

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

The following management discussion and analysis prepared as of December 14, 2011 should be read in conjunction with the unaudited condensed consolidated interim financial statements for the period ended October 31, 2011, and the related notes thereto, which are prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard 34 (“IAS34”) – Interim Financial Reporting. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the annual audited financial statements and the Management Discussion and Analysis for the year ended April 30, 2011. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

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

DESCRIPTION OF THE BUSINESS

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

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

LAND ACQUISITION AND MAINTENANCE

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

As of December 14, 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:

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

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.

EXPLORATION RISK MANAGEMENT STRATEGY

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

NGE's exploration stages include:

- Hydrogeochemistry: NGE first uses its proprietary hydroprobe sampling technology to collect regularized hydrogeochemistry samples across areas already shown to be prospective based on samples collected from existing springs and wells. NGE uses the data to develop a computerized hydrogeochemistry model of each target.
- Acquisition: NGE acquires the mineral rights covering prospective targets showing large areas of highly anomalous hydrogeochemistry. If a target of exploration interest is on BLM land that is open to location (available), NGE locates mineral claims. If a target lies on private land, NGE completes a title review to determine mineral title ownership, and then endeavours to negotiate an agreement with the owner.
- Soil Geochemistry: NGE completes detailed soil sampling across areas demonstrating prospective hydrogeochemistry to detect the possible vertical migration of gold and trace-elements from the underlying bedrock into the soils above. The use of soil geochemistry allows NGE to confirm the presences of anomalous levels of gold and other trace elements in an additional medium.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

- Gravity Geophysics: NGE uses detailed gravity geophysics to provide valuable information about the depth to bedrock across a property. Gravity data can suggest areas of strong changes in the relief or composition of the underlying bedrock, which can be indicative of underlying fault zones and alteration that often control the location of gold mineralization.
- Air Magnetics: NGE uses detailed air magnetic geophysics to provide information on the locations and types of rocks, fault zones, and hydrothermal alteration that generally accompany large gold deposits.
- Seismic Geophysics: NGE uses seismic geophysics, where appropriate, to identify deep-seated, steeply-dipping fault zones that can be projected into the near surface environment. Major, high-angle structures are important since they provide a potential conduit or ‘plumbing’ system for potential gold-bearing, hydrothermal fluids to access near-surface areas and deposit gold.
- Drilling: where properties successfully pass through the above exploration stages, NGE uses drilling to test for: (1) shallow bedrock (< 1,000ft beneath the surface); (2) structures or faults in bedrock that may source potential mineralization; (3) bedrock that has been altered by hydrothermal fluids; (4) anomalous concentrations of gold and associated trace-elements in bedrock; and (5) sufficiently sized target to reasonably contain an economic resource. NGE evaluates drilling results based on these criteria to determine whether or not to continue to maintain each property and commit further exploration expenditures towards them.

MINERAL EXPLORATION PROPERTIES

Fletcher Junction (FJ)

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

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

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

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

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

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

Hot Pot (HP)

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

On September 16, 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 hydrogeochemistry.

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

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

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.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

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.

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

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

On August 16, 2011, NGE reported that Enexco has withdrawn from the Exploration Agreement at Hot Pot, and that as a result, Enexco retains no interest in the project.

Bull Creek (BU)

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

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

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

On February 23, 2009, NGE announced completion of data reduction for its Phase I drill program at Bull Creek. The results showed several >200m (>650ft) intervals of hydrothermally altered and geochemically

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

anomalous volcanic rock. The increase in alteration intensity and trace-elements geochemistry seen in the wide-spaced drill holes moving from west to east across the eastern half of the property suggests NGE has discovered the edge of a significant new hydrothermal system of exploration significance. NGE believes additional drilling is warranted farther to the east, and this conclusion is also supported by the structural interpretation of the gravity and air magnetic geophysics. In 2009, NGE increased its claim position towards the east to cover the developing target.

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

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

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

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.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

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. NGE understands that Northgate has now finished their 2011 drill program and is now awaiting the final results.

