

NEVADA EXPLORATION INC.
Period Ended July 31, 2007
Management Discussion and Analysis

Form 51-102F1

1. Date

The following discussion and analysis is a review of operations, current financial position and outlook for Nevada Exploration Inc. (the "Company" or "NGE") and should be read in conjunction with the audited financial statements for the period ended April 30, 2007 and December 31, 2006. Results are presented for the period ended April 30, 2007 and reflect four months of results plus comparative figures as at December 31, 2006. Amounts are reported in Canadian dollars based upon the financial statements prepared in accordance with Canadian generally accepted accounting principles.

All statements in this MD&A, other than statements of historical fact, that address future acquisitions and events or developments that Nevada expects to occur, are forward-looking statements. Although Nevada believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include industry-related risks, regulatory approvals, and continued availability of capital and financing and general economic, market or business conditions.

2. Selected Consolidated Financial Information and Management's Discussion and Analysis

2.1 Annual Information

The fiscal year end of NGE is April 30. The following table summarizes NGE's financial results during the years ended April 30, 2007 and December 31, 2006.

	<u>Year ended April 30, 2007</u>	<u>Year ended December 31, 2006</u>
Total revenues	13,637	Nil
Loss from continuing operations	(691,899)	(\$399,483)
Net Income or Loss	(691,899)	(\$399,483)
Total assets	5,361,518	\$4,003,074
Total long term liabilities	Nil	Nil
Cash dividends declared	Nil	Nil

Note: NGE was incorporated on April 6, 2006. Annualized financial information reflect the activities of the NGE subsidiaries prior to the incorporation of NGE.

2.2 *Management's Discussion and Analysis*

This management's discussion and analysis ("**MD&A**") provides analysis of NGE's financial results for the three month periods ended July 31, 2007 and 2006. The following information should be read in conjunction with the audited consolidated financial statements of NGE for the fiscal period ended April 30, 2007 (and the notes thereto), which are attached hereto in Appendix "B".

Overview

NGE is a private company incorporated under the *Canada Business Corporations Act* on April 6, 2006. All financial information for the fiscal years ended April 30, 2007 and December 31, 2006 annualized financial information reflecting the consolidated activities of NGE prior to the incorporation of NGE.

NGE's primary operations consist of locating gold deposits in the State of Nevada. The Company has a 100% interest in the property known as "FJ" which consists of 346 unpatented claims. NGE also has the exploration and mineral rights on 3.4 square miles of land known as the "HP Property".

Overall Performance

NGE incurred a consolidated loss of \$496,135 for the three-month period ended July 31, 2007, compared to a loss of \$11,657 for the same period in 2006.

NGE's total assets as at July 31, 2007 amounted to \$5,401,739 an increase of \$40,221 from April 30, 2007. Cash and accounts receivables make up \$3,314,860 or (61.36%) of the Company's assets . Cash has decreased by operations but was helped out by the payment of subscriptions receivables amounting to \$205,729. Mineral properties have increased by \$446,483 and now accounts for 22.49% (\$1,214,628 vs \$768,145 or 14.32%) of the total asset balance at July 31, 2007. The balance of the asset base for July 31, 2007 is made up of equipment and receivables. The increase in mineral properties was mainly due the Company's increased exploration efforts on not only the HP and FJ properties but also on 6 other properties. Equipment increased marginally in the three -month period ended July 31, 2007 as the Company purchased some new equipment. .

Results of Operations

Revenue

NGE has not generated any significant revenues in its past fiscal years of 2007/2006 with the exception of some interest income earned on investments placed with financial institutions for guaranteed certificates . The Company continues to expend its resources searching for properties that may contain results allowing the Company to setup mining operations and extract enough gold to be profitable. NGE will continue to spend money searching the properties it hold rights to and will continue to have to raise funding to do so.

Operating Expenses

Overall in the three-month period ended July 31, 2007, NGE incurred significant overhead expenses (July 31, 2007: \$ 497,172, 2006: \$11,657 including (i) general and administrative expenses, (ii) stock-based compensation, (iii) amortization costs, and (iv) foreign exchange . The majority of these costs were for stock grants to consultants, directors and employees in the period. The total stock -based expense was \$205,251, while in 2006 this number was Nil. General and administrative expenses accounted for \$277,451 in 2007 while in 2006 this figure was \$ 11,657. General and administrative expenses also increased as the Company increased its field staff to operate the two Geoprobe machines for increased target generation sites. G&A expenses are subsequently reduced as the Company follows a policy of capitalizing all direct costs related to the acquisition and exploration of mineral properties. The increased spending for the three-month period ending July 31, 2007 coincides with the Company having completed its Qualifying Transaction in early 2007 along with several equity raises as well. It has now embarked on an ambitious

plan to acquire properties that will yield positive results for gold once the company enters its drilling phase of operations.

