

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Six Months Ended April 30, 2013**

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This management's discussion and analysis of Nevada Clean Magnesium Inc. (the "Company") contains analysis of the Company's operational and financial results for six-month period ended April 30, 2013. The following should be read in conjunction with the company's unaudited consolidated financial statements for the three and six months ended April 30, 2013. All figures are in Canadian dollars unless otherwise stated.

**FORWARD-LOOKING STATEMENTS**

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy, exploration plans, and environmental protection requirements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties include risk and uncertainties associated with the mining industry and the exploration and development of mineral projects, such as the uncertainty of exploration results, the volatility of commodity prices, potential changes in government regulation, the uncertainty of potential title claims against the Company's projects, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as international political or economic developments, changes in interest rates and the condition of financial markets, and changes in exchange rates.

Forward-looking information is based on assumptions and expectations which the Company considers to be reasonable, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. Nevada Clean Magnesium Inc. does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

**DATE OF REPORT**

June 28, 2013

**NATURE OF BUSINESS AND OVERALL PERFORMANCE**

**Jurisdiction of incorporation and corporate name**

The Company was incorporated under the *Company Act* (British Columbia) on March 24, 1966 as "Ft. Lauderdale Resources Inc.". The Company changed its name to Amcorp Industries Inc. on July 20, 1990, and to Molycor Gold Corporation on May 17, 1996 and to Nevada Clean Magnesium Inc. on April 16,

2012. The Company is a reporting issuer in the provinces of British Columbia and Alberta. The Company's common shares trade on the TSX Venture Exchange under the symbol "NVM". The Company has one wholly owned subsidiary, Nevada Moray Inc., incorporated in the State of Nevada. Nevada Moray Inc. manages the exploration work on the Company's Nevada properties. The Company's head office is located at #602 – 15216 North Bluff Road, White Rock, British Columbia V4B 0A7.

### **Mineral exploration projects**

The Company currently has seven exploration projects.

- *Windpass Sweethome, British Columbia.* The Windpass Sweethome property is located 50 kilometres northeast of Barriere in the Thompson Plateau area of Central British Columbia, consists of 8 contiguous mineral leases totalling 737 hectares in size, and is owned 100% by the Company.

In March 2012, the Company entered into an option agreement whereby MillenMin Ventures Inc. ("MillenMin") may earn up to 70% of the Company's interest in the Windpass Sweethome property by paying \$120,000 to the Company, incurring \$750,000 in aggregate exploration expenditures, and issuing 400,000 common shares over a period of four years. Upon MillenMin earning the 70% interest, MillenMin and the Company will form a joint venture to further explore and develop the property. The original vendors of the property will retain a 3% net smelter royalty. By mutual agreement, this option agreement will be terminated on July 25, 2013.

- *Crowrea Empress Property, Osoyoos and Similkameen Mining Division.* The Crowrea Empress property is located near Summerland, British Columbia, and is a jointly controlled venture with Goldrea Resources Corp. The property originally consisted of 27 claims totalling approximately 10,494 hectares, with 2 claims dropped during the year ended October 31, 2012 and one other claim dropped during the six months ended April 30, 2013, reducing the property to 24 claims totalling approximately 9,720 hectares.
- *Beaverdell Property, Greenwood Mining Division.* The Beaverdell property is located 3 kilometres southeast of Beaverdell, British Columbia, consists of 27 claims totally approximately 706 hectares in size, and is owned 100% by the Company.
- *Griffon Property, Nevada.* The Griffon property is located in White Pine County, Nevada, 45 miles southeast of Eureka, and 13 miles southeast of Mount Hamilton. The property consists of 64 unpatented mining claims leases totalling 535 hectares in size, but following the optioning of the property in February 2012, the optionee (noted below) elected to stake an additional 149 unpatented mining claims in the name of the Company's US subsidiary, later dropping 27 of these claims to reduce the number of current claims staked by the optionee to 122. The claims are 100% owned by the Company and are subject to a 2% net smelter royalty in favour of the originating vendors.

In February 2012, the Company entered into an option agreement with Pilot Gold Inc. ("Pilot Gold"). Under the terms of the agreement, to acquire a 60% interest in the property over the subsequent four years, Pilot Gold must:

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- i) pay the Company \$119,363 USD;
- ii) issue 120,000 common shares to the Company; and
- iii) expend \$750,000 USD on exploration of the property, or pay an additional \$750,000 USD to the Company.

Pilot Gold may earn an additional 10% interest in the property by expending an additional \$2,500,000 USD on exploration during the five year period following the initial four years.