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

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 \$138,245.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

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

Jungo (JU)

The Jungo Project is located in both Humboldt and Pershing Counties, Nevada, approximately 60km west of Winnemucca, Nevada. The Company has a 100% interest in 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 hydrogeochemistry sampling program. NGE has completed additional hydrogeochemistry sampling and examined the regional, district, and property scale lithology, structure and alteration, and NGE believes the results suggest favorable geology beneath the property and the potential for mineralization within economic depths.

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 \$95,254.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

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 hydrogeochemistry sampling program across the Kelly Creek Basin and successfully delineated a significant area of anomalous hydrogeochemistry similar to that surrounding the adjacent gold mines. A detailed 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 hydrogeochemistry and gravity geophysics collected to date, as well as the favorable regional, district and property scale lithology, structure and alteration, indicate a strong potential for covered gold mineralization beneath the Kelly Creek project area. NGE expects the next phases of work at Kelly Creek to include detailed air magnetic geophysics, additional groundwater sampling, and seismic geophysics.

Whiskey Flats (WF)

The Whiskey Flats Project is located in Mineral County, Nevada, approximately 20km south of Hawthorne, Nevada. The Company has a 100% interest in 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 hydrogeochemistry sampling program across the property and the results show anomalous concentrations of gold and other trace elements, which NGE considers to be a good indication of potential covered gold mineralization. In 2009, NGE completed a detailed, district-scale air magnetic geophysical survey, and in 2011, NGE completed a detailed gravity survey as well.

Summary of Project Work Completed to Date

To date, NGE has completed: detailed hydrogeochemistry sampling on all nine (9) properties; detailed soil chemistry on five (5) properties; detailed air magnetic geophysics on six (6) properties; detailed gravity geophysics on eight (8) properties; and Phase I drilling on 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.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

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 8 in the associated financial statements.

OTHER EXPLORATION PARTNERSHIPS

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

US Gold Corp.

On June 6, 2011, NGE announced that US Gold Corporation (“US Gold”) (NYSE: UXG) (TSX: UXG) has engaged NGE to conduct a hydrogeochemistry exploration program on US Gold’s large land position surrounding its Gold Bar and Tonkin Properties in Nevada (“Project Area”).

US Gold’s Gold Bar and Tonkin Properties are located on the south-central part of the prolific Eureka-Battle Mountain gold trend in north-central Nevada. US Gold’s land position is located approximately 16 km (10 miles) SE of Barrick’s Cortez gold mine complex (14.5 MMOz as of December 31, 2010) and approximately 35 km (22 miles) NW of Barrick’s Ruby Hill gold mine (1.1 MMOz as of December 31, 2010). The Project Area totals approximately 430 km² (165 mi²) and contains considerable areas of highly prospective but covered bedrock. 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.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

RESULTS OF OPERATIONS

Revenue

NGE generated \$211,298 (2010 - \$54,970) of revenue in the period ended October 31, 2011, from project management and 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 period ended October 31, 2011, NGE's net losses were \$468,161 compared to \$606,104 for the period ended October 31, 2010. The decrease in losses was due to increased revenues and decreased mineral property write-off charges.

Office expenses during the period ended October 31, 2011, were \$40,224, compared to \$15,264 for the period ended October 31, 2010. The difference mainly due to a write-off of old accounts payables in prior the period ended October 31, 2010.

Professional fees, consulting, and investor relations costs during the period ended October 31, 2011, were \$135,381, compared to \$119,522 for the period ended October 31, 2010. The increase is due to additional professional fees for IFRS transition work.

Rent costs for the period ended October 31, 2011, were \$49,252, compared to \$29,920 for the period ended October 31 2010. The increase was due to an increase in rent and the termination of a sublet.

Salaries and related expenses during the period ended October 31, 2011, were \$224,869, compared to \$208,560 for the period ended October 31, 2010. Salary expenses for the period ended October 31, 2011, include \$10,325 (US\$10,564) credit to loans payable to the Company that an officer and director 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 period ended October 31, 2011, was \$185,082 compared to \$62,384 for the period ended October 31, 2010. Stock-based compensation expense consists of:

- 1) Options granted during the period
- 2) Options re-priced during the period
- 3) Options granted in prior years that vested during the period ended.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the financial statements.

