

Fundamental

Research Corp.

Investment Analysis for Intelligent Investors

August 10, 2017

New Nadina Explorations Limited (TSXV: NNA) – Introductory Note

Sector/Industry: Junior Resource

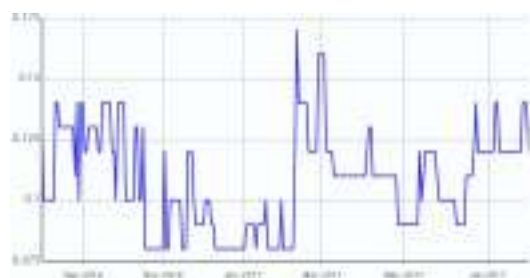
www.nadina.com

Market Data (as of August 10, 2017)

Current Price	C\$0.12
Fair Value	N/A
Rating*	N/A
Risk*	5 (Highly Spec)
52 Week Range	C\$0.08 - C\$0.18
Shares O/S	12,647,433
Market Cap	C\$1.52 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	1.5x
YoY Return	-7.7%
YoY TSXV	-4.6%

*see back of report for rating and risk definitions.

* All figures in C\$ unless otherwise specified.



Investment Highlights

- New Nadina Explorations Limited (“company”) intends to drill 4,000 to 6,000 m comprising 10 to 13 holes this September at the Silver Queen Mine Property (“SQ”) near Houston in central British Columbia. SQ is a past producing silver, copper, gold, lead and zinc polymetallic property with several eras of underground development. The project is near the past producing Huckleberry Mine and the Equity Silver Mine.
- 2011 drilling discovered a new porphyry system on the project, which was subsequently hampered by a land owner opposing access. The company appealed to the Surface Rights Board (SRB), and was granted a Right to Entry in June 2017. In a 2012-2013 drilling program, the company was successful in discovering an epithermal high-grade silver vein within the porphyry.
- **At a depth of 332.5m to 338.0 m, one hole returned 2.2 m of 1,581 gpt silver, 3.15 gpt gold, 1.25% copper, 0.9% lead, and 0.48% zinc.**
- The company is now preparing for a 10 to 13 hole (4,000 to 6,000 m) drill program to test three targets within the north west section of the porphyry.
- Announced a non-brokered private placement to raise up to \$0.48 million by issuing up to 6 million units at a unit price of \$0.08.
- Management and board members hold 2.49 million shares, or 20% of the total outstanding shares.
- The company also owns the Monument Diamond property located in the NWT, and close to the Ekati Diamond Mine and Diavik Diamond Mines.

Risks

- Commodity price risks.
- None of the projects have a NI 43-101 compliant resource estimate.
- Exploration and development risks.
- The company is required to raise capital to continue exploration.
- Share dilution.

Key Financial Data (FYE - Aug 31)

(C\$)	2016	2017 (9M)
Cash	\$8,241	\$248,551
Working Capital	-\$617,285	\$201,223
Mineral Assets	\$38,417	\$38,415
Total Assets	\$217,328	\$1,078,595
Net Income (Loss)	-\$1,010,959	\$1,130,058
EPS	-\$0.09	\$0.09

Overview

New Nadina Explorations Limited, incorporated in 1964, is a junior resource company currently focused on recommencing drilling at the Silver Queen Mine Property (“SQ”) near Houston in central British Columbia.

Silver Queen Property

Location

The SQ property, covering 8,066 hectares, is located in the Omineca Mining Division in central BC, approximately 36 km south of Houston (closest town with a population of 3,700). It is accessed by the Morice-Owen Forest Service Road (an all season / well maintained road), and is 43.5 km from the Trans-Canada Highway BC-16. Approximately 78 km further along the Morice-Owen Forest Service Road is the Huckleberry mine at Owen Lake. The project is also approximately 30 km southwest of the past-producing Equity Silver Mine.

The SQ property is comprised of 16 staked claims and 17 crown granted mineral claims. There are abundant water sources in the area (local lakes, underground wells). The company has an agreement with the Huckleberry mine, which allows for access to power if required for mining purposes.