- *Silverado Property, Nevada.* The Silverado property is located in the Pinto mining district of Nevada, consists of 3 patented mining claims totalling approximately 121 hectares, and is a 100% owned by the Company.
- *Tami-Mosi Property, Nevada.* The Tami-Mosi property is located approximately 8 miles southeast of Ely, Nevada in the Tamerlaine district, consists of 81 unpatented mining claims totalling approximately 677 hectares and 4 quartz unpatented claims totalling approximately 33 hectares, is 100% owned by the Company, and is subject to a 2% net smelter royalty in favour of the originating vendors.
- *BCS Davis Property, Nevada.* The BCS Davis property is located in Nye County, Nevada, consists of 61 unpatented lode mining claims totalling approximately 510 hectares, is 100% owned by the Company, and is subject to a 2% net smelter royalty in favour of the originating vendors.

In December 2012, the Company announced that Edward Lee had accepted the position of Chairman of the Board and Chief Executive Officer and James Sever will assume the President's seat. Peter Stuntz has been appointed Independent Director and Rob Bailey is added as a new Director and the new Chief Operating Officer. Marlyn Ballain has also been added to the Company's Technical Advisory Committee.

Larry Reaugh has resigned as a Director and CEO to focus on other interests.

Robert Brown has tendered his resignation. He will transition onto the Technical Advisory Committee on a consulting basis.

Dr. William Pfaffenberger and Dr. David Madill have resigned as members of the Board of Directors.

**Analysis of balance sheet items – April 30, 2013**

Cash and cash equivalents increased from \$3,656 as at October 31, 2012 to \$41,831 as at April 30, 2013, principally as a result of the receipt of private placement funds, and the refund of reclamation bonds.

Mineral property interests decreased from \$3,697,776 as at October 31, 2012 to \$3,696,698 as at April 30, 2013. Additional information on this item is given below under "*Analysis of mineral property costs*". Payable to related parties increased from \$379,701 as at October 31, 2012 to \$424,423 as at April 30, 2013, principally as a result of salaries payable to the CEO and President. The amounts are non-interest bearing, unsecured and have no fixed terms of repayment. Additional information on this item is given below under "*Related party transactions*".

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The Company recorded an increase in share capital between October 31, 2012 and April 30, 2013 in the amount of \$86,200, net of share issuance costs of \$800. Additional information on share issuances is contained under "Liquidity and Capital Resources".

**SUMMARY OF QUARTERLY RESULTS**

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

Quarters ended:	April 30, 2013	January 31, 2013	October 31, 2012	July 31, 2012
Comprehensive loss	\$ (50,500)	\$ (52,975)	\$ (525,398)	\$ (172,066)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

Quarters ended:	April 30, 2012	January 31, 2012	October 31, 2011	July 31, 2011
Comprehensive loss	\$ (168,254)	\$ (170,600)	\$ (81,470)	\$ (111,344)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

(Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive.)

**Analysis of income statement items for the three and six month periods ended April 30, 2013**

The comprehensive loss for the quarter ended April 30, 2013 was \$50,500, compared to \$116,977 for the prior year quarter ended April 30, 2012. The comprehensive loss for the six month period ended April 30, 2013 was \$103,475, compared to \$297,420 for the prior year six month period ended April 30, 2012. The decrease in the Company's net loss the periods ended April 30, 2013 was principally due to cost reductions resulting from cash constraints and from a decrease in the activities of the Company.

**Analysis of mineral property costs**

The following shows a breakdown of the Company's capitalized exploration and development costs as at April 30, 2013 and October 31, 2012 by geographic region.

**British Columbia, Canada Mineral Properties**

	Windpass Sweethome	Crowrea Empress	Flap	Beaverdell	Total
Balance, November 1, 2011	\$ 641,927	\$ 454,036	\$ 132,621	\$ 330,657	\$ 1,559,241
Acquisition costs	2,302	-	-	-	2,302
Exploration costs	-	-	-	5,482	5,482
BC mineral exploration tax credits	(4,357)	(2,313)	(19,774)	(1,005)	(27,449)
Option payments received	(30,000)	-	-	-	(30,000)
Write down	-	-	(112,847)	-	(112,847)
<b>Balance, October 31, 2012</b>	<b>609,872</b>	<b>451,723</b>	<b>-</b>	<b>335,134</b>	<b>1,396,729</b>
Acquisition costs	-	-	-	-	-
Exploration costs	-	-	-	-	-
<b>Balance, April 30, 2013</b>	<b>\$ 609,872</b>	<b>\$ 451,723</b>	<b>\$ -</b>	<b>\$ 335,134</b>	<b>\$ 1,396,729</b>

**Status of Canadian exploration projects**

*Windpass and Sweethome Properties, British Columbia*

Both properties are 100% owned and located 50 kilometres northeast of Barriere, BC. The properties consist of seven contiguous mineral leases totalling 389.34 hectares. Subsequently, the Company acquired by staking an additional 1,048 hectares. Both are past producers with Windpass believed to have producing 34,456 ounces of gold from 102,996 tonnes of milled over six year period from 1933-1939.