	(IFRS) Year Ended April 30, 2011	(IFRS) Year Ended April 30, 2010	(Canadian GAAP) Year Ended April 30, 2009
Total revenues	\$ 97,885	\$ 11,138	\$ 42,824
Net loss	(1,331,595)	(1,604,595)	(1,977,040)
Basic and diluted loss per share	(0.01)	(0.02)	(0.03)
Total assets	5,900,873	6,376,880	6,384,098
Total long-term liabilities	6,882	34,287	74,142

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

Summary of Quarterly Results

	(IFRS) Three Month Period Ended October 31, 2011	(IFRS) Three Month Period Ended July 31, 2011	(IFRS) Three Month Period Ended April 30, 2011	(IFRS) Three Month Period Ended January 31, 2011
Total assets	\$ 6,536,335	\$ 6,423,175	\$ 5,900,873	\$ 6,317,830
Resource properties	6,041,726	5,474,320	5,487,184	5,770,365
Working capital	41,549	479,031	36,108	36,964
Shareholders' equity	6,294,026	6,152,115	5,743,484	6,078,956
Revenues	32,588	178,815	9,438	30,811
Net loss	(423,485)	(44,676)	(250,066)	(475,425)
Loss per share	(0.01)	(0.00)	(0.00)	(0.01)

	(IFRS) Three Month Period Ended October 31, 2010	(IFRS) Three Month Period Ended July 31, 2010	(Canadian GAAP) Three Month Period Ended April 30, 2010	(Canadian GAAP) Three Month Period Ended January 31, 2010
Total assets	\$ 6,492,512	\$ 6,158,325	\$ 6,630,162	\$ 6,951,210
Resource properties	5,818,989	5,552,692	5,970,055	5,953,970
Working capital	152,102	38,806	59,104	275,053
Shareholders' equity	6,265,922	5,939,955	6,422,285	6,740,531
Revenues	12,508	45,128	3,177	121
Net loss	(260,953)	(345,151)	(410,375)	(440,810)
Loss per share	(0.00)	(0.00)	(0.01)	(0.01)

ASSETS & LIABILITIES

The Company's long term debt as at October 31, 2011, is \$3,290 compared to \$6,882 at April 30, 2010. The long term debt consists of loans for one vehicle and one backhoe.

Deposits for land reclamation also add to the Company's asset base. Deposits as at October 31, 2011 are \$59,563. 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

Liquidity

The Company has financed its operations primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing.

Net cash used by operating activities for the period ending October 31, 2011 was \$214,195 compared to \$257,449 used during the period ending October 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 by investing activities for the period ending October 31, 2011 was \$274,256 compared to \$189,629 used during the period ending October 31, 2010. The difference is due to increased mineral property expenditures during the period ending October 31, 2011.

Net cash provided by financing activities for the period ending October 31, 2011 was \$518,436 compared to \$610,046 provided during the period ending October 31, 2010. The difference is attributable to increased financings during the period ending October 31, 2010.

Capital Resources

During the period ended October 31, 2011 the Company completed a non-brokered private placement by issuing 7,000,000 Units at a price of \$0.08 per Unit 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 entitles the holder to purchase one common share at a price of \$0.12 for a period of one year. Fair value allocated in connection to these warrants was \$51,907. In connection with the private placement, the Company:

- a) paid cash share issuance costs of \$28,570; and
- b) issued 288,200 agent warrants with a fair value of \$4,718.

Off Balance Sheet Arrangements

As at October 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.

RELATED PARTY TRANSACTION

The remuneration of directors and other members of key management personnel during the six month period ended are as follows:

Paid to:	Nature of transactions	October 31, 2011	October 31, 2010
the Chief Executive Officer	Management	\$ 59,046	\$ 62,169
the Chief Operating Officer	Management	59,046	62,169
the VP of Corporate Development	Management	58,458	52,844
a firm of which the Chief Financial Officer is a partner	Accounting	<u>52,502</u>	<u>33,053</u>
		<u>\$ 229,052</u>	<u>\$ 210,235</u>

The transactions with related parties 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 parties.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

The amounts due from (to) related parties are as follows:

