

NEVADA EXPLORATION INC.
Period Ended July 31, 2008
Management Discussion and Analysis

Form 51-102F1

1. Date – September 26, 2008

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 year-ended April 30, 2008, period ended April 30, 2007 and December 31, 2006. Results are presented for the three-month period ended July 31, 2008 and reflect three months of results plus comparative figures as at July 31, 2007. 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 periods ended July 31, 2008, April 30, 2008 and April 30, 2007.

	12 months	4 months
	April 30, 2008	April 30, 2007
Revenues	104,503	13,637
Loss from continuing operations	(2,608,750)	(691,899)
Net Loss	(2,608,750)	(691,899)
Total assets	7,914,150	5,361,518
Total long term liabilities	94,397	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 period ended July 31, 2008 and the three-month period ended July 31, 2007. The following information should be read in conjunction with the audited consolidated financial statements of NGE for the fiscal period ended April 30, 2008 (and the notes thereto).

Overview

The primary business of NGE is gold exploration focused in the gravel-covered areas of Nevada. When groundwater flows near a concealed gold deposit it retains a unique kind of chemical 'memory' or 'fingerprint' of such an encounter and creates a unique kind of water chemical 'scent'. NGE uses an innovative proprietary groundwater technology that identifies and then follows the scent back up-stream to its gold-bearing bedrock source. NGE then applies conventional exploration techniques to further define and then drill the potential new bedrock source of gold to make a discovery. NGE plans to sell the discovery to a major gold producer for a considerable increase in value that will be passed along to its shareholders.

From January 31, 2008 NGE continued to execute on its strategy of using ground water chemistry to find new gold reserves cheaper and faster than those using more conventional exploration approaches alone. NGE raised \$1,873,542 through the exercise of all warrants that were due to expire on February 28, 2008 and some that were not due to expire but were exercised by investors. In addition, NGE also raised an additional \$1,810,000 through the completion of a non-brokered private placement. These funds, together with existing cash reserves, allowed NGE to continue its innovative program of ground water sampling, acquisition of additional highly prospective land, target definition using conventional soil sampling, gravity and air magnetic surveys and to increase the rate of RC drill testing of each project.

Land Acquisition - continued on target areas evidencing higher-than-normal gold and trace-element ground water chemistry. NGE now controls approximately 247.9 sq-km of mineral rights in Nevada on 11 separate properties, largely through wholly-owned unpatented mining claims staked on BLM land.

The Company has a 100% interest in the following properties:

	Project Name	No. Claims / No. Private Hectares	Total Sq-Km
1	Fletcher Junction	346 claims / 0 hectares	28.8
2	Hot Pot	6 claims / 880 hectares	9.0
3	Bull Creek	513 claims / 0 hectares	12.7
4	AW	267 claims / 0 hectares	22.5
5	SP	197 claims / 940 hectares	25.8
6	WM	54 claims / 0 hectares	4.5
7	KC	648 claims / 0 hectares	54.0
8	RP	169 claims / 80 hectares	14.8
9	DU	78 claims / 0 hectares	6.5
10	WF	273 claims / 0 hectares	22.7
11	JU	200 claims / 0 hectares	16.6
	Totals	2,751 claims / 1,900 hectares	247.9 sq-km

Fletcher Junction and Hot Pot both carry a 1.25% NSR to Royal Gold Inc. and Hot Pot carries an additional 3.0% NSR to an underlying land owner. Since July 31, 2008 the Company has entered into a mineral lease at SP and RP that carries a 2.0% NSR to underlying land owners on that part of the property owned by private parties. Also since July 31, 2008 the Company has added 4 additional claims on the AW property to bring the total to 271.

