NEVADA EXPLORATION INC.
Period Ended January 31, 2009
Management Discussion and Analysis Form 51-102F1

1. Date – March 29, 2009

The following discussion and analysis is a review of operations, current financial position and outlook for Nevada Exploration Inc. (the "Company" or "NGE") and should be read in conjunction with the audited financial statements for the year-ended April 30, 2008, period ended April 30, 2007 and December 31, 2006. Results are presented for the three-month period ended January 31, 2009 and reflect three months of results plus comparative figures as at January 31, 2008. Amounts are reported in Canadian dollars based upon the financial statements prepared in accordance with Canadian generally accepted accounting principles.

All statements in this MD&A, other than statements of historical fact, that address future acquisitions and events or developments that Nevada expects to occur, are forward-looking statements. Although Nevada believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include industry-related risks, regulatory approvals, and continued availability of capital and financing and general economic, market or business conditions.

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

2.1 *Annual Information*

The fiscal year end of NGE is April 30. The following table summarizes NGE's annual financial results for the periods ended April 30, 2008 and April 30, 2007.

	12 months April 30, 2008	**4 months April 30, 2007**
Revenues	104,503	13,637
Loss from continuing operations	(2,608,750)	(691,899)
Net Loss	(2,608,750)	(691,899)
Total assets	7,914,150	5,361,518
Total long term liabilities	94,397	Nil
Cash dividends declared	Nil	Nil

Note: NGE was incorporated on April 6, 2006. Annualized financial information reflect the activities of the NGE subsidiaries prior to the incorporation of NGE.

2.2 ***Management's Discussion and Analysis***

This management's discussion and analysis ("**MD&A**") provides analysis of NGE's financial results for the three-month period ended January 31, 2009 and the three–month period ended January 31, 2008. The following information should be read in conjunction with the audited consolidated financial statements of NGE for the fiscal period ended April 30, 2008 (and the notes thereto).

<u>Overview</u>

The primary business of NGE is gold exploration focused in the gravel-covered areas of Nevada. When groundwater flows near a concealed gold deposit it retains a unique kind of chemical 'memory' or 'fingerprint' of such an encounter and creates a unique kind of water chemical 'scent'. NGE uses an innovative proprietary groundwater technology to identify and follow the scent back up-stream to its gold-bearing bedrock source. NGE then applies conventional exploration techniques to further define and then drill the potential new bedrock source of gold to make a discovery. The use of groundwater chemistry allows the early identification of high quality exploration properties that can be joint ventured for a considerable increase in value over the cost of discovery.

Since May 31, 2006 to January 31, 2009 NGE has raised approximately $10,900,000. NGE began trading on the TSX-V on March 5, 2007. Of the total money raised approximately 80% of the money raised has gone directly to exploration expenses including; Reno Office, Management and Staff Salaries, Equipment, Environmental Bonding, Groundwater Sampling, Land Acquisition and Maintenance, Soil Sampling, Geophysical Surveying, and RC Drilling while the balance was spent to cover the costs of going public and to cover Toronto head office overhead expenses including: Office, Board of Directors Fees, Audit, Legal and Accounting, Keyman Insurance, Directors and Officers Insurance, TSX Filing Fees, Investor Relations, Travel & Meals, Bank Charges, Interest, Exchange Rate Fees.

Throughout November, December 2008 and January 2009, NGE continued to advance its innovative groundwater sampling program, by collating, analyzing and reducing data acquired prior to November 2008 including water and soil sampling, geophysics surveys (gravity from 2008, air magnetics from 2008 and seismic from 2007) and RC drilling from 2005 & 2008. NGE completed its analysis and data reduction for Fletcher Junction and reported results on Dec. 18, 2008 (see News Release, "Nevada Exploration Demonstrates Value Of Groundwater Chemistry With Discovery Of Gold-Bearing Hydrothermal System At Fletcher Junction"). On February 23, 2009 results were reported for the work completed at Bull Creek (see News Release, "Nevada Exploration Inc. Uses Water Chemistry at Bull Creek to Discover Another Previously Unknown Hydrothermal System"). On February 27, 2009 NGE held its Annual General Meeting of shareholders where shareholders overwhelmingly approved management's recommendations (see News Release, "Nevada Exploration Shareholders Approve Change of Board of Directors"). A News Release summarizing the work completed to date at Hot Pot is expected during the week ending April 3, 2009. Data continues to be reduced for the Awakening project and results will be released as they become available. Seven properties remain to be drilled.