Geology and History

The deposits in the region are primarily of **polymetallic vein or porphyry style**. The primary target metals are silver, gold, copper and zinc. The following three are the most well-known projects in the region:

- The **Huckleberry Mine owned by Imperial Metals Corporation (TSX: III)** - This was an open pit copper and molybdenum mine. The mine was in production from 1997 to 2016. The project, which has a capacity of 20,000 tpd, was put on care and maintenance due to soft copper prices. The following table shows its production from 2014 to 2016. In 2015 (the last full year of production), the mine produced 43 Mlbs of copper, 3.5Koz of gold, and 207 Koz of silver.

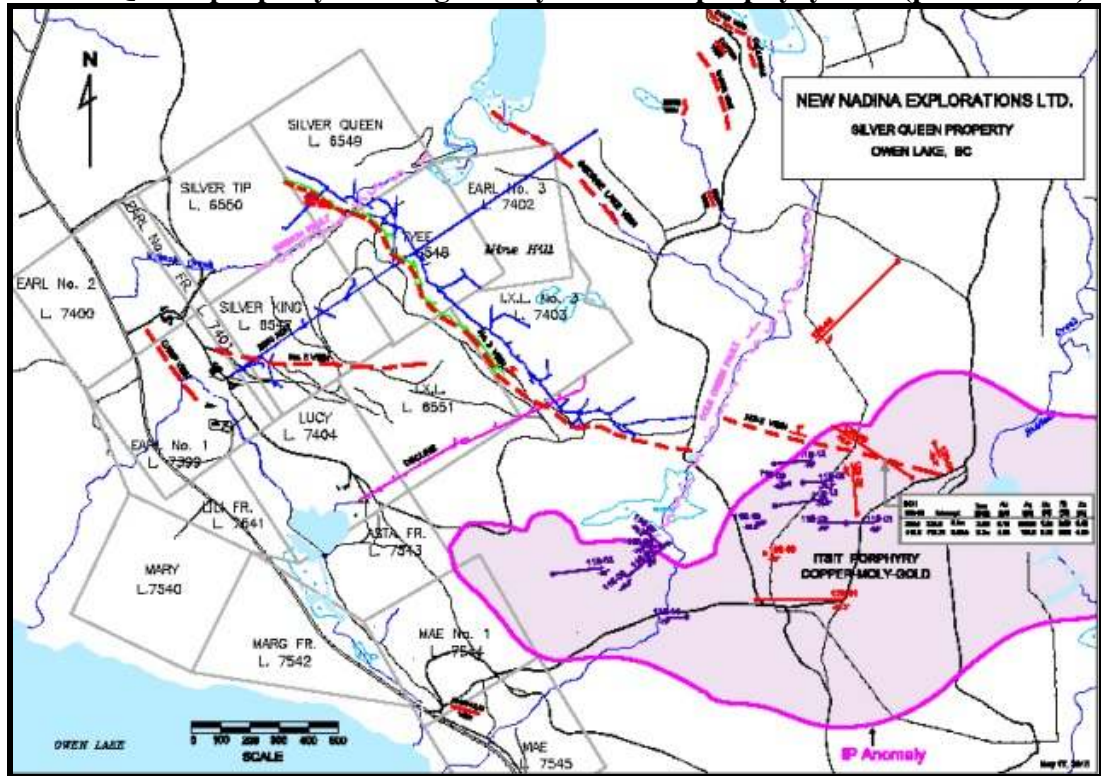
	2014 ⁽¹⁾	2015 ⁽¹⁾	2016 ⁽¹⁾⁽²⁾
Copper - 000's pounds	34,017	43,273	20,438
Gold - ounces	2,702	3,576	1,927
Silver - ounces	183,221	206,781	100,425

Source: III

- The **Equity Silver Mine owned by Goldcorp (TSX: G)** – This mine (open pit and underground) produced from 1980 to 1994, and was shut down due to ore depletion. The mine was BC’s largest producing silver mine. In addition to silver, the mine produced gold and copper. The total production during the 14 years of operation was 71 Moz of silver, 0.5 Moz of gold, and 185 Mlbs of copper. The average grade was 65 gpt silver, 0.46 gpt gold, and 0.4% copper.
- The **Ootsa project owned by Gold Reach Resources (TSXV: GRV)** – A Preliminary Economic Assessment (“PEA”) was completed on this copper – gold –

molybdenum project in 2016. The project holds three porphyry deposits. The PEA was based on a resource of 65 Mt at 0.37% Cu equiv. Based on a 12 year mine life, and initial CAPEX of \$64 million, the project gave an after-tax NPV at 5% of \$186 million. The total production estimate was 324 Mlbs copper, 185 Koz gold, 16 Mlbs molybdenum, and 3 Moz silver.

