



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2019 AND 2018

TSXV: NGE
OTCQB: NVDEF

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

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

	October 31, 2019	April 30, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 56,812	\$ 1,841,216
Accounts receivable (Note 3)	8,443	25,423
Prepaid expenses (Note 4)	8,319	8,473
Short term investments (Note 5)	8,503	6,803
Total current assets	<u>82,077</u>	<u>1,881,915</u>
Non-current assets		
Equipment and intangible assets (Note 7)	166,342	209,239
Deposits and bonds (Note 9)	74,810	75,731
Total non-current assets	<u>241,152</u>	<u>284,970</u>
Total assets	<u>\$ 323,229</u>	<u>\$ 2,166,885</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 10)	\$ 182,610	\$ 115,940
Equity		
Capital stock (Note 11)	27,615,362	27,306,958
Reserves (Note 11)	2,755,763	2,613,060
Deficit	(30,230,506)	(27,869,073)
Total equity	<u>140,619</u>	<u>2,050,945</u>
Total liabilities and equity	<u>\$ 323,229</u>	<u>\$ 2,166,885</u>

Nature of operations, continuance of operations and going concern (Note 1)

Commitments (Note 13)

Events after the reporting period (Note 16)

Approved and authorized on behalf of the Board on: December 16, 2019

“Wade Hodges” Director *“Dennis Higgs”* Director

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 – Prepared by Management)
(Expressed in Canadian Dollars)

	Three months ended October 31, 2019	Three months ended October 31, 2018	Six months ended October 31, 2019	Six months ended October 31, 2018
EXPENSES				
Amortization (Note 7)	\$ 19,408	\$ 30,907	\$ 39,088	\$ 62,066
Equipment and vehicles	13,657	11,757	18,038	19,666
Exploration and evaluation expenditures (Note 8)	687,424	862,695	1,550,733	1,011,215
Filing fees	44,062	31,707	51,693	35,721
Foreign exchange	(99)	(2,564)	739	(329)
Interest and bank charges	735	825	2,148	879
Investor relations	90,499	83,110	140,972	126,659
Office expenses and other	40,676	26,954	49,667	51,522
Professional fees and consultants (Note 6)	60,270	19,946	105,831	46,180
Rent	41,482	35,789	81,688	57,740
Salaries (Note 6)	113,510	130,446	227,489	209,358
Share-based payments (Note 6 and 11)	78,087	257,927	192,143	353,783
Travel	13,653	17,286	19,480	25,492
Total operating expenses	(1,203,364)	(1,506,785)	(2,479,709)	(1,999,952)
OTHER ITEMS				
Net consulting income (loss)	-	(3,646)	4,629	8,990
Interest income	2,541	-	-	-
Unrealized gain on short term investments (Note 5)	851	850	1,700	2,551
Total other items	3,392	(2,796)	6,329	11,541
Net loss for the period	(1,199,972)	(1,509,581)	(2,473,380)	(1,988,411)
OTHER COMPREHENSIVE LOSS				
Item that may be reclassified to profit or loss:				
Currency translation adjustment	252	5,395	(5,738)	13,404
Total comprehensive loss for the period	\$ (1,199,720)	\$ (1,504,186)	\$ (2,479,118)	\$ (1,975,007)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.03)
Weighted average number of common shares outstanding	88,286,945	62,885,693	87,806,642	62,593,049