To continue prospect identification, land acquisition, target delineation and further concept drilling, NGE requires additional financing. NGE is actively looking at ways to advance its exploration program while balancing both shareholder risk and dilution in an environment of financial uncertainty. NGE is committed to the continued development of its leading-edge groundwater chemistry exploration program. To preserve capital, NGE has stopped all drilling, minimized field and office staff, and reduced management salaries. NGE has paid all major land holding payments until September 1, 2009 and all accounts payable are current.

NGE has begun discussions with interested joint venture and royalty partners, and is also considering a small equity financing to advance NGE's current portfolio of high quality gold exploration projects. NGE controls a unique, proprietary water chemistry database that has direct application for the exploration of commodities other than gold. In recent years there has been a resurgence of interest in geothermal exploration in Nevada. NGE management recognizes that it has a unique opportunity to augment and expand its water chemistry database through a joint venture with geothermal interests, to continue water sampling. The same water sample that has potential to discover a gold deposit also has the potential to discover a new geothermal resource in a covered Nevada setting.

Land Acquisition and Maintenance – The cost of land acquisition and yearly holding fees (due September 1st each year) requires careful risk management to insure that only land with the highest exploration potential continues to be held. When results from groundwater sampling, soil sampling, seismic, gravity, air magnetic surveys and RC drilling indicate that certain lands are no longer worth holding, claims are dropped. Conversely, when results indicate that certain other lands are worth acquiring, claims are added. These subtractions and additions resulted in a net decrease of 10% (300 claims) from 2007. Claims were dropped from the Fletcher Junction, Bull Creek, KC and JU projects. At the same time, land holdings were increased by 60% at Awakening and WM. NGE now controls approximately 217 sq-km (84 sq-mi) of mineral rights in Nevada on 11 separate properties, largely through wholly-owned unpatented mining claims staked on BLM land.

The Company has a 100% interest in the following properties:

	Project Name	**No. Claims / No. Private Hectares**	**Total Km^2**
1	Fletcher Junction	168 claims / 0 hectares	13.6
2	Hot Pot	6 claims / 880 hectares	9.3
3	Bull Creek	271 claims / 0 hectares	21.9
4	Awakening	426 claims / 0 hectares	34.5
5	SP	197 claims / 940 hectares	25.3
6	WM	90 claims / 0 hectares	7.3
7	KC	581 claims / 0 hectares	47.0
8	RP	169 claims / 80 hectares	14.5
9	DU	78 claims / 0 hectares	6.3
10	WF	273 claims / 0 hectares	22.1
11	JU	192 claims / 0 hectares	15.5
	Totals	**2,451 claims / 1,900 hectares**	**217.3 km^2**

Fletcher Junction and Hot Pot both carry a 1.25% NSR to Royal Gold Inc. and Hot Pot carries an additional 3.0% NSR to a private land holder. Since January 31, 2009 the Company has entered into a mineral lease at Awakening on a small group of claims that carries a 3.00% NSR and multi-party leases on small parcels of private land on the SP and RP properties that carry 2.0% NSR's. All BLM land holding costs have been paid through August 31, 2009. A total of $400,000 will be due on September 1, 2009 to hold all claims on BLM land and to maintain all lease agreements.

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 exploration funds are expended on the next stage. Most importantly, if at any stage the results are negative, then the property is dropped from further consideration. NGE's staged exploration greatly increases the odds of success by managing risk and assuring that good results move aggressively through the exploration pipeline; exploration resources are continually focused in the best places. Results for each of the following stages must be positive for NGE to continue to maintain a property position in its exploration portfolio:

- Proprietary reconnaissance water sampling of existing springs and water wells is used to first identify areas of higher-than-normal gold and trace-element water chemistry.

- Follow-up water sampling is then designed to confirm and define the area of higher-than-normal or 'anomalous' water chemistry.

