

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Six Months Ended October 31, 2017

The following Management Discussion and Analysis (“MD&A”) prepared as of December 15, 2017 should be read in conjunction with the condensed consolidated interim financial statements for the period ended October 31, 2017, 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, 2017. 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.

CONTINUANCE OF OPERATIONS AND GOING CONCERN

The condensed consolidated interim financial statements for the period ended October 31, 2017, www.sedar.com, have been prepared assuming the Company will continue on a going-concern basis. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue 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. Additionally the Company estimates that it will need additional capital to operate for the upcoming year. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

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.

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 OTCQB marketplace (“OTCQB”). The Company is engaged in gold exploration focused 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”.

Nevada’s total gold production to date exceeds 200Moz, and its current annual production is approximately 5Moz, about the same as that of Canada. Less than half of Nevada’s bedrock is exposed in its mountain ranges, and the 200Moz produced to date clusters near these exposed bedrock areas. The bedrock and geology beneath the cover in Nevada’s valley basins is in most cases no different than that exposed in its ranges, and so is deemed to be as prospective. However, these covered areas have seen virtually no systematic exploration to date because conventional regional-scale geochemical sampling programs are ill-suited to looking under cover. Furthermore, the high cost of conventional drilling has precluded the wide-spread use of drilling as a follow-up prospecting tool to evaluate meaningful numbers of targets from regional-scale exploration. The result is that half of Nevada, the world’s highest gold producing jurisdiction by area, remains essentially unexplored.

NGE’s team has spent the last decade to integrate the use of hydrogeochemistry (groundwater chemistry) with conventional exploration tools to develop a Nevada-specific regional-scale geochemical exploration program to evaluate Nevada’s basins. With innovative technology, NGE has completed the world’s largest groundwater sampling program for gold exploration, collecting more than 5,000 samples, to evaluate Nevada’s covered basins for new gold exploration targets. To advance follow-up targets, NGE has overcome the high drilling costs that have previously prohibited the wide-spread use of drilling as a prospecting tool by developing Nevada’s first truck-

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Six Months Ended October 31, 2017

mounted small-diameter RC drill rig, tailored specifically to the drilling conditions in Nevada’s basins (analogous to RAB drilling in other parts of the world).

By integrating hydrogeochemistry and early-stage low-cost drilling with conventional exploration methods, NGE is generating and advancing a portfolio of gold exploration projects. NGE and its exploration partners have now drilled more than 18,000 metres on targets defined by its integrated exploration program, and at several projects have discovered new large hydrothermal systems, with spatial extents covering several square kilometres, defined by system-appropriate alteration in bedrock over significant drill intervals (>100 feet) containing widespread low-level gold (10-100 ppb) and associated trace-element geochemistry consistent with the geologic and geochemical footprints of Nevada’s large gold deposits. These are the types of footprints that have yielded multi-million-ounce gold deposits in Nevada, and with these results NGE believes that it has demonstrated the validity of its integrated exploration program to discover and advance new high-quality gold targets in otherwise blind settings.

By overcoming the challenges, and radically reducing the costs of exploring in Nevada’s covered basins, NGE is taking meaningful steps to open up this important new search space for district-scale exploration. NGE’s business model is to create shareholder value by leveraging its properties and technology through generative exploration, joint ventures, and other exploration partnerships.

MINERAL PROPERTIES

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 (km²)	Area (km²)	Area (km²)
Grass Valley	425	35.5	-	35.5
South Grass Valley	264	22.1	-	22.1
Kelly Creek	180	13.0	29.3	42.3
Awakening	6	0.5	-	0.5
TOTAL	875	71.1	29.3	100.4

*Leased private lands and interest in claims on BLM land held by third parties.

Grass Valley

The Grass Valley Project is located 90 km southwest of Carlin in Lander County, Nevada, at the northwestern end of Grass Valley a 924 km² valley basin that continues south from the world class mineralization at Barrick Gold Corp.’s Cortez mine, one of the world’s largest and lowest cost gold mines. The Company has a 100% interest in 425 claims (35.5 km²) at Grass Valley.

Since 2011, NGE has used its integrated exploration program to explore for new gold exploration targets in Grass Valley, in the north-central part of Nevada famous for Carlin-Type Gold Deposits (“CTGDs”), and has identified a 14.5 km by 2.4 km target defined by elevated concentrations of gold and gold-related trace element geochemistry in groundwater.

