NXGOLD LTD.

(formerly Lancaster Capital Corp.)

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED JANUARY 31, 2017

March 28, 2017

OVERVIEW

This management's discussion and analysis ("**MD&A**"), dated as of March 28, 2017, is management's discussion and analysis and interpretation of the results and financial condition of NxGold Ltd. (formerly Lancaster Capital Corp.) ("**NxGold**" or the "**Company**") for the three-month period ended January 31, 2017 and includes events up to the date of this MD&A. This discussion should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three month period ended January 31, 2017 and the notes thereto (together, the "**Interim Financial Statements**"), the annual consolidated financial statements for the twelve month period ended October 31, 2016 and the notes thereto (the "**Annual Financial Statements**") and other corporate filings, all of which is available under the Company's profile on SEDAR at www.sedar.com.

This MD&A contains forward-looking information. Please see the section, "Note Regarding Forward-Looking Information" for a discussion of the risks, uncertainties and assumptions used to develop the Company's forward-looking information.

OVERALL PERFORMANCE

Background

The Company is a Vancouver-based mineral exploration company, focused on exploring and evaluating mineral properties.

The Company was incorporated on April 26, 2004 under the *Business Corporations Act* (British Columbia) as "Long Harbour Capital Corp." On October 16, 2015, the Company changed its name to "Lancaster Capital Corp." and on November 18, 2016, the Company changed its name to "NxGold Ltd.". The Company's common shares trade on the TSX Venture Exchange (the "**TSXV**") under the symbol "NXN".

Pursuant to an agreement dated May 11, 2011 between the Company and the Saskatchewan Syndicate, an unincorporated joint venture comprising Matthew Mason and Timothy Young, the Company purchased a 100% interest in four mineral dispositions situated in the Athabasca Basin, Saskatchewan known as the "2Z Lake" property for consideration consisting of $350,000 cash, 100,000 common shares of the Company (after giving effect to a subsequent share consolidation) and a 2% net smelter return royalty and 2% gross overriding royalty on the 2Z Lake property.

Pursuant to an agreement dated June 1, 2011 between the Company and the Saskatchewan Syndicate, the Company purchased a 100% interest in one mineral disposition comprising the "Madison property" also situated in the Athabasca Basin, Saskatchewan for consideration consisting of $20,000 cash, 30,000 common shares of the Company (after giving effect to a subsequent share consolidation) and a 2% net smelter return royalty and 2% gross overriding royalty on the Madison property.

Pursuant to an agreement dated April 24, 2014, between the Company and NexGen Energy Ltd. ("**NexGen**"), the Company sold to NexGen a 75% interest in the 2Z Lake property and the Madison property (together, the "**Properties**") and granted to NexGen an option to acquire the remaining 25% interest. As consideration for the sale of such 75% interest in the Properties, the Company was issued 361,930 common shares in the capital of NexGen ("**NexGen Shares**").

On February 19, 2016, NexGen exercised its option to acquire the remaining 25% interest in the Properties and on February 26, 2016, the Company was issued 49,861 NexGen Shares as consideration therefor.

NexGen is a Canadian based uranium exploration company engaged in the exploration of its portfolio of early stage uranium exploration properties located in the Athabasca Basin, Saskatchewan. NexGen's common shares trade on the TSX under the symbol "NXE".

On October 25, 2016 the Company entered into an earn-in agreement (the "**Earn-In Agreement**") with Meliadine Gold Ltd. (the "**Vendor**") pursuant to which the Company was granted an option to earn up to a 70% interest in the the Peter Lake Gold Project, now known as the Kuulu Project (the "**Project**"), in Nunavut. The Earn-In Agreement has an effective date of January 17, 2017, coincident with receipt of regulatory approval.

The Project is located approximately 40 km northwest of Rankin Inlet, Nunavut and covers 4,174 hectares.

Specifically, the Company has the right to acquire an undivided 50% interest in the Project (the "**First Earn-In Option**") by (i) incurring a minimum of $1 million in expenditures on the Project by January 17, 2018; (ii) incurring an additional $4 million in expenditures on the Project by January 17, 2019; (iii) incurring an additional $5 million in expenditures on the Project by January 17, 2020; and (iv) paying the Vendor $75,000 in cash on each of January 17, 2017 (paid), January 17, 2018, January 17, 2019 and January 17, 2020.

