

NEVADA EXPLORATION INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED JULY 31, 2014

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended July 31, 2014.

NEVADA EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)
AS AT

	July 31, 2014	April 30, 2014 (Audited)
ASSETS		
Current assets		
Cash	\$ 35,136	\$ 22,603
Accounts receivable (Notes 3)	2,775	2,131
Prepaid expenses (Note 4)	17,650	17,735
Short term investments (Note 5)	<u>3,401</u>	<u>3,401</u>
Total current assets	<u>58,962</u>	<u>45,870</u>
Non-current assets		
Equipment (Note 7)	139,417	144,860
Exploration and evaluation assets (Note 8)	2,993,997	4,359,925
Deposits and bonds (Note 9)	<u>68,556</u>	<u>87,321</u>
Total non-current assets	<u>3,201,970</u>	<u>4,592,106</u>
Total assets	<u>\$ 3,260,932</u>	<u>\$ 4,637,976</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 10 and 6)	\$ 339,863	\$ 272,045
Current portion of finance lease obligations (Note 11)	<u>7,025</u>	<u>9,381</u>
Total current liabilities	<u>346,888</u>	<u>281,426</u>
Non-current liabilities		
Finance lease obligations (Note 11)	<u>35,687</u>	<u>35,870</u>
Total liabilities	<u>382,575</u>	<u>317,296</u>
Equity		
Capital stock (Note 12)	16,122,776	16,122,776
Shares to be issued (Note 12)	25,000	-
Reserves (Note 13)	1,265,360	1,286,854
Deficit	<u>(14,534,779)</u>	<u>(13,088,950)</u>
Total equity	<u>2,878,357</u>	<u>4,320,680</u>
Total liabilities and equity	<u>\$ 3,260,932</u>	<u>\$ 4,637,976</u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 17)

Approved and authorized on behalf of the Board on September 29, 2014:

<u>“Wade Hodges”</u>	Director	<u>“Cyrus Driver”</u>	Director
Wade Hodges		Cyrus Driver	

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

NEVADA EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended July 31, 2014	Three Months Ended July 31, 2013
EXPENSES		
Amortization (Note 7)	4,664	4,088
General exploration costs	304	73,524
Interest and bank charges	403	527
Office expenses and other	13,409	21,805
Professional fees and consulting (Note 6)	26,821	20,820
Investor relations	-	16,830
Rent	16,768	15,521
Salaries (Note 15)	34,114	93,117
Travel	-	12,485
Total operating expenses	<u>(96,483)</u>	<u>(258,717)</u>
Loss from operations	<u>(96,483)</u>	<u>(258,717)</u>
OTHER GAIN (LOSS)		
Unrealized loss on marketable securities	-	(10,204)
Write-off of exploration and evaluation assets (Note 8)	<u>(1,349,346)</u>	<u>(2,632,919)</u>
Total other loss	<u>(1,349,346)</u>	<u>(2,643,123)</u>
Net loss for the period	(1,445,829)	(2,901,840)
OTHER COMPREHENSIVE INCOME		
Currency translation adjustment	<u>(21,494)</u>	<u>124,010</u>
Comprehensive loss for the period	<u>\$ (1,467,323)</u>	<u>\$ (2,777,830)</u>
Basic and diluted loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding	128,065,900	128,065,900