These first steps are extremely important: they assure that all subsequent exploration expenditures are efficiently focused in areas large enough to contain significant new gold mineralization. NGE is the only exploration company in Nevada to consistently apply water sampling to verify the presence of gold in concealed geologic environments <u>before</u> committing significant additional exploration funds to otherwise essentially 'blind' or 'covered' exploration settings. When NGE identifies and verifies gold and trace-element concentrations in groundwater greater than certain specific amounts ('anomalous'), in more than one sample and over a large area, the inference is that as any scent becomes stronger closer to its source, the bedrock source of the gold and trace-elements in the water is: (1) relatively nearby, (2) relatively shallow, (3) 'oxidized' or relatively easy to mine and concentrate, and (4) relatively large.

Once NGE has identified a prospective exploration target using initial groundwater sampling, NGE advances the target through the following exploration stages:

- NGE first uses direct-push drilling technology to further delineate the area of unusual water chemistry. Proprietary hydroprobe sampling techniques allow NGE to place sample holes in a regular manner between existing springs and water wells to develop the water chemistry 'fingerprint' of the target property. This stage requires permitting with the BLM and the filing of a reclamation bond to assure that any environmental disturbance will be properly reclaimed.

- NGE acquires the mineral rights covering the area of further exploration interest to assure that NGE will own the rights to any gold deposit that might be discovered. If the area of exploration interest is on BLM land, mineral claims are located, staked, filed and maintained with the county and federal authorities. If the area of interest lies on private land, NGE completes a title search to verify mineral title ownership, then negotiates a mineral agreement with the owner to provide NGE with sufficient ownership to justify the risk of continued exploration.

- NGE completes detailed soil sampling across the area of unusual water chemistry to detect the possible vertical migration of gold and trace-elements from the underlying bedrock into the soils above, which is used to further focus RC drilling.

- NGE uses detailed gravity geophysics to provide valuable information about the depth to bedrock across the property. Furthermore, gravity data can suggest areas of strong changes in the relief of the underlying bedrock, which can be indicative of underlying fault zones that often control the location of gold deposits.

- NGE uses detailed air magnetic geophysics to provide information on the types of rocks, fault zones and hydrothermal alteration that accompany potential large gold deposits.

- 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 rising from depth to access near-surface areas where gold may be finally deposited from solution to form a gold ore body.

- On properties that successfully pass through all the above exploration stages, NGE uses Reverse Circulation (RC) drilling to test for: (1) shallow bedrock (< 1,000ft beneath the surface), (2) bedrock that has been altered by hot water (hydrothermal fluids), (3) concentrations of gold and associated trace-elements in higher-than-normal (anomalous) amounts in bedrock, (4) over an area

NGE has completed the data reduction of exploration work on Fletcher Junction, Bull Creek and Hot Pot and the data for Awakening are actively being reduced. Results received to date confirm that NGE's water chemistry exploration program has identified new areas of potential gold mineralization that justify additional exploration expenditures.

Fletcher Junction – On December 18, 2008, NGE announced completion of phase I RC drill testing of its Fletcher Junction property and presented detailed results demonstrating how NGE used groundwater chemistry to discover a new, gold-bearing hydrothermal system in a covered bedrock setting. All nine wide-spaced drill holes completed to target depth encountered altered bedrock containing anomalous gold and gold-associated trace elements. NGE management believes the first phase drilling results at Fletcher Junction justify a larger, phase II drilling 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. These results add value to NGE's ten other projects identified using the same groundwater chemistry exploration technology and establish NGE as a source of quality exploration projects for potential Joint Venture partners.

Bull Creek - On February 23, 2009, NGE announced completion of data reduction for its Phase I drill program at Bull Creek. The initial identification of anomalous groundwater chemistry at Bull Creek 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. NGE believes that additional drilling is warranted based upon the increase in alteration intensity and geochemically anomalous trace-elements seen in drill holes moving from west to east across the eastern half of the property. These results are significant in that they further demonstrate that groundwater chemistry can be used to efficiently and effectively reduce large sand- and gravel-covered valley basins to much smaller areas having a high potential for the discovery of new, gold-bearing hydrothermal systems for more focused exploration.