The Company has the right to acquire an additional undivided 20% interest in the Project (the "**Second Earn-In Option**") by (i) incurring an additional $2 million in expenditures on the Project by January 17, 2021; (ii) incurring an additional $3 million in expenditures on the Project by January 17, 2022; (iii) incurring an additional $5 million in expenditures on the Project by January 17, 2023; (iv) incurring an additional $15 million in expenditures on the Project and preparing and delivering to the Vendor a bankable feasibility study on or before January 17, 2024; and (v) paying to the Vendor $75,000 in cash on each of January 17, 2021, January 17, 2022, January 17, 2023 and January 17, 2024.

The Company's obligation to make the cash payments referred to above, terminate upon the earlier of the Vendor's shares becoming listed on a Canadian stock exchange and, in the case of the cash payments related to the Second Earn-In Option, delivery of a bankable feasibility study to the Vendor.

The Company may extend the delivery date for the bankable feasibility study for up to three additional one year periods, upon payment to the Vendor of $2.5 million in cash for each such one-year extension. The Company may also extend the date for incurring any of the expenditures required by the First Earn-In Option for an additional one-year period, at no additional cost.

In addition, the Company may satisfy any of its expenditure requirements in cash or common shares of the Company, at its election.

The Project is subject to a 1% net smelter returns royalty and a 12% net profit interest royalty.

Three Months Ended January 31, 2017

On December 13, 2016, the Company completed a non-brokered private placement of 19,840,600 units at a price of $0.25 per unit for gross proceeds of $4,960,150 (the "**First Tranche**"). Each unit consisted of one common share and one half common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant entitles the holder to purchase one additional common share (a "**Warrant Share**") for $0.50 per Warrant Share for a period of three years from closing (the "**Expiry Date**"). If, at any time after April 14, 2017, the closing price of the Company's common shares on the principal market on which the shares trade is equal to or greater than $0.75 for a period of

20 consecutive trading days, the Company may accelerate the expiry of the Warrants, in which event the Expiry Date shall be the date (the "**Accelerated Expiry Date**") which is 30 days following the dissemination of a news release by the Company announcing the Accelerated Expiry Date.

As compensation for the placement of certain of the units in the First Tranche, the Company paid an aggregate of $135,625 in cash to certain finders. In addition, the Company issued to one eligible finder a total of 441,000 finder's warrants. Each finder's warrant entitles the holder thereof to purchase one common share for a price of $0.25 for a period of 36 months following the date of closing of the First Tranche, and is otherwise on the same terms and conditions as the Warrants.

On January 13, 2017, the Company completed an additional non-brokered private placement of 2,116,000 units at a price of $0.25 per unit for gross proceeds of $529,000 (the "**Second Tranche**"), on the same terms and conditions as the First Tranche except that the acceleration period commences on May 14, 2017 and the warrants issued in the Second Tranche expire on the third year anniversary of closing of the Second Tranche. The Company did not pay any finder's fees or issue any securities as compensation for the Second Tranche.

The Company did not conduct any exploration activities in the three-month period ended January 31, 2017.

As an exploration stage company, the Company does not have revenues and historically has had recurring operating losses. As at January 31, 2017, the Company had cash of $5,217,346 (January 31, 2016: 754,188; October 31, 2016: $452,565), an accumulated deficit of $2,976,266 (January 31, 2016: 2,600,810; October 31, 2016: $2,804,327) and net working capital of $6,110,966 (January 31, 2016: $657,195; October 31, 2016: $677,522).

Recent Developments

On February 1, 2017 and in connection with changes to the Company's senior management and Board of Directors, the Company granted an aggregate of 3,300,000 stock options to directors, officers, employees and consultants, each at an exercise price of $0.52, having a five-year term and vesting in three equal installments on each of February 1, 2017, 2018 and 2019.

Industry and Economic Factors that may affect the Business

Economic and industry risk factors that may affect the Company's business, including those that could affect liquidity and capital resources, are described below under the heading "Risk Factors". In particular, the Company does not anticipate generating revenue in the near future. As a result, the Company continues to be dependent on third party financing to continue exploration activities on the Company's properties, maintain capacity and satisfy contractual obligations. Accordingly, the Company's future performance will be most affected by its access to financing, whether debt, equity or other means. Access to such financing, in turn, is affected by general economic conditions, the price of various minerals, exploration results and the other factors described below under "Risk Factors".

