,134</u>	<u>\$ 585,506</u>	<u>\$ 250,013</u>	<u>\$ 335,493</u>

Included in equipment as at April 30, 2011 are assets under capital lease with a cost of \$133,891 (2010 - \$133,891) and accumulated amortization of \$58,435 (2010 - \$31,657). The Company recorded amortization of \$26,778 (2009 - \$26,778) on leased assets.

During the current year the Company disposed of no assets under capital lease.

In the prior year the Company disposed of 3 assets under capital lease with a cost of \$118,433. Accumulated amortization relating to these three assets accounted to \$35,530, there was prior current period amortization charge. The purchasers assumed the remaining capital lease obligations of \$61,187 relating to these three leases.

During the year management identified \$45,415 of exploration equipment and vehicles as impaired. The impairment consisted of maintenance and consumables capitalized in prior years for assets that are no longer used by the Company.

NEVADA EXPLORATION INC.
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4. MINERAL PROPERTIES

April 30, 2011

	AW	BU	DU	FJ	HP	JU	KC	RP	SP	WF	WM	Total
Acquisition costs												
Balance – beginning of year	\$ 348,407	\$ 345,342	\$ 57,916	\$ 248,094	\$ 37,167	\$ 117,630	\$ 404,595	\$ 155,180	\$ 211,795	\$ 175,601	\$ 61,902	\$2,163,629
Additions - cash	2,093	38,616	-	17,867	-	23,880	132,435	24,325	53,440	18,782	-	311,438
Additions - shares	-	-	-	-	-	-	4,000	-	-	-	-	4,000
Option payments received	(88,931)	-	-	-	-	-	-	-	-	-	-	(88,931)
Write-offs	-	-	(57,916)	-	-	-	-	-	-	-	(61,902)	(119,818)
Balance – end of year	261,569	383,958	-	265,961	37,167	141,510	541,030	179,505	265,235	194,383	-	2,270,318
Exploration costs												
Balance – beginning of year	523,709	928,275	38,923	1,080,250	802,846	60,305	55,437	67,733	86,482	83,822	78,644	3,806,426
Incurred during the year												
Dirt work	1,969	-	-	-	-	-	-	-	-	-	-	1,969
Drilling	115,507	-	-	-	-	-	-	-	-	-	-	115,507
Geophysics	-	-	-	-	-	-	-	-	-	6,080	-	6,080
Geological	832	-	-	-	-	3,189	-	-	4,403	-	-	8,424
Travel	14,045	-	-	-	-	-	-	-	-	-	-	14,045
Write-offs	-	-	(38,923)	-	-	-	-	-	-	-	(78,644)	(117,567)
Balance – end of year	656,062	928,275	-	1,080,250	802,846	63,494	55,437	67,733	90,885	89,902	-	3,834,884
Total costs	917,631	1,312,233	-	1,346,211	840,013	205,004	596,467	247,238	356,120	284,285	-	6,105,202

NEVADA EXPLORATION INC.
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4. MINERAL PROPERTIES (cont'd...)