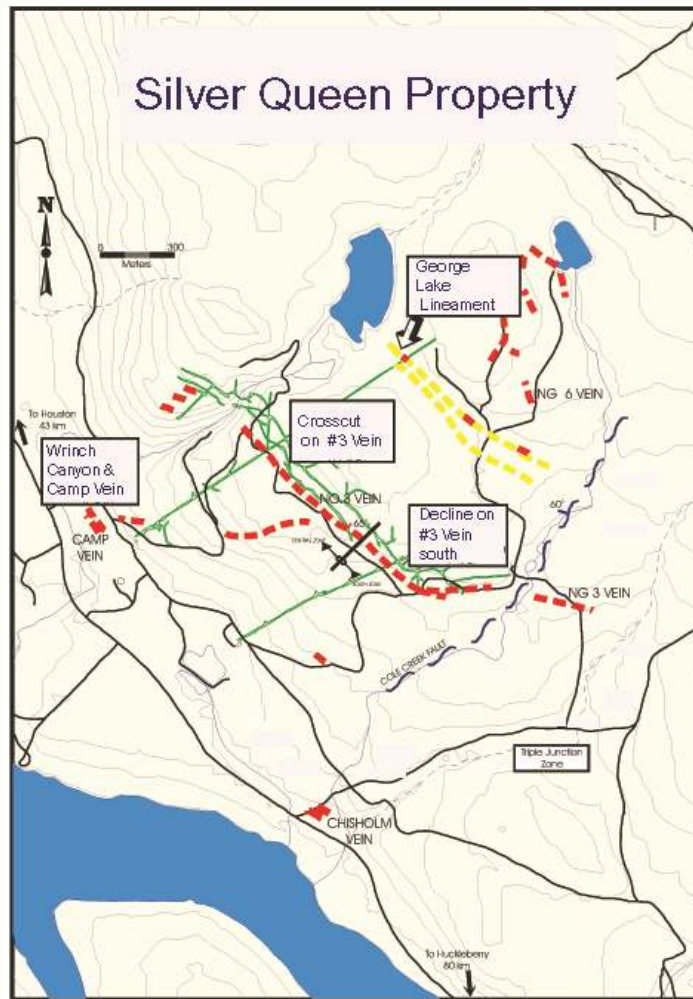
Silver Queen property showing vein systems and porphyry area (pink outline)



Source: Company

JDS Energy and Mining Inc. produced a NI 43-101 compliant technical report on the SQ property in 2011. The report highlighted the potential for epithermal gold-silver-zinc-lead-copper vein style deposits on the project. **Approximately 20 mineralized veins have been discovered on the property**, including four key ones namely, the Wrinch (No.3 Vein), Portal, Chisholm and Cole systems. The average width of the veins is 0.9 to 1.2 m, with local widths of up to 4.6 m. The following figure shows the veins as discovered up to 1997.

1997 known veins before porphyry discovery to the southeast of NG 3 Vein



Source: Company

Mineralization on the property was discovered in 1912. The property was put into production for a brief period during 1972 – 1973. Approximately 200,000 tonnes was mined. **The most recent significant exploration conducted on the project, prior to New Nadina’s current work, was in the late 1980’s.** A \$7.50 million exploration program included surface and underground drilling and lateral development on three levels. A non NI 43-101 compliant resource was also calculated in 1988.

The following table highlights the major work conducted on the property since its discovery. Prior to 2010, a total of approximately 469 holes (51,000 m) of drilling was conducted, including 246 surface holes and 223 underground holes.

