



**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED JANUARY 31, 2020**

TSXV: NGE  
OTCQB: NVDEF

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**NEVADA EXPLORATION INC.**  
**Management Discussion and Analysis – Form 51-102F1**  
**For the Nine Months Ended January 31, 2020**

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**BACKGROUND**

The following Management Discussion and Analysis (“MD&A”) prepared as of March 30, 2020 should be read in conjunction with the condensed consolidated interim financial statements for the period ended January 31, 2020, 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, 2019. 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](http://www.sedar.com).

**CONTINUANCE OF OPERATIONS AND GOING CONCERN**

The condensed unaudited consolidated interim financial statements for the period ended January 31, 2020, filed on [www.sedar.com](http://www.sedar.com), 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.

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 225 million ounces, and its current annual production is approximately 5 million ounces, about the same as that of Canada. Less than half of Nevada’s bedrock is exposed in its mountain ranges, and the 225 million ounces of production to date clusters near these exposed bedrock areas. The bedrock and geology beneath the cover in Nevada’s valley basins is no different than that exposed in its ranges, and so is deemed to be as prospective. However, these covered areas have seen limited 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 underexplored.

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

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program for gold exploration, collecting approximately 6,000 samples, to evaluate Nevada’s covered basins for new gold exploration targets. To advance follow-up targets, NGE has developed a truck-mounted small-diameter RC drill rig, tailored specifically to collecting low-cost groundwater samples (analogous to RAB drilling in other parts of the world), which the Company calls its Scorpion drill rig.

By integrating hydrogeochemistry and early-stage low-cost drilling with proven exploration methods, NGE is generating and advancing a portfolio of gold exploration projects. NGE and its exploration partners have now drilled more than 20,000 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 (>30 metres) 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 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 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 with the specific goal of discovering large new Carlin-type gold deposits (CTGDs).

**OVERALL PERFORMANCE**

During the period ended January 31, 2020, the Company focused its efforts on advancing its South Grass Valley Project. The Company also continued to maintain its holdings at its Kelly Creek, Awakening, and Grass Valley Projects.

**MINERAL PROPERTIES**

NGE directly holds unpatented mining claims and other mineral interests in the following properties through its wholly owned US subsidiary Pediment Gold LLC:

<b>Project</b>	<b>NGE Claims</b>		<b>OTHER*</b>	<b>Total</b>
	<b>Claims</b>	<b>Area (km<sup>2</sup>)</b>	<b>Area (km<sup>2</sup>)</b>	<b>Area (km<sup>2</sup>)</b>
South Grass Valley	701	57.5	-	57.5
Grass Valley	425	35.5	-	35.5
Kelly Creek	333	23.9	29.3	53.2
Awakening	6	0.5	-	0.5
<b>TOTAL</b>	<b>1,465</b>	<b>117.4</b>	<b>29.3</b>	<b>146.70</b>

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

***South Grass Valley***

The South Grass Valley Project is located in Lander County, north-central Nevada, approximately 50 kilometres south southwest of Nevada Gold Mines’s Cortez complex. The Company has a 100% interest in 701 claims (57.5 km<sup>2</sup>) at South Grass Valley.

The South Grass Valley Project is situated along the Cortez (Battle Mountain - Eureka) 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.

Two bedrock outcrops spaced 5 km apart at the South Grass Valley Project exhibit CTGD-style alteration and geochemistry within a 700-metre-thick sequence of lower plate carbonate host rocks immediately below the Roberts Mountains Thrust. Based on gravity and air magnetic geophysics, these favourable host rocks project under relatively

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shallow cover across a large portion of the Project. This large area of favourable geology is intersected by a N-S high-angle fault corridor that projects under the cover from the exposed range front based on mapping and gravity geophysics, providing a potential major conduit to expose the known favourable host rocks to mineralized hydrothermal fluids.

Using its industry-leading hydrogeochemistry exploration technology, from 2012 to 2013 the Company collected groundwater samples across South Grass Valley, and delineated a target defined by elevated concentrations of gold and CTGD trace element geochemistry. This was an 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 positively delineated a discrete target within the Valley defined by elevated concentrations of gold and supporting geochemistry characteristic of CTGDs.

From November 2017 to January 2018, NGE completed 69 infill groundwater sampling boreholes at South Grass Valley to follow up on a gold-in-groundwater anomaly identified during a regional-scale, generative exploration program. The objectives of NGE's infill program were to establish the extent, size, and magnitude of the gold-in-groundwater footprint at South Grass Valley and its relationship to the larger prospective geologic setting, and to build support for a deeper drilling program. In total, NGE has now completed 135 boreholes across the Project area, collecting samples from most boreholes at multiple depths, for a total of 234 groundwater samples.