April 30, 2010

	AW	BU	DU	FJ	HP	JU	KC	RP	SP	WF	WM	Total
Acquisition costs												
Balance – beginning of year	\$ 273,615	\$ 274,460	\$ 45,306	\$ 223,171	\$ 33,519	\$ 86,502	\$ 260,161	\$ 110,683	\$ 146,786	\$ 131,478	\$ 47,353	\$ 1,633,034
Additions - cash	74,792	70,882	12,610	24,923	3,648	31,128	135,184	44,497	65,009	44,123	14,549	521,345
Additions - shares	-	-	-	-	-	-	9,250	-	-	-	-	9,250
Balance – end of year	348,407	345,342	57,916	248,094	37,167	117,630	404,595	155,180	211,795	175,601	61,902	2,163,629
Exploration costs												
Balance – beginning of year	522,276	921,262	38,923	1,043,403	799,405	51,930	55,330	51,691	83,148	42,104	78,644	3,688,116
Incurred during the year												
Drilling	(10,277)	(10,277)	-	(10,276)	-	-	-	-	-	-	-	(30,830)
Geochemical	-	1,071	-	-	150	-	-	-	-	-	-	1,221
Geophysics	-	-	-	-	-	-	-	12,080	-	41,718	-	53,798
Geological	11,710	17,124	-	9,891	1,877	8,375	-	3,962	3,334	-	-	56,273
Permitting	-	-	-	37,232	-	-	-	-	-	-	-	37,232
Travel	-	(905)	-	-	1,414	-	107	-	-	-	-	616
Balance – end of year	523,709	928,275	38,923	1,080,250	802,846	60,305	55,437	67,733	86,482	83,822	78,644	3,806,426
Total costs	\$ 872,116	\$ 1,273,617	\$ 96,839	\$ 1,328,344	\$ 840,013	\$ 177,935	\$ 460,032	\$ 222,913	\$ 298,277	\$ 259,423	\$ 140,546	\$ 5,970,055

4. MINERAL PROPERTIES (cont'd...)

Awakening (AW)

The Awakening Project is located in Humboldt County, Nevada, approximately 50 km north-northwest of Winnemucca, Nevada. The Company has a 100% interest in 432 (2010 – 420) claims (approx. 35.9 km²) at Awakening.

On July 1, 2008, the Company entered into a Mining Lease agreement with DIR Exploration Inc. (“DIR”) on 15 claims (approx. 120 hectares), subject to a 3% NSR to DIR. Under the terms of the agreement, the Company is required to pay a minimum advance royalty of US\$60,000 annually commencing on the fourth anniversary.

On June 4, 2010, the Company entered into a Joint Venture Agreement with Northgate Minerals Corp. (“Northgate”), whereby Northgate may earn a joint venture interest in the Awakening Gold Project. Under the terms of the joint venture agreement, Northgate will have the option to earn a 51% interest in the Property by funding US\$4,100,000 in qualifying expenditures over 5 years and making US\$436,000 in cash payments by the third anniversary of the agreement, and if Northgate completes the initial 51% earn-in, Northgate may earn an additional 14%, for a total of 65%, by completing a feasibility report following 120 days after initial earn in. The Company received US\$87,000 upon the signing of the joint venture agreement.

Bull Creek (BU)

The Bull Creek Project is located in Humboldt County, Nevada, approximately 60 km west-northwest of Winnemucca, Nevada. The Company has a 100% interest in 264 (2010 – 297) claims (approx. 21.9 km²) at Bull Creek.

Dunphy (DU)

The Dunphy Project is located in Eureka County, Nevada, approximately 40 km east of Battle Mountain, Nevada. The Company had a 100% interest in 78 claims (approx. 6.3 km²) at Dunphy. The Company has abandoned its investment in the Dunphy Project, resulting in a charge to operations of \$96,839 during the period ended April 30, 2011.

Fletcher Junction (FJ)

The Fletcher Junction Project is located in Mineral County, Nevada, approximately 30 km southwest of Hawthorne, Nevada. The Company has a 100% interest in 117 (2010 – 127) claims (approx. 9.6 km²) at the Fletcher Junction Project, subject to a 1.25% net smelter return royalty (“NSR”).

Hot Pot (HP)

On September 16, 2005, the Company entered into a Mining Lease Agreement at the Hot Pot Project located in Humboldt County, Nevada, approximately 30 km northwest of Battle Mountain, Nevada. Under the terms of the agreement, the Company is required to make annual payments of US\$20,000 on each anniversary, and the agreement is subject to a 3% NSR to the property owner. The Company also controls 6 claims (approx. 50 hectares) at Hot Pot. All of the Company’s mineral interests at Hot Pot are subject to a 1.25% NSR.

4. MINERAL PROPERTIES (cont'd...)

Hot Pot (HP) (cont'd...)