SELECTED FINANCIAL INFORMATION

The Interim Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") and the interpretations of the IFRS Interpretations Committee ("**IFRIC**") as issued by the International Accounting Standards Board ("**IASB**") and are in accordance with International Accounting Standard ("**IAS**") 34, Interim Financial Reporting. The Company's significant accounting policies are presented in Note 2 of the Company's Interim Financial Statements, which were consistently followed throughout the quarter.

Management is responsible for the Interim Financial Statements. Although the Company's Audit Committee reviews the Financial Statements and MD&A and makes recommendations to the Company's Board of Directors, (the "**Board**") it is the Board who has final approval of the Interim Financial Statements and MD&A.

The financial data presented below for the current and comparative periods was prepared in accordance to IFRS. Based on the nature of the Company's activities, both the Company's presentation and functional currency is the Canadian dollar.

Summary

The following financial data is derived from the unaudited condensed consolidated interim financial statements for the three months ended January 31, 2017 and 2016.

	Year ended October 31, 2016 $	**Three months ended January 31, 2017 $**	**Three months ended January 31, 2016 $**
Expenses			
Depreciation of equipment	-	169	-
Office	12,715	30,698	27
Professional Fees	52,133	21,725	-
Travel	-	10,750	-
Salaries & Director Fees	195,883	85,302	-
Net loss (profit)	260,731	148,644	27
Other comprehensive income	-	-	(13,774)
Unrealized holding gain on available for sale securities	(237,613)	(548,367)	-
	-	-	-
Loss (profit) and Comprehensive loss (profit) for the period	(34,069)	(399,723)	(13,747)
Net income (loss) per common share - basic and diluted	0.01	0.01	0.00
Weighted average number of common shares outstanding	14,919,613	26,057,720	4,312,876

	October 31, 2016	**January 31, 2017**	**January 31, 2016**
Total Assets	905,341	6,334,514	754,188
Total Current Liabilities	227,819	131,740	96,993
Total non-current Liabilities	-	-	-
Distributions or cash dividends declared per share	-	-	-

DISCUSSION OF OPERATIONS

The Company did not conduct any exploration activities in the three months ended January 31, 2017. The Company did not undertake any other business activity in the three-month period ended January 31, 2017, other than the non-brokered private placements described above.

The Company incurred a net profit of $399,723 for the three months ended January 31, 2017 (October 31, 2016: $34,069; January 31, 2016: 13,747). The higher net profit in the quarter ended January 31, 2017 was attributable to the unrealized holding gain on available for sale securities held.

Office expenses increased to $30,698 (October 31, 2016: 12,715; January 31, 2016: $27) as a result of increased investor relation activities. Professional fees of $21,725 are significantly higher than the same period in 2016 due to the recent increase of the companies' business activities, including in particular, negotiation of the Earn-In Agreement. (October 31, 2016: $52,133; January 31, 2016: $Nil) due to legal fees incurred in connection with an internal reorganization completed in the fiscal year ended October 31, 2016.

Salaries increased to $85,302 in the three months ended January 31, 2017 (October 31, 2016: $195,883; January 31, 2016: $Nil) as a result of the regular payment of salaries to directors, officers and employees of the Company which commenced effective January 1, 2017.

The Company incurred a gain of $548,367 in the three-month period ended January 31, 2017 (October 31, 2016: $237,613; January 31, 2016: $13,774) relating to an increase in the fair value of available for sale securities held by it.

The Company's immediate plan for the Kuulu Project is to commence an exploration program in the second quarter of 2017 and incur its required $1 million of expenditure thereon by January 17, 2018. The nature and extent of additional expenditures will depend on the results of this initial exploration program.

SUMMARY OF QUARTERLY RESULTS

The following financial information is derived from the Company’s condensed consolidated interim financial statements, prepared in accordance with IFRS and presented in Canadian dollars. It should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements for each of the past eight quarters, as well as the Annual Financial Statements.