In addition to completing a detailed hydrogeochemistry program, NGE and a former partner’s work to date at the Grass Valley Project has included: vegetation and soil geochemistry (including soil gas mercury); the acquisition and reprocessing of two historic seismic geophysical lines; geologic mapping; a gravity geophysical survey; one stratigraphic orientation drill hole; and most recently, geochemical analysis of approximately 2,400 metres of drill cuttings obtained from seven historic (2005 to 2008) geothermal exploration drill holes.

Based on the work to date at the Project, the Company believes that it has confirmed the presence of a large, gold-bearing hydrothermal system at the Grass Valley Project, consistent with the geologic setting of a CTGD. NGE’s exploration team is continuing to update its geologic model with ongoing field mapping activities and 3D compilation and interpretation of the comprehensive exploration datasets. With this work, NGE believes it has established evidence that the complex structural controls associated with the Cortez mine to the north are also

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Six Months Ended October 31, 2017

present along the western edge of Grass Valley, coincident with the elevated gold in groundwater. NGE expects the next stage of work at the project to be a shallow drilling program using its Scorpion Drill Rig to further characterize the geochemistry of the groundwater, alluvium, and bedrock along these inferred structural controls.

South Grass Valley

The South Grass Valley Project is located in Lander County, north-central Nevada, approximately 50 kilometres south southwest of Barrick Gold Corp.'s Cortez Pipeline property. The Company has a 100% interest in 264 claims (22.1 km²) at South Grass Valley.

The South Grass Valley Project is situated along the Eureka - Battle Mountain Gold Trend, within the specific region of north-central Nevada known for CTGDs defined to the West by the western extent of reactive lower plate carbonate host rocks and to the east by the eastern limit of unreactive upper plate cap rocks. Within this region, major gold mineralization is associated with areas where rising gold-bearing hydrothermal fluids ponded beneath unreactive upper plate cap rocks to react with the favourable lower plate carbonate host rocks below.

These favourable lower plate host rocks have been identified in the mountains surrounding South Grass Valley, and since 1975 at least five major and 13 smaller groups actively explored the area. Despite considerable expenditures by these groups, NGE is not aware of any significant gold values being identified in the exposed bedrock in the mountains surrounding the Project, and as a result, these groups had little justification to undertake the considerable expense and risk required to support sustained efforts to follow the favourable lower plate host rocks beneath the basin cover in the Valley.

Using its industry-leading hydrogeochemistry exploration technology, from 2012 to 2013 the Company collected groundwater samples across South Grass Valley, and delineated a target measuring approximately 11 km by 1.6 km defined by elevated concentrations of gold and CTGD trace element geochemistry. This was a very important step for the Project, because whereas many other groups have recognized the potential to discover new gold deposits in the favourable lower plate carbonate host rocks within South Grass Valley, for the first time, NGE has positively delineated a discrete target within the Valley defined by elevated concentrations of gold and supporting geochemistry characteristic of CTGDs.

During July, 2016, NGE's technical team completed a range-front geologic mapping and sampling program at South Grass Valley, the results of which have successfully confirmed the presence of hydrothermally altered and geochemically anomalous CTGD lower plate host rock in a small outcrop of exposed bedrock located within the Project, known as Goodwin Butte. Further interpretation of the air magnetic and gravity geophysics data projects this favourable lower plate host rock at Goodwin Butte beneath the target area defined by the elevated gold and supporting trace element hydrogeochemistry.

With strong support for favourable lower plate carbonate host rocks coincident with elevated gold and supporting CTGD trace element geochemistry in the groundwater, NGE believes that the South Grass Valley Project presents one of the most exciting new gold exploration projects in Nevada. NGE expects that the next stage of work at the project to be a shallow drilling program using its Scorpion Drill Rig to further characterize the geochemistry of the groundwater, alluvium, and bedrock at the Project.

Kelly Creek

The Kelly Creek Project is located in Humboldt County, Nevada. The Company has combined its former Hot Pot Project into its Kelly Creek Project, the combination of which is now together referred to as the Kelly Creek Project, comprising: 180 unpatented mining claims held directly by the company, covering approximately 13.0 km²; 209 unpatented mining claims leased by the Company from Genesis Gold Corporation through a Mining Lease and Option to Purchase Agreement (the "Genesis Agreement"), covering approximately 15.1 km²; and approximately 14.2 km² of private land leased by the Company under a Mining Lease Agreement (the "Hot Pot Lease").