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

	Capital Stock		Reserves					Total Equity
	Shares (Note 12)	Amount (Note 12)	Options (Note 12)	Warrants (Note 12)	Currency Translation	Total Reserves	Deficit	
Balance, May 1, 2018	55,424,068	\$ 22,895,123	\$ 1,478,731	\$ 219,189	\$ (59,642)	\$ 1,638,278	\$ (23,903,708)	\$ 629,693
Private placement	16,000,000	2,000,000	-	-	-	-	-	2,000,000
Relative fair value of unit warrants issued	-	(424,040)	-	424,040	-	424,040	-	-
Finder's unit shares	450,100	56,263	-	-	-	-	-	56,263
Finder's unit warrants	-	(35,105)	-	35,105	-	35,105	-	-
Share issuance costs	-	(79,558)	-	-	-	-	-	(79,558)
Share-based payments	-	-	353,783	-	-	353,783	-	353,783
Warrants exercised	4,680,000	556,917	-	(88,917)	-	(88,917)	-	468,000
Options expired	-	-	(177,326)	-	-	(177,326)	177,326	-
Warrants expired	-	25,591	-	(25,591)	-	(25,591)	-	-
Currency translation adjustment	-	-	-	-	13,404	13,404	-	13,404
Net loss for the period	-	-	-	-	-	-	(1,988,411)	(1,988,411)
Balance, October 31, 2018	76,554,168	\$ 24,995,191	\$ 1,655,188	\$ 563,826	\$ (46,238)	\$ 2,172,776	\$ (25,714,793)	\$ 1,453,174
Balance, May 1, 2019	87,331,559	\$ 27,306,958	\$ 1,633,261	\$ 1,015,688	\$ (35,889)	\$ 2,613,060	\$ (27,869,073)	\$ 2,050,945
Private placement	1,688,888	380,000	-	-	-	-	-	380,000
Relative fair value of unit warrants issued	-	(64,960)	-	64,960	-	64,960	-	-
Finder's unit shares	85,400	19,215	-	-	-	-	-	19,215
Finder's unit warrants	-	(3,285)	-	3,285	-	3,285	-	-
Share issuance costs	-	(22,566)	-	-	-	-	-	(22,566)
Options cancelled	-	-	(111,947)	-	-	(111,947)	111,947	-
Share-based payments	-	-	192,143	-	-	192,143	-	192,143
Currency translation adjustment	-	-	-	-	(5,738)	(5,738)	-	(5,738)
Net loss for the period	-	-	-	-	-	-	(2,473,380)	(2,473,380)
Balance, October 31, 2019	89,105,847	\$ 27,615,362	\$ 1,713,457	\$ 1,083,933	\$ (41,627)	\$ 2,755,763	\$ (30,230,506)	\$ 140,619

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 – Prepared by Management)
(Expressed in Canadian Dollars)

	Six months ended October 31, 2019	Six months ended October 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (2,473,380)	\$ (1,988,411)
Items not affecting cash:		
Amortization	39,088	62,066
Share-based payments	192,143	353,783
Unrealized gain on short term investments	(1,700)	(2,551)
Changes in non-cash working capital items:		
Accounts receivable	16,980	(1,537)
Prepaid expenses	154	(251,467)
Accounts payable and accrued liabilities	66,670	258,763
Net cash used in operating activities	(2,160,045)	(1,569,354)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits	-	66,712
Recovery of cost	-	260
Net cash provided by (used in) investing activities	-	66,972
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	380,000	2,000,000
Share issuance costs	(3,351)	(23,296)
Proceeds from warrants exercised	-	468,000
Repayment of finance lease obligations	-	(7,217)
Net cash provided by financing activities	376,649	2,437,487
Effect of foreign exchange	(1,008)	5,869
Change in cash and cash equivalents for the period	(1,784,404)	940,974
Cash and equivalents, beginning of period	1,841,216	197,094
Cash and equivalents, end of period	\$ 56,812	\$ 1,138,068
Supplemental cash flow information		
Interest paid in cash	\$ -	\$ 164
Income taxes paid in cash	\$ -	\$ -
Issuance of shares for settlement of finders' fees	\$ 19,215	\$ 56,263

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

NEVADA EXPLORATION INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

October 31, 2019

1. NATURE OF OPERATIONS, CONTINUANCE 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.

The Company is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “NGE” and on the OTCQB marketplace under the trading symbol “NVDEF”. The Company’s head office is located at Suite 1400 - 885 West Georgia Street, Vancouver, BC V6C 3E8. The Company’s registered and records office is located at 700 West Georgia St., 25th Floor, Vancouver, BC V7Y 1B3.

These condensed consolidated interim financial statements are authorized for issue on behalf of the Board of Directors on December 16, 2019.