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

NEVADA EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Capital Stock		Shares to be issued	Reserves					Total Equity
	Shares (Note 12)	Amount (Note 12)	Amount (Note 12)	Options (Note 13)	Warrants (Note 13)	Currency Translation	Total Reserves	Deficit	
Balance, May 1, 2013	128,065,900	\$ 15,965,009	\$ -	\$ 884,585	\$ 286,143	\$ (86,168)	\$ 1,084,560	\$ (9,835,941)	\$ 7,213,628
Options expired	-	-	-	(90,612)	-	-	(90,612)	90,612	-
Currency translation adjustment	-	-	-	-	-	124,010	124,010	-	124,010
Net loss for the period	-	-	-	-	-	-	-	(2,901,840)	(2,901,840)
Balance, July 31, 2013	128,065,900	\$ 15,965,009	\$ -	\$ 793,973	\$ 286,143	\$ 37,842	\$ 1,117,958	\$ (12,647,169)	\$ 4,435,798
Balance, May 1, 2014	128,065,900	\$ 16,122,776	\$ -	\$ 840,490	\$ 128,376	\$ 317,988	\$ 1,286,854	\$ (13,088,950)	\$ 4,320,680
Shares to be issued	-	-	25,000	-	-	-	-	-	25,000
Currency translation adjustment	-	-	-	-	-	(21,494)	(21,494)	-	(21,494)
Net loss for the period	-	-	-	-	-	-	-	(1,445,829)	(1,445,829)
Balance, July 31, 2014	128,065,900	\$ 16,122,776	\$ 25,000	\$ 840,490	\$ 128,376	\$ 296,494	\$ 1,265,360	\$ (14,534,779)	\$ 2,878,357

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

NEVADA EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended July 31, 2014	Three Months Ended July 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (1,445,829)	\$ (2,901,840)
Items not affecting cash:		
Amortization	4,664	4,088
Write-off of exploration and evaluation assets	1,349,346	2,632,919
Unrealized loss on marketable securities	-	10,204
Changes in non-cash working capital items:		
Accounts receivable	(644)	44,735
Prepaid expenses	85	(305)
Accounts payable and accrued liabilities	<u>92,818</u>	<u>18,876</u>
Net cash provided by (used in) operating activities	<u>440</u>	<u>(191,323)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	<u>(5,697)</u>	<u>(4,478)</u>
Net cash used in investing activities	<u>(5,697)</u>	<u>(4,478)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares to be issued (Note 12)	25,000	-
Redemption of bonds (Note 9)	13,015	-
Repayment of finance lease obligations	<u>(2,289)</u>	<u>-</u>
Net cash provided by financing activities	<u>35,726</u>	<u>-</u>
Effect of foreign exchange	<u>7,064</u>	<u>(5,659)</u>
Change in cash for the period	12,533	(201,460)
Cash, beginning of period	<u>22,603</u>	<u>591,060</u>
Cash, end of period	<u>\$ 35,136</u>	<u>\$ 389,600</u>

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The Company is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “NGE” and the Company’s head office is located at Suite 1500 - 885 West Georgia Street, Vancouver, BC V6C 3E8. The Company’s registered and records office is located at 25th Floor, 700 W. Georgia St., Vancouver, BC V7Y 1B3.

These condensed consolidated interim financial statements are authorized for issue on behalf of the Board of Directors on September 29, 2014.

Going concern

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

During the period ended July 31, 2014, the Company incurred a comprehensive loss of \$1,467,323 (2013 – \$2,777,830) and as at that date, the Company had accumulated deficit of \$14,534,779 (April 30, 2014 – \$13,088,950), a working capital deficiency of \$287,926 (April 30, 2014 - \$235,556) and positive cash flows from operations of \$440 (2013 – negative cash flow of \$191,323). These factors create material uncertainties that may cast substantial doubt upon the Company’s ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (IFRICs). Accordingly, they do not include all of the information required for full annual financial statements by International Financial Reporting Standards (“IFRS”) for complete financial statements for year-end reporting purposes. These condensed consolidated interim financial statements should be read in conjunction with the Company’s financial statements for the year ended April 30, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its most recent annual audited consolidated financial statements as at and for the year ended April 30, 2014 as filed on SEDAR at www.sedar.com.

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

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary Pediment Gold LLC. The financial statements of the Company's subsidiary have been consolidated from the date that control commenced. All inter-company balances and transactions, and income and expenses have been eliminated upon consolidation.

The financial statements include the financial statements of Nevada Exploration Inc. and its subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Functional Currency	Ownership Interest	Principal Activity
Pediment Gold LLC	USA	US dollar	100%	Exploration company

Use of judgments and estimates

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 revenues and expenses during the period.