The results of NGE's infill borehole program have defined a focused 1,000 x 4,000 metre N-S oriented zone of enriched gold, arsenic, antimony, mercury, thallium, and sulfate in groundwater, representing a hydrogeochemistry footprint consistent in size and magnitude (with gold up to 800 ppt) as those seen around Lone Tree and Twin Creeks, large known gold deposits on the Cortez Trend, as well as at NGE's Kelly Creek Project. Importantly, this zone of enrichment is coincident with the projected intersection of a major N-S high-angle fault corridor and favourable lower plate carbonate host rocks known to exist at the Project.

In March 2018, to build confidence on the extent of the projections of the thick sections of lower plate containing CTGD-style alteration and geochemistry and under cover from where they are exposed in outcrop, Nevada Exploration commissioned a 991 line-km fixed-wing airborne magnetic survey across the Project, covering 124 sq. km.

At the regional scale, the results of the survey showed a pronounced NW-SE fabric, consistent with the strike of the fold axes known to control mineralization elsewhere along the Cortez Trend, including at Barrick's Goldrush deposit. At the project scale, the magnetic response across the exposed bedrock areas showed a strong correlation with mapped units, specifically with the higher-magnetic intrusive and volcanic units, and the lower-magnetic carbonate units, which provided confidence in the interpretation of the survey across the covered bedrock areas.

Based on the projections of the exposed geology and the survey results, the combined interpretation has resolved the covered portion of the Project into separate geologic domains. Most significantly, the survey defined a 15 sq. km magnetic low extending under cover from one of the exposed bedrock outcrops containing a thick sequence of lower-plate carbonate host rocks, which Nevada Exploration believes corroborate the projection of these favourable host rocks beneath the Project.

The results of the air magnetic survey provide strong support for the CTGD target at the Project, defined by a focused zone of enriched gold in groundwater coincident with the projected intersection of favourable lower-plate carbonate host rocks and a major high-angle fault corridor. Based on the size of target, the Company believes it is both large enough to support a district-scale mineral system, as well as suitably constrained for a focused deeper drilling program to evaluate the potential for economic mineralization.

From October 2018 through September 2019, Nevada Exploration completed a series of relatively deep, wide-spaced diamond core drill holes to collect stratigraphic and geologic information across a more than 3.5 kilometre-long corridor through the Project. Based on the results of the core drilling, the Company believes it has discovered a Carlin-type mineral system at South Grass Valley with the architecture and scale to potentially support multiple gold deposits, representing an entire new district. By integrating: detailed mapping of and structural measurements from the nearby exposed bedrock; air magnetic and gravity geophysics; large soil and groundwater geochemistry sampling programs; and wide-spaced orientation core holes, Nevada Exploration has identified four discrete gold targets, defined by geologic settings analogous to those hosting deposits in Nevada's three largest Carlin-type districts, and supported by

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gold and related pathfinders in multiple sampling mediums. NGE is now advancing these targets with a follow-up reverse circulation drilling program that began in January 2020.

### ***Grass Valley***

The Grass Valley project is located in Lander County, Nevada. At the northwestern end of Grass Valley, a 924 km<sup>2</sup> valley basin continues south from Nevada Gold Mines's Cortez Complex, one of the world's largest and lowest cost gold mines. The north end of the Grass Valley Project is located 13 km south southwest of the Cortez Complex. The Company has a 100% interest in 425 claims (35.5 km<sup>2</sup>) at Grass Valley.

Since 2011, NGE has been exploring for new CTGDs in Grass Valley using its hydrogeochemistry exploration technology. With this integrated approach, NGE has identified a 16 km (10 mi) by 5 km (3 mi) target at Grass Valley 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 has also 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 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 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 its 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 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 1) extending a soil mercury survey, and 2) 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 with the objective of refining the target for a focused deeper drilling program.

### ***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, which together are now referred to as the Kelly Creek Project, comprising: 333 unpatented mining claims held directly by the company, covering approximately 23.9 km<sup>2</sup>; 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 km<sup>2</sup>; and approximately 14.2 km<sup>2</sup> 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, Marigold, Trenton Canyon, Converse, Buffalo Valley, Copper Basin, and Phoenix) - together representing more than 70 million ounces of gold along the periphery of the Basin. Despite its proximity to significant 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.