Continuance of operations and going concern

These condensed consolidated interim financial statements have been prepared on a going-concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business. 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, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. The Company has not produced revenues from its exploration activities and does not have a regular source of cash flow. The Company will periodically have to raise funds to continue operations and, although it has been successful thus far in doing so there is no assurance it will be able to do so in the future. The Company estimates that it will need additional capital to operate for the upcoming year. These material uncertainties 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.

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, 2019, 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, 2019 as filed on SEDAR at www.sedar.com.

NEVADA EXPLORATION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
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October 31, 2019

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

New Accounting Standards and Amendments to Existing Standards

New or revised standards and amendments to existing standards adopted during the period

- 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 Company does not currently have any leases that fall within the application of IFRS 16.

3. ACCOUNTS RECEIVABLE

The accounts receivable for the Company are as follows:

	October 31, 2019	April 30, 2019
GST receivable	\$ 8,443	\$ 19,446
Other receivables	-	5,977
Total	\$ 8,443	\$ 25,423

4. PREPAID EXPENSES

The prepaid expenses for the Company are as follows:

	October 31, 2019	April 30, 2019
Security deposit for rental of premises	\$ 7,740	\$ 7,895
Prepaid services	579	578
	\$ 8,319	\$ 8,473

5. SHORT TERM INVESTMENTS

	October 31, 2019	April 30, 2019		
	Number	Cost	Carrying Value	Carrying Value
Spruce Ridge Resources Ltd. - Shares	170,068	\$ 25,000	\$ 8,503	\$ 6,803

During the period ended October 31, 2019, the Company revalued the shares based on the market price at October 31, 2019, resulting in an unrealized gain of \$1,700 (2019 – gain of \$1,701).

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

October 31, 2019

6. RELATED PARTY TRANSACTIONS

During the period ended October 31, 2019, the Company:

- i) paid or accrued \$39,000 in consulting fees to a corporation of which the Chief Financial Officer is an employee.
- ii) paid or accrued \$60,000 in consulting fees to a company controlled by a director of the Company and to a consultant related to a director.
- iv) recorded share-based payments of \$138,696 related to the fair value of stock options vesting through the period to officers, directors, and a consultant related to a director.

During the period ended October 31, 2018, the Company:

- i) accrued \$18,190 in professional fees to a corporation owned by the former Chief Financial Officer of the Company.
- ii) paid or accrued \$5,806 in consulting fees to a corporation of which the Chief Financial Officer is an employee.
- ii) recorded share-based payments of \$77,480 related to the fair value of stock options vesting through the period to officers and directors.

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

	October 31, 2019	April 30, 2019
Due to a corporation of which the Chief Financial Officer is an employee	\$ 6,825	\$ 5,250
Due to key management	37,223	9,450
Due to officers, companies controlled by directors and a consultant related to a director	28,752	31,500
	<u>\$ 72,800</u>	<u>\$ 46,200</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's President, Chief Executive Officer and Chief Operating Officer.

Remuneration of key management of the Company is as follows:

	Six Months Ended October 31, 2019	Six Months Ended October 31, 2018
Salaries	\$ 204,244	\$ 184,697
Share-based payments	69,705	131,240
	<u>\$ 273,949</u>	<u>\$ 315,937</u>