1912	Mineralization discovered
1915	38 tons of ore (31% Pb and 6 oz Ag) shipped from two shallow shafts
1923	over 500 ft of drifting done from three adits
1941	surface and underground mapping and sampling completed
1963	Nadina Explorations Ltd optioned SQ claims; diamond drilling, trenching, and underground development on the No. 3 vein
1967	geological mapping, soil sampling and IP survey done; several deep holes drilled to test for porphyry copper mineralization
1968	soil sampling, trenching, diamond drilling and underground mapping done
1969	BC Ministry of Energy, Mines and Petroleum Resources mapped entire property in detail, as well as the area surrounding Owen Lake. Nadina completed 4,000 ft of drifting, 51 drill holes plus airborne geophysical surveys
1970	13,500 ft of surface drilling, 1,500 ft of underground drilling and 4,200 ft of drifting and raising
1971	feasibility study prepared, surface EM and IP surveys, 6,000 ft of surface drilling and 800 ft of drifting and raising done
1972	property put into production
1973	operations ceased September, 1973 due to an over design of the mill and complex metallurgy. 200,000 tons of ore milled. Drill indicated reserves (Historical; not 43-101 compliant) on the Winch vein system at mine closure were 577,600 tonnes averaging 3.7 g/t Au, 257 g/t Ag, 6.53% Zn, 1.49% Pb, and 0.49% Cu. 47 surface holes and 68 underground holes, totalling over 20,000 ft drilled.
1974	5,900 ft of drilling done
1977	Nadina purchased SQ property outright in 1977
1981	28 underground and 4 surface drill holes drilled (a total of over 8,000 ft).
1983 - 1984	7,500 ft of surface diamond drilling in 15 holes
1985	In excess of \$7,500,000 was spent on exploration on the property during 1987 and 1988, including 35,000 ft of diamond drilling and 8,100 ft of tunnelling, cross-cutting, and declining; minor metallurgical work done.
1988	A pre- NI43-101 resource estimate of indicated reserves was published. Although total proven, probable and possible reserves for the veins have been published at 1.7 million tons.
1996	Five holes were drilled in May, 1996, for a total of 3,041 feet a - Five holes, a total of 3,027 feet, were drilled from November 16 to 27, 1996.

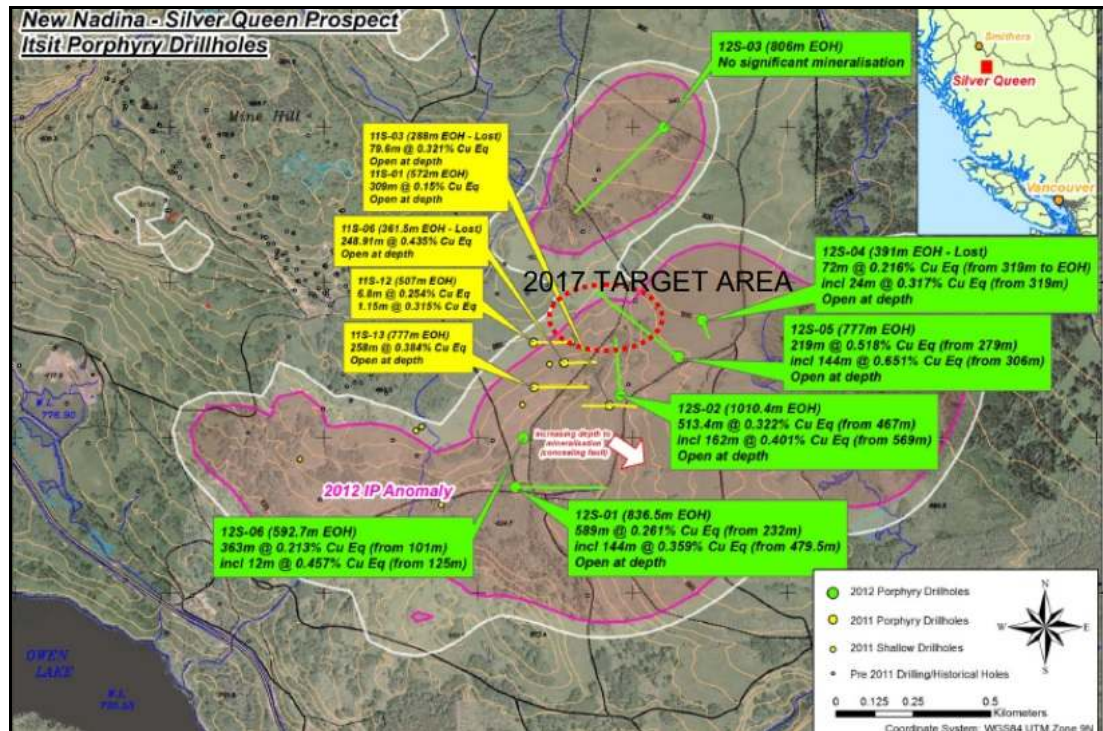
Source: Information from the Technical Report

In 2010, 26 holes totaling 4,110m were drilled in six areas.