	Notes	October 31, 2011	April 30, 2011	May 1, 2010
Loans receivable from the Chief Executive Officer	(1)	\$ -	\$ 10,101	\$ 82,927
Loans receivable from the Chief Operating Officer	(1)	-	-	13,150
A firm of which the Chief Financial Officer is a partner	*	(51,808)	(15,000)	(28,860)
Due to the Chief Operating Officer	*	(24,040)	(37,794)	-
Due to the VP of Corporate Development	*	<u>(30,952)</u>	<u>(49,770)</u>	<u>(20,261)</u>
		\$ (106,800)	\$ (92,463)	\$ 49,956

(1) Loan receivable is guaranteed by Nil (April 30, 2011 – 1,350,000; May 1, 2011 – 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 (April 30, 2011 - \$30,300; May 1, 2011 - \$25,500), \$Nil of which was accrued during the period ended October 31, 2011.

* Included in accounts payable

DISCLOSURE OF OUTSTANDING SHARE DATA

During the period ended October 31, 2011, the Company:

- i) granted 2,250,000 stock options resulting in stock-based compensation of \$160,925.
- ii) granted 250,000 stock options to Ubika Corporation for investor relations services resulting in stock-based compensation of \$17,363. \$8,195 was recorded during the period ended October 31, 2011; the remainder will be recorded in future periods to match the vesting terms.
- iii) re-priced the exercise price of \$2,450,000 options resulting in an incremental fair value of \$14,141. The original exercise prices were \$0.15 to \$0.17.
- iv) recorded stock-based compensation expense of \$1,821 for options vested.

As at December 14, 2011, the Company has 107,532,851 common shares issued and outstanding and has the following stock options and warrants outstanding:

	Number of Options	Exercise Price	Expiry Date
Stock options	400,000	\$ 0.10	March 9, 2012
	500,000	0.60	April 23, 2012
	150,000	0.95	June 8, 2012
	150,000	1.00	June 11, 2012
	550,000	0.10	March 4, 2013
	200,000	0.15	June 10, 2013
	250,000	0.16	September 30, 2014
	900,000	0.10	September 30, 2014
	600,000	0.10	November 17, 2014
	3,100,000	0.10	December 31, 2015
	<u>2,500,000</u>	0.10	August 9, 2016
	9,300,000		

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

Warrants	1,824,500	0.12	March 22, 2012
	2,516,000	0.12	July 30, 2012
	<u>1,272,200</u>	0.12	August 4, 2012
	5,612,700		

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

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of cash, amounts receivable and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

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

Assets	October 31, 2011		
	Level 1	Level 2	Level 3
Cash	\$ 189,756	\$ -	\$ -

Financial risk factors

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

Credit risk

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

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 above ("Capital Management"). It also manages liquidity risk by continuously

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the normal course of business.

As at October 31, 2011, the Company had a cash balance of \$189,756 (April 30, 2011 - \$151,145; May 1, 2010 - \$55,253) to settle current liabilities of \$239,019 (April 30, 2011 - \$150,507; May 1, 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 country risk

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

Market risk

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

(a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

(b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of oil, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(c) Foreign currency risk

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. A significant portion of the Company's expenses is denominated in US dollars. Consequently, certain assets, liabilities and operating expenses are exposed to currency fluctuations. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

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

	CDN	US
Cash	\$ 80,392	\$ 80,628
Accounts receivable	56,721	56,909
Loans receivable	8,915	8,945
Prepaid expenses and other	15,427	15,478
Deposits and bonds	59,563	59,670
Equipment	142,978	143,451
Exploration and evaluation assets	6,041,726	6,061,730
Accounts payable and accrued liabilities	(138,630)	(139,089)
Long term debt	<u>(20,650)</u>	<u>(20,718)</u>
	<u>\$ 6,246,412</u>	<u>\$ 6,267,094</u>

Net exposure

Based on the above net exposures as at October 31, 2011, and assuming all other variables remain constant, a 1% change in the value of the US dollar against the Canadian dollar would result in an increase/decrease of \$62,464 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 have been no changes in the Company's approach to capital management from 2011.