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

October 31, 2019

7. EQUIPMENT AND INTANGIBLE ASSETS

	Vehicles	Exploration Equipment	Computer Equipment	Software Database	Total
Cost					
Balance – April 30, 2018	\$ 64,488	\$ 567,323	\$ 14,546	\$ 104,447	\$ 750,804
Disposals	-	(198,481)	-	-	(198,481)
Impairment	-	-	-	(108,454)	(108,454)
Effect of translation	1,602	24,769	679	4,007	31,057
Balance – April 30, 2019	\$ 66,090	\$ 393,611	\$ 15,225	\$ -	\$ 474,926
Effect of translation	21	(7,710)	(313)	-	(8,002)
Balance – October 31, 2019	\$ 66,111	\$ 385,901	\$ 14,912	\$ -	\$ 466,924
Accumulated amortization					
Balance – April 30, 2018	\$ 58,743	\$ 292,387	\$ 13,215	\$ 52,223	\$ 416,568
Disposals	-	(198,481)	-	-	(198,481)
Impairment	-	-	-	(81,340)	(81,340)
Amortization	5,844	77,262	1,162	26,725	110,993
Effect of translation	1,503	13,414	638	2,392	17,947
Balance – April 30, 2019	\$ 66,090	\$ 184,582	\$ 15,015	\$ -	\$ 265,687
Amortization	-	38,881	207	-	39,088
Effect of translation	21	(3,904)	(310)	-	(4,193)
Balance – October 31, 2019	\$ 66,111	\$ 219,559	\$ 14,912	\$ -	\$ 300,582
Carrying amounts					
As at April 30, 2019	\$ -	\$ 209,029	\$ 210	\$ -	\$ 209,239
As at October 31, 2019	\$ -	\$ 166,342	\$ -	\$ -	\$ 166,342

8. RESOURCE PROPERTIES

Resource properties expenditures for the period ended October 31,	2019	2018
South Grass Valley	\$ 1,295,384	\$ 688,940
Grass Valley	99,775	92,541
Kelly Creek	154,152	228,416
Awakening	1,422	1,318
	<u>\$ 1,550,733</u>	<u>\$ 1,011,215</u>

South Grass Valley (SGV)

As at October 31, 2019, the Company's South Grass Valley Project consists of unpatented mining claims held directly by the Company.

Grass Valley Project (GV)

As at October 31, 2019, the Company's Grass Valley Project consists of unpatented mining claims held directly by the Company.

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

October 31, 2019

8. RESOURCE PROPERTIES (cont'd...)**Kelly Creek (KC)**

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.

As of October 31, 2019, the Company's Kelly Creek Project consists of:

- unpatented mining claims held directly by the Company;
- unpatented mining claims leased by the Company from Genesis Gold Corporation (Genesis") through a Mining Lease and Option to Purchase Agreement (the "Genesis Agreement"); and
- private land leased by the Company under a Mining Lease Agreement (the "Hot Pot Lease").

The Company entered into the Genesis Agreement on October 1, 2009 and as amended on December 29, 2014, August 25, 2015 and July 25, 2019, to acquire a 100% interest in the Genesis's Hot Pot claims. Under the Genesis Agreement, the Company is the Operator and has the option to purchase 100% of the Genesis claims for 100,000 common shares (issued) and USD\$1,500,000, subject to a 1.5% Net Smelter Return Royalty ("Royalty"), and the following advance royalty payments:

1 st anniversary (October 1, 2010)	\$	5,000 USD	(paid)
2 nd anniversary (October 1, 2011)		10,000 USD	(paid)
3 rd anniversary (October 1, 2012)		10,000 USD	(paid)
4 th anniversary (October 1, 2013)		10,000 USD	(paid)
5 th to 8 th anniversary (October 1, 2014 to October 1, 2017)		10,000 USD	i) & ii)
9 th anniversary (October 1, 2018)		50,000 USD	(paid)
10 th anniversary (October 1, 2019)		Nil	iii)
11 th to 13 th anniversaries (October 1, 2020 – October 1, 2022)		20,000 USD	iii)
14 th and subsequent anniversaries (October 1, 2023)		50,000 USD	

- During the year ended April 30, 2015, the Company issued 80,000 Common shares, plus agreed to pay \$10,000 USD to satisfy the October 1, 2014 payment (paid).
- On August 25, 2015, the Company and Genesis agreed to amend the terms of the Genesis Agreement to reduce the annual payments due on October 1, 2015 (paid); October 1, 2016 (paid); and October 1, 2017 (paid), from \$50,000 USD to \$10,000 USD, subject to each party's rights under the Genesis Agreement.
- On July 25, 2019, the Company and Genesis agreed to amend the terms of the Genesis Agreement to reduce the annual payment due on October 1, 2019 from \$50,000 USD to \$Nil. Additionally, the annual payments due October 1, 2020 to October 1, 2022 have been reduced from \$50,000 USD to \$20,000 USD, whereby the Company may elect to deliver up to half of this payment in common shares of the Company.