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NGE has integrated the use of its proprietary hydrogeochemistry technology with conventional exploration methods to evaluate the larger Kelly Creek Basin, and has identified a highly prospective area in the middle of the Basin along a portion of a structurally-controlled, shallow, covered bedrock high coincident with highly anomalous gold and associated trace-element chemistry in groundwater.

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 km<sup>2</sup> of regional magnetic geophysical data;
- 670 km<sup>2</sup> of detailed air magnetic geophysical data;
- 1,000 km<sup>2</sup> of regional gravity geophysical data;
- 100 km<sup>2</sup> 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.

Based on the work to date, NGE has confirmed that the favourable geologic setting (host units and structural controls) associated with the adjacent Lone Tree and Marigold deposits project northwards to the Kelly Creek Project area, beneath relatively shallow cover. NGE's earlier drilling and groundwater sampling confirmed that this relatively shallow, prospective structural and bedrock setting was also associated with enriched gold in groundwater, alluvium, and bedrock.

From late 2016 through late 2017, the Company completed a 61-hole, 5,864 m Scorpion drilling program to collect 3D groundwater, alluvium, and top of bedrock samples across this prospective covered bedrock area, with the objective of constraining the target by vectoring into areas of gold mineralization in bedrock large enough to be associated with the footprint of a large CTGD. Of the 61 holes, 41 holes encountered bedrock, at an average depth of 84 m, which allowed for widespread bedrock mapping and sampling. From the 61 holes, 552 water samples were collected, on average every 10 metres downhole, providing important 3D geochemistry across the project, especially in areas of deeper bedrock where the Scorpion could not sample bedrock directly.

The results have established that the lateral extent of the gold-in-groundwater footprint at Kelly Creek is of a comparable size, and perhaps larger, than that seen at Lone Tree, consistent with the presence of a large, robust, mineralized system. Zones of enriched gold in groundwater form focused, parallel NNW-trending lineaments (also reflected more broadly in arsenic and antimony in groundwater) bounded by the primary N-S structural fabric that runs parallel to Lone Tree and north from Marigold. These linear zones of enrichment that cut through this large favourable system are consistent with the geometry of mineralization hosted within secondary zones of structural extension (Riedel-style shears), marking potential conduits of enhanced vertical hydrothermal fluid flow that are known to provide important ore-controls at many large deposits in Nevada (including Lone Tree).

The results of the Scorpion bedrock sampling combined with the bedrock samples from earlier drilling together define two clusters of >0.1 g/t gold in bedrock, covering areas at least 700 m x 300 m and 1,000 m x 600 m respectively, associated with the discrete lineaments of increased gold-in-groundwater enrichment, which provide new strong evidence that the hydrothermal system at Kelly Creek is mineralized over a larger area than previously known.

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By combining the latest Scorpion drill results with the results of earlier deeper core drilling and the geophysical structural interpretation (based on the combined gravity, air magnetic, seismic, and CSAMT datasets), NGE believes that:

- The primary and secondary structural fabric seen in the geophysics, core drilling, and hydrogeochemistry, plus the thick sections of alteration and geochemistry seen in the drilling, support the presence of major reactivated high-angle structural conduits associated with a hydrothermal system of a size necessary to support the formation of a major mineralized system;
- Veining and structural damage seen in the core drilling confirm that the permeability of the units proximal to the favorable structural conduits has been improved over large areas and is well-suited to support gold deposition;
- Thick and wide-spread intervals of hydrothermal alteration, oxidation, decalcification, and carbon remobilization confirm a large hydrothermal system was active at Kelly Creek, and mark the style of alteration and mineralization associated with CTGD, which together are indicative of a favorable mineralizing environment;
- The geochemical footprint seen across the project, which includes large areas of gold mineralization in bedrock, is consistent in terms of the size and geochemical package with the footprints associated with many of Nevada's large mineral systems, which confirms: (i) that the system's hydrothermal fluids were pregnant; (ii) that the pregnant fluids were present across large areas of the system; and (iii) that the pregnant fluids could potentially source economic gold mineralization where provided with favourable depositional conditions, namely suitably-permeable iron-rich host rocks; and
- Thick sections of bedrock units known to support mineralization nearby at Lone Tree and Marigold were encountered by all of the widespread and deeper core drill holes, which confirm that favourable, iron-rich, and suitably permeable host rocks are present across the entire project area and at depth.