Significant assumptions about the future and other sources of estimated 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 the actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) the recoverability of receivables;
- ii) the carrying value and the recoverability of exploration and evaluation assets;
- iii) the estimated useful lives of equipment and the related amortization;
- iv) impairment of equipment; and
- v) valuation of share-based payments and warrants.

New Accounting Standards and Amendments to Existing Standards

New and amended standards adopted by the Company

There are no IFRS or IFRIC interpretations that are effective May 1, 2014 that are expected to have a material impact on the Company.

NEVADA EXPLORATION INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

JULY 31, 2014

3. ACCOUNTS RECEIVABLE

The Company's receivables arise from two main sources: Goods and Services Tax ("GST") receivable due from Canadian government taxation authorities and trade accounts receivable. These are broken down as follows:

	July 31, 2014	April 30, 2014
GST receivable	\$ 2,448	\$ 1,802
Accounts receivable	<u>327</u>	<u>329</u>
Total	<u>\$ 2,775</u>	<u>\$ 2,131</u>

4. PREPAID EXPENSES

The prepaid expenses for the Company are as follows:

	July 31, 2014	April 30, 2014
Security deposit for rental of premises	\$ 17,650	\$ 17,735

5. SHORT TERM INVESTMENTS

As at July 31, 2014 and April 30, 2014

	Number	Cost	Carrying Value
Spruce Ridge Resources Ltd. – Shares	170,068	\$ 25,000	\$ 3,401

6. RELATED PARTY TRANSACTIONS

During the period ended July 31, 2014, the Company:

- i) paid or accrued \$13,000 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner.

During the period ended July 31, 2013, the Company:

- i) paid or accrued \$11,550 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner.

NEVADA EXPLORATION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
JULY 31, 2014

6. RELATED PARTY TRANSACTIONS (cont'd...)

The amounts included in accounts payable and accrued liabilities which are due to related parties are as follows:

	July 31, 2014	April 30, 2014
Due to a firm of which the Chief Financial Officer is a partner	\$ 26,598	\$ 28,598
	\$ 26,598	\$ 28,598

7. EQUIPMENT

Included in computer equipment as at July 31, 2014 is a database under construction with a cost of \$82,195 (2013 - \$63,848). No amortization has been taken on this computer equipment in the current period.

During the period ended July 31, 2014, the Company recorded amortization of \$7,324 (2013 - \$2,953) on the asset under finance lease.

	Vehicles	Exploration equipment	Computer equipment	Total
Cost				
Balance, April 30, 2013	\$ 71,176	\$ 233,766	\$ 105,302	\$ 410,244
Additions	49,081	-	12,474	61,555
Disposal	(40,708)	(85,069)	-	(125,777)
Effect of translation	5,153	18,235	9,515	32,903
Balance, April 30, 2014	\$ 84,702	\$ 166,932	\$ 127,291	\$ 378,925
Effect of translation	(433)	(853)	(651)	(1,937)
Balance, July 31, 2014	\$ 84,269	\$ 166,079	\$ 126,640	\$ 376,988
Accumulated amortization				
Balance, April 30, 2013	\$ 71,176	\$ 174,707	\$ 23,706	\$ 269,589
Disposal	(40,708)	(65,928)	-	(106,636)
Amortization	4,864	37,894	6,805	49,563
Effect of translation	5,197	14,054	2,298	21,549
Balance, April 30, 2014	\$ 40,529	\$ 160,727	\$ 32,809	\$ 234,065
Amortization	2,421	510	1,733	4,664
Effect of translation	(187)	(817)	(154)	(1,158)
Balance, July 31, 2014	\$ 42,763	\$ 160,420	\$ 34,388	\$ 237,571
Carrying amounts				
As at April 30, 2014	\$ 44,173	\$ 6,205	\$ 94,482	\$ 144,860
As at July 31, 2014	\$ 41,506	\$ 5,659	\$ 92,252	\$ 139,417

NEVADA EXPLORATION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
JULY 31, 2014

8. EXPLORATION AND EVALUATION ASSETS

For the period ended July 31, 2014:

	AW	SGV	KC	HP	FJ	TOTAL
Acquisition costs						
Balance – May 1, 2014	\$ 239,373	\$ 67,531	\$ 927,347	\$ 109,427	\$ 235,790	\$ 1,579,288
Additions – cash	-	-	-	-	-	-
Option payments received	-	-	-	-	-	-
Effect of translation	(1,222)	(345)	(4,733)	(557)	(1,203)	(8,060)
Balance – end of period	<u>238,151</u>	<u>67,186</u>	<u>922,614</u>	<u>108,690</u>	<u>234,587</u>	<u>1,571,228</u>
Exploration costs						
Balance – May 1, 2014	702,957	-	82,116	875,087	1,120,477	2,780,637
Geological	393	-	-	5,304	-	5,697
Travel	-	-	-	-	-	-
Effect of translation	(3,589)	-	(419)	(4,493)	(5,718)	(14,219)
Balance – end of period	<u>699,761</u>	<u>-</u>	<u>81,697</u>	<u>875,898</u>	<u>1,114,759</u>	<u>2,772,115</u>
Write-off of property	-	-	-	-	(1,349,346)	(1,349,346)
Total costs – July 31, 2014	\$ 937,912	\$ 67,186	\$ 1,004,311	\$ 984,588	\$ -	\$ 2,993,997

NEVADA EXPLORATION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
JULY 31, 2014

8. EXPLORATION AND EVALUATION ASSETS (cont'd...)

For the year ended April 30, 2014:

	AW	SGV	KC	HP	FJ	TOTAL
Acquisition costs						
Balance – beginning of year	\$ 198,809	\$ -	\$ 772,938	\$ 78,902	\$ 221,255	\$ 1,271,904
Additions - cash	21,715	62,213	81,385	21,742	18,316	205,371
Option payments received	-	-	-	-	(22,348)	(22,348)
Effect of translation	<u>18,849</u>	<u>5,318</u>	<u>73,024</u>	<u>8,603</u>	<u>18,567</u>	<u>124,361</u>
Balance – end of year	<u>239,373</u>	<u>67,531</u>	<u>927,347</u>	<u>109,247</u>	<u>235,790</u>	<u>1,579,288</u>
Exploration costs						
Balance – beginning of year	646,081	-	75,649	799,528	1,032,098	2,553,356
Geological	1,522	-	-	6,650	-	8,172
Travel	-	-	-	-	147	147
Effect of translation	<u>55,354</u>	<u>-</u>	<u>6,467</u>	<u>68,909</u>	<u>88,232</u>	<u>218,962</u>
Balance – end of year	<u>702,957</u>	<u>-</u>	<u>82,116</u>	<u>875,087</u>	<u>1,120,477</u>	<u>2,780,637</u>
Total costs	\$ 942,330	\$ 67,531	\$ 1,009,463	\$ 984,334	\$ 1,356,267	\$ 4,359,925

NEVADA EXPLORATION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
JULY 31, 2014

8. EXPLORATION AND EVALUATION ASSETS (cont'd....)

Fletcher Junction (FJ)

Subsequent to the period ended July 31, 2014, the Company decided to drop the Fletcher Junction Project in order to focus its resources on the projects demonstrating the highest potentials (Note 17). Accordingly, the Company has written off this project to \$Nil as at July 31, 2014.

9. DEPOSITS AND BONDS

	July 31, 2014	April 30 2014
Security deposits ⁽¹⁾	\$ 5,750	\$ 11,500
Reclamation bond deposits ⁽²⁾	<u>62,806</u>	<u>75,821</u>
	<u>\$ 68,556</u>	<u>\$ 87,321</u>

⁽¹⁾ Security deposits consist of a guaranteed investment certificate ("GIC") maturing on August 3, 2014 and bearing interest at prime less 2%. The GIC is used to secure the credit limit on a credit card.