The Company entered into the Hot Pot Lease on September 16, 2004, for an initial term of 10 years, as amended on September 2, 2011, February 25, 2016 and February 16, 2017. Any mineral production on the project is subject to a 3% Net Smelter Return Royalty (the "NSR") to the property owner, subject to the Company's right to reduce the Royalty from 3% to 2% for \$2,000,000 USD. Under the February 25, 2016, amendment, the term of the Hot Pot Lease was extended to 20 years, until September 16, 2024. Under the February 16, 2017, amendment, additional lands were added to the Hot Pot Lease, subject to the following payments:

Amendment Date (February 16, 2017)	\$	5,000 USD	(paid)
September 16, 2017	\$	25,000 USD	(paid)
October 8, 2018	\$	30,000 USD	(paid)
September 16, 2019	\$	30,000 USD	(paid)
Subsequent Anniversaries	\$	30,000 USD	

The majority of the Company's mineral interests at Kelly Creek are subject to a 1.25% NSR to Royal Gold, Inc.

NEVADA EXPLORATION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
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October 31, 2019

8. RESOURCE PROPERTIES (cont'd...)

Awakening (AW)

As at October 31, 2019, the Company's Awakening Project consists of unpatented mining claims held directly by the Company.

9. DEPOSITS AND BONDS

	October 31, 2019	April 30, 2019
Security deposits ⁽¹⁾	\$ 28,750	\$ 28,750
Reclamation bond deposits ⁽²⁾	46,060	46,981
	<u>\$ 74,810</u>	<u>\$ 75,731</u>

⁽¹⁾ Security deposits consisted of \$28,750 guaranteed investment certificate ("GIC") and bearing interest at prime less 2% to a minimum of 0%. The GIC was 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") to ensure that any reclamation and clean-up work required on the Company's properties will be completed to the satisfaction of the BLM.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	October 31, 2019	April 30, 2019
Trade payables	\$ 92,810	\$ 44,740
Due to related parties (Note 6)	72,800	46,200
Accrued liabilities	17,000	25,000
Total	<u>\$ 182,610</u>	<u>\$ 115,940</u>

11. CAPITAL STOCK

a) Authorized share capital:

As at October 31, 2019, the authorized share capital of the Company was:

Unlimited number of common shares without par value;
Unlimited number of preferred shares without par value; and
All issued shares are fully paid

b) Issued share capital:

During the period ended October 31, 2019, the Company:

- Completed a private placement 1,688,888 units at a price of \$0.225 per unit for gross proceeds of \$380,000. Each unit consists of one common shares and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of 30 months at a price of \$0.50 per share. If the closing price of the common shares of the Company quoted on the TSX Venture Exchange is greater than \$0.90 for 10 consecutive trading days, the Company may accelerate the expiry date of the warrants to the 30th day after the date on which the Company gives notice to the warrant holder of such acceleration. All securities issued are subject to a four month plus one day hold period expiring January 13, 2020.

NEVADA EXPLORATION INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

October 31, 2019

11. CAPITAL STOCK (cont'd...)

b) Issued share capital (cont'd...)

- The Company paid finders fees totalling 85,400 units on the same terms as the units described above. The finder's shares granted were estimated to have a fair value of \$19,215. The finder's warrants granted were estimated to have a fair value of \$3,285 and were accounted for as a share issuance cost.