NGE believes that these results confirm that the critical components needed to host a large CTGD deposit are present at the Kelly Creek Project, and that the combined dataset suggest the gold-bearing hydrothermal system at Kelly Creek is likely the extension of the system responsible for the adjacent Lone Tree (produced 4.6 million ounces) and Marigold (produced 3.2 million ounces plus 4.9 million ounces indicated) deposits, with the potential to support significant additional mineralization.

The Company expects that the next phase of work at Kelly Creek will consist of deeper drilling to test for areas where gold-bearing hydrothermal fluids were able to exploit favourable structural and permeability conditions to impregnate favourable iron-rich host rocks (all of which are now known to exist) at the scale required to source a major deposit. This deeper drilling will target the discrete lineaments of enriched gold in groundwater defined by the 3D Scorpion program suggestive of possible Riedel shear structures that could provide the confluence of critical components needed to host higher-grade mineralization.

### ***Awakening***

The Awakening Project is located in Humboldt County, Nevada, approximately 50 km 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<sup>2</sup>) 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 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:

- 85 km<sup>2</sup> of high quality gravity geophysics data;

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- 173 km<sup>2</sup> 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.

The exploration programs and technical disclosure for the Company are designed by Wade A. Hodges, CEO for NGE who is a ‘qualified person’, as defined by National Instrument 43-101, Standards of Disclosure for Mineral Projects.

**Summary of expenditures by property:**

Resource properties expenditures for the period ended January 31, 2020 were as follows:

<b>2020</b>	<b>Grass Valley</b>	<b>Grass Valley South</b>	<b>Kelly Creek</b>	<b>Awakening</b>	<b>Total</b>
Land holding costs	\$ 99,570	\$ 200,988	\$ 153,837	\$ 1,419	\$ 455,814
Drilling	-	1,289,411	-	-	1,289,411
Scorpion drilling	-	2,209	-	-	2,209
Geochemistry	-	147,076	-	-	147,076
Geology	-	96,132	-	-	96,132
Geophysics	-	35,667	-	-	35,667
Geoprobng	-	132,901	-	-	132,901
	<b>\$ 99,570</b>	<b>\$ 1,904,384</b>	<b>\$ 153,837</b>	<b>\$ 1,419</b>	<b>\$ 2,159,210</b>

Resource properties expenditures for the period ended January 31, 2019 were as follows:

<b>2019</b>	<b>Grass Valley</b>	<b>South Grass Valley</b>	<b>Kelly Creek</b>	<b>Awakening</b>	<b>Total</b>
Land holding costs	\$ 93,508	\$ 242,605	\$ 230,804	\$ 1,333	\$ 568,250
Drilling	-	1,321,765	-	-	1,321,765
Scorpion drilling	-	34,443	-	-	34,443
Geochemistry	-	53,496	-	-	53,496
Geology	-	8,317	-	-	8,317
Geophysics	-	32,932	-	-	32,932
Geoprobng	-	11,765	-	-	11,765
	<b>\$ 93,508</b>	<b>\$ 1,705,323</b>	<b>\$ 230,804</b>	<b>\$ 1,333</b>	<b>\$ 2,030,968</b>

**RESULTS OF OPERATIONS**

***For the three months ended January 31, 2020***

The Company’s net loss for the three-month period ended January 31, 2020 (the ‘Current Period’) was \$1,042,038 compared to \$1,444,819 for the three-month period ended January 31, 2019 (the ‘Previous Period’). The decrease is primarily a result of the following:



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Exploration and evaluation expenditures during the Current Period were \$608,477, compared to \$1,019,753 during the Previous Period. The decrease is primarily a result of decreased drilling activity during the Current Period.

Share-based payments during the Current Period was \$70,294 compared to \$99,324 during the Previous Period. The decrease in share-based payments is due to the granting of 450,000 stock options in the Current Period, and the related vesting through the Current Period as compared to the Previous Period when 300,000 stock options were granted.

The expense decreases discussed above were partially offset by an increase in professional fees. Professional fees and consultants expense during the Current Period were \$51,291 compared to \$17,772 during the Previous Period. The increase in professional fees and consultants expense is due to an increase in compensation for the consultants engaged during the Current Period as compared to the Previous Period.

***For the nine months ended January 31, 2020***

The Company's net loss for the nine-month period ended January 31, 2020 (the "Current Period") was \$3,515,418 compared to \$3,433,230 for the nine-month period ended January 31, 2019 (the "Previous Period"). The increase is primarily a result of the following:

Exploration and evaluation expenditures during the Current Period were \$2,159,210, compared to \$2,030,968 during the Previous Period. The increase is primarily a result of increased drilling activity during the Current Period.