On September 9, 2009, the Company announced the commencement of a 10-12 BQ thin wall diamond drill holes exploring the previously sampled outcrop zones, including the new are located at the east end of the Hail Zone, as well as four holes at twenty-five meter spacing along east –west trending Weather Station Zone below the previously announced rock sample #WP09-AR07, which graded 316,500 ppb AU (see news release dated July 27, 2009).

On November 30, 2009, the Company released assays from the trenching of 7 of the 12 holes drilled. The trenching program consisted of trenches covering untested zones between the Windpass and the Sweet Home Mines. The property has eighteen gold zones (two of which produced 34,456 troy ounces of gold from 102,946 tons from 1933 – 1939). Prior trench sampling on three of the gold zones returned 36.94 grams Au/tonne (1.08 troy ounces/ton) over 0.58 meters (1.9 ft) and 44.97 grams Au/tonne (1.32 opt Au) over 0.10 meters (0.33 ft) on the North, Sleet and Weather Station Zones. *(For more results, see news release dated November 3, 2009).*

In April 2012, the Company announced that it had entered into an option agreement with MillenMin Ventures Inc. whereby MillenMin can earn up to 70% of Nevada CMI's 100% owned undivided interest in the Windpass gold property. Under the Option Agreement, MillenMin has been granted the exclusive right and option to acquire an undivided 70% interest in the Property by paying \$120,000 to Nevada CMI, incurring \$750,000 aggregate exploration expenditures on the property and issuing 400,000 common shares in the capital of MillenMin to Nevada CMI over a period of four years.

In October 2012, MillenMin completed a 910 meter diamond drilling program, which consisted of 4 diamond drillholes designed to test the geophysical anomalies identified by earlier survey work. The first hole intercepted 13 sections of moderate to intense propylitic alteration, with sericite and quartz carbonate veinlets or with sericite disseminated sulphides, at a depth of 5 meters to 200 meters (15-655 feet). The second hole intersected numerous sections of moderate to intense propylitic alteration with silicification and pyritization from 79 meters to 85 meters (260- 280 feet) and between 133 meters and 265 meters (435- 870 feet). The pyritized sections contained up to 5% pyrite in a width of 35 meters at a depth of 133 meters to 168 meters (435- 550 feet). Pyrrhotite, chalcopyrite, magnetite, calcite and chlorite are visible in these altered sections. The third hole intercepted more sulphides of up to 10% in a more continuous interval of the intense propylitization from 143 meters to 262 meters (470-860 feet). No mineralization of interest was observed in the fourth hole. A total of 209 core samples were split and sent to ALS Minerals in North Vancouver for assaying.

On January 28, 2012, MillenMin Ventures announce the results from the completed 910 meter drill program with gold assays grading up to 4.75 grams per tonne.

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On June 14, 2013, it was announced the option agreement between the Company and MillenMin Ventures will terminate on July 25, 2013, by mutual agreement.

*Crowrea/Empress Property, British Columbia.*

The Crowrea Project is a mineral rich occurrence within a 650 meter northeast trending dyke zone, potentially extending another 400 meters. The discovery was contained in a trench which returned 0.209% MoS<sup>2</sup> over 38 meters. Subsequent drilling returned up to 0.273% MoS<sup>2</sup> over 39 meters in holes #95-03-09 and 4.6 meters grading 3.39% MoS<sup>2</sup> in Hole # 96-14-56. Diamond drilling entailing 30 holes returned significant values in 14 of the holes up to 10.6 meters grading 0.292% molybdenum. In April 2007, the Company acquired additional property consisting of 82 claim units totalling 1629.8 hectares (4027.5 acres) and adjoins the northwest border of the Crowrea Molybdenum property.

The Company completed drilling program in 2007 – 2008 on the Empress Molybdenum occurrence. The program started with 10 BQTW drill holes being drilled in the central portion of a 730 X 360 meter area for molybdenum (and copper/gold) bearing mineralization. Together the 2007 and spring 2008 program consisted of 19 holes drilled totalling 3,493 meters (11,459 feet). Mineralization observed in core from all 19 holes consists of disseminated and fracture filling molybdenite-pyrite-chalcopyrite associated with secondary alteration of K-feldspar-magnetite-chlorite-biotite-sericite. From the October 14, 2008 news release the program returned significant results one of which included hole # Emp 19-08 assaying 0.18% Mo over 15 meters near surface. The Company contracted Norm Tribe & Associates of Kelowna, B.C. to complete a NI 43-101 resource study on the Empress. The report was announced on January 28, 2009 and the results as follows:

	<b>0.02% Mo cut-off</b>	<b>0.05% Mo cut-off</b>
Indicated	3,996,155 tonnes @ 0.0605% Mo	1,703,000 tonnes @ 0.09% Mo
Inferred	3,498,000 tonnes @ 0.0619% Mo	1,657,498 tonnes @ 0.094% Mo

This project is a 50/50 joint venture with Goldrea Resources Corp.

