**NEVADA EXPLORATION INC.**
**Management Discussion and Analysis – Form 51-102F1**
**Period Ended January 31, 2011**

## 1 Date – March 1, 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 nine month period ended January 31, 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 16 and the "Risks and Uncertainties" section on page 17. 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.

Significant events for the nine month period ended January 31, 2011and 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 $4,100,000 in exploration and making additional cash payments totalling $436,000 over five years. Northgate's exploration commitment in the first year is $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 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. Drilling is now underway.

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 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 February 23, 2011, NGE announced a non-brokered private placement offering of up to 15,000,000 Units at a price of $0.08 per Unit for total gross proceeds of up to $1,200,000. 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 one year, subject to an accelerated expiry provision.

Land Acquisition and Maintenance

The Company carefully evaluated the cost of land acquisition and yearly holding fees to insure 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 March 1, 2011, NGE directly and indirectly holds 1,950 unpatented mining claims and other mineral interests in the following properties through its wholly owned US subsidiary, Pediment Gold LLC:

| **Project** | **NGE Claims** | | **OTHER*** | **Total** |
|---|---|---|---|---|
| | **Claims** | **Area (km$^2$)** | **Area (km$^2$)** | **Area (km$^2$)** |
| 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 varies from $70 to $195USD per claim. The fee is payable by June 1, 2011. The company is presently reviewing the applicability of the fee with its legal and other advisors to determine the effect of the fee on the Company.

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 (9.6km$^2$) at the Fletcher Junction Project, subject to a 1.25% net smelter return royalty (“NSR”) to Royal Gold, Inc.

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 8.8km$^2$ 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 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."

*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 (21.9km$^2$) 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 41km$^2$ 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 (35.9km$^2$) at Awakening. On July 1, 2008, the Company entered into a Mining Lease agreement with DIR Exploration Inc. on 15 claims (1.2km$^2$) 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.

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 85km$^2$ (33mi$^2$) of high quality gravity geophysics data and approximately 173 km$^2$ (67 m$^2$) 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 $4,100,000 in exploration and making additional cash payments totaling $436,000 over five years. Northgate's exploration commitment in the first year is $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. Drilling has finished and NGE is now preparing the drilling samples for assay.

*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 (12.0km$^2$) at Sand Pass, and on July 10, 2008, the Company entered into a Mining Lease agreement for another 9.4km$^2$ 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 period ended January 31, 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 (10.0km$^2$) 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 Humbolt 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.

*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 (13.0km$^2$) 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. NGE mapped the geology of bedrock exposures along the range front in May, 2010, and is now completing a detailed technical report summarizing all work completed to date. NGE will begin discussions with potential JV partners upon the completion of the technical report.

*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 period ended January 31, 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 (48.5km$^2$) 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 (20.2km$^2$). 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.

*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 (9.4km$^2$) 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. NGE expects the next phases of work at Whiskey Flats to include gravity geophysics and geologic mapping along the adjacent exposed bedrock.

*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 seven (7) 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 | | |
| TOTAL | 9 | 5 | 6 | 7 | 3 |

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

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 January 31** | **2010 October 31** | **2010 July 31** | **2010 April 30** |
|---|---|---|---|---|
| Revenue | $ 30,811 | $ 12,508 | $ 45,178 | $ 3,177 |
| Working Capital | 36,964 | 152,102 | 38,806 | 59,704 |
| Expenses | 489,151 | 283,931 | 205,438 | 445,987 |
| Net Loss | (458,340) | (271,423) | (383,391) | (410,375) |
| Net Loss (per Share) | (0.01) | (0.00) | (0.00) | (0.01) |

| **Quarter Ending** | **2010 January 31** | **2009 October 31** | **2009 July 31** | **2009 April 30** |
|---|---|---|---|---|
| Revenue | $ 121 | $ 5,370 | $ 2,470 | $ 15,255 |
| Working Capital (Deficiency) | 275,053 | 176,375 | (147,413) | 75,864 |
| Expenses | 440,931 | 510,042 | 308,983 | 125,060 |
| Net Loss | (440,810) | (504,178) | (319,428) | (109,805) |
| Net Loss (per Share) | (0.01) | (0.01) | (0.01) | (0.03) |

## Results of Operations

### *Revenue*

NGE generated $29,527 of revenue in the period ending January 31, 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.

### *Operating Expenses*

During the nine month period ending January 31, 2011, NGE's expenses were $978,520, compared to $1,259,904 for the nine month period ending January 31, 2010. The decrease was due to decreased stock-based compensation.

Office expenses during the nine month period ending January 31, 2011, were $46,306, compared to $64,702 for the nine month period ending January 31, 2010.

Professional fees, consulting, and investor relations costs during the nine month period ending January 31, 2011, were $170,884, compared to $157,818 for the nine month period ending January 31, 2010.