Professional fees and consultants expense during the Current Period were \$157,122 compared to \$63,952 during the Previous Period. The increase in professional fees and consultants expense is due an increase in compensation for the consultants engaged during the Current Period as compared to the Previous Period.

The increases in net loss were partially offset by a decrease in share-based payments. Share-based payments during the Current Period was \$262,437, compared to \$453,107 during the Previous Period. The decrease in share-based payments is due to the granting of 450,000 stock options in the current period, and the related vesting through the Current Period as compared to the Previous Period when 3,005,000 stock options were granted.

**QUARTERLY FINANCIAL INFORMATION**

	Three Month Period Ended January 31, 2020	Three Month Period Ended October 31, 2019	Three Month Period Ended July 31, 2019	Three Month Period Ended April 30, 2019
Total assets	\$ 802,014	\$ 323,229	\$ 1,221,468	\$ 2,166,885
Working capital (deficit)	378,327	(100,533)	625,365	1,765,975
Equity	660,179	140,619	885,603	2,050,945
Net loss	(1,042,038)	(1,199,972)	(1,273,408)	(900,764)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)

	Three Month Period Ended January 31, 2019	Three Month Period Ended October 31, 2018	Three Month Period Ended July 31, 2018	Three Month Period Ended April 30, 2018
Total assets	\$ 1,028,010	\$ 1,790,647	\$ 520,048	\$ 715,416
Working capital	449,731	1,109,456	(166,596)	164,677
Equity	758,447	1,453,174	274,728	629,693

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Net loss	(1,444,819)	(1,509,581)	(478,830)	(610,665)
Loss per share	(0.02)	(0.02)	(0.01)	(0.01)

**ANNUAL FINANCIAL INFORMATION**

The financial statements have been prepared in accordance with IFRS for fiscal years 2019, 2018 and 2017, and are expressed in Canadian dollars.

	Year Ended April 30, 2019	Year Ended April 30, 2018	Year Ended April 30, 2017
	\$	\$	\$
<b>Operations:</b>			
Revenues	-	-	-
Net income (loss)	(4,333,994)	(2,866,420)	(2,955,304)
Net income (loss) per share – Basic	(0.06)	(0.06)	(0.07)
Net income (loss) per share – Diluted	(0.06)	(0.06)	(0.07)
<b>Balance Sheet:</b>			
Working capital	1,765,975	164,677	362,243
Total current assets	1,881,915	250,400	460,083
Total liabilities	115,940	85,723	105,332

**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 January 31, 2020 was \$3,165,922 compared to \$2,949,375 used during the period ended January 31, 2019 and consists primarily of the operating loss and changes in non-cash working capital items as detailed in the consolidated financial statements for the period ended January 31, 2020 and filed on www.sedar.com.

Net cash used in investing activities for the period ended January 31, 2020 was \$59,584 compared to net cash provided by investing activities of \$73,276 during the period ended January 31, 2019. The increase in cash used for the period ended January 31, 2020 is due to an increase in deposits (\$19,863) and the acquisition of a vehicle (\$39,721).

Net cash provided by financing activities for the period ended January 31, 2020 was \$1,862,303, which is primarily related to the net proceeds from the completion of private placements totalling 9,163,888 units for total gross proceeds of 1,875,000. During the period ended January 31, 2019, the Company received \$468,000 from the exercise of 4,680,000 warrants, as well as net proceeds of \$2,626,420 from the issuance of 18,632,000 units during the period.

***Assets and liabilities***

At January 31, 2020, the Company had working capital of \$378,327 (April 30, 2019 - \$1,765,975). Current assets include cash and cash equivalents totaling \$481,577 (April 30, 2019 - \$1,841,216); \$15,913 (April 30, 2019 - \$25,423) in accounts receivable; \$13,605 (April 30, 2019 - \$6,803) in short term investments; and \$9,067 (April 30, 2019 - \$8,473) in prepaid expenses. Current liabilities include accounts payable and accrued liabilities of \$141,835 (April 30, 2019 - \$115,940).

Deposits and bonds consist of deposits for credit cards, as well as for land reclamation which also add to the Company's asset base. Deposits (bonds) are required by the U.S Bureau of Land Management (BLM) to ensure that reclamation and clean-up work on the Company's properties will be completed to the satisfaction of the BLM.