2011 was a breakthrough year for the company when it discovered a porphyry system (namely the Itsit copper molybdenum gold porphyry), southeast of the No.3 vein system. Three of the seven holes drilled (yellow in map below) in the year were successful in intersecting encouraging grade copper-molybdenum-gold mineralization. In 2012-2013 drilling, **the company was also successful in discovering an epithermal high grade silver vein, a faulted extension of the NG-3 vein - within the porphyry.** The 2012 – 2013 drilling also showed that the original porphyry target was uneconomic as a shallow dipping fault cuts the upper portion.

2012 / 2013 - Six holes (4,413 m – green in map below) were drilled. Five out of the six holes were drilled to determine the extent of porphyry mineralization. As with porphyry style

deposits, all of these holes encountered low grade mineralization similar to the 2011 program.



Source: Company

The most encouraging hole, 12S-05, intersected the faulted extension of the NG-3 vein within the porphyry and returned the following:

- At a depth of 332.5m to 338.0 m: 2.2 m of 1,581 gpt silver, 3.15 gpt gold, 1.25% copper, 0.9% lead, and 0.48% zinc

Core sample - Epithermal high-grade silver vein intercept 12S-05 336.3 M to 336.45M



Source: Company

A parallel vein, at a depth of 410.5 m to 419.75 m, returned:

- 3.70 m of 166.6 gpt silver, 2.3 gpt gold, 0.26% copper, 0.22% lead, and 0.90% zinc

These results were encouraging for two reasons:

- the silver grade of the NG-3 vein is significantly higher than any previous intersections of this vein
- these intersections are located over 300 m to the east of the furthest known easterly extent of the NG-3 vein.

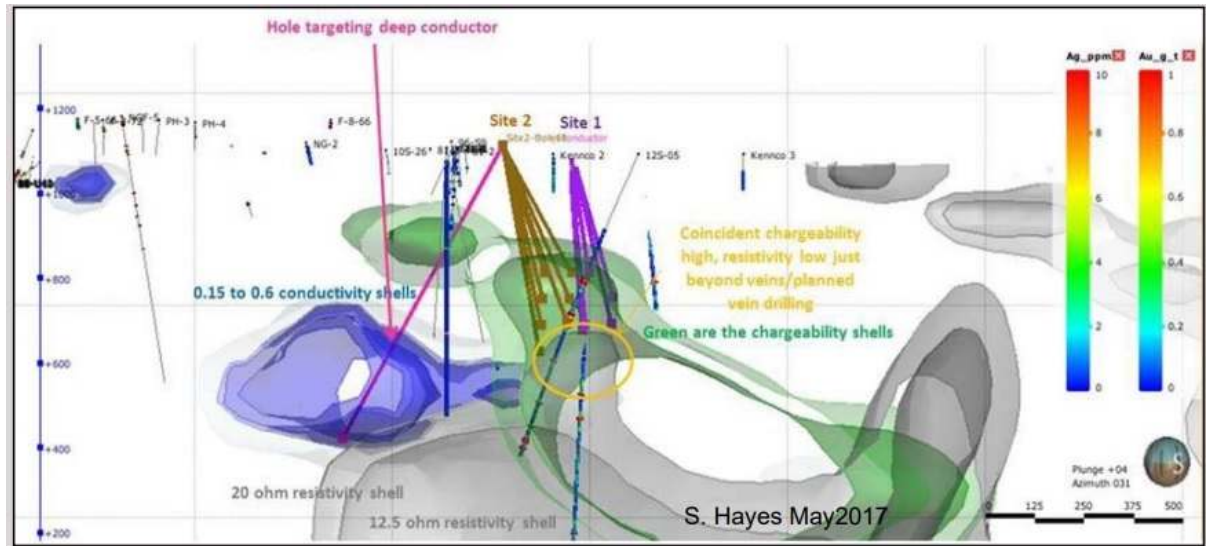
The higher grade and extension of the vein within, significantly increases the speculative upside potential of the project.