*Beaverdell Property, British Columbia*

The Company's 27 mineral claims entail the southern half of the Beaverdell silver, lead, zinc vein camp. The Beaverdell Mine (North portion) believed to have produced almost continuously from 1913-1991, mining 1,321,140 tons producing 35,594,385 oz silver, 16,725 ounces gold, 25,569,475 lbs lead, 30,644,112 lbs zinc, 128,244 lbs cadmium and 25,699 lbs of copper. The Company's southern section is believed to have produced 1,507,393 ounces of silver, 1,456,185 lbs of zinc, 960,482 lbs lead and 367 ounces of gold from 8,003 tons. In February 2008 the Company entered into an option agreement with Glen Eagle Resources Inc., formerly Temoris Resources Inc. ("Temoris") of Quebec whereby Glen Eagle could acquire a 70% interest in the Beaverdell silver property. Glen Eagle Resources Inc. reported in their interim quarterly financial statements as at March 31, 2009 that they did not intend to continue the exploration of the Beaverdell property and the option would not be exercised. Consequently, there were no receivables and the project is owned 100% by the Company. In the fall of 2010, the Company conducted property assessment work via a geochemical of 59 soil and 33 rock chip sampling program. The results were announced in December 2010.

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In July 2011, the Company completed a drilling program consisting of 2,457.6 meters (8,063 feet) of diamond drilling in 16 holes from 9 drill pads and ranged from 47.85 - 270.5 meters (157 - 886 feet) in depth, with silver assays grading up to 97.3 grams per tonne.

**Nevada, USA Mineral Properties**

	Griffon	Silverado	TKO, Hot Dog Ridge, Ridge Top	Tami-Mosi	BCS Davis	Total
Balance, November 1, 2011	\$ 202,038	\$ 389,958	\$ 415,061	\$ 1,056,496	\$ 598,913	\$ 2,662,466
Acquisition costs	3,676	-	-	24,073	1,013	28,762
Exploration costs	7,915	28,262	-	21,791	(16,442)	41,526
Option payments received	(39,636)	-	-	-	-	(39,636)
Write down	-	-	(416,619)	-	-	(416,619)
Foreign currency translation	2,194	2,941	1,558	11,410	6,445	24,548
<b>Balance, October 31, 2012</b>	<b>176,187</b>	<b>421,161</b>	<b>-</b>	<b>1,113,770</b>	<b>589,929</b>	<b>2,301,047</b>
Acquisition costs	-	-	-	-	-	-
Exploration costs	-	-	-	260	-	260
Foreign currency translation	(102)	(245)	-	(1,268)	(343)	(1,958)
<b>Balance, April 30, 2013</b>	<b>\$ 176,085</b>	<b>\$ 420,916</b>	<b>\$ -</b>	<b>\$ 1,112,762</b>	<b>\$ 589,586</b>	<b>\$ 2,299,349</b>

**Status of USA exploration projects**

*Griffon Property, Nevada.*

The property is located 45 miles southwest of Eureka, in the southern portion of the Battle Mountain Eureka Gold Trend. Alta Gold believed to have produced a total of 90,000 oz of gold from two zones of mineralization in the lower Chainman Shale at Griffon. The Company believes potential exists for deeper, more extensive gold mineralization in the underlying Pilot Shale Formation and/or high grade Carlin-type epithermal gold associated with feeder faults beneath the mined –out surface deposits. On February 22, 2012, the Company optioned the Griffon Gold Property located in Nevada, to Pilot Gold Inc., a TSX listed company that allows Pilot Gold to earn an initial 60% by paying Nevada Clean Magnesium Inc. a total of \$US 119,636 cash, issuing 120,000 of its common shares and incurring \$US750, 000 in exploration and development expenses over a four year period with the right to earn an additional 10% in the Property.

*Silverado Property, Nevada.*

During the fiscal year ending October 31, 2007 the Company completed acquisition of the 3 patented claims “the Michigan, American Eagle and Silverstone” from J.A. Terteling & Sons of Idaho and is situated at the southern end of the gold-rich Battle Mountain-Eureka Trend in Nevada. Grab samples assayed up to 4415.5 grams silver (128.7 oz per ton) from old dumps. Silver values up to 23 ounces with combined lead and zinc values of nearly 30%. Future exploration would be focused on the receptive host rocks hosting Carlin-Type mineralization similar to Barrick’s two million ounce Archimedes gold deposit.