Financial liabilities

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

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

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

The Company believes the fair value of its financial liabilities approximate their carrying values primarily due to their short-term nature. There are no quoted market prices from active markets for any of the financial liabilities held by the Company and thus fair values were assessed using valuation techniques consistent with generally accepted accounting principles. As the Company does not generate revenue, it intends to reduce its financial liabilities by re-financing through additional share issuances.

RISKS AND UNCERTAINTIES

In conducting its business of mineral exploration, NGE is subject wide variety of known and unknown risks, uncertainties and other factors which may affect the results, performance or achievement of the Company. Such risks and factors include, among others: risks related to the actual results of current and future exploration activities; future prices for gold, silver, and other commodities; environmental risks and hazards; the Company's lack of substantial revenue; the Company's ongoing need to raise money through equity financings; increases to operating, labour, and supply costs; and changes to government regulation, taxes, and fees. Although the Company attempts to identify and plan for these important factors that could affect results materially, the Company cautions the reader that the above list of risk factors is not exhaustive there may be other factors that cause results to differ from anticipated, estimated, or intended results.

Ultimately, there can be no guarantee that the Company will be successful in making an economic mineral discovery.

LIST OF DIRECTORS AND OFFICERS

Wade A. Hodges, President, CEO and Director
Cyrus Driver, CFO and Director
Kenneth Tullar, Director
Jennifer Boyle, Director
John Ryan, Director
James Buskard, Vice President Corporate Development
David Carbonaro, Corporate Secretary

CHANGE IN ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The condensed consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the parent company, unless otherwise noted. These are the Company's second IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ended April 30, 2012. Previously the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

The preparation of these condensed consolidated interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian Generally Accepted Accounting Principles ("GAAP"). The accounting policies set out below have been

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at May 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1). The impact of the transition from GAAP to IFRS is explained in the financial statements Note 17.

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The recoverability of receivables which are included in the condensed consolidated interim statements of financial position;
- ii) The carrying value and the recoverability of mineral properties, which are included in the condensed consolidated interim statements of financial position;
- iii) The inputs used in accounting for stock-based compensation expense included in profit and loss
- iv) The estimated lives of fixed assets and the related amortization.

GOING CONCERN OF OPERATIONS

These condensed consolidated financial statements are 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. As at October 31, 2011 the Company has had significant losses. The Company has financed its operations primarily through the issuance of common shares, loans proceeds and advances from related parties. The Company continues to seek capital through various means including the issuance of equity and/or debt. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

New standards not yet adopted

IFRS 9, *Financial Instruments*, which covers the classification and measurement of financial assets as part of its project to replace IAS 39, “Financial Instruments: Recognition and Measurement.” In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact on the Company upon implementation of the issued standard.

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

IFRS 13, *Fair Value Measurement*, effective for the Company’s annual reporting period beginning January 1, 2013. This standard defines fair value and sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. The standard does not determine when an asset, a

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Period Ended October 31, 2011

liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). The Company is currently assessing the impact that these standards will have on the Company's financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52- 109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the annual audited consolidated financial statements and this accompanying annual MD&A (together the "Annual Filings"). In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements herein that are not historical facts are forward-looking statements that are subject to risks and uncertainties. Words such as "expects", "intends", "may", "could", "should", "anticipates", "likely", "believes" and words of similar import also identify forward-looking statements.

Forward-looking statements are based on current facts and analyses and other information that are based on forecasts of future results, estimates of amounts not yet determined and assumptions of management, including, but not limited to, assumptions regarding the Company's ability to raise additional debt and/or equity financing to fund operations and working capital requirements and assumptions regarding the Company's mineral properties.

Actual results may differ materially from those currently anticipated due to a number of factors including, but not limited to, general economic conditions, the geology of mineral properties, exploration results, commodity market conditions, the Company's ability to generate sufficient cash flows from operations and financing to support general operating activities and capital expansion plans, and laws and regulations and changes thereto that may affect operations, and other factors beyond the reasonable control of the Company.

Additional information on factors that may affect the business and financial results of the Company can be found in filings of the Company with the British Columbia Securities Commissions on www.sedar.com