On September 16, 2009, the Company entered into an Exploration Agreement with International Enexco Ltd. ("Enexco") whereby Enexco 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. Enexco shall pay to the property owner all payments required to be made by the Company.

Jungo (JU)

The Jungo Property is located in both Humboldt and Pershing Counties, Nevada, approximately 60 km west of Winnemucca, Nevada. The Company has a 100% interest in 156 (2010 – 192) claims (approx. 13.0 km²) at Jungo.

Kelly Creek (KC)

The Kelly Creek Project is located in Humboldt County, Nevada, approximately 40 km north-northwest of Battle Mountain, Nevada. The Company has a 100% interest in 581 claims (approx. 48.5 km²) at Kelly Creek.

On October 1, 2009, the Company entered into a Mining Lease and Option to Purchase Agreement with Genesis Gold Corporation ("Genesis"). Genesis has 100% interest in 254 claims (approx. 20.2 km²) at Kelly Creek under the 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 US\$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 US\$750,000.

The Company shall pay to Genesis advance royalty payments as follows:

1 st anniversary	\$ 5,000 (paid)
2 nd , 3 rd and 4 th anniversary	10,000
5 th and each subsequent anniversaries	50,000

Rye Patch (RP)

The Rye Patch Project is located in Pershing County, Nevada, approximately 30 km northeast of Lovelock, Nevada. The Company has a 100% interest in 126 (2010 – 169) claims (approx. 10.0 km²) at Rye Patch. On May 22, 2008, the Company entered into a four year Mining Lease Agreement on an additional 65 hectares, subject to a 2.0% NSR. On November 9, 2010, an amendment to the agreement was made reducing the Company's annual payments from US\$10,000 to US\$5,000 effective May 22, 2010. The amendment also waived the exclusivity of the Company's option to purchase the property for US\$325,000. On July 21, 2008, the Company entered into a four year Mining Lease Agreement on an additional 16 hectares, subject to a 2% NSR. Under the terms of this agreement the Company is required to make annual payments of US\$6,000, and the Company has the option to purchase this property for US\$30,000. During the year the Company did not make the annual payment of US\$6,000 as the Company is trying to re-negotiate this agreement. No notice of default has been received by the Company.

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4. MINERAL PROPERTIES (cont'd...)

Sand Pass (SP)

The Sand Pass Project is located in Humboldt County, Nevada, approximately 10 km north of Winnemucca, Nevada. The Company has a 100% interest in 145 (2010 – 197) claims (approx. 12.0 km²) at Sand Pass, and on July 10, 2008, the Company entered into a Mining Lease agreement for another 9.4 km² with multiple parties, subject to a 2% NSR. Under the terms of the agreement, the Company is required to make minimum lease payments of US\$31,000 each anniversary.

Winnemucca Mountain (WM)

The Winnemucca Mountain Project is located in Humboldt County, Nevada, approximately 5 km west of Winnemucca, Nevada. The Company had a 100% interest in 90 claims (approx. 7.3 km²) at Winnemucca Mountain. The Company has abandoned its investment in the Winnemucca Mountain project, resulting in a charge to operations of \$140,546 during the period ended April 30, 2011.

Whiskey Flats (WF)

The Whiskey Flats Project is located in Mineral County, Nevada, approximately 20 km south of Hawthorne, Nevada. The Company has a 100% interest in 123 claims (9.4 km²) at Whiskey Flats.