Total deposits as at January 31, 2020 are \$94,928 (April 30, 2019 - \$75,731).

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**COMMITMENTS**

As January 31, 2020, the Company has total office lease commitments of \$54,118 as follows:

- a) Total office lease payments of \$14,636 ending April 30, 2020.
- b) Total office lease payments of \$37,492 ending December 31, 2020.
- c) Total office lease payments of \$1,990 ending February 28, 2020.

**OFF-BALANCE SHEET ARRANGEMENTS**

As at January 31, 2020, 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 January 31, 2020, the Company:

- i) paid or accrued \$58,500 in consulting fees to a corporation of which the Chief Financial Officer is an employee.
- ii) paid or accrued \$90,000 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 \$164,273 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 January 31, 2019, the Company:

- iii) paid or accrued \$16,850 in professional fees to a corporation owned by the former Chief Financial Officer of the Company.
- iv) paid or accrued \$20,806 in professional fees to a corporation of which the Chief Financial Officer is an employee.
- iii) recorded share-based payments of \$108,145 related to the fair value of stock options vesting through the period to an officer and directors.

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

	January 31, 2020	April 30, 2019
Due to a corporation of which the Chief Financial Officer is an employee	\$ 6,825	\$ 5,250
Due to key management	397	9,450
Due to officers, companies controlled by directors and a consultant related to a director	5,250	31,500
	<u>\$ 12,472</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.

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Remuneration of key management of the Company is as follows:

	Nine Months Ended January 31, 2020	Nine Months Ended January 31, 2019
Salaries	\$ 305,890	\$ 276,646
Share-based payments	82,669	170,357
	<u>\$ 388,559</u>	<u>\$ 447,003</u>

**OUTSTANDING SHARE DATA**

As at March 30, 2020, the Company has 96,834,497 common shares issued and outstanding and has the following stock options and warrants outstanding:

	Number of Options	Exercise Price	Expiry Date
<b>Stock options</b>			
	1,625,000	\$ 0.185	October 19, 2020
	125,000	0.315	December 31, 2020
	1,470,000	0.47	August 3, 2026
	350,000	0.40	November 27, 2027
	300,000	0.15	July 4, 2028
	2,555,000	0.26	October 1, 2028
	150,000	0.35	October 26, 2028
	250,000	0.30	February 21, 2029
	150,000	0.23	May 30, 2019
	300,000	0.18	October 31, 2029
	<u>7,275,000</u>		
<b>Warrants</b>			
	5,235,450	0.30	February 28, 2021
	2,959,600	0.30	March 6, 2021
	1,351,945	0.45	July 14, 2021
	4,036,750	0.50	October 10, 2021
	887,144	0.50	March 11, 2022
	2,920,825	0.50	June 4, 2022
	928,500	0.50	July 1, 2022
	2,560,917	0.40	Feb 25, 2022
	<u>20,881,131</u>		

**Fully diluted:** 124,990,628

**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;

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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 and cash equivalents, other receivable, deposits and bonds, and 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 January 31, 2020, the Company had a cash and cash equivalent balance of \$481,577 (April 30, 2019 - \$1,841,216) to settle current liabilities of \$141,835 (April 30, 2019 - \$115,940). The Company believes that there is minimal liquidity risk as at January 31, 2020 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 and deposits and bonds 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 January 31, 2020 are as follows:

	USD	CDN
Current assets	\$ 131,099	\$ 173,484
Non-current assets	191,266	253,102
Current liabilities	(70,075)	(92,730)
	<u>\$ 252,290</u>	<u>\$ 333,856</u>

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Based on the above net exposures as at January 31, 2020, 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\$25,229 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 comprised of common shares and share purchase warrants. 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 January 31, 2020.

**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  
James Buskard, President  
Kenneth Tullar, COO  
Christina Blacker, CFO  
Dr John E. Larson, Director  
Benjamin Leboe, Director

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Significant assumptions about the future and other sources of estimated uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that the actual results differ from assumptions made, relate to, but are not limited to, the following:

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- i) the estimated useful lives of equipment and intangible assets and the related amortization;
- ii) impairment of equipment;
- iii) valuation of share-based payments and warrants;
- iv) estimated amounts for environmental rehabilitation provisions; and
- v) going concern

**CHANGES IN ACCOUNTING POLICIES AND INITIAL ADOPTION**

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.

**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](http://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](http://www.sedar.com)*

**Approved by the Board of Directors**

**March 23, 2020**