Risk Management Strategy - NGE manages exploration risk by focusing exploration resources in specific planned stages on each property. If the results from one stage are positive then exploration funds are expended on the next stage. Most importantly, if at any stage the results are negative then the property is dropped from further consideration. This provides a way of breaking the cycle of expensive property maintenance activities that many junior exploration companies often fall into that are designed to recover lost resources from marginal properties. Such staged exploration greatly increases the odds of eventual success by managing risk and assuring that good results move aggressively through the exploration pipeline and that always scarce exploration resources are continually focused in the best places. Results for each of the following stages must be positive for a property to continue to be maintained in NGE's exploration portfolio:

- Proprietary reconnaissance water sampling of existing springs and water wells is used to first identify areas of higher-than-normal gold and trace-element water chemistry.
- Follow-up water sampling is then designed to confirm and then expand the area of higher-than-normal water chemistry.

These first steps are extremely important and assure that all subsequent exploration expenditures are efficiently focused in areas large enough to contain significant new gold mineralization and that have had no previous exploration. NGE is the only exploration company in Nevada to consistently apply water sampling to verify the presence of gold in a concealed geologic setting before committing significant additional exploration funds to otherwise essentially 'blind' or 'poke-n-pray' exploration settings. When NGE identifies and verifies gold and trace-element concentrations in ground water greater than certain specific amounts in more than one sample over a large area the inference is that, as any scent becomes stronger the closer one is to its source, the bedrock source of the gold and trace-elements in the water is 1) relatively nearby, is 2) relatively shallow, is 3) 'oxidized' or relatively easy to mine and concentrate, and is 4) relatively large, i.e.- it takes more than a wedding ring in a ditch to create the kind of gold concentrations in water that NGE has identified.

- NGE then uses direct-push drilling technology to further delineate the area of unusual water chemistry. NGE's use of proprietary hydroprobe sampling techniques allows hole placement to in-fill in a more regular manner between existing springs and water wells and serves to complete the water chemistry 'fingerprint' of the target property. This stage requires permitting with the BLM and the filing of a reclamation bond to assure that any environmental disturbance will be properly reclaimed and can add additional time to the exploration process beyond the control of NGE management.
- Mineral rights are then acquired covering the area of further exploration interest to assure that NGE will own the rights to any gold deposit that might be discovered. If the area of exploration interest is on BLM land, mineral claims are staked, filed and maintained with the proper governmental authorities. If the area of interest lies on private land a title search is first performed to verify mineral title ownership, then a mineral agreement is negotiated with the owner that provides NGE with sufficient ownership to justify the risk of continued exploration.
- Depending on specific geologic features, a detailed seismic survey may then be completed to provide deep structural information on the location and character of fault zones that may have provided gold-bearing hydrothermal fluids access to the rocks where gold may have precipitated to form a gold deposit.
- Detailed soil sampling across the area of unusual water chemistry and underlying fault zones is then completed, to detect the possible vertical migration of gold and trace-elements from the underlying bedrock into the soils above. Such a program can identify areas of higher-than-normal concentrations of gold and trace-elements and serve to further focus RC drilling.

- Detailed Gravity geophysical surveying provides valuable information on the depth to bedrock over the property. Furthermore, gravity data can suggest areas of strong relief change in the underlying bedrock, which can be indicative of underlying fault zones that often control the location of gold deposits.
- Detailed Air Magnetic geophysical surveying provides information on the types of rocks, fault zones and hydrothermal alteration that accompany potential large gold deposits.

During this reporting period NGE management has nearly completed all these exploration stages on all eleven properties. Results for some stages are still pending on some property areas, but results received to date provide confirmation that new areas of potential gold mineralization have been identified that justify additional exploration expenditures on all eleven properties.

- For each property that successfully passes through all the above stages several drill targets are identified on each property that then require Reverse Circulation (RC) drilling to test for gold in potentially economic concentrations in significant thicknesses of bedrock. This stage requires additional permitting with the BLM and the filing of a reclamation bond to assure that any environmental disturbance will be properly reclaimed and can add additional time to the exploration process beyond the control of NGE management. After a few holes with positive results have been completed it is then that a new 'discovery' can be introduced to prospective buyers and the property then moves into a much more intense drilling stage designed to further 'prove' a deposit. With a new discovery, expectations of significant value often compete for limited ownership and drive valuations upward in a relatively short period of time. It is this increase in value that NGE's business plan is aimed at capturing for its shareholders by selling the new discovery to a major gold producer for development and final production.