*Tami-Mosi Property, Nevada*

The Company owns 100% interest in the unpatented mining claims located in the Schell Creek Range, 6.5

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miles south-east of the town of Ely. On August 22, 2007 the Company announced the start of a drill program. The program consists of 25 holes, totalling 15,000 feet (4500 meters) in 25 reverse circulation rotary holes to test four target areas along a strike length of more than 3 miles (5000 meters) as identified by the geological mapping, outcrop sampling, a biogeochemical survey and a resistivity/spontaneous potential geophysical surveys. The drilling will test alluvium-covered extensions of known surface mineralized zones. The 2007 planned drilling is complete and all assays have been received for the program which consisted of 14 reverse circulation holes totalling 8,420 feet (2,567 meters) being drilled into the four identified gold bearing areas located out on the pediment under the alluvial cover as identified by biogeochemical and geophysical surveys. In February 2008 the company announced the discovery of high grade manganese grading 35.2% Mn over 15 feet (4.60 meters) in hole # TM-07-003 during the Phase I drilling program.

In May, 2008 the Company resumed the drilling program on the new manganese and magnesium discoveries at the Tami-Mosi project. Nine diamond drill holes were completed. These ranged from 27.5 meters (90 ft) grading 10.5% Mg (17.12% MgO), to 164.63 meters (540 ft) grading 11.4% Mg (18.60% MgO), reporting Mg values over 2,600 meter (8,500 ft) strike length. Most of the drill holes ended in mineralization. The deposit remains open to the north along strike and to depth.

The Company engaged Teck Cominco Global Discovery Labs to analyze a 9.2 meter (30 ft) section of hole # TM 07-13 from 270 – 300 feet (82.3 m – 91.5 m), for purity of the dolomite. Hole # TM 07-13 averaged 11.4% Mg (18.6% MgO) over 164.4 meters (540ft). Results returned a high purity form of dolomite that is virtually identical with the National Bureau of Standards (NBS), Standard 88B.

SAMPLE	SiO <sub>2</sub>	TiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	Fe <sub>2</sub> O <sub>3</sub>	MnO	MgO	CaO	Na <sub>2</sub> O	K <sub>2</sub> O	P <sub>2</sub> O <sub>5</sub>	Ba	LOI	Total
Hole #TM-07-13 270ft - 300ft	1.25 %	0.01 %	0.22 %	0.10 %	0.01 %	20.95 %	29.91 %	0.01 %	0.01 %	<0.01 %	<0.01 %	46.78 %	99.27 %
NBS "Standard 88B"	1.15 %	0.02 %	0.35 %	0.30 %	0.07 %	21.14 %	29.79 %	0.01 %	0.03 %	0.01% %	<0.01 %	46.93 %	99.80 %

In news release dated July 7, 2009, the Company announced receipt of NI 43-101 updated resource report from Norm Tribe and Associates quoting 236,183,772 tonnes of an inferred resource at a grade of 10.0% Magnesium. The NI 43-101 resource study estimate at 8.0% Magnesium cut-off is summarized as follows:

RESOURCE CALCULATIONS FOR TAMI-MOSI							
SECTION	AREA Sq.m.	HORIZ. m.	VOLUME Cu.m.	TONNAGE Tonnes		GRADE % Mg	POUNDS Mg.
1	43500N	72,450	100	7,245,000	205,75,800	12.12	5,486,331,312
2	43200N	78,378	100	7,837,800	22,259,352	10.62	5,200,675,001
3	43100N	58,873	100	5,887,300	16,719,932	10.16	3,737,239,201
4	4300N	62,513	100	6,251,300	177,53,692	12.22	4,772,902,557



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5	42700N	46,354	100	4,635,400	13,164,536	10.09	2,922,263,701
6	42600N	64,290	100	6,429,000	18,258,360	9.19	3,691,475,225
7	42500N	99,316	100	9,931,600	28,205,744	10.5	6,515,526,864
8	42000N	29,483	100	2,948,300	8,373,172	10.16	1,871,571,405
9	4200N	65,001	100	6,500,100	18,460,284	11.02	4,475,511,253
10	41800N	26,558	100	2,655,800	7,542,472	9.74	1,616,200,900
11	41800N	16,897	100	1,689,700	4,798,748	11.38	1,201,414,549
12	41300N	26,491	100	2,649,100	7,523,444	9.45	1,564,124,008
13	4100N	37,326	100	3,732,600	10,600,584	9.33	2,175,875,872
14	40900N	17,436	100	1,743,600	4,951,824	10.21	1,112,278,707
15	40900N	19,400	100	1,940,000	5,509,600	9.1	1,103,021,920
16	40800N	35,264	100	6,526,400	10,014,976	9.95	2,192,278,246
TOTAL POUNDS Mg.							49,638,690,722
TOTAL TONNES AND GRADE UNDILUTED					214,712,520	10.51	
WITH 10% DILUTION AT THE LISTED GRADE					21,471,252	4.89	2,309,877,290
<b>DILUTED TONNAGE AND GRADE</b>					<b>236,183,772</b>	<b>10.00</b>	<b>51,748,568,012</b>