2014 to 2017: Subsequent to the Itsit discovery, the surface right holder of land covering a certain portion of the property opposed company access. New Nadina conducted reclamation and other exploration since then until early 2017, when the company was granted a right to access from the Surface Rights Board (SRB) to continue drilling on the property.

The company is now planning to follow up its successful 2011, and 2012 drill campaigns, with a 10 to 13 hole (4,000 to 6,000 m) drill program to test the following three targets in the north west section of the Itsit porphyry:

1. The first target (10 - 12 holes) will enable the company to evaluate and potentially extend strike and depth of the previous intercepts of high grade silver in the NG-3 and sister veins.
2. The second target, located beyond the high grade silver veins, has shown coincident high chargeability, and low resistivity, and will be tested by extending some of the above holes ranging 50 to 200m deeper.
3. The third target will be tested by a single hole. It is a deep, large, very conductive geophysical anomaly to the northwest of the NG-3 vein system.

2017 planned Drill holes over geophysics – two set ups



Source: Company

Drilling is expected to commence in September 2017, subject to completion of a financing.

Monument Property

The Monument Diamond property is located on the south shore of Lac De Gras, 300 km north of Yellowknife, NWT. The project was originally staked in 1992 by DHK Diamonds Inc. Kennecott worked on it from 1992 to 2003. New Nadina acquired the property in 2004, at which time there were five known diamond bearing kimberlites on the property. The Monument property currently has 12 known kimberlites shown in the three areas below.



Source: Company

Sale of Kettle River

The known kimberlites of the property are a part of the Lac de Gras cluster, and lie within 40 km of the Ekati Diamond Mine (operated by Dominion Diamond Corporation / TSX: DDC) and Diavik Diamond Mines Ltd. (operated by Rio Tinto / LSE: RIO).

New Nadina owns a 57.49% interest and is the project operator. The company has not conducted any work on the project since 2010. As all of the current focus is on the SQ project, the Monument Diamond project is currently on care and maintenance.

In February 2017, the company sold its wholly owned subsidiary, Kettle River Resources Ltd., to Golden Dawn Minerals Inc. (TSXV: GOM) for \$1.01 million in cash and 2.2 million shares of GOM. Kettle River owns mineral claims in the historical Greenwood Mining District in BC. The properties are subject to a 1% NSR, of which, 0.5% can be purchased for \$1 million in the first five years, and \$1.20 million from years five to 10.

New Nadina retained all of Kettle River's assets outside of the Greenwood area.

Management

Management and board members hold 2.49 million shares, or 20% of the total outstanding shares.

Management / Directors	Shares	% of Total
Ellen Clements	2,313,515	18.3%
John Walter Jewitt	98,000	0.8%
William Meyer	25,000	0.2%
David Huck	50,000	0.4%
Total	2,486,515	19.7%

Brief biographies of the management team and board members, as provided by the company, follow:

Ellen Clements, Director, President and Chief Executive Officer - Ellen manages and directs the exploration programs at the Silver Queen Project and the Monument Diamond Property.

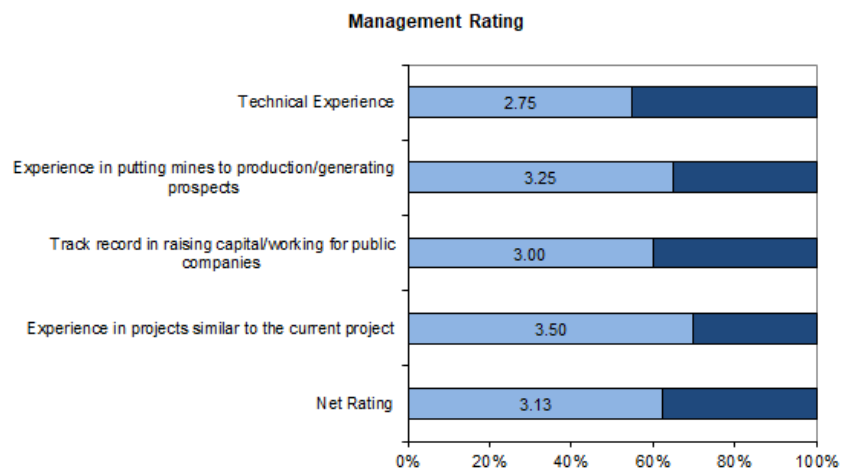
John Jewitt, P. Eng., Director - Mr. Jewitt has served as an Officer and Director of several mining companies over the past 35 years; notably as President of The Granby Mining Company and Granisle Copper Limited, former BC copper producers. He also served as Manager of Engineering & Development for Chevron Resources Inc. in the U.S.A. (Stillwater Mining PGMs) and Chile (Andacollo gold) and as President of Chevron's mining subsidiaries in Australia (Mt Wilkinson gold), Canada (Golden Bear) and Ireland (Lisheen Zinc). He served as a Director and Vice President of Redfern Resources Ltd. while undergoing permitting and feasibility studies for the Tulsequah Chief massive sulphide deposit in northern BC, and as Vice President of Auspex Minerals managing feasibility