Rent costs for the nine month period ending January 31, 2011, were $50,188, compared to $75,914 for the nine month period ending January 31, 2010. The decrease was due to the Company subletting a portion of its Nevada offices.

Salaries and related expenses during the nine month period ending January 31, 2011 were $314,483, compared to $372,297 for the nine month January 31, 2010. The decrease was partially due to the weakening of the US dollar.

The total stock-based compensation expense for nine month period ending January 31, 2011, was $293,719, compared to $454,037 for the nine month period ending January 31, 2010. Stock-based compensation expense during the nine month period ending January 31, 2011 consists of both the fair value of options granted during the year and options granted in prior years that vested during the nine month period ended.

Travel costs for the nine month period ending January 31, 2011, were $3,880 compared to $13,399 for the nine month period ending January 31, 2010.

## Assets & Liabilities

The Company's long term debt as at January 31, 2011, is $40,183 compared to $59,583 at April 30, 2010. The long term debt consists of loans for one vehicle and one backhoe. During the year ended April 30, 2010, NGE sold four vehicles and some drilling equipment.

Deposits for land reclamation also add to the Company's asset base. Deposits as at January 31, 2011, are $57,987. 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.

| | January 31, 2011 | April 30, 2010 |
|---|---|---|
| Working capital | $ 36,964 | $ 59,704 |
| Deficit | (9,704,311) | (8,591,157) |

Net cash used in operating activities for the nine month period ending January 31, 2011 was $421,417 compared to net cash used of $742,401 during the nine month period ending January 31, 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 nine month period ending January 31, 2011 was $242,183 compared to net cash used of $496,855 during the nine month period ending January 31, 2010. The difference is due to decreased mineral property expenditures during the period ended January 31, 2011.

Net cash provided by financing activities for the nine month period ending January 31, 2011 was $698,330 compared to net cash provided of $1,411,307 during the nine month period ending January 31, 2010. The difference is attributable to decreased financings during the period ended January 31, 2011.

Capital Resources

During the period ended January 31, 2011 the Company:

i) completed a non-brokered private placement by issuing 11,258,000 Units at a price of $0.05 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 $80,775. 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 the HP claims in Humboldt Country, 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 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.

Off Balance Sheet Arrangements

As at January 31, 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 period ended January 31, 2011, the Company:

i) paid or accrued $262,989 (USD$256,500) (2010 - $279,602 (USD$256,600)) in management fees, recorded as salaries, to officers and directors of the Company.

ii) paid or accrued $41,667 (2010 - $49,409) in professional fees to a firm in which an officer and director of the Company is a partner.

As at January 31, 2011:

i) loans receivable include an amount of $100,111 (April 30, 2010 - $96,077) receivable from two officers and directors of the Company. The loans receivable are guaranteed by 2,100,000 common shares of the Company that are currently being held in trust. To date loans receivable includes interest of approximately $29,136, $3,636 of which was accrued during the period ended January 31, 2011.

ii) accounts payable and accrued liabilities included:

a) an amount of $27,603 due to a firm in which an officer and director of the company is a partner.

b) An amount of $133,360 (USD$133,160) 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.

Disclosure of Outstanding Share Data

As at March 1, 2011, the Company has 97,307,851 common shares issued and outstanding and has the following stock options and warrants outstanding:

| | Number of Shares | Exercise Price | Expiry Date |
|---|---|---|---|
| **Stock options** | 200,000 | $0.60 | March 9, 2012 |
| | 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 |
| | 200,000 | 1.00 | March 4, 2013 |
| | 750,000 | 0.15 | March 4, 2013 |
| | 200,000 | 0.15 | June 13, 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 |
| | 1,670,200 | 0.22 | May 19, 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 |

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 January 31, 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 arrangements or investments.

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 January 31, 2011, the Company was holding cash of $89,983 and current liabilities of $224,806. As a result of the limited cash and no significant revenue, the Company is exposed to liquidity risk and remains reliant on the Company's ability to complete equity financings in order to continue its exploration activities, maintain its properties, and generally continue as a going concern.

*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 January 31, 2011, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

| | $US |
|---|---|
| Cash and cash equivalents | 62,250 |
| Accounts receivable | 49,300 |
| Loans receivable | 106,752 |
| Prepaid expenses and other | 15,478 |
| Deposits and bonds | 57,900 |
| Accounts payable and accrued liabilities | (142,779) |
| Long term debt | (40,123) |

*Net Exposure*

Based on the above net exposures as at the period ended January 31, 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 $11,153 in the loss from operations.

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 period ended January 31, 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

*Business Combinations*

In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Estimated obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

*Consolidated Financial Statements*

In January 2009, the CICA issued Handbook Section 1601, consolidated financial statements, which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

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.

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.