RESOURCE CALCULATION

Pounds per 1%/Tonne      22.06  
Density                      2.84 Tonnes per cubic meter

The Company engaged Hazen Research Inc. as Phase 1 Process Development Study for Exploitation of the Tami Mosi resource. The resource is a premium quality dolomite containing an estimated 236 million tonnes of dolomite

On September 15, 2010, the Company announced the results of Hazen Research Inc.'s Phase I Process Development Study for Exploitation of the Tami-Mosi Resource. Hazen's work included a review of technical literature for recovering magnesium from dolomite deposits and the work done on the drill core samples from the Tami-Mosi testing its purity. Hazen's initial assessment indicates the high quality dolomite is an ideal basis for the production of magnesium based refractory's, magnesium metal, cement and/or agricultural products. The report outlines potential process routes for production of both high value products and the recovery of magnesium metal and recommends Nevada Clean Magnesium Inc. to develop to a full feasibility for exploiting the resource. In December 2010, the Company engaged Wardrop, a Tetra Tech Company, to complete a Preliminary Economic Assessment for N1 43-101 magnesium production study. The work included project management, geology, mining, metallurgical processing, environmental considerations, financial analysis, capital and operating cost estimates. In January 2011, the Company retained James Sever and Robert Brown, two renowned experts in magnesium industry, to assist the Company with the completion of the preliminary economic assessment study for the Tami-Mosi magnesium project.

In August 2011, the Company announced an updated block modeling and resource analysis completed by Wardrop Engineering that resulted in an estimated increase of the inferred resource to 412 million tonnes of dolomite at an average grade of 12.3% magnesium (Mg), using a 12% Mg cut-off grade, for a contained metal content of 111 billion pounds of Mg. This estimate was included into the NI 43-101 Preliminary Economic Assessment Study for the Tami – Mosi Magnesium Project, dated September 15, 2011. The NI 43-101 compliant Report was filed with the Regulators on SEDAR.

On October 17, 2011 the Company received a paper, from Alpha Omega Engineering Inc. of Spokane

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Washington, USA, titled "A Discussion Paper for Potential Areas of Improvement within Nevada Clean Magnesium Inc. Tami-Mosi Magnesium Project and Possible Effects upon Projected Profitability". The Paper identifies eleven potential cost saving areas and increases to revenue streams to the current NI 43-101.

On June 17, 2013, the Company announced the acceptance and publication of a paper titled "Waste Heat Recovery Opportunities in a Magnesium Silicothermic Reduction Plant" by the TMS (The Minerals, Metals and Materials Society). The paper is authored by James Sever P. Eng., President and Director of the Company, who is recognized as a qualified person as defined by NI 43-101. The paper defines and quantifies potential reductions to operating costs and carbon dioxide emissions through energy production, whereby low grade waste heat is recovered during the operation of the proposed vertically integrated Tami-Mosi Magnesium project.

The paper suggests the following:

- Generate 43 MW of electrical energy for use in the Tami-Mosi project;
- Reduce operating costs by \$0.17 per lb. Mg ingot; and
- Reduce the carbon footprint by 51 metric ton per hour of operation.

Potential ancillary benefits identified include:

- Generation of water as a co-product will eliminate the need for external water for plant operation;
- Plant productivity improvement through double operating cycles without incurring additional capital need for expansion of the power plant; and
- Facilitation of permitting of the plant and operations.

Waste heat recovery, together with the confirmation of two cycles per day as presented at the 2012 Institute of Management Accountants (IMA) conference by The RIMA Group, are just two of the items from the opportunities document that could potentially reduce operating costs and increase revenues for the Tami-Mosi Project.

*Davis Property, Nevada*

The property is located in Walker Lane Gold Trend, 5 miles east of past producing Paradise Peak Mine, Nye County, Nevada. The Davis vein has potential 3,000 foot strike length at surface. In June, 2008 the Company began drilling at the Davis Gold Property and completed seven diamond drill HQ core holes totalling 2945 ft (898 meters) in 2008 returned grades of up to 3.53 grams (0.102 apt Au) over 4.24 meters (13.91 ft) along a 200-meter strike length. The mineralization is open to the north, to the south and depth. The Davis property contains a historical resource of 33,000 ounces gold and 270,000 ounces of silver (USS Ram report).