Hot Pot – During the week ending April 3, 2009 NGE will announce results of exploration work completed at Hot Pot. The widely-distributed, highly anomalous gold in groundwater identified at Hot Pot, supported by seismic and gravity geophysics suggests that higher values for gold in bedrock than have been discovered to date may still be located nearby. Drilling to date has been wide-spaced and could have easily missed the type of high-angle fault zones that control significant amounts of known gold mineralization elsewhere in the region. 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 favorable potential host rock units.

Awakening - On August 18, 2008, NGE announced commencement of phase I RC drilling at its Awakening property. Five holes were drilled, but none were completed to target depth. Drilling has been suspended due to difficult ground conditions pending the availability of different drilling equipment. Analytical results for all drill holes, combined with surface sampling and geophysical results are currently being reduced and will be released as completed.

Seven Additional Properties – Detailed groundwater sampling has been completed on all seven properties. Detailed gravity geophysics has been completed on three and is pending on four. Detailed air magnetic geophysics has been completed on four properties and is pending on three. Detailed soil sampling has been completed on three and is pending on four. Results on each are encouraging and justify additional exploration expenditures.

Additional Groundwater Anomalies – More than twenty additional specific property areas reporting higher-than-normal reconnaissance groundwater chemistry for gold and related trace elements have been identified and remain to be evaluated. Many additional sand- & gravel-covered areas remain to be reconnaissance sampled.

Current Market Conditions – During 2007 and 2008, investment in exploration, development and mining activities in Nevada increased dramatically. This activity created an economic environment where increased demand for experienced drillers and drilling equipment resulted in substantially increased costs for drilling contracts. Drilling crews lacking experience with the variable ground conditions encountered during drilling, the spike in the cost of diesel fuel and increased labor costs due to long hours of overtime further added to unexpected and highly variable exploration costs. In addition, analytical laboratories had difficulty in dealing with the surge in exploration activity and analytical results were delayed throughout the industry. In spite of the challenging market environment, NGE has acquired mineral rights on eleven properties; completed water sampling, soil sampling, geophysical surveying, permitting and bonding on eight properties; completed initial concept drilling at two properties and started drilling at two more - all with encouraging results. To continue prospect identification, land acquisition, target delineation and further concept drilling, NGE requires additional financing.

Through the changing market conditions, management has remained committed to a thorough and careful review of all mineral ownership and geotechnical data. Very positive results from soil sampling, detailed gravity and air magnetic surveys over one project resulted in a decision to extend the same coverage to all properties and add value incrementally to each, rather than focus solely on drilling water chemistry anomalies alone. Positive visual results from early drill holes and the expectation that drilling problems were being solved led to a decision to increase permitting activity to be sure that permitting delays did not become yet another challenge. Additional holes were added at Bull Creek based upon encouraging visual results. Confirmation from initial analytical results at Fletcher Junction that water chemistry was indeed identifying new, untested gold-bearing geologic environments in covered bedrock settings encouraged management to acquire an eleventh property position. Finally, in an effort to solve recurring drilling problems and bring costs under control, management decided to purchase its own specialized RC drilling equipment. All of these decisions were made with the expectation that positive results justified an aggressive positioning of resources to take full advantage of a successful proof-of-concept with the expectation that additional funding at reasonable costs would be available based upon continuing positive results.

The exploration industry changed dramatically in September, 2008, when share prices for all Nevada-focused, exploration companies plummeted as fund managers liquidated share positions to preserve cash during unprecedented changes in the financial markets. NGE management was advised that further capital resources for exploration will be extremely scarce into the foreseeable future. In response, management did not hesitate to respond to the new challenge by preserving capital to assure survival of the exploration concept and acquired property positions. All drilling activity has stopped; all water sampling and drilling equipment has been serviced, re-supplied and stands ready for re-start as conditions improve; all BLM land payments have been made through September 1, 2009; all accounts payable have been paid; field and office staff have been minimized and management salaries reduced. The reduction in exploration activities has allowed the analytical results to catch up with drilling to ensure continuous improvement of drill hole targeting. In addition, internal systems including accounting, budgeting, data management and human resource are being reviewed to lower costs and further increase productivity. With additional funding, NGE is well positioned to continue its exploration program with improved efficiency and without delay.