During the period ended October 31, 2018, the Company:

- issued 4,680,000 common shares as a result of warrants exercised for gross proceeds of \$468,000.
- Completed the first tranche of a private placement of 10,372,000 units at a price of \$0.125 per unit for gross proceeds of \$1,296,500. Each unit consists of one common shares and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of 30 months at a price of \$0.30 per share. If the closing price of the common shares of the Company quoted on the TSX Venture Exchange is greater than \$0.50 for 10 consecutive trading days, the Company may accelerate the expiry date of the warrants to the 30th day after the date on which the Company gives notice to the warrant holder of such acceleration. All securities issued are subject to a four month plus one day hold period expiring December 30, 2018.
- In connection with the first tranche, the Company paid finders fees totalling 158,900 units on the same terms as the units described above. The finder's shares granted were estimated to have a fair value of \$19,863. The finder's warrants granted were estimated to have a fair value of \$10,396 and were accounted for as a share issuance cost.
- Completed the second and final tranche of the private placement of 5,628,000 units at a price of \$0.125 per unit for gross proceeds of \$703,500. Each unit consists of one common shares and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of 30 months at a price of \$0.30 per share. If the closing price of the common shares of the Company quoted on the TSX Venture Exchange is greater than \$0.50 for 10 consecutive trading days, the Company may accelerate the expiry date of the warrants to the 30th day after the date on which the Company gives notice to the warrant holder of such acceleration. All securities issued as part of the second tranche are subject to a four month plus one day hold period expiring January 8, 2019.
- In connection with the second tranche, the Company paid finders fees totalling 291,200 units on the same terms as the units described above. The finder's shares granted were estimated to have a fair value of \$36,400. The finder's warrants granted were estimated to have a fair value of \$24,709 and were accounted for as a share issuance cost.

NEVADA EXPLORATION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
October 31, 2019

11. CAPITAL STOCK

c) 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 ten years.

In the absence of a reliable measurement of the services received from the consultants, the following stock option grants have been measured at the fair value of the stock options issued.

During the period ended October 31, 2019, the Company granted 150,000 stock options to consultants of the Company. The options are exercisable at \$0.23 per share for a period of ten years from the date of grant, expiring May 30, 2029. The total value recorded for options vested throughout the period is \$17,995.

During the year ended April 30, 2019, the Company granted the following share purchase options:

On July 4, 2018, the Company granted 300,000 stock options to a consultant of the Company. The options are exercisable at \$0.15 per share for a period of ten years from the date of grant. These options vested upon grant. The total value recorded for these options is \$44,900.

On October 1, 2018, the Company granted 2,555,000 stock options to certain directors, officers, employees, and consultants of the Company. The options have an exercise price of \$0.26 per share for a period of ten years from the date of grant. One third of the options vest upon grant, one third after one year, and one third two years after the grant date. The options are valued at \$600,109, and the vested value recorded during the period ended October 31, 2019 is \$133,907.

On October 26, 2018, the Company granted 150,000 stock options to a corporation of which the Chief Financial Officer is an employee. The options have an exercise price of \$0.35 per share for a period of ten years from the date of grant. One third of the options vest immediately, one third after one year, and one third two years after the grant date. The options are valued at \$51,406, and the vested value recorded during the period ended October 31, 2019 is \$12,650.

On February 21, 2019, the Company granted 250,000 options to a consultant of the Company. The options have an exercise price of \$0.30 per share for a period of ten years from the grant date. One third of the options vest upon grant, one third after six months, and one third one year after the grant date. The options are valued at \$73,551, and the vested value recorded during the period ended October 31, 2019 is \$27,591.

A Continuity of share purchase options for the period October 31, 2019 is as follows:

Expiry date	Exercise price	April 30, 2019	Granted	Expired/ Forfeited	October 31, 2019	Exercisable
October 19, 2020	0.185	1,625,000	-	-	1,625,000	1,625,000
December 31, 2020	0.315	125,000	-	-	125,000	125,000
August 3, 2026	0.47	1,720,000	-	(250,000)	1,470,000	1,470,000
November 27, 2027	0.40	350,000	-	-	350,000	233,334
July 4, 2028	0.15	300,000	-	-	300,000	300,000
October 1, 2028	0.26	2,555,000	-	-	2,555,000	1,703,333
October 26, 2028	0.35	150,000	-	-	150,000	100,000
February 21, 2029	0.30	250,000	-	-	250,000	166,667
May 30, 2029	0.23	-	150,000	-	150,000	50,000
Total		7,075,000	150,000	(250,000)	6,975,000	5,773,334
Weighted average exercise price		\$ 0.30	\$ 0.23	\$ 0.47	\$ 0.30	\$ 0.30

NEVADA EXPLORATION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
October 31, 2019

11. CAPITAL STOCK (cont'd...)

c) Options (cont'd...)