*(Where historical estimates are referred to, the Company has no classification of the resource or reserve, and the Company has not obtained enough of the original data and has not done the work necessary to verify the classification of a resource or reserve. The Company is not treating the estimate as a NI 43-101 defined resource or reserve verified by a Qualified Person, and the historical estimate should not be relied*

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*upon)*

In June 2, 2009, the Company announced the discovery of three additional new gold/silver zones that now brings the total to six. These anomalies include the Davis, the Butler 1, The Butler 2, the Central, the Sinter and the Atwood Zones.

The zones at the Davis project show potential for high-grade, epithermal gold/silver veins, as well as strata-bound mineralized zones similar to the nearby Paradise Peak Mine (1.46M oz gold and 38.9M oz silver) which was active from 1985 to 1995 and being maintained.

**LIQUIDITY AND CAPITAL RESOURCES**

As at April 30, 2013, the Company had a cash balance of \$41,831 and a working capital deficiency of \$416,545 compared to working capital deficiency of \$413,469 at October 31, 2012.

As at April 30, 2013, Company had received funds under a non-brokered private placement for gross proceeds of \$87,000 comprising of 8,700,000 units at a price of \$0.01 per Unit. Each unit is comprised of one common share in the capital of the Company plus a three year share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.05 in the first year and \$0.10 in the second and third year. Subsequent to April 30, 2013, the Company has issued an additional 5,800,000 common shares for gross proceeds of \$58,000.

In August 2012, the Company completed a non-brokered private placement for gross proceeds of \$27,500 comprising of 550,000 units at a price of \$0.05 per unit. Each unit is comprised of one common share in the capital of the Company plus a two year share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.10 per share.

Excluding exploration costs, the Company's current general administrative cash expenditures are approximately \$17,000 per month. The Company does not generate revenue from operations and is dependent upon its ability to raise equity capital through the issuance of shares to pay ongoing operating expenses and the costs associated with its exploration and development activities. The Company expects this to continue for the foreseeable future.

**USE OF PROCEEDS FROM FINANCING**

<b>Date of financing and planned use of proceeds</b>	<b>Actual use of proceeds</b>
February 2011 financing: \$457,000 \$457,000 to be used towards magnesium drilling program in Nevada.	All funds have been committed
August 2012 financing: \$27,500	Funds to pay for BLM fees and general working capital
February 2013 financing: \$52,000	All funds have been committed
June 07, 2013 financing: \$93,000	Funds to pay for items as disclosed in press release

#### **OUTSTANDING SHARE DATA**

As at April 30, 2013, the Company had 119,943,450 common shares issued and outstanding. As at the date of this report, the Company has 126,293,450 common shares issued and outstanding.

As at April 30, 2013, the Company had outstanding share purchase warrants to purchase 550,000 common shares of the Company. Each share purchase warrant entitles the holder to acquire one additional common share. Warrants outstanding at April 30, 2013 had a weighted-average exercise price of \$0.10 per share. 14,745,500 warrants expired during the six months ended April 30, 2013.

As at April 30, 2013, the Company had no outstanding stock options.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have material off-balance sheet arrangements.

#### **RELATED PARTY TRANSACTIONS**

At April 30, 2013, the Company entered into the following related party transactions.

##### *Office and personnel sharing arrangements*

Prior to March 1, 2013, the Company shared its office premises with Goldrea Resources Corp. ("Goldrea"), and American Manganese Inc. ("American Manganese"), companies which previously shared common directors with the Company. In addition, certain personnel were shared by the companies. The personnel in question include accounting and administrative staff, in addition to the following:

- Mr. Larry Reaugh - director and officer of Goldrea and American Manganese, and former director and officer of the Company;
- Mr. Edward Lee – director and officer of the Company and Goldrea, and former director and officer of American Manganese; and
- Ms. Teresa Piorun – officer of Goldrea and American Manganese, and an officer of the Company.

Expenses relating to the common office facilities were recorded at their fair values and were incurred in the normal course of business. Related expenses were shared amongst the companies and allocated according to the relative space used by each of the companies. The salary and related costs of common personnel were allocated according to the time expended by the personnel in question. Transactions with related parties do not bear interest, are unsecured and have no fixed term of repayment. There are no ongoing commitments or contractual obligations resulting from the transactions in place as at April 30, 2013.