5. LONG-TERM DEBT

The Company has entered into various agreements to lease vehicles and exploration equipment which terminate in years between 2012 and 2013, with blended monthly payments of principle and interest ranging from US\$667 and US\$1,618, bearing interest rates from 1.93% to 7.99% per annum. The Capital lease obligation is payable as follows:

	<u>2011</u>	<u>2010</u>
Lease obligations	\$ 32,903	\$ 63,173
Deduct: amount representing interest	<u>(958)</u>	<u>(3,590)</u>
Present value of minimum lease payments due	\$ 31,945	\$ 59,583
Less: current portion	<u>(25,063)</u>	<u>(25,296)</u>
	<u>\$ 6,882</u>	<u>\$ 34,287</u>

Remaining fiscal principal payments of long-term debt are as follows:

2012	\$ 25,063
2013	<u>6,882</u>
	<u>\$ 31,945</u>

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6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Share Amount	Contributed Surplus	Warrants
Authorized				
Unlimited number of voting common shares without par value				
Unlimited number of preferred shares with no par value				
Balance as at April 30, 2009	59,029,104	\$ 9,674,536	\$ 3,050,863	\$ 278,743
Private placements	23,737,673	1,568,413	-	-
Share issue costs - cash	-	(114,529)	-	-
Share issue costs – warrants	-	(418,300)	-	418,300
Agent units	50,000	6,200	-	-
Share issue costs – agent units	-	(6,200)	-	-
Share issue costs - agent warrants	-	(32,500)	-	32,500
Shares for property	50,000	9,250	-	-
Expired warrants	-	-	278,743	(278,743)
Stock-based compensation	-	-	546,166	-
Balance as at April 30, 2010	82,866,777	10,686,870	3,875,772	450,800
Private placements	17,084,074	1,002,975	-	-
Share issue costs – cash	-	(44,423)	-	-
Share issue costs – warrants	-	(141,994)	-	141,994
Share issue costs – agent warrants	-	(6,802)	-	6,802
Shares for debt	532,000	26,600	-	-
Shares for property	50,000	4,000	-	-
Stock-based compensation	-	-	330,427	-
Balance as at April 30, 2011	100,532,851	\$ 11,527,226	\$ 4,206,199	\$ 599,596

During the year ended April 30, 2011 the Company:

- i) completed a non-brokered private placement by issuing 11,258,000 Units at a price of \$0.05 per Unit for total gross proceeds of \$562,900. 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 a price of \$0.10 for a period of 12 months. Fair value allocated in connection to these warrants was \$80,795. In connection with the private placement, the Company:
 - a) paid cash share issuance costs of \$21,647; and
 - b) issued 56,000 agent warrants with a fair value of \$1,089.

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

- ii) issued 50,000 common shares in connection with a Lease and Option to Purchase Agreement with Genesis Gold Corporation on the KC claims in Humboldt County, Nevada (Note 4).
- iii) completed a non-brokered private placement by issuing 2,601,074 Units at a price of \$0.07 for total gross proceeds of \$182,075. 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 a price of \$0.10 for a period of 12 months. Fair value allocated in connection to these warrants was \$29,068. In connection with the private placement, the Company:
 - a) paid cash share issuance costs of \$3,898; and
 - b) issued 7,500 agent warrants with a fair value of \$285.
- iv) issued 532,000 common shares at \$0.05 per share to reimburse a firm in which an officer and director of the Company is a partner for \$26,600 accounting services rendered in the ordinary course of business.
- v) completed a non-brokered private placement by issuing 3,225,000 Units at a price of \$0.08 per Unit for total gross proceeds of \$258,000. 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 a price of \$0.12 for a period of 12 months. Fair value allocated in connection to these warrants was \$32,131. In connection with the private placement the Company:
 - a) Paid cash share issue costs of \$18,878; and
 - b) Issued 212,000 agent warrants with a fair value of \$5,428.