Future Expectations - Results to date have been encouraging and Management believes that NGE has created significant value with its water chemistry exploration program and eleven properties. However, given the prevailing market conditions, it is prudent for NGE to reevaluate its strategy of using NGE funds to complete drilling at its properties. NGE has begun discussions with interested royalty and joint venture partners, and is also considering a small equity financing. NGE also recognizes that it would be prudent to develop a joint venture with geothermal interests to continue the expansion of NGE's proprietary groundwater chemistry database coverage. The same water sample that has potential to discover a gold deposit also has the potential to discover a new geothermal resource in a covered Nevada setting.

To continue to advance its exploration strategy, NGE will need to access additional capital in a difficult funding environment. To be sure, uncertainties overhanging the recent changes in the political and financial environment all increase the risk to any continued investment in exploration. However, the demand for gold remains strong and NGE's results to date suggest that NGE and its water chemistry exploration program are perhaps better positioned than others to lead the way to the next series of discoveries in Nevada.

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 ended January 31, 2009. The information contained herein is drawn from interim financial statements of the Company for each of the aforementioned eight quarters.

Year	2009	2008	2008	2008
Ending	**January 31**	**October 31**	**July 31**	**April 30**
Revenue	-	23,036	4,533	99,824
Working Capital	307,729	400,536	1,401,806	2,742,917
Expenses	465,495	855,707	573,602	1,069,462
Net Loss	(465,495)	(832,671)	(569,069)	(969,638)
Net Loss (per Share)	(0.008)	(0.01)	(0.01)	(0.01)

Year	2008	2007	2007	2007
Ending	**January 31**	**October 31**	**July 31**	**April 30**
Revenue	-	3,642	1,037	3,516
Working Capital	2,637,733	2,879,032	3,060,914	3,580,269
Expenses	579,798	566,821	497,122	490,501
Net Loss	(579,798)	(563,179)	(496,135)	(486,985)
Net Loss (per Share)	(0.01)	(0.01)	(0.01)	(0.02)

Results of Operations

Revenue

NGE has not generated any significant revenues in its past fiscal years with the exception of some interest income earned on investments placed with financial institutions for guaranteed certificates. The Company continues to expend its resources searching for properties that may contain results allowing the Company to setup mining operations and extract enough gold to be profitable. NGE has reduced its spending on the properties it holds rights to and will increase its efforts for additional funding.

Operating Expenses

In the period ended January 31, 2009, NGE's general and administrative expenses decreased by $279,698 over January 31, 2008. NGE has implemented Significant decreases have incurred in salaries, office, travel and professional fees. One of the largest single costs was for stock grants to consultants, directors and employees in the period. The total stock-based expense was $225,990, while in 2008 this amount was $205,251. This increase was driven by grants to consultants, directors and employees during the year. Salaries have decreased from $93,539 in 2008 to $(25,165) in 2009. In the three month period ended January 31, 2009 the Company had just 3 employees in total as the Company has reduced its staff to just management. The reduction in staffing levels was the Company's reaction to severity of the downturn in the economy which made it even tougher for the Company to find capital to fund exploration further.

The Company is has 3 employees as of January 31, 2009 with no salaries being paid out at this time. Rent costs increased in the 2009 period as the Company moved location in December 2007 to an office with over 8000 sq. ft of space as the Company was growing rapidly. However, the Company has recognized the need to preserve cash due to the problematic economy and to that end is actively looking to rent out part of its premises or reduce the office space to help reduce its rental costs even further. Office expense has dropped dramatically as the Company has scaled down all of its operations down to just the necessary levels to operate the Company. Professional fees, consulting and investor relations costs decreased by $78,361. Legal fees have decreased significantly from $60,683 in 2008 down to $13,945 in the three month period ended January 31, 2009. Investor relations costs amounted to $Nil ($33,497 – 2008), the Company has scaled back its investor relation costs in response to the downturn in the economy. Insurance costs, including D&O insurance (Director's and Officers) have risen by $32,763 over 2008. Total insurance costs including D&O, liability and property and equipment amounted to $17,644 in the three month period ending January 31, 2009 ($15,502 – 2008). The Company has gone line by line through its expenses and reduced or even cut entirely expenses that have been deem unnecessary at this time. NGE's goal is to preserve as much cash as possible while looking to raise capital to further its exploration program.