A continuity of share purchase options for the year April 30, 2019 is as follows:

Expiry date	Exercise price	April 30, 2018	Granted	Expired/ Forfeited	April 30, 2019	Exercisable
March 2, 2019	1.00	280,000	-	(280,000)	-	-
October 19, 2020	0.185	1,625,000	-	-	1,625,000	1,625,000
December 31, 2020	0.315	125,000	-	-	125,000	125,000
April 20, 2021	0.37	100,000	-	(100,000)	-	-
August 3, 2026	0.47	2,120,000	-	(400,000)	1,720,000	1,720,000
November 27, 2027	0.40	350,000	-	-	350,000	233,334
July 4, 2028	0.15	-	300,000	-	300,000	300,000
October 1, 2028	0.26	-	2,555,000	-	2,555,000	851,667
October 26, 2028	0.35	-	150,000	-	150,000	50,000
February 21, 2029	0.30	-	250,000	-	250,000	83,333
Total		4,600,000	3,255,000	(780,000)	7,075,000	4,988,334
Weighted average exercise price		\$ 0.39	\$ 0.26	\$ 0.65	\$ 0.30	\$ 0.31

The following weighted average inputs and assumptions were used for the Black-Scholes valuation of the options granted.

	October 31, 2019	April 30, 2019
Share price	\$0.23	\$0.24
Risk-free interest rate	1.54%	2.41%
Expected life of options	9 years	9.13 years
Annualized volatility based on historical volatility	150.50%	157.79%
Forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%
Fair value per options	\$0.22	\$0.24

d) Warrants

During the period ended October 31, 2019, the Company issued a total of 887,144 common share purchase warrants in connection to private placements and associated finders fee units.

During the year ended April 30, 2019, the Company had a total of 4,680,000 common share purchase warrants exercised, 6,143,633 expired, and issued a total of 13,613,745 common share purchase warrants in connection to private placements and associated finders fee units.

NEVADA EXPLORATION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
October 31, 2019

11. CAPITAL STOCK (cont'd...)

d) Warrants (cont'd...)

A continuity of share purchase warrants for the period ended October 31, 2019 is as follows:

Expiry date	Exercise Price	April 30, 2019	Issued	Exercised	Expired/ Forfeited	October 31, 2019	Exercisable
February 28, 2021	0.30	5,265,450	-	-	-	5,265,450	5,265,450
March 7, 2021	0.30	2,959,600	-	-	-	2,959,600	2,959,600
July 14, 2021	0.45	1,351,945	-	-	-	1,351,945	1,351,945
October 10, 2021	0.50	4,036,750	-	-	-	4,036,750	4,036,750
March 11, 2022	0.50	-	887,144	-	-	887,144	887,144
Total		13,613,745	887,144	-	-	14,500,889	14,500,889
Weighted average exercise price		\$ 0.37	\$ 0.50	\$ -	\$ -	\$ 0.38	\$ 0.38

A continuity of share purchase warrants for the year ended April 30, 2019 is as follows:

Expiry date	Exercise Price	April 30, 2018	Issued	Exercised	Expired/ Forfeited	April 30, 2019	Exercisable
August 28, 2018	\$ 0.10	5,209,150	-	(4,220,000)	(989,150)	-	-
September 23, 2018	0.10	700,000	-	(460,000)	(240,000)	-	-
November 27, 2018	0.65	2,921,250	-	-	(2,921,250)	-	-
February 17, 2019	0.60	1,993,233	-	-	(1,993,233)	-	-
February 28, 2021	0.30	-	5,265,450	-	-	5,265,450	5,265,450
March 7, 2021	0.30	-	2,959,600	-	-	2,959,600	2,959,600
July 14, 2021	0.45	-	1,351,945	-	-	1,351,945	1,351,945
October 10, 2021	0.50	-	4,036,750	-	-	4,036,750	4,036,750
Total		10,823,633	13,613,745	(4,680,000)	(6,143,633)	13,613,745	13,613,745
Weighted average exercise price		\$ 0.34	\$ 0.37	\$ 0.10^a	\$ 0.52	\$ 0.37	\$ 0.37

a) The weighted average share price on the date of exercise was \$0.24.