During the year ended April 30, 2010 the Company:

- i) issued 20,995,673 units for gross proceeds of \$1,102,272 by way of a non-brokered private placement. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at an exercise price of \$0.10 for a period of two years. The fair value allocated to the warrants was \$292,400. In connection with the private placement the Company:
 - a) paid cash share issuance costs of \$36,056, and
 - b) issued 161,000 Broker Warrants with a fair value of \$9,300
- ii) issued 50,000 common shares in connection with a Lease and Option to Purchase Agreement with Genesis Gold Corporation on the HP claims in Humboldt County, Nevada.
- iii) completed a \$466,140 brokered private placement for 2,742,000 units at a price of \$0.17 per unit. 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 a price of \$0.22 for a period of 18 months. Fair value allocated in connection to these warrants was \$125,900. In connection with the private placement the Company:
 - a) paid cash share issuance costs of \$78,473.
 - b) issued 274,200 agent warrants with a fair value of \$20,900
 - c) issued 50,000 units to the agent with a fair value of \$0.12 per unit, or \$6,200.

7. STOCK OPTIONS AND WARRANTS

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price, minimum price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years, and generally vest over a 3 year period.

During the year ended April 30, 2011, the Company:

- 1) granted 3,100,000 stock options (2010 – 1,900,000) resulting in stock-based compensation of \$257,011 (2010 – \$282,500) using the Black-Scholes Option Pricing model. The weighted average fair value of the options granted was \$0.08 (2010 - \$0.15) per option.
- 2) re-priced the exercise price of Nil options (2010 – 1,550,000) resulting in an incremental fair value of \$Nil (2010 - \$49,200) using the Black-Scholes Option Pricing model. The original exercise prices were \$Nil (2010 - \$0.60 - \$1.00). \$3,166 (2010 - \$45,963) was recorded this year; the remainder will be recorded in future periods to match the vesting periods. The weighted average incremental fair value of the options re-priced was \$Nil (2010 - \$0.03) per option.
- 3) recorded total stock-based compensation expense of \$330,427, (2010 - \$546,166) for options vested.

Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in underlying assumptions can materially affect the fair value estimates. The following weighted average assumptions were used for the Black-Scholes valuation of options granted during the period:

	Granted 2011	Granted 2010	Re-priced 2010
Risk-free interest rate	2.41%	2.57%	1.54%
Expected life of options	5 years	5 years	2.90 years
Annualized volatility	156.91%	149.38%	146.55%
Dividend rate	0.00%	0.00%	0.00%

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7. STOCK OPTIONS AND WARRANTS (cont'd...)

Stock options (cont'd...)

A summary of the Company's outstanding stock options is presented below.

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2009	3,050,000	\$ 0.83
Granted	1,900,000	0.16
Forfeited	(300,000)	0.98
Re-priced	(1,550,000)	0.86
Re-priced	<u>1,550,000</u>	0.15
Balance, April 30, 2010	4,650,000	0.31
Granted	3,100,000	0.10
Cancelled	<u>(400,000)</u>	0.80
Balance, April 30, 2011	<u>7,350,000</u>	0.20
Number of options currently exercisable	<u>7,283,333</u>	\$ 0.20

Warrants

During the year ended April 30, 2011 using the Black-Scholes Option Pricing model, the Company:

- i) granted 275,500 agent warrants in connection with the financings with a fair value of \$6,802; and
- ii) granted 8,542,037 warrants as part of the unit financings with a fair value of \$141,994.

These amounts were recorded as warrants on the balance sheet.

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

	2011	2010
Risk-free interest rate	1.38%	1.22%
Expected life of options	1 year	1.93 years
Annualized volatility	112.68%	165.19%
Dividend rate	0.00%	0.00%

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7. STOCK OPTIONS AND WARRANTS (cont'd...)

A summary of the Company's outstanding warrants is presented below.