During this reporting period NGE management accessed from two to three RC drilling rigs to complete initial RC drilling on two properties and partial drilling on one. Complete drill results have been received for only 10 of 13 drill holes on one property. Complete results for an additional 29 drill holes on two properties are still pending. Eight properties remain to be drill tested and drilling with two RC drill rigs continues.

Fletcher Junction - On June 23, 2008 NGE announced completion of phase I RC drill testing of its Fletcher Junction property. All nine wide-spaced drill holes completed to target depth encountered altered rocks containing higher-than-normal gold and gold-associated trace elements, as well as higher-than-normal gold and trace-element groundwater chemistry. This was an important milestone for NGE and the advancement of its exploration concept in that groundwater chemistry successfully identified and is being used to vector into a previously undiscovered, gold-bearing system where only unaltered basalt covering alluvium were known to exist previously. NGE management believes the first phase drilling results at Fletcher Junction justify a much larger, phase II drilling program specifically designed to intersect ore-grade mineralization in what appears to be the center of the large gold-bearing system. A new Plan of Operations is being submitted to the US Forest Service for a 36 hole drill program.

Bull Creek - On June 27, 2008 NGE announced commencement of phase I RC drilling at its Bull Creek project. Sixteen wide-spaced RC drill holes had been completed and submitted for analysis by August 11, 2008. All holes were completed to target depth and intersected shallow, altered bedrock. Analytical results for all holes are pending.

Hot Pot - On July 14, 2008 NGE announced commencement of phase II RC drilling at its Hot Pot property. Ten holes of a planned 25 to 30 hole program have been completed. Analytical results for all 10 holes are pending and drilling is scheduled to continue.

Targeting and permitting activities on all other projects are moving forward smoothly and well in advance of RC drill rig availability. Drill progress has improved substantially with drill production now running well ahead of analytical results. Drilling costs are averaging below \$40/ft, well below the industry average of \$65/ft, and show signs of continuing to decline with continued process improvements. However, NGE has been told to expect turnaround time for independent, third party analytical results to range from 6 to 8 weeks.

Summary of Quarterly results

The following table sets out selected unaudited financial information, presented in Canadian dollars and prepared in accordance with generally accepted accounting principles in Canada, for each of the last eight quarters ended July 31, 2008. The information contained herein is drawn from interim financial statements of the Company for each of the aforementioned eight quarters.

Year	2008	2008	2008	2007
Ending	July 31	April 30	Jan 31	Oct 31
Revenue	4,533	99,824	-	3,642
Working Capital	1,401,806	2,742,917	2,637,733	2,879,032
Expenses	573,602	1,069,462	579,798	566,821
Net Loss	(569,069)	(969,638)	(579,798)	(563,179)
Net Loss (per Share)	(0.01)	(0.01)	(0.01)	(0.01)

Year	2007	2007	2007	
Ending	July 31	April 30	Jan 31	
Revenue	1,037	3,516	10,121	
Working Capital	3,060,914	3,580,269	2,833,237	
Expenses	497,122	490,501	215,035	
Net Loss	(496,135)	(486,985)	(204,914)	
Net Loss (per Share)	(0.01)	(0.02)	(0.00)	-

Results of Operations

Revenue

NGE has not generated any significant revenues in its past fiscal years 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 raise funding to do so.

