NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Three Months Ended July 31, 2016

The following Management Discussion and Analysis ("MD&A) prepared as of September 29, 2016 should be read in conjunction with the condensed consolidated interim financial statements for the period ended July 31, 2016, and the related notes thereto. Those condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

The reader should also refer to the annual audited financial statements and the MD&A for the year ended April 30, 2016. 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") and on the OTCQX marketplace ("OTCQX"). The Company is engaged in gold exploration in Nevada, USA. 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 covered 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.

CORPORATE UPDATE

Since May 1, 2016:

On May 2, 2016, and June 6, the Company announced that it had staked additional claims at the Company's Kelly Creek Project, based on an updated geologic model for the Project. With the addition of these new claims, NGE now controls more than 38.22 km2 (14.76 mi2) or 3,822 hectares (9,445 acres) within the Kelly Creek Basin.

On July 12, 2016, the Company announced that it had closed a private placement financing, issuing 5,000,000 Units at a price of $0.35 per Unit, for total proceeds of $1,750,000. Each Unit consisted of one common share and one half of one non-transferable common share purchase warrant entitling the holder to purchase one common share at an exercise price of $0.60 for a period of eighteen months. In connection with the private placement, the Company paid $38,366 as share issuance costs and issued 147,600 finder's units on the same terms as the units described above.

The Company issued 5,130,000 common shares as a result of warrants exercised for gross proceeds of $513,000.

On August 10, 2016, the Company announced that it had closed a private placement financing, issuing 2,000,000 Units at a price of $0.3525 per Unit, for total proceeds of $705,000. Each Unit consisted of one common share and one half of one transferable common share purchase warrant entitling the holder to purchase one common share at an exercise price of $0.60 for a period of eighteen months.

On September 26, 2016, the Company announced that it had added 233 new claims covering 18.9 km^2 (7.3 mi^2) at its Grass Valley Project in north-central Nevada, more than doubling the size of the Project to 34.4 km^2 (13.3 mi^2).

LAND ACQUISITION AND MAINTENANCE

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

As of September 29, 2016, NGE directly holds 875 unpatented mining claims and other mineral interests in the following properties through its wholly owned US subsidiary Pediment Gold LLC:

Project	NGE Claims		OTHER*	Total
	Claims	Area (km^2)	Area (km^2)	Area (km^2)
Grass Valley (GV)	425	34.4	-	34.4
South Grass Valley (SGVA)	264	22.1	-	22.1
Kelly Creek (KC)	180	21.6	16.6	38.2
Hot Pot (HP)	-	-	8.8	8.8
Awakening (AW)	6	0.5	-	0.5
TOTAL	875	78.6	25.4	104

*Leased private lands and interest in claims on BLM land held by 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:

− Regional reconnaissance using the most recent understanding of gold deposit formation and our collective exploration experience to project range-front geology into adjacent, shallowly covered areas.

− Hydrogeochemistry: NGE then uses its proprietary hydroprobe sampling technology to collect systematic 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.

− Surface Geochemistry: NGE may complete detailed soil, vegetation, and/or soil gas 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 surface geochemistry allows NGE to confirm the presences of anomalous levels of gold and other trace elements in a secondary medium in addition to in the groundwater.

− 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

Grass Valley (GV)

The Grass Valley Project is located 90 km (55 miles) southwest of Carlin in Lander County, Nevada, along the western side of Grass Valley, approximately 16 kilometres (10 mi) south of Barrick Gold Corp.'s Cortez Pipeline property, one of the world's largest and lowest cost gold mines. The Company has a 100% interest in 425 claims (34.4 km^2) at Grass Valley.

The Grass Valley project was identified and acquired in 2012 as a result of a hydrogeochemistry sampling program completed as part of a generative Exploration Agreement with McEwen Mining Inc. For the first two years of the project McEwen Mining Inc. controlled the project and advanced it by: collecting rock, soil, and vegetation geochemistry samples; mapping the exposed range front geology in the context of the regionally important structural controls; completing a detailed gravity geophysics survey; acquiring and reprocessing historic seismic geophysical data; and drilling one stratigraphic test drill hole.

The combined exploration dataset has confirmed that this Project represents a compelling new gold exploration target with significant upside in a region of Nevada known for large, world class gold deposits.

In 2014, McEwen Mining Inc. elected to withdraw from the Exploration Agreement, and NGE now holds a 100% interest in the Project.

South Grass Valley (SGV)

The South Grass Valley Project is located in Lander County, north-central Nevada, approximately 50 kilometres (32 miles) south southwest of Barrick Gold Corp.'s Cortez Pipeline property. The Company has a 100% interest in 264 claims (22.1 km^2) at South Grass Valley.