(Expressed in Canadian dollars)	**2017 Jan 31**	**2016 Oct 31**	**2016 Jul 31**	**2016 Apr 30**	**2016 Jan 31**	**2015 Oct 31**	**2015 Jul 31**	**2015 Apr 30**
Net Income (loss) for the period	(148,644)	(178,817)	(49,747)	73,501	(27)	(5,405)	19,650	(12,009)
Loss per share - Basic and fully diluted	0.01	(0.01)	(0.01)	0.01	(0.00)	(0.00)	(0.01)	(0.00)

NxGold does not derive any revenue from its operations except for minimal interest income from its cash and cash equivalent balances and short-term investments. Its primary focus is the acquisition, exploration and evaluation of resource properties, and the Company conducted limited business activity in the three-month period ended January 31, 2017 and the fiscal years ended October 31, 2016 and October 31, 2015 other than the disposition of its interest in the Properties, completion of private placements and negotiation of the Earn-In Agreement. Accordingly, quarterly periods are not generally comparable due to the nature and timing of these items.

LIQUIDITY AND CAPITAL RESOURCES

As of January 31, 2017, the Company had net working capital of $6,110,966 (October 31, 2016: $677,522; January 31, 2016: $657,195) primarily representing proceeds from the private placements.

The NexGen Shares are available for sale securities and provide the Company with near term working capital liquidity. The closing price of NexGen’s common shares on the TSX on January 31, 2017 was $ 3.57.

The Company does not have any commitments for capital expenditures, however, as described above, in order to exercise the First Earn-In Option, the Company must, among other things, incur $1 million in expenditures on the Project by January 17, 2018 and pay the Vendor $75,000 in cash by January 17, 2018. The Company has sufficient funds to maintain corporate capacity and satisfy its obligations under the Earn-In Agreement for at least the ensuing 12 months. Excess available funds will be allocated to exploration programs based upon the results of completed programs.

In the longer term, the Company’s ability to maintain capacity and continue as a going concern is dependent upon its ability to raise additional capital. There can be no assurance that equity financings will be available to the Company in the future on terms satisfactory to the Company. Circumstances that could impair the Company’s ability to raise additional funds include general economic conditions, the price of various minerals and the other factors set forth below under “Risk Factors”.

On an ongoing basis, and particularly in light of current market conditions for mineral exploration, management evaluates and adjusts its planned level of activities, including planned exploration and committed administrative costs, to maintain adequate levels of working capital.

Management will determine whether to accept any offer to finance weighing such things as the financing terms, the results of exploration, the Company’s share price at the time and current market conditions, among others.

Working capital is currently held almost entirely in cash and the NexGen Shares. The Company's investment policy is to hold excess cash in highly liquid, short-term, interest-bearing instruments, such as Government of Canada Treasury bills or debt instruments issued by major Canadian chartered banks, with initial maturity terms of less than one year from the original date of acquisition, selected with regard to the Company's anticipated liquidity requirements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at January 31, 2017 or as at the date hereof.

RELATED PARTY TRANSACTIONS

The only transactions between the Company and related parties are transactions between the Company and its key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the three months ended January 31, 2017, the Company accrued $61,019 (January 31, 2016: $Nil October 31, 2016: 183,333) of salaries to officers and directors of the Company, which are included in accounts payable and accrued liabilities at January 31, 2017.

PROPOSED TRANSACTIONS

As is typical in the mineral exploration and development industry, the Company continually reviews potential merger, acquisition and investment transactions and opportunities that could enhance shareholder value. At present however, there are no proposed asset acquisitions or dispositions before the Board in respect of which approval is probable.

OUTSTANDING SHARE DATA

Common Shares

Authorized capital consists of an unlimited number of common shares, without par value. As at the date thereof, there are 37,033,043 common shares issued and outstanding.

Stock Options

As at the date hereof, there are 3,300,000 stock options outstanding each entitling the holder to purchase one common share for $0.52.

Share Purchase Warrants

As at the date hereof, there are 22,109,300 common share purchase warrants outstanding as set forth below:

Expiry dates:	$ Exercise price	Number
October 15, 2020	0.07	2,000,000
October 15, 2020	0.05	5,190,000
July 28, 2020	0.05	3,500,000
December 13, 2019	0.50	9,920,300
December 31, 2019	0.25	441,000
January 13, 2020	0.50	1,058,000
		22,109,300

CHANGES IN ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 2 to the Interim Financial Statements for the quarter ended January 31, 2017 and have been consistently followed in the preparation of the Interim Financial Statements.