The Kelly Creek Basin is situated along the Battle Mountain – Eureka Gold Trend, and is bounded by multi-million-ounce gold deposits to the north (Twin Creeks, Getchell, Turquoise Ridge, and Pinson) and south (Lone Tree,

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Six Months Ended October 31, 2017

Marigold, Trenton Canyon, Converse, Buffalo Valley, Copper Basin, and Phoenix) - together representing more than 70Moz of gold along the periphery of the Basin. Despite its proximity to world-class mineralization, the interior of the Kelly Creek Basin has seen limited systematic exploration activity to date because its bedrock is largely covered by syn- to post-mineral volcanic units and post-mineral alluvium.

Recognizing the potential to find significant gold mineralization within the Kelly Creek Basin, dozens of major and junior explorers have spent tens of millions of dollars to follow the prospective geology seen in and proximal to the exposed bedrock in the surrounding mountain ranges beneath the sands and gravels covering the Basin. Within the areas controlled by NGE, this activity has included: Santa Fe Pacific completing wide-spaced bedrock mapping drilling in the 1990s; BHP completing an extensive soil auger geochemistry program through the late 1990s; and Placer Dome completing a reconnaissance-scale reverse circulation program in the early 2000s. Other companies that either now hold or have held claims in the immediate area include Newmont, Barrick, AngloGold, Hemlo, Homestake, and Kennecott. The efforts of each company have added valuable information about the geology of the Basin; however, without a cost-effective tool to conduct basin-scale exploration beneath the valley cover, the exploration programs to date in the Kelly Creek Basin have predominantly consisted of unsystematic and uncoordinated efforts focused on relatively small areas.

NGE developed its hydrogeochemistry exploration technology specifically to complete regional-scale exploration for gold in Nevada's covered basins, and NGE has used this technology to map elevated concentrations of gold in groundwater along the major structural corridor beneath the Kelly Creek Basin that connects the multi-million-ounce gold deposits to the north and to the south.

Since establishing its initial holdings in the Kelly Creek Basin, NGE and its exploration partners have completed major work programs, building a comprehensive exploration dataset to understand the geology beneath the Basin. This exploration dataset now includes:

- 1,000 km² of regional magnetic geophysical data;
- 670 km² of detailed air magnetic geophysical data;
- 1,000 km² of regional gravity geophysical data;
- 100 km² of detailed gravity geophysical data;
- 33 line-km of CSAMT geophysical data;
- 49 line-km of 3D reflection seismic data; and
- A drilling database containing 31 drill holes, plus 114 historic drill holes, representing more than 29,000 metres of drilling, including assay results for more than 5,000 drill intervals representing more than 10,000 metres of drill assay data.

With this unparalleled exploration dataset for the Kelly Creek Basin, NGE is has built a comprehensive geologic model focused on the central portion of the Basin where NGE has demonstrated the presence of high levels of gold in the groundwater associated with the structural trend connecting the major gold mineralization to the north and south. NGE is currently completing a shallow drill program using its Scorpion Drill Rig to further characterize the geochemistry of the groundwater, alluvium, and bedrock at the Project.

Awakening

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 km²) 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

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Six Months Ended October 31, 2017

regional, district, and property scales suggest that important gold-silver mineralization may be located within economic depths beneath the cover at Awakening.

Work to date on the Project by NGE and a former exploration partner includes:

- 85km² of high quality gravity geophysics data;
- 173 km² of air magnetic data; and
- Approximately 3,000 metres of core and RC drilling.

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 October 31,

	2017	2016
Grass Valley	\$ 89,777	\$ 140,679
South Grass Valley	70,826	209,549
Kelly Creek	476,951	161,759
Awakening	2,092	7,497
	\$ 639,646	\$ 519,484

RESULTS OF OPERATIONS

During the three-month period ended October 31, 2017:

The Company’s net loss during the three-month period ended October 31, 2017 (the “Current Quarter”) was \$922,387 compared to \$1,161,593 for the three-month period ended October 31, 2016 (the “Previous Quarter”). The decrease is primarily a result of the following:

Amortization expense during the Current Quarter was \$28,900 compared to a recovery of \$1,401 during the Previous Quarter. The increase is primarily a result of an increase in amortization relating to the disposal of computer equipment leading to a write-off in the Previous Quarter.

Filing fees during the Current Quarter was \$16,081 compared to \$33,627 during the Previous Quarter. The decrease is due to decreased filing activities during the period.

General exploration costs during the Current Quarter was \$Nil compared to \$12,949 during the Previous Quarter. The decrease in general exploration costs is a result of all exploration activity in the period being focused on the Kelly Creek Project, and recorded as exploration and evaluation expenditures.