The following weighted average inputs and assumptions were used for the Black-Scholes valuation of the warrants granted:

	October 31, 2019	April 30, 2019
Share price	\$0.23	\$0.28
Risk-free interest rate	1.58%	1.95%
Expected life of options	2.5 years	2.5 years
Annualized volatility based on historical volatility	100.58%	97.97%
Forfeiture rate	0.00%	0.00%
Fair value per warrant	\$0.09	\$0.14

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

October 31, 2019

12. SEGMENTED INFORMATION

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

	October 31, 2019	April 30, 2019
Current assets:		
United States	\$ 27,748	\$ 110,925
Canada	54,329	1,770,990
	<u>\$ 82,077</u>	<u>\$ 1,881,915</u>
Non-current assets:		
United States		
Equipment and intangible assets	\$ 166,342	\$ 209,239
Deposits and bonds	46,060	46,981
Canada		
Deposits and bonds	28,750	28,750
	<u>\$ 241,152</u>	<u>\$ 284,970</u>
	Six Months Ended October 31, 2019	Six Months Ended October 31, 2018
Income:		
United States		
Net consulting income	\$ -	\$ 8,990

13. COMMITMENTS

As October 31, 2019, the Company has total office lease commitments of \$28,786 as follows:

- a) Total office lease payments of \$15,274 ending January 31, 2020.
- b) Total office lease payments of \$5,598 ending December 31, 2019.
- c) Total office lease payments of \$7,914 ending February 28, 2020.

14. FINANCIAL RISK MANAGEMENT**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.

NEVADA EXPLORATION INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

October 31, 2019

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

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 and cash equivalents, other receivables, deposits and bonds, finance lease obligations, accounts payable and accrued liabilities approximate 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 and cash equivalents and deposits and bonds. Management believes that the credit risk concentration with respect to cash and cash equivalents, 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, 2019, the Company had a cash and cash equivalent balance of \$56,812 (April 30, 2019 - \$1,841,216) to settle current liabilities of \$182,610 (April 30, 2019 - \$115,940). The Company believes that there is minimal liquidity risk as at October 31, 2019 and April 30, 2019.

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 and cash equivalents maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and cash equivalents, 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, 2019 are as follows:

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

October 31, 2019

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

(b) Foreign currency risk (cont'd...)

	USD	CDN
Current assets	\$ 21,085	\$ 27,748
Non-current assets	161,400	212,402
Current liabilities	(64,048)	(84,287)
	<u>\$ 118,437</u>	<u>\$ 155,863</u>

Based on the above net exposures as at October 31, 2019, and assuming all other variables remain constant, a 10% change in the value of the US dollar against the Canadian dollar would result in an increase/decrease of USD\$11,844 in comprehensive loss.

15. 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 and cash equivalents.

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, 2019.

16. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the period end, the Company closed a private placement of 5,625,000 units at a price of \$0.20 per unit, for total gross proceeds of \$1,125,000. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share of the Company at an exercise price of \$0.50 per common share for 30 months. If the closing price of the common shares of NGE quoted on the TSX Venture Exchange is greater than \$0.90 for 10 consecutive trading days, NGE may accelerate the expiry date of the Warrants to the 30th day after the date on which NGE gives notice to the Warrant holders of such acceleration. In connection with the offering, the Company paid finders' fees totaling 216,650 units.

On November 1, 2019, the Company granted 300,000 stock options to certain employees and consultants of the Company. The options have an exercise price of \$0.18 per share for a period of ten years from the date of grant. One half of the options vest upon grant and one half vest one year after the grant date.