Kelly Creek (KC)

As at July 31, 2016, the Company's Kelly Creek Project consists of 389 unpatented mining claims, 209 of which are leased by the Company from Genesis Gold Corporation through a Mining Lease and Option to Purchase Agreement (the "Genesis Agreement"), and 180 of which are held directly by the company, together covering approximately 38.2 km^2.

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 gravity geophysical survey was completed in 2010 with positive results confirming the presence of shallow bedrock over the large area.

Kelly Creek sits adjacent to NGE's Hot Pot Project and has benefited from the updated and improved understanding of the district geologic controls provided by the Enexco drilling at Hot Pot (see Hot Pot discussion below). Combined with the hydrogeochemistry and gravity geophysics that NGE has collected, and the favorable regional, district and property scale lithology, structure and alteration, NGE believes that it has narrowed the area of exploration focus at Kelly Creek and confirmed the strong potential for covered gold mineralization. NGE expects the next phases of work at Kelly Creek to include detailed air magnetic geophysics, additional groundwater sampling, and seismic geophysics.

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. The Hot Pot Project consists of approximately 8.8 km^2 of private land leased by the Company under a Mining Lease Agreement

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, Paleozic Rocks underlying the Hot Pot Project. Hydrothermal alteration includes carbon re-mobilization, local bleaching, clay, de-calcification and secondary pyrite.

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

On September 16, 2009, the Company entered into an Exploration Agreement with International Enexco Ltd. ("Enexco") whereby Enexco can earn a 51% interest in the Hot Pot Property by drilling 6,000 meters (19,600ft) over three years, with the option to earn an additional 19%, for 70% total, by drilling another 3,000 meters (9,800ft) during the fourth year. 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 withdrew from the Exploration Agreement at Hot Pot, and that as a result, Enexco retained no interest in the project. NGE has updated the exploration model for the project based on Enexco's drilling, and NGE believes that the combined dataset confirms that the project represents a compelling exploration target in an important part of Nevada.

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 6 claims (0.5 km^2) at Awakening.

The Awakening Project 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 85km^2 (33mi^2) of high quality gravity geophysics data and approximately 173 km^2 (67 m^2) of air magnetic data. The gravity geophysical survey was collected to delineate depth to metasedimentary and granitic bedrock, potential thickness of preserved rhyolitic volcanic rocks, and the location and orientation of prominent lithologic offsets that might be indicative of major fault zones. The detailed air magnetic survey was completed to be used in conjunction with the gravity data to define magnetically anomalous volcanic lithologies and zones of hydrothermal and/or structural magnetite destruction that might be indicative of major fault zones and possible hydrothermal alteration.

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

On June 4, 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 ("Awakening Agreement") on NGE's Awakening Gold Project ("Awakening Property"), in Humboldt County, Nevada. The Awakening Agreement granted Northgate the option to earn an initial 51% interest in the Awakening Property by spending USD$4,100,000 in exploration and making additional cash payments totaling USD$436,000 over five years. If Northgate completed the initial 51% earn-in, it had the option to earn an additional 14%, for a total of 65%, by completing a feasibility report on the Awakening Property.

During 2011, Northgate completed a seven hole core drilling program totalling 2,194 metres (7,198 feet). In January, 2011, Northgate was acquired by AuRico Gold Inc. ("AuRico"). AuRico indicated to NGE that Northgate's drilling results at Awakening were not encouraging enough to warrant AuRico's continuation of the Awakening Agreement, and during the year ended April 30, 2012, AuRico elected to terminate the Awakening Agreement. AuRico retains no interest in the project.

NGE's management believes that the results of NGE's integrated exploration program at Awakening have delineated a focused pediment target along a structural zone extending north from Paramount Gold & Silver Corp.'s Sleeper Gold Project.

Summary of expenditures by property:

Resource properties expenditures for the period ended July 31,

	2016	2015
Grass Valley	1,556	-
South Grass Valley	1,121	-
Kelly Creek	58,197	-
	$ 60,874	**$ -**

RESULTS OF OPERATIONS

During the three-month period ended July 31, 2016:

During the three-month period ended July 31, 2016, the Company's net losses were $310,856 compared to net loss of $87,342 for the three-month period ended July 31, 2015. The increase in net losses was primarily due to exploration and evaluation expenditures, investor relations expenses, share-based payments, and salaries.

Exploration and evaluation expenditures during the three-month period ended July 31, 2016 were $60,874, compared to $nil during the three-month period ended July 31, 2015. This is due to increased exploration activities.

Investor relations expenses during the three-month period ended July 31, 2016 were $129,838, compared to $900 during the three-month period ended July 31, 2015. This increase is a result of the Company's plan to increase its market awareness.