Investor relations expense during the Current Quarter was \$101,705 compared to \$192,886 during the Previous Quarter. The decrease is the result of a relative decrease in marketing efforts during the period.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Six Months Ended October 31, 2017

Professional fees and consultants during the Current Quarter was \$52,173 compared to \$37,334 during the Previous Quarter. This is due to increased activities during the period.

Rent expenses during the Current Quarter was \$21,668 compared to \$15,117 during the Previous Quarter. The increase is primarily a result of increasing total office space.

Salaries during the Current Quarter was \$125,612 compared to \$81,898 during the Previous Quarter. This is due to increased management wages during the Current Quarter.

Share-based payments during the Current Quarter was \$55,128 compared to \$295,884 during the Previous Quarter. This is the result of a higher Black-Scholes valuation on options granted in previous periods and vesting through the Current Quarter as compared to the Previous Quarter.

During the six-month period ended October 31, 2017:

The Company's net loss during the six-month period ended October 31, 2017 (the "Current Period") was \$1,509,316 compared to \$1,472,449 for the six-month period ended October 31, 2016 (the "Previous Period"). The increase is primarily a result of the following:

Amortization expense during the Current Quarter was \$58,692 compared to \$7,934 during the Previous Quarter. The increase is primarily a result of an increase in amortization relating to computer equipment being written off in the Previous Period.

Exploration and evaluation expenditures expense during the Current Quarter was \$639,646, compared to \$519,484 during the Previous Quarter. The increase is primarily a result of an increase in drilling on the Kelly Creek Project.

Filing fees during the Current Quarter was \$22,973 compared to \$48,384 during the Previous Quarter. The decrease is due to decreased filing activities during the period.

Investor relations expense during the Current Quarter was \$136,735 compared to \$322,724 during the Previous Quarter. The decrease is the result of a relative decrease in marketing efforts during the period.

Office expenses and other expenses during the Current Quarter was \$58,534 compared to \$32,975 during the Previous Quarter. This is due to increased activities during the period.

Professional fees and consultants during the Current Quarter was \$86,598 compared to \$54,806 during the Previous Quarter. This is due to increased activities during the period.

Rent expenses during the Current Quarter was \$41,667 compared to \$22,921 during the Previous Quarter. The increase is primarily a result of increasing total office space.

Salaries during the Current Quarter was \$205,704 compared to \$124,298 during the Previous Quarter. This is due to increased management wages during the Current Quarter.

Share-based payments during the Current Quarter was \$186,826 compared to \$316,341 during the Previous Quarter. This is the result of a higher Black-Scholes valuation on options granted in previous periods and vesting through the Current Quarter as compared to the Previous Quarter.

Travel during the Current Quarter was \$23,162 compared to \$12,732 during the Previous Quarter. This is primarily a result of increased travel.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Six Months Ended October 31, 2017

Summary of Quarterly Results

	Three Month Period Ended October 31, 2017	Three Month Period Ended July 31, 2017	Three Month Period Ended April 30, 2017	Three Month Period Ended January 31, 2017
Total assets	\$ 875,120	\$ 633,328	\$ 1,007,601	\$ 1,560,304
Working capital	287,448	22,427	362,243	1,030,767
Equity	774,271	513,290	902,269	1,478,341
Net loss	(922,387)	(586,929)	(772,925)	(709,930)
Loss per share	(0.02)	(0.01)	(0.01)	(0.01)

	Three Month Period Ended October 31, 2016	Three Month Period Ended July 31, 2016	Three Month Period Ended April 30, 2016	Three Month Period Ended January 31, 2016
Total assets	\$ 2,078,220	\$ 2,167,689	\$ 202,897	\$ 244,055
Working capital	1,433,932	1,677,698	(32,400)	37,566
Equity	1,906,217	1,972,889	40,442	96,678
Net loss	(1,161,593)	(310,856)	(301,842)	(498,859)
Loss per share	(0.03)	(0.01)	(0.01)	(0.02)

ASSETS & LIABILITIES

Deposits for land reclamation also add to the Company's asset base. Those deposits as at October 31, 2017 are \$122,721 (April 30, 2017 - \$129,786). 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 October 31, 2017 was \$1,174,939 compared to cash used of \$1,295,645 during the period ended October 31, 2016 and consists primarily of the operating loss and changes in non-cash working capital items as detailed in the condensed consolidated interim financial statements for the period ended October 31, 2017 on www.sedar.com.