Amortization

Amortization costs were \$ 9,000 for 2007, an increase from \$ Nil in 2006. The increase in amortization results from the purchase of equipment by the Company late in the four-month year-ended April of 2007 and the three-month period ended July 31, 2007.

Assets

Total assets have increased from \$5,361,518 as at April 30, 2007 to \$5,401,739 as at July 31, 2007 as NGE increased its mineral properties from \$768,145 at April 30, 2007 to \$1,214,628 at July 31, 2007. This increase is solely due to the fact that the Company has increased the number of properties that it analyses from 2 to 8 properties. Deposits have also increased in this period as the Company in conjunction with its exploration work has had to post reclamation bonds with the State of Nevada to ensure that clean up work on the properties will be carried out once NGE vacates the land.

Liquidity and Capital Resources

Liquidity

As at July 31, 2007 NGE had cash amounting to \$3,314,860 and \$3,559,095 as at April 30, 2007. NGE now has begun to expand its target generation and land acquisition programs and believes that now it will be able to meet all of its obligations.

Management expects to finance future operations and growth through the use of (i) issuance of debt and equity securities; (ii) banking and other loan facilities.

The Company had working capital of \$3,060,914 at July 31, 2007 while at April 30, 2007 it had 3,580,269 in working capital reserves. The decrease in working capital is mainly due to the increase in mineral properties in the three-month period ended July 31, 2007 of \$446,483.

Capital Expenditures

In the three-month period ended July 31, 2007 NGE invested a total of \$ 11,702 in capital assets compared to \$3,210 in 2006. The marginal increase in capital expenditures in 2007 resulted from NGE now having purchased its equipment prior to the April 30, 2007 year-end and switching its focus to establishing drill targets on the properties owned by NGE.

Long Term Debt and Other Long Term Commitments

The Company has no long term debt at July 31, 2007. The Company entered into a ten year lease agreement with Julian Tomera Ranches, Inc., covering approximately 2,225 acres of land in Humboldt County, Nevada. The lease gives the Company mining rights to the property for the period. Pursuant to the terms of the lease the Company has paid a total of \$84,981 up to 2007. Starting in 2008, the Company will pay \$22,200 per year. The agreement also calls for the Company to pay Tomera a royalty of 3% Net Smelter Returns from production, if any, on the land covered by this lease. The Company is also obligated to pay Battle Mountain Gold Exploration Corp a royalty of 1.25% of Net Smelter Returns from production of the "HP" and "FJ" properties.

Off Balance Sheet Arrangements

As at July 31, 2007, 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.

Transactions with Related Parties

1. Legal fees of \$ 48,412 (2006 - \$ Nil), were paid to firms whose partners are directors of the Company.
2. As at July 31, 2007, loans receivable include an amount of \$281,811 receivable from two officers of the Company.

Disclosure of Outstanding Share Data

For information regarding outstanding share capital of NGE, please see Note 7 of the unaudited consolidated financial statements of NGE for the period ended July 31, 2007.

Critical Accounting Estimates

For information regarding critical accounting estimates used by NGE, please see Note 2 of the unaudited consolidated financial statements of NGE for the period ended July 31, 2007.

Changes in Accounting Policies including initial Adoption

On January 1, 2007, the Company adopted CICA accounting Handbook section 3855, Financial Instruments – Recognition and Measurement, section 3861, Financial Instruments – Disclosure and Presentation, section 1530, Comprehensive Income, and section 3251, Equity.

Financial Instruments and Other Instruments

NGE's financial instruments consist of cash and cash equivalents, subscription receivables, sales tax receivables, deposits paid and accounts payables and accrued liabilities.

Management does not believe these financial instruments expose NGE to any significant interest, currency or credit risks arising from these financial instruments. The fair market values of these financial instruments approximate their carrying values.

Risks and Uncertainties

In conducting its business, NGE is subject to a wide variety of risks and uncertainties which are more fully described in section 1 of the MD&A.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Nevada's Management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2006. Based on this evaluation, the CEO and CFO have concluded that our disclosure controls and procedures, as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim filings, are effective to ensure that information required to be disclosed in reports that we file or submit under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules and forms.