Amortization

Amortization costs were $36,284 for the period ended January 31, 2009, compared to $32,738 for the three month period ended January 31, 2008. The increase in amortization results from an increased asset base that was acquired in previous years plus new purchases during the 2009 year.

Assets

Total assets have increased from $5,996,196 as at January 31, 2008 to $6,604,178 as at January 31, 2009. This increase in assets of $607,982 is a result of the decrease in cash on hand due to the intense drilling program carried out in the current year and the Company's policy of capitalizing costs associated with exploration of its property portfolio. Cash and term deposits amounted to $3,159,856 at January 31, 2008 while cash at January 31, 2009 is down to $81,266. The decrease in cash is a result of 9 months of drilling by the Company compared to only 3 months for the period ended January 31, 2008. NGE has increased its mineral property holdings from $2,178,651 in January 31, 2008 to $5,419,155 at January 31, 2009. This increase is solely due to the fact that the Company has been working on its Phase 1 drill program for nine months in the current fiscal year whereas in the prior fiscal year drilling had only started in November 2007 because in that year the Company was focused on target generation which is not as costly as the drilling program. NGE has eleven (11) properties in its land portfolio and has now completed Phase 1 drilling on 3, and just began Phase 1 drilling on a fourth. Equipment has increased at January 31, 2009 to $650,051 net book value compared to $483,711 for January 31, 2008. The company has purchased a drill rig of its own to aid in its exploration program and this rig is valued at $250,000 US, other minor equipment has been added as well. Deposits for land reclamation also add to the Company's asset base. These deposits (bonds) are required by the U.S Bureau of Land Management (BLM) to ensure that post-drilling reclamation or clean-up work on NGE's properties will be completed to the satisfaction of the BLM. NGE has completed all required reclamation work to date, including dirt-work and seeding, and has to wait for vegetation to regrow before 100% of the bonds will be released.

Liquidity and Capital Resources

Liquidity

As at January 31, 2009 NGE had cash and cash equivalents amounting to $81,266 and $2,790,091 as at January 31, 2008. NGE now has completed one years worth of work of its Phase I RC drill program. As of January 31, 2009 the Company, recognizing the need to preserve cash in these uncertain times has shut down its drill program and scaled back its operations including a reduction in employees and pays no salary for the remaining management team. The Company is now situated with enough money to pay off its remaining accounts payables.

Any new capital that the Company raises will go to fund further water sampling, land claim payments and general and administrative operations until the markets stabilize. At that time the Company would look to raise a larger amount of money through an equity raise that would allow a continuation of its drilling program.

Management expects to finance future operations and growth through the use of (i) issuance of debt and equity securities, it is currently looking into the possibility of a small equity raise or a rights offering; (ii) the sale of assets, the Company has several assets (a drill rig and related equipment valued at $312,500 and a hydroprobe machine valued at a $100,000 and (iii) possible joint venture partnerships, the Company is continuing ongoing discussions with various groups to see whether the possibility of a joint venture partnership might be viable for any of its 11 properties.

The Company had working capital of $307,729 at January 31, 2009 while at January 31, 2008 it had $2,637,733 in working capital. The decrease in working capital is due to the Company having completed 12 months of its Phase 1 drill program with higher than expected costs for fuel for the drill rigs and longer than expected time frames for the completion of drill targets down to target depths.

Capital Expenditures

In the three month period ended January 31, 2009 NGE invested a total of $3,316 in capital assets compared to $162,446 for the three month period ended January 31, 2008. The decrease in capital expenditures in 2009 is due to NGE having already acquired the necessary equipment to complete its projects and the necessity of preserving the remaining capital it has.

Long Term Debt and Other Long Term Commitments

The Company has long term debt at January 31, 2009 consisting of loans for vehicles amounting to $122,269 of which $31,096 relates to the current portion. Principal payments for the next five years are as follows: 2009 - $31,096, 2010 - $31,803, 2011 - $27,815, 2012 - $19,002 and 2013 - $12,553. The Company entered into a ten year lease agreement with Julian Tomera Ranches, Inc., covering approximately 2,225 acres of land, the HP property, in Humboldt County, Nevada. The lease gives the Company mining rights to the property for the period. Pursuant to the terms of the lease the Company has paid a total of $84,981 up to 2007. Starting in 2008, the Company will pay $22,200 per year. The agreement also calls for the Company to pay Tomera a royalty of 3% Net Smelter Returns from production, if any, on the land covered by this lease. The Company is also obligated to pay Royal Gold Corporation (formerly Battle Mountain Gold Exploration Corp) a royalty of 1.25% of Net Smelter Returns from production of the “HP” and “FJ” properties.