IFRS 9 is a new standard that will partially replace IAS 39. IFRS 9 has not been adopted by the Company and is being evaluated to determines its impact. IFRS 9 measures financial assets, after initial recognition, at either amortized cost or fair value. Existing IAS 39 classifies financial assets into four measurement categories. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company may, but is not required to, apply the standard retroactively. In and after the year of adoption, certain disclosure relating to financial assets will change to conform to the new measurement categories promulgated by IFRS 9.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable, available for sale securities and accounts payable and accrued liabilities. Pursuant to IFRS 7, the fair value of cash and available for sale securities are based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. The fair value of accounts payable and accrued liabilities approximates their current fair values because of their short-term nature.

The risks associated with the Company's financial instruments and the Company's policies regarding their management are discussed below:

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The credit risk associated with cash is believed to be minimal as cash is on deposit with major Canadian banks that are believed to be creditworthy. Amounts receivable is comprised primarily of amounts due from the Government of Canada. The Company does not believe it is exposed to significant credit risk.

Liquidity risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company manages its liquidity by continuously monitoring and forecasting cash flows and from operations and anticipating any investing and financing activities. As of January 31, 2017, the Company had working capital of $6,110,966 (2015: $657,195).

Interest rate risk

Interest rate risk arises when the fair value of a financial instrument is subject to change due to changes in market rates of interest. The Company is not exposed to significant interest rate risk.

RISK FACTORS

The Company's operations are speculative due to the high-risk nature of its business. These are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. These risk factors could materially affect the Company's future operating results.

Negative Operating Cash Flow and Dependence on Third Party Financing

NxGold has no source of operating cash flow and there can be no assurance that the Company will ever achieve profitability. Accordingly, NxGold is dependent on third party financing to continue exploration activities on its properties, maintain capacity and satisfy contractual obligations. The amount and timing of expenditures will depend on a number of factors, including in material part the progress of ongoing exploration, the results of consultants' analyses and recommendations, the entering into of any strategic partnerships and the acquisition of additional property interests. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties, require the Company to sell one or more of its properties or relinquish its interest therein.

Uncertainty of Additional Financing

As stated above, NxGold is dependent on third party financing, whether through debt, equity, or other means. Although NxGold has been successful in raising funds to date, there is no assurance that NxGold will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to NxGold. Volatile commodity markets, a claim against NxGold, a significant event disrupting NxGold's business, or other factors may make it difficult or impossible to obtain financing through debt, equity, or other means on favourable terms, or at all.

Value of NexGen Shares

The Company's financial condition (and access to cash) is affected by the value of the NexGen Shares from time to time. In recent years, the securities markets in the United States and Canada, and the TSX in particular, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in the price of NexGen Shares will not occur. The financial condition of the Company will be materially negatively affected by any decline in the price of NexGen Shares. In addition, for various reasons it may be necessary for the

Company to dispose of some or all of the NexGen Shares at a time when the price thereof is depressed.

Limited Operating History

NxGold is subject to many risks common to enterprises with a limited operating history, including undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources and absence of revenues. There is no assurance that NxGold will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. All of NxGold's properties are in the exploration stage. There can be no assurance that NxGold will be able to develop any of its projects profitably or that any of its activities will generate positive cash flow.

No Known Mineral Resources or Reserves

There are no known bodies of commercial minerals on NxGold's mineral exploration properties. The exploration programs undertaken and proposed constitute an exploratory search for mineral resources and mineral reserves or programs to qualify identified mineralization as mineral reserves. There is no assurance that NxGold will be successful in its search for mineral resources and mineral reserves.

Exploration Risks

Exploration for mineral resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The risks and uncertainties inherent in exploration activities include but are not limited to: general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. Discovery of mineral deposits is also dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting exploration programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that NxGold's mineral exploration activities will result in any discoveries of any bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that it will be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, most of which factors are beyond the control of NxGold and may result in NxGold not receiving adequate return on investment capital.