Net cash used by investing activities for the period ended October 31, 2017 was \$31,332 compared to \$396,880 used during the period ended October 31, 2016. Investing activities in both periods relates to the acquisition of equipment and intangible assets.

Net cash provided by financing activities for the period ended October 31, 2017 was \$1,232,342 compared to \$3,003,532 provided during the period ended October 31, 2016. The difference is primarily attributable to proceeds from two private placements totalling \$2,455,000 and \$614,000 of warrants exercised during the period ended October 31, 2016 compared to one private placement totalling \$1,131,930 and \$115,000 of warrants exercised during the period ended October 31, 2017.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Six Months Ended October 31, 2017

Capital Resources

As of October 31, 2017, the Company has a finance lease obligation for a leased vehicle of \$13,074 (US - \$10,170), 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 \$12,153, and the remaining portion for \$921 is due between fiscal year 2018 to 2019.

Commitment

The Company has the following additional commitment:

- a) Total office lease payments of \$103,580 ending December 31, 2018.

Off Balance Sheet Arrangements

As at October 31, 2017, 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 October 31, 2017, the Company:

- i) accrued \$22,000 in professional fees to a corporation owned by the Chief Financial Officer of the Company.
- ii) recorded share-based payments of \$33,214 (2016 - \$Nil) related to the fair value of stock options vesting through the period to an officer and directors.

During the period ended October 31, 2016, the Company paid or accrued \$22,000 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:

	October 31, 2017	April 30, 2017
Due to a firm of which the Chief Financial Officer is a partner	\$ 2,193	\$ 13,860
Due to a corporation owned by the Chief Financial Officer	22,000	11,000
	<u>\$ 24,193</u>	<u>\$ 24,860</u>

KEY MANAGEMENT COMPENSATION

Remuneration of key management of the Company is as follows:

	Six months Ended October 31, 2017	Six months Ended October 31, 2016
Salaries	\$ 183,384	\$ 124,298
Share-based payments	64,837	116,752

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Six Months Ended October 31, 2017

DISCLOSURE OF OUTSTANDING SHARE DATA

As at December 15, 2017, the Company has 55,424,068 common shares issued and outstanding and has the following stock options and warrants outstanding:

	Number of Options	Exercise Price	Expiry Date
Stock options			
	280,000	\$ 1.00	March 2, 2019
	1,625,000	0.185	October 19, 2020
	125,000	0.315	December 31, 2020
	100,000	0.37	April 20, 2021
	2,120,000	0.47	August 2, 2026
	350,000	0.40	November 22, 2017
	<u>4,600,000</u>		
Warrants			
	661,500	\$ 0.50	December 29, 2017
	5,209,150	0.10	August 28, 2018
	700,000	0.10	September 23, 2018
	2,502,299	0.60	January 12, 2018
	1,000,000	0.60	February 10, 2018
	2,921,250	0.60	November 27, 2018
	1,993,233	0.60	February 17, 2019
	<u>14,987,432</u>		

Fully diluted: 75,011,500

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, other receivable, deposits and bonds, finance lease obligations, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Six Months Ended October 31, 2017

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, deposits and bonds 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. 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 October 31, 2017, the Company had a cash balance of \$302,105 (April 30, 2017 - \$288,627) to settle current liabilities of \$99,928 (April 30, 2017 - \$97,840). The Company believes that there is minimal liquidity risk as at October 31, 2017 as the Company subsequently closed a private placement for proceeds of \$1,115,000.

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 as at October 31, 2017 are as follows:

	USD	CDN
Current assets	\$ 36,321	\$ 46,599
Non-current assets	371,207	476,244
Current liabilities	(53,687)	(68,878)
Non-current liabilities	(697)	(921)
	\$ 353,144	\$ 453,044

Based on the above net exposures as at October 31, 2017, 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 \$3,531 in comprehensive loss.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Six Months Ended October 31, 2017

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 comprised 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 period ended October 31, 2017.

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
Cyrus Driver, CFO
Kenneth Tullar, COO
James Buskard, President
Dennis Higgs, Chairman and Director
Dr John E. Larson, Director
Benjamin Leboe, Director

ACCOUNTING POLICIES

Please refer to the condensed consolidated interim financial statements for the six months ended October 31, 2017 and 2016 on www.sedar.com for all accounting policies, including newly adopted policies and future accounting policy pronouncements.

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.

NEVADA EXPLORATION INC.
Management Discussion and Analysis – Form 51-102F1
For the Six Months Ended October 31, 2017

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