Off Balance Sheet Arrangements

As at January 31, 2009, 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

1. Legal fees of $13,945 (2008 - $47,486), were paid to firms whose partners are directors of the Company.

2. As at January 31, 2009, loans receivable include an amount of $192,907 receivable from two officers and directors of the Company.

Disclosure of Outstanding Share Data

Authorized, an unlimited number and without par value:
Common shares, voting and participating.
Issued and outstanding:

	Number	Amount
Balance – April 30, 2007	**51,916,666**	**$ 4,749,709**
Private placements(i)	1,810,000	1,531,234
Exercise of options	412,500	82,500
Exercise of warrants	4,302,005	1,873,542
Ascribed value of options and warrants exercised	-	922,379
Balance – April 30, 2008	**58,441,171**	**9,159,364**
Exercise of options	250,000	150,000
Exercise of warrants	337,933	103,325
Ascribed value of options and warrants exercised	-	261,847
Balance – January 31, 2009	**59,029,104**	**$ 9,674,536**

Critical Accounting Estimates

EQUIPMENT

Equipment is recorded at cost, less accumulated amortization. Amortization is recorded on a straight-line basis at the following terms:

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

MINERAL PROPERTIES

All direct costs related to the acquisition and exploration of mineral properties are capitalized as incurred. Discretionary option payments arising from the acquisition of mineral properties are only recognized when paid. Amounts received from other parties to earn an interest in the Company's mineral properties are applied as a reduction of mineral properties. On a periodic basis, management reviews the carrying values of mineral properties to assess whether there has been any impairment in value. In the event that management determines the carrying values of any mineral property to be permanently impaired, the carrying value will be written down or written off, as appropriate. If a property is brought into production, the carrying value will be amortized against the income generated by the property.

STOCK-BASED COMPENSATION

The Company uses the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock. Any consideration paid by the option holders to purchase shares is credited to capital stock.

FOREIGN CURRENCY TRANSLATION

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

USE OF ESTIMATES

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

STOCK-BASED COMPENSATION

The Company uses the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Future Accounting Policies

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The AcSB announced that accounting standards in Canada are to converge with IFRS. The changeover date from current Canadian GAAP to IFRS has been established as January 1, 2011. While IFRS use a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. The Company is currently assessing the future impact of these new standards on its financial statements.

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, 2009 and April 30, 2008, 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.

Term deposits, accounts receivable and loans receivable are classified as loans and receivables and are measured at amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities and long-term debt are classified as other than held-for-trading liabilities and are measured at amortized cost using the effective interest rate method.

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, as outlined in Note 8 ("Capital Disclosures"). It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the normal course of business.

As at January 31, 2009, the Company was holding cash and cash equivalents and term deposits of $81,266. Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be low.

FOREIGN EXCHANGE

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

At January 31, 2009, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	$US
Cash and cash equivalents	74,546
Loans receivable	192,906
Deposits and bonds	107,157
Accounts payable and accrued liabilities	20,597

NET EXPOSURE

Based on the above net exposures as at January 31, 2009, and assuming that all other variables remain constant, a 10% change in the value of the US dollar against the Canadian dollar would result in an increase/decrease of $39,520 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.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares and incentive stock options. In the management of capital, the Company includes the components of shareholders' equity as well as cash.

The Company prepares annual estimates of exploration expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. The Company currently has insufficient capital to fund its exploration programs and to cover its administrative costs for the next twelve months. The Company is not subject to any externally imposed capital requirements.

Risks and Uncertainties

In conducting its business, NGE is subject to a wide variety of risks and uncertainties which are more fully described in section 1 of the MD&A.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Nevada's Management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of January 31, 2009. Based on this evaluation, the CEO and CFO have concluded that our disclosure controls and procedures, as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim filings, are effective to ensure that information required to be disclosed in reports that we file or submit under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules and forms.

Additional information regarding the Company can be found on www.sedar.com