⁽²⁾ Reclamation bond deposits are required by the U.S. Bureau of Land Management ("BLM") and the U.S. Forest Service ("USFS") to ensure that any reclamation and clean-up work required on the Company's properties will be completed to the satisfaction of the BLM and the USFS. The Company did not have any asset retirement obligations as of July 31, 2014 and April 30, 2014.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are as follows:

	July 31, 2014	April 30, 2014
Trade payables	\$ 127,652	\$ 25,918
Due to related parties (Note 6)	26,598	28,598
Due to key management personnel (Note 15)	147,204	174,020
Accrued liabilities	<u>38,409</u>	<u>43,509</u>
Total	<u>\$ 339,863</u>	<u>\$ 272,045</u>

11. FINANCE LEASE OBLIGATIONS

The Company has a finance lease obligation for a leased vehicle, with blended monthly payments of principal and interest of \$45,499 (US\$41,727) and bearing interest at a rate of 2.90% per annum.

	July 31, 2014	April 30, 2014
Finance lease obligations	\$ 45,499	\$ 48,375
Deduct: amount representing interest	<u>(2,787)</u>	<u>(3,124)</u>
Present value of minimum lease payments due	42,712	45,251
Less: current portion	<u>(7,025)</u>	<u>(9,381)</u>
Non-current portion	<u>\$ 35,687</u>	<u>\$ 35,870</u>

The total of principal repayments of the finance lease obligations that are due within the next one year is \$7,025, and the remaining portion for \$35,687 is due between fiscal year 2015 to 2019.

12. CAPITAL STOCK

a) Authorized share capital:

As at July 31, 2014, the authorized share capital of the Company was:
 Unlimited number of common shares without par value;
 Unlimited number of preferred shares without par value;
 All issued shares are fully paid.

b) Issued share capital:

During the period ended July 31, 2014 and 2013, the Company did not have any share activities.

c) Shares to be issued:

During the period ended July 31, 2014, the Company received \$25,000 in advance from a non-brokered private placement (Note 17).

Shares for debt arrangements:

- d) On July 15, 2014, the Company announced, subject to shareholder and TSX Venture Exchange approval, it has entered into shares for debt agreements with management and a non-arms length party to which the Company will issue 2,050,000 common shares to settle \$30,000 in outstanding accrued salary for each of three senior officers of the Company and \$12,500 in outstanding payables due to an accounting firm, in which an officer and director of the Company is a partner for accounting services rendered in the ordinary course of business.

NEVADA EXPLORATION INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

JULY 31, 2014

13. RESERVESa) Options

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

During the period ended July 31, 2014 and 2013, the Company, did not grant any stock options.

A continuity of share purchase options for the period ended July 31, 2014 is as follows:

Expiry date	Exercise price	April 30, 2014	Granted	Expired	Cancelled	July 31, 2014	Exercisable
September 30, 2014	\$ 0.16	250,000	-	-	-	250,000	250,000
September 30, 2014	0.10	900,000	-	-	-	900,000	900,000
November 17, 2014	0.10	600,000	-	-	-	600,000	600,000
December 31, 2015	0.10	2,950,000	-	-	-	2,950,000	2,950,000
August 9, 2016	0.10	400,000	-	-	-	400,000	400,000
September 25, 2017	0.11	100,000	-	-	-	100,000	100,000
December 4, 2017	0.12	500,000	-	-	-	500,000	500,000
March 2, 2019	0.10	3,050,000	-	-	-	3,050,000	3,050,000
Total		8,750,000	-	-	-	8,750,000	8,750,000
Weighted average exercise price	\$ 0.10	\$ -	\$ -	\$ -	\$ -	\$ 0.10	\$ 0.10
Weighted average remaining life of options outstanding						2.44 years	

a) Warrants

During the period ended July 31, 2014, the Company issued Nil (2013 - 5,369,200) warrants.

A continuity of share purchase warrants for the period ended July 31, 2014 is as follows:

Expiry date	Exercise price	April 30, 2013	Granted	Expired	July 31, 2014	Exercisable
December 24, 2014 ⁱ⁾	\$ 0.15	5,000,000	-	-	5,000,000	5,000,000
Total		5,000,000	-	-	5,000,000	5,000,000
Weighted average exercise price	\$ 0.15	\$ -	\$ -	\$ -	\$ 0.15	\$ 0.15

i) Extended from the original expiry date of December 24, 2013 to December 24, 2014 during the year ended April 30, 2014.