Salaries during the three-month period ended July 31, 2016 were $42,400, compared to $26,259 during the three-month period ended July 31, 2015. This is due to increased exploration activities during the period.

Share-based payments during the three-month period ended July 31, 2016 were $20,457, compared to $nil during the three-month period ended July 31, 2015. This is a result of options vesting during the current period, no options were issued or vesting during the period ended July 31, 2015.

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.

	Year Ended April 30, 2016	Year Ended April 30, 2015	Year Ended April 30, 2014
Net loss	$ (1,200,812)	$ (419,859)	$ (1,085,978)
Basic and diluted loss per share	(0.05)	(0.03)	(0.08)
Total assets	202,897	214,910	278,051
Total long-term liabilities	18,631	28,855	35,870

Summary of Quarterly Results

	Three Month Period Ended July 31, 2016	Three Month Period Ended April 30, 2016	Three Month Period Ended January 31, 2016	Three Month Period Ended October 31, 2015
Total assets	$ 2,167,689	$ 202,897	$ 244,055	$ 349,601
Working capital (deficiency)	1,677,698	(32,400)	37,566	41,476
Equity	1,972,889	40,442	96,678	187,174
Net income (loss)	(310,856)	(301,842)	(498,859)	(342,062)
Income (loss) per share	(0.01)	(0.01)	(0.02)	(0.01)

	Three Month Period Ended July 31, 2015	Three Month Period Ended April 30, 2015	Three Month Period Ended January 31, 2015	Three Month Period Ended October 31, 2014
Total assets	$ 213,467	$ 214,910	$ 202,344	$ 217,000
Working capital (deficiency)	(537,389)	(32,400)	(361,788)	(371,244)
Equity	(398,903)	(303,153)	(221,695)	(241,510)
Net income (loss)	(87,342)	(83,048)	3,702	(238,332)
Loss per share	(0.01)	(0.00)	(0.00)	(0.02)

ASSETS & LIABILITIES

Deposits for land reclamation also add to the Company's asset base. Those deposits as at July 31, 2016 are $46,882 (April 30, 2016 - $45,281). 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 the Company's properties will be completed to the satisfaction of the BLM and the USFS.

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.

Net cash used in operating activities for the period ended July 31, 2016 was $242,054 compared to cash used of $15,459 during the period ended July 31, 2015 and consists primarily of the operating loss and changes in non-cash working capital items.

Net cash used by investing activities for the period ended July 31, 2016 was $227,232 compared to $nil used during the year ended July 31, 2015, and consists of acquisition of equipment in the current period.

Net cash provided by financing activities for the period ended July 31, 2016 was $2,221,729 compared to $6,457 provided during the period ended July 31, 2015. The difference is primarily attributable to proceeds from private placement received of $1,711,634 and $513,000 of warrants exercised during the period ended July 31, 2016.

Capital Resources

As of July 31, 2016, the Company has a finance lease obligation for a leased vehicle of $29,298 (US - $22,441), with blended monthly payments of principal and interest, bearing interest at a rate of 2.90% per annum. The total of principal repayments of the finance lease obligations that are due within the next one year is $8,913, and the remaining portion for $19,383 is due between fiscal year 2018 to 2019.

Commitment

The Company has the following commitments:

- premise commitments of $15,736 in fiscal 2017; and
- various commitments relating to its resource properties.

Off Balance Sheet Arrangements

As at July 31, 2016, 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 TRANSACTIONS

During the period ended July 31, 2016, the Company:

i) paid or accrued $13,800 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner.

During the period ended July 31, 2015, the Company:

i) paid or accrued $12,920 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner.

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

	July 31, 2016	April 30, 2016
Due to a firm of which the Chief Financial Officer is a partner	$ 24,940	$ 26,225
Due to management of the Company	5,250	2,000
	$ 30,190	$ 28,225

KEY MANAGEMENT COMPENSATION

Remuneration of key management of the Company was as follows:

	Three Months Ended July 31, 2016	Three Months Ended July 31, 2015
Salaries	$ 42,400	$ 26,259
	$ 42,400	$ 26,259

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

	July 31, 2016	April 30, 2016
Due to key management personnel	$ 5,250	$ 2,000

DISCLOSURE OF OUTSTANDING SHARE DATA

As at September 29, 2016, the Company has 46,364,350 common shares issued and outstanding and has the following stock options and warrants outstanding:

	Number of Options	Exercise Price	Expiry Date
Stock options			
	10,000	1.10	September 25, 2017
	50,000	1.20	December 4, 2017
	280,000	1.00	March 2, 2019
	1,625,000	0.19	October 19, 2020
	125,000	0.32	December 31, 2020
	100,000	0.37	April 20, 2021
	2,220,000	0.47	August 2, 2026
	4,410,000		
Warrants			
	287,010	0.50	August 19, 2017
	6,420,000	0.10	August 28, 2018
	939,150	0.10	August 28, 2018
	700,000	0.10	September 23, 2018
	661,500	0.50	December 29, 2017
	2,573,799	0.60	January 12, 2018
	1,000,000	0.60	February 10, 2018
	12,581,459		

Fully diluted: 63,355,809

FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

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.