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2009	905,000	\$ 1.50
Granted	12,329,037	0.12
Expired	<u>(905,000)</u>	1.50
Balance, April 30, 2010	12,329,037	0.12
Granted	<u>8,817,537</u>	0.10
Balance, April 30, 2011	<u>21,146,574</u>	<u>\$ 0.11</u>
Number of warrants currently exercisable	<u>19,322,074</u>	<u>\$ 0.11</u>

The following incentive stock options and share purchase warrants were outstanding as at April 30, 2011:

	Number of shares	Exercise price	Expiry date
Stock options	400,000	\$ 0.15	March 9, 2012
	500,000	0.60	April 23, 2012
	150,000	0.95	June 8, 2012
	200,000	0.15	June 8, 2012
	150,000	1.00	June 11, 2012
	750,000	0.15	March 4, 2013
	200,000	0.15	June 10, 2013
	1,300,000	0.16	September 30, 2014
	600,000	0.17	November 17, 2014
	3,100,000	0.10	December 31, 2015
Warrants	4,019,481	0.10	August 20, 2011
	6,639,356 (i)	0.10	September 2, 2011
	1,670,200 (ii)	0.22	May 24, 2011
	4,154,000	0.10	August 26, 2011
	1,531,000 (iii)	0.10	September 23, 2011
	1,308,037 (iv)	0.10	November 5, 2011
	1,824,500 (v)	0.12	March 22, 2012

(i) includes 161,000 agent warrants.

(ii) includes 299,200 agent warrants, 25,000 agent warrants included in this total related to 50,000 broker units, these warrants expired unexercised subsequent to year end.

(iii) includes 56,000 agent warrants.

(iv) includes 7,500 agent warrants.

(v) includes 212,000 agent warrants, hold period expiring July 22, 2011.

8. RELATED PARTY TRANSACTIONS

During the year ended April 30, 2011, the Company:

- i) paid or accrued \$346,583 (US\$342,000) (2010 - \$367,289 (US\$342,000)) in management fees, recorded as salaries, to officers and directors of the Company. During the year ended April 30, 2011, \$86,375 (US\$88,637) (2010 - \$113,753 (US\$111,984)) of management fees was applied against loans receivable.
- ii) paid or accrued \$54,129 (2010 - \$63,269) in professional fees to a firm in which an officer and director of the Company is a partner.
- iii) issued 532,000 common shares at \$0.05 per share included in capital stock to reimburse a firm in which an officer and director of the Company is a partner for \$26,600 accounting services rendered in the ordinary course of business.

As at April 30, 2011:

- i) loans receivable include an amount of \$10,101 (2010 - \$96,077) receivable from an officer and director of the Company. The prior year amount included an amount due from two officers and directors of the Company. The loan receivable is guaranteed by 1,350,000 (2010 - 2,100,000) common shares of the Company that are currently being held in trust. Since issuance of the loans receivable, the Company has accrued interest of approximately \$30,300 (2010 - \$25,500), \$4,800 (2010 - \$10,500) of which was accrued during the year ended April 30, 2011. Most of this accrued interest has been paid by the Company as at April 30, 2011.
- ii) accounts payable and accrued liabilities included:
 - a) an amount of \$15,000 (2010 - \$28,860) due to a firm in which an officer and director of the company is a partner.
 - b) An amount of \$93,489 (US\$92,253) (2010 - \$20,261 (US\$19,946)) due to officers and directors of the company for salary payable.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

9. COMMITMENTS

- a) The Company has entered into a lease agreement for premises expiring on November 30, 2012. The future minimum lease payments, by fiscal year are as follows:

	<u>US</u>	<u>CDN</u>
2012	\$ 91,000	\$ 86,000
2013	<u>54,000</u>	<u>51,000</u>
	<u>\$ 145,000</u>	<u>\$ 137,000</u>

- b) The Company has various commitments relating to its mineral properties as disclosed in note 4.

10. FINANCIAL INSTRUMENTS

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

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments.

As at April 30, 2011 and 2010, the carrying amount of current financial assets and liabilities approximated the fair value because of the near maturity of those instruments and the carrying value the long-term debt is considered to approximate fair value since it bears interest at current rates for similar types of borrowing.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

	2011		
	Level 1	Level 2	Level 3
Assets			
Cash	\$ 151,145	\$ -	\$ -
	2010		
	Level 1	Level 2	Level 3
Assets			
Cash	\$ 55,253	\$ -	\$ -

CREDIT RISK AND INTEREST RATE RISK

It is management's opinion that the Company is not exposed to significant interest or credit risk arising from its financial instruments.