NEVADA EXPLORATION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
JULY 31, 2014

14. SEGMENTED INFORMATION

The Company operates in one industry segment, being the acquisition, exploration and development of resource properties. Geographic information is as follows:

	July 31, 2014	April 30, 2014
Non-current assets:		
United States		
Equipment	\$ 139,417	\$ 144,860
Exploration and evaluation assets	2,993,997	4,359,925
Deposits and bonds	<u>62,806</u>	<u>75,821</u>
	<u>\$ 3,196,220</u>	<u>\$ 4,580,606</u>
Income:		
United States		
Project management and consulting	\$ -	\$ 154,964
Option payments	<u>-</u>	<u>103,992</u>
	<u>\$ -</u>	<u>\$ 258,956</u>

15. KEY MANAGEMENT COMPENSATION

Of the \$34,114 in salary expense, \$31,222 is for key management personnel, defined as those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly including any director (whether executive or otherwise) of the Company. The Company's key management personnel include the following: Chief Executive Officer, Chief Operating Officer, and President.

Remuneration of key management of the Company is as follows:

	Three Months Ended July 31, 2014	Three Months Ended July 31, 2013
Salaries	\$ 31,222	\$ 74,590

The amount included in accounts payable and accrued liabilities which is due to key management personnel is as follows:

	July 31, 2014	April 30, 2014
Due to key management personnel (Note 10)	\$ 147,204	\$ 174,020

16. FINANCIAL RISK MANAGEMENT

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 and deposits and bonds. 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 the discussion on capital management. 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 July 31, 2014, the Company had a cash balance of \$35,136 (April 30, 2014 - \$22,603) to settle current liabilities of \$346,888 (April 30, 2014 - \$281,426). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements.

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 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, deposits and bonds and on the Company's finance lease obligations are not considered significant.

(b) Foreign currency risk

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

Net assets denominated in foreign currency and the Canadian dollar equivalents at July 31, 2014 are as follows:

	CDN	USD
Current assets	\$ 50,070	\$ 45,919
Non-current assets	3,196,220	2,931,236
Current liabilities	(210,931)	(193,444)
Non-current liabilities	(35,687)	(32,728)
	\$ 2,999,672	\$ 2,750,983

16. FINANCIAL RISK MANAGEMENT (cont'd....)

Financial risk factors (cont'd....)

Net exposure

Based on the above net exposures as at July 31, 2014, 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 \$29,997 in comprehensive profit or loss.

17. SUBSEQUENT EVENTS

Subsequent to the period ended July 31, 2014, the Company:

- a) announced that in accordance with its planned, systematic, staged exploration program, NGE has reviewed the results to date at each of its projects, and has adjusted its land holdings to focus its resources on the projects demonstrating the highest potentials. Moving forward, NGE will continue to advance its Grass Valley, South Grass Valley, Kelly Creek, Hot Pot, and Awakening Projects. The Company has dropped its Fletcher Junction Project.
- b) announced that it has closed the first tranche of its non-brokered private placement announced on July 15, 2014. The Company has issued 2,830,100 units at a price of \$0.05 per unit, for gross proceeds of \$141,505. Each unit consists of one common share and one non-transferable common share purchase warrant entitling the holder to purchase one common share at an exercise price of \$0.05 for a period of three years, subject to an accelerated expiry provision described below. All shares issued are subject to a four month hold period expiring December 20, 2014, as well as to any other re-sale restrictions imposed by applicable securities regulatory authorities. In conjunction with a portion of this the first tranche, the Company paid finders' fees to an arm's length party totaling \$3,000 in cash and 40,000 Broker warrants exercisable under the same terms as the warrants issued as part of the units in the offering.
- c) Acquired a 100% interest in the Grass Valley Project after McEwen Mining Inc. withdrew from the Exploration Agreement.