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At April 30, 2013, the balances due to or due from these parties were:

<b>DUE TO RELATED PARTIES</b>	<b>April 30, 2013</b>	<b>October 31, 2012</b>
Goldrea Resources Corp	\$22,214	\$22,214
American Manganese Inc.	\$320,063	\$320,063
Larry Reaugh	\$30,000	\$30,000
Edward Lee	\$53,722	\$9,000
Jim Sever	\$27,000	\$nil

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. The balances referred to below are non-interest bearing, unsecured, receivable or payable on demand with no specific terms for repayment and have arisen from the provision of services and expense reimbursements or advances described.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments and other equity-based payments, the value of the premium included in flow-through share issuances and the estimated useful life and recoverability of equipment. Actual results may differ from those estimates and judgments.

**Changes in Accounting Policies**

No changes in accounting policies have occurred during the six months ended April 30, 2013.

**Future accounting changes**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

a) IFRS 9 – Financial Instruments

IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Company is currently assessing the impact of this standard.

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b) IFRS 10 – Consolidated Financial Statements

IFRS 10, 'Consolidated Financial Statements' was issued in May 2011 and will supersede the consolidation requirements in SIC-12 'Consolidation – Special Purpose Entities' and IAS 27 'Consolidated and Separate Financial Statements' effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is currently assessing the impact of this standard.

c) IFRS 11 – Joint Arrangements

IFRS 11, 'Joint Arrangements' was issued in May 2011 and will supersede existing IAS 31, 'Joint Ventures' effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method. The Company does not expect this standard to have a significant impact on the financial statements.

d) IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12, 'Disclosure of Interests in Other Entities' was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Company does not expect this standard to have a significant impact on the financial statements.

e) IFRS 13 – Fair Value Measurement

IFRS 13, 'Fair Value Measurement' was issued in May 2011 and sets out in a single IFRS a framework for measuring fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is currently assessing the impact of this standard.

**RISK FACTORS RELATING TO THE COMPANY'S BUSINESS**

As a company active in the mineral resource exploration and development industry, the Company is exposed to a number of risks.

*Exploration Stage Operations*

The Company's operations are subject to all of the risks normally incident to the exploration for and the

development and operation of mineral properties. Mineral exploration is a business of high inherent risk. Most exploration programs fail to locate a body of commercial ore. All exploration and mining programs face a risk of unknown and unanticipated geological conditions, and promising indications from early results may not be borne out in further exploration work. Few properties which are explored are ever developed into producing mines. A mineral exploration program often requires substantial cash investment, which can be lost in its entirety if it does not result in the discovery of a commercial ore body. The commercial viability of a mineral deposit is dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of these factors are beyond the control of the Company. Mineral exploration involves risks which even a combination of careful evaluation, experience, and knowledge cannot eliminate.

In addition, even if the Company is successful in locating a commercial ore body, there is no assurance that the Company will be able to bring such an ore body into commercial production. Development of a producing mine generally requires large capital investment and numerous permits from government regulatory agencies. There is no assurance that the funds required to exploit mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. There is also no assurance that the Company will be able to obtain the government permits required to exploit a commercial ore body. The costs and time involved in the permitting process may also delay the commencement of mining operations, or make the development of a producing mine uneconomic.

If the Company is able to bring an ore body into commercial production, operating mines also face substantial operating risks, which include, but are not limited to, unusual or unexpected geological conditions, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and inability to obtain adequate machinery, equipment or labour.

If the Company is unsuccessful in its attempts to locate a commercial ore body and to commence commercial production, the Company may seek to transfer its property interests or otherwise realize value, or may even be required to abandon its business and fail as a going concern.

#### *Competition*

The mining industry is intensely competitive in all of its phases, and the Company competes with other companies with greater technical and financing resources than itself with respect to acquire properties of merit, and the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

#### *Financial Markets*

The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

*Environmental and Government Regulation*

Mining and exploration activities are subject to various laws and regulations relating to the protection of the environment, historical and archaeological sites and endangered and protected species of plants and animals. The Company has implemented safety and environmental measures designed to comply with government regulations, and to ensure safe, reliable and efficient operations in all phases of its operations. In addition, the Company maintains liability and property insurance, where reasonably available, in such amounts it considers prudent. However, the Company may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons. In addition, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

*Title to Properties*

While the Company has investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot guarantee that title to such properties will not be challenged or impugned. The Company can never be certain that it will have valid title to its mineral properties. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law are often complex. The Company does not carry title insurance on its properties. A successful claim that the Company or its option partner does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property.

*Foreign Currency*

A portion of the Company's expenses are incurred in foreign currencies. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material effect on our business, financial condition and results of operations. The Company does not hedge against foreign currency fluctuations.

**ADDITIONAL INFORMATION**

Additional information about the Company is available at the website of the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).