Reliance upon Key Management and Other Personnel

NxGold relies on the specialized skills of management (including, among others, its President and Chief Executive Officer) and consultants in the areas of mineral exploration, geology and business negotiations and management. The loss of any of these individuals could have an adverse affect on NxGold. NxGold does not currently maintain key-man life insurance on any of its key employees. As NxGold's business activity grows, it will require additional key financial, administrative and qualified technical personnel. Although NxGold believes that it will be successful in attracting, retaining and training qualified personnel, there can be no assurance of such success. If it is not successful in attracting, retaining and training qualified personnel, the efficiency of NxGold's business could be affected, which could have an adverse impact on its future cash flows, earnings, results of operation and financial condition.

Uninsurable Risks

Exploration, development and production of mineral properties are subject to certain risks, and in particular, unexpected or unusually geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to insure fully against such risks and NxGold may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could have an adverse impact on NxGold's operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of NxGold.

Conflicts of Interest

Directors of NxGold are or may become directors of other reporting companies or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which NxGold may participate, the directors of NxGold may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. NxGold and its directors will attempt to minimize such conflicts.

Permits and Licences

NxGold's operations will require licences and permits from various governmental and non-governmental authorities. NxGold has obtained, or will obtain, all necessary licences and permits required to carry on with activities which it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licences and permits are subject to changes in regulations and in various operating circumstances. There can be no assurance that NxGold will be able to obtain all necessary licences and permits required to carry out planned exploration, development and mining operations at any of its projects.

Environmental and Other Regulatory Requirements

Environmental and other regulatory requirements affect the current and future operations of NxGold, including exploration and development activities, require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. NxGold believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. Companies engaged in the development and operation of mines and related facilities often experience increased costs, along with delays in production and other schedules, as a result of the need to comply with applicable laws, regulations and permits.

Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of NxGold's mineral properties. There can be no assurance that NxGold will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at NxGold's mineral properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on NxGold and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Competition

The mineral exploration business is a competitive business. NxGold competes with numerous other companies and individuals who may have greater financial resources in the search for and the acquisition of personnel, funding and attractive mineral properties. As a result of this competition, NxGold may be unable to obtain additional capital or other types of financing on acceptable terms or at all, acquire properties of interest or retain qualified personnel.

No Dividends Paid to Date

No dividends on the Company's common shares have been paid by NxGold to date. NxGold anticipates that, for the foreseeable future, it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including NxGold's financial condition and current and anticipated cash needs.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning NxGold's general and administrative expenses and exploration and evaluation expenses is provided in the Company's statement of loss and comprehensive loss contained in its condensed consolidated interim financial statements for the three month period ended January 31, 2017, which are all available on NxGold's profile at www.sedar.com.

NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. "Forward-looking information" includes, but is not limited to, statements with respect to the activities, events or developments that the Company expects or anticipates will or may occur in the future, including, without limitation, planned exploration activities. Generally, but not always, forward-looking information and statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof.

Such forward-looking information and statements are based on numerous assumptions, including among others, that the results of planned exploration activities are as anticipated, the price of various commodities including gold, the anticipated cost of planned exploration activities, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed and on reasonable terms, and that third party contractors, equipment and supplies and governmental and other approvals required to conduct the Company's planned exploration activities will be available on reasonable terms and in a timely manner. Although the assumptions made by the Company in providing forward-looking information or making forward-looking statements are considered reasonable by management at the time, there can be no assurance that such assumptions will prove to be accurate.

Forward-looking information and statements also involve known and unknown risks and uncertainties and other factors, which may cause actual events or results in future periods to differ materially from any projections of future events or results expressed or implied by such forward-looking information or statements, including, among others: negative operating cash flow and dependence on third party financing, uncertainty of additional financing, value of the NexGen Shares, limited operating history, no known mineral reserves or resources, accidents, effects of weather and other natural phenomena and other risks associated with the mineral exploration industry, reliance on key management, uninsurable risks, conflicts of interest, delays in obtaining governmental or other approvals, environmental risks, changes in laws and regulations and completion.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information or implied by forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. The Company undertakes no obligation to update or reissue forward-looking information as a result of new information or events except as required by applicable securities laws.

APPROVAL

The Board of Directors of NxGold have approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be located, along with additional information, on the Company's profile SEDAR website at www.sedar.com or by contacting the head office located at Suite 3150, 1021 West Hastings Street, Vancouver, BC V6E 0C3 or at (604) 428-4112.