Operating Expenses

In the period ended July 31, 2008, NGE's general and administrative expenses increased by \$76,430 over July 31, 2007. Significant increases have occurred in salaries, rent, office and amortization while professional fees, consulting and investor relations, and travel have all decreased. The largest single cost was for stock grants to consultants, directors and employees in the period. The total stock-based expense was \$225,990, while in 2007 this amount was \$205,271. This increase was driven by grants to consultants, directors and employees during the year. Salaries have risen from \$86,375 in 2007 to \$218,537 in 2008. In the three month period ended July 31, 2007 the Company had just 6 employees in total with 2 of those just hired in that period. In 2008 the Company had a total of 12 employees which accounted for the \$132,162 increase. Rent costs increased in the 2008 period as the Company moved location in December 2007 to an office with over 8000 sq. ft of space as the Company was growing rapidly. Amortization costs have increased as NGE has increased its capital asset base by \$579,678 (\$393,788 – 2007 vs. \$973,466 – 2008). Office expense has risen due to the increased size of operations for the three month period ended July 31, 2008. Increases occurred in Utilities, communications expense and shipping charges. Professional fees, consulting and investor relations costs decreased by \$42,291. Legal fees have decreased to \$22,381 in 2008 from \$55,597 in 2007. Accounting fees have increased by \$12,550 over the same period in 2007 and investor relations costs amounted to \$19,750 (\$21,642 – 2007). Insurance costs, including D&O insurance (Director's and Officers) have risen by \$17,350 over 2007. Total insurance costs including D&O, liability and property and equipment amounted to \$23,748 in the three month period ending July 31, 2008 (\$6,398 – 2007).

Amortization

Amortization costs were \$37,594 for the period ended July 31, 2008, compared to \$9,630 for the three month period ended July 31, 2007. The increase in amortization results from an increased asset purchases during the quarter including an RC drill rig which the Company purchased.

Assets

Total assets have increased from \$5,401,739 as at July 31, 2007 to \$7,713,369 as at July 31, 2008. This increase in assets of \$2,311,630 is a result of the Company's policy of capitalizing costs associated with exploration of its property portfolio. NGE has increased its mineral properties from \$1,214,628 at July 31, 2007 to \$4,288,332 at July 31, 2008. This increase is solely due to the fact that the Company started its Phase 1 drill program in November 2007 while in the prior year the Company was focused on target generation which is not as costly as drilling. NGE has increased the number of properties that it now owns an interest in from 2 to 11 properties. Deposits have also increased in this period (\$30,000) 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, 2008 NGE had cash and term deposits amounting to \$1,997,720 and \$3,314,860 as at July 31, 2007. NGE now is almost a year into Phase I of its RC drill program and is still in the process of expanding on 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 \$1,401,806 at July 31, 2008 while at July 31, 2007 it had \$3,060,914 in working capital. The decrease in working capital is due to the ramped up costs of completing Phase 1 of its drilling program.

Capital Expenditures

In the period ended July 31, 2008 NGE invested a total of \$300,590 in capital assets compared to \$11,702 for the three month period ended July 31, 2007. The increase in capital expenditures in 2008 is due to NGE now being fully focused on its drilling program and having to consistently purchase additional equipment as a result of this.

Long Term Debt and Other Long Term Commitments

The Company has long term debt at July 31, 2008 consisting of loans for vehicles amounting to \$120,201 of which \$31,096 relates to the current portion. Principal payments for the next five years are as follows: 2009 - \$31,096, 2010 - \$31,803, 2011 - \$27,815, 2012 - \$19,002 and 2013 - \$15,777. 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 Royal Gold Corporation (formerly 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, 2008, 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 \$11,885 (2007 - \$55,597), were paid to firms whose partners are directors of the Company.
2. As at July 31, 2008, loans receivable include an amount of \$158,440 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 audited consolidated financial statements of NGE for the period ended April 30, 2008.

Critical Accounting Estimates

For information regarding critical accounting estimates used by NGE, please see Note 2 of the audited consolidated financial statements of NGE for the period ended April 30, 2008.

Future Accounting Policies

For information regarding future accounting policies used by NGE, please see Note 3 of the audited consolidated financial statements of NGE for the period ended April 30, 2008.

Financial Instruments and Other Instruments

NGE's financial instruments consist of cash and cash equivalents, term deposits, loans receivable, subscription receivables, deposits 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 July 31, 2008. 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.