Short term investments are measured at level 1 of the fair value hierarchy. The fair value of short term investments is measured at the market price of the common shares held at the measurement date. The carrying value of cash, deposits and bonds, finance lease obligations and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

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 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, 2016, the Company had a cash balance of $1,821,460 (April 30, 2016 - $74,820) to settle current liabilities of $175,417 (April 30, 2016 - $143,824). The Company believes that there is no liquidity risk as at July 31, 2016.

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, 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 as at July 31, 2016 are as follows:

	USD	CDN
Current assets	$ 99,021	$ 129,281
Non-current assets	236,537	308,824
Current liabilities	(67,764)	(88,472)
Non-current liabilities	(14,846)	(19,383)
	$ 252,948	$ 330,250

Based on the above net exposures as at July 31, 2016, 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 $3,303 in comprehensive loss.

CAPITAL MANAGEMENT

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 composed of common shares and incentive stock options. In the management of capital, the Company includes the components of 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 any excess 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 equity financings to fund further exploration. The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the quarter ended July 31, 2016.

RISKS AND UNCERTAINTIES

In conducting its business of mineral exploration, NGE is subject to a 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, and that 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, CEO and Director
Dennis Higgs, Chairman and Director
Cyrus Driver, CFO
Kenneth Tullar, COO
James Buskard, President
Dr John E. Larson, Director
Benjamin Leboe, Director

CONTINUANCE OF OPERATIONS

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically and recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Subsequent to July 31, 2016, the Company received proceeds of $705,000 from a private placement.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims and noncompliance with regulatory and environmental requirements.

CHANGES IN ACCOUNTING POLICIES

There were no new and amended standards that became effective for the Company's July 31, 2016 reporting period.

New or revised standards and amendments to existing standards not yet effective

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's July 31, 2016 reporting period:

- New standard IFRS 9, *Financial Instruments*, was issued in November 2009 as the first step in its project to replace IAS 39, *Financial Instruments: Recognition and Measurement.* IFRS 9 introduces new requirements for classifying and measuring financial assets. This standard is effective for years beginning on or after January 1, 2018. The impact of this amendment is to be determined.

- New standard IFRS 16, *Leases*, specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019. The impact of this amendment is to be determined.

- New standard IFRS 15, *Revenue from contracts with customers*, provides guidance on how and when revenue from contracts with customers to be recognized, along with new disclosure requirements in order to provide financial statement users with more information and relevant information. This standard is effective for reporting periods on or after January 1, 2018. The impact of this standard is to be determined.

The Company plans to adopt these standards as soon as they become effective for the Company's reporting period.

During the year ended April 30, 2016, the Company retroactively changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures of mineral properties to the specific mineral properties, net of recoveries received.

Under the new policy, exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred. As required by IAS8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Company included the restated statement of financial position as of May 1, 2014 in the April 30, 2016 consolidated financial statements

Management considers this accounting policy to provide more reliable and relevant information and more clearly represents the Company's activities.

The consolidated financial statement impact as at April 30, 2015 is as follows:

	As previously reported	Adjustment	Restated
Exploration and evaluation assets	$ 3,442,023	$ (3,442,023)	$ -
Total assets	3,656,933	(3,442,023)	214,910
Reserves	(1,163,289)	638,333	(524,956)
Deficit	14,393,150	2,803,690	17,196,840
Total shareholder's equity	3,138,870	(3,442,023)	(303,153)
Total liabilities and shareholder's equity	3,656,933	(3,442,023)	214,910

Exploration and evaluation costs that were capitalized and previously disclosed during the period ended July 31, 2015 have now been expensed in the statement of loss and comprehensive loss in accordance with the change in accounting policy. Impairment charges on the exploration and evaluation assets during the nine months ended April 30, 2015 were re-classed to deficit as they would have been expensed in prior year in accordance with the change in accounting policy. As all exploration and evaluation assets were held in the US subsidiary, the cumulative translation reserve has been adjusted as the change in accounting policy resulted in the restatement of foreign exchange translation on exploration and evaluation assets. Exploration and evaluation costs that were recorded as an investing activity in the statement of cash flows for the period ended July 31, 2015 are now recorded as cash flows used in operating activities.

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 condensed consolidated interim financial statements and this accompanying interim MD&A (together the "Interim 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