studies for reopening the copper-lead-zinc-silver deposits at Aljustrel, Portugal.

William Meyer P.Eng., Director - Mr. Meyer is a Professional Engineer with a degree in Geology (UBC, 1962) and was Vice-President, Exploration for Teck Corporation from 1993 to 1998 and President of Teck Exploration Ltd. from 1979 to 1998. He joined Teck Exploration Ltd. in 1979 as Exploration Manager for Western Canada and the United States. In 1991, he was appointed Vice-President, Exploration, for Teck Corporation responsible for the direction of exploration activities for Teck and its associated companies worldwide. His career has spanned more than 40 years, starting as an exploration geologist with Phelps Dodge Corporation of Canada and later as senior geologist with Gibraltar Mines Ltd. He was a partner at the consulting firm of Western Geological Services in 1967 and formed his own consulting firm in 1975. He is currently on the Board of Minco Base Metals (unlisted), GGL Resources and Golden Reign Resources Ltd.

David R. Huck M.A. (Leadership) C.E.C., Director - David lives with his partner, Angie, in the beautiful Okanagan Valley in British Columbia, an area famed for its quality wine production, vineyards and orchards. David began in the investment and trust business as a Trust Officer on the Investment Board for a large Trust Company and over his career has been on the Board of several private companies, a gold mining company and a U.S. public company as CFO. David has functioned on several volunteer boards and currently serves on two non-profits; the Canadian Mental Health Association (CMHA) and the Human Resource Management Association (HRMA).

Our net rating on the company's management team is 3.1 out of 5.0 (see below).



The company's board has four members, of which, three are independent. We believe that the Board of Directors of a company should include independent or unrelated directors who are free of any relationships or business that could materially interfere with the director's ability to act in the best interest of the company. An unrelated/independent director can be a shareholder. The following table shows our analysis on the strength of the company's board.

Financials

At the end of Q3-FY2017 (ended May 31, 2016), the company had cash and working capital of \$0.25 million and \$0.20 million, respectively. We estimate the company had a burn rate (cash spent on operating and investing activities) of \$21k per month in the first nine months of FY2017. The following table summarizes the company's liquidity position:

(in C\$)	2016	2017 (9M)
Cash	\$8,241	\$248,551
Working Capital	-\$617,285	\$201,223
Current Ratio	0.03	4.42
LT Debt / Assets	-	-
Monthly Burn Rate (incl. investing activities)	\$22,219	\$21,271
Cash from Financing Activities	\$28,250	\$1,010,000

Subsequent to the quarter end, the company announced a non-brokered private placement to raise up to \$0.48 million by issuing up to 6 million units at a unit price of \$0.08. Each unit will consist of a common share and a full warrant (exercise price - \$0.12 per share for 5 years).

Stock Options and Warrants

We estimate the company currently has 1.03 million options outstanding (weighted average exercise price of \$0.31 per share) and nil warrants outstanding. Approximately 0.78 million options are in the money.

Rating

Considering the early stage nature of the projects, we are not assigning a valuation or rating on the company in this report.

Risks

We believe the company is exposed to the following key risks (not exhaustive):

- Commodity price risks.
- None of the projects have a NI 43-101 compliant resource estimate.
- As with most juniors, the company is exposed to exploration and development risks.
- The company is required to raise capital to continue exploration.

- Share dilution.

As with most junior exploration companies, we rate New Nadina shares a risk of 5 (Highly Speculative).

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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