10. FINANCIAL INSTRUMENTS (cont'd...)

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 Note 11 ("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 April 30, 2011, the Company was holding cash of \$151,145 (2010 - \$55,253) and had current liabilities of \$150,507 (2010 - \$173,590) as a result of the limited cash the Company is exposed to liquidity risk and is reliant on the Company's ability to complete an equity financing.

FOREIGN EXCHANGE

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.

At April 30, 2011, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	<u>US\$</u>
Cash	84,623
Accounts receivable	2,600
Loans receivable	19,400
Prepaid expenses and other	15,478
Deposits and bonds	58,900
Accounts payable and accrued liabilities	(91,093)
Long term debt	(33,754)

NET EXPOSURE

Based on the above net exposures as at April 30, 2011, and assuming that all other variables remain constant, a 10% change in the value of the US dollar against the Canadian dollar would result in an increase/decrease of \$5,615 in the loss from operations.

11. CAPITAL DISCLOSURES

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to be able to fund the exploration and development of its mineral properties and acquisition of other mineral resources, for the benefit of its shareholders.

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11. CAPITAL DISCLOSURES (cont'd...)

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 its 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 an equity financing 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, 2011.

12. SEGMENTED INFORMATION

The company has one operating segment, being the exploration of mineral properties. Geographic information is as follows:

	<u>2011</u>	<u>2010</u>
CAPITAL ASSETS		
United States		
Equipment	\$ 201,134	\$ 335,493
Mineral properties	<u>6,105,202</u>	<u>5,970,055</u>
	<u>\$ 6,334,619</u>	<u>\$ 6,305,548</u>

13. INCOME TAXES

INCOME TAX EXPENSE

The following table reconciles income taxes at statutory rates with the reported taxes in the financial statements:

	<u>2011</u>	<u>2010</u>
Loss before income taxes	\$ (1,350,559)	\$ (1,674,791)
Statutory average rates	<u>27.8%</u>	<u>32.0%</u>
Expected income tax recovery	(375,455)	(535,933)
Stock-based compensation and other non-deductible expenses	92,163	175,362
Share issuance cost	(11,106)	-
Change in statutory tax rates and other	(46,602)	(152,229)
Change in valuation allowance	<u>341,000</u>	<u>512,800</u>
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

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13. INCOME TAXES (cont'd...)

FUTURE INCOME TAXES

The temporary differences that give rise to future income tax assets and future income tax liabilities are presented below:

	<u>2011</u>	<u>2010</u>
Non-capital losses	\$ 2,380,700	\$ 1,991,700
Share issue costs and other	<u>58,500</u>	<u>106,500</u>
Net future tax asset	2,439,200	2,098,200
Valuation allowance	<u>(2,439,200)</u>	<u>(2,098,200)</u>
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

As at April 30, 2010, the Company has Canadian non-capital losses of approximately \$2,658,000 and US net operating losses of approximately \$5,049,000 (expressed in Canadian dollars) expiring as follows:

	CDN	US
2025	\$ 33,000	\$ -
2026	266,000	-
2027	858,000	183,000
2028	505,000	680,000
2029	549,000	2,544,000
2030	81,000	826,000
2031	<u>366,000</u>	<u>816,000</u>
	<u>\$ 2,658,000</u>	<u>5,049,000</u>

14. SUBSEQUENT EVENTS

Subsequent to the year ended April 30, 2011, the Company completed a non-brokered private placement by issuing 7,000,000 units at a price of \$0.08 per unit in two tranches for total gross proceeds of \$560,000. Each unit consists of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at a price of \$0.12 for a period of one year. In connection with the private placement, the Company:

- a) paid cash share issuance costs of \$23,056; and
- b) issued 288,200 broker warrants exercisable with same terms.