NXGOLD LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Two-Month Fiscal Year Ended December 31, 2017

Dated: April 26, 2018

GENERAL

This management's discussion and analysis ("**MD&A**"), dated as of April 26, 2018, 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 two-month fiscal year ended December 31, 2017 and includes events up to the date of this MD&A. This discussion should be read in conjunction with the audited consolidated financial statements for the two-month fiscal year ended December 31, 2017 and the year ended October 31, 2017 and the notes thereto (together, the "**Annual Financial Statements**") and other corporate filings, all of which are available under the Company's profile on SEDAR at www.sedar.com.

In March 2018, the Company changed its financial and fiscal year end from October 31 to December 31, to align its reporting with peers. The Company's statement of financial position is as at December 31, 2017 and as at October 31, 2017 and the statements of income and comprehensive income, cash flows and changes in equity are for the two-month fiscal year ended December 31, 2017 compared to the year ended October 31, 2017.

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.

BACKGROUND

NxGold is a Vancouver-based mineral exploration company, focused on acquiring exploring and evaluating early stage mineral properties. The Company was incorporated on April 26, 2004 under the *Business Corporations Act* (British Columbia) as "Long Harbour Capital Corp". The Company's common shares trade on the TSX Venture Exchange (the "**TSXV**") under the symbol "NXN".

As of the date hereof, the Company's principal assets are (i) an exclusive right to earn up to an 70% interest in the Kuulu project in Nunavut; (ii) an exclusive right to earn up to an 80% interest in the Chicobi project, in Quebec; and (iii) an 80% in the Pilbara project in Australia, each of which is more particularly described below.

In addition, the Company holds 279,791 common shares of NexGen Energy Ltd. ("**NexGen**"). NexGen is a Canadian based uranium exploration company engaged in the exploration of its portfolio of uranium exploration properties in the Athabasca Basin, Saskatchewan, with a particular focus on Rook 1, an advanced exploration stage uranium project. NexGen's common shares are listed on the Toronto Stock Exchange (the "**TSX**") and NYSE American LLC.

The Kuulu Project

On October 25, 2016, the Company entered into an earn-in agreement (as amended and restated February 3, 2017, the "**Kuulu Agreement**") with Meliadine Gold Ltd. ("**MGL**") pursuant to which the Company was granted an exclusive option to earn up to a 70% interest in the Kuulu project (the "**Kuulu Project**"), in Nunavut. The Kuulu 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 Kuulu Project (the “**First Earn-In Option**”) and the right to acquire an additional undivided 20% interest in the Kuulu Project (the “**Second Earn-In Option**”) by incurring the expenditures and payments set out below:

	Minimum expenditure	Cash payment	Total
First Earn-In Option (50% undivided interest)			
January 17, 2018	$ 1,000,000	$ 75,000(1)	$ 1,075,000
January 17, 2019	4,000,000	75,000	4,075,000
January 17, 2020	5,000,000	75,000	5,075,000
	$ 10,000,000	**$ 225,000**	**$ 10,225,000**
Second Earn-In Option (additional 20% undivided interest)			
January 17, 2021	$ 2,000,000	$ 75,000	$ 2,075,000
January 17, 2022	3,000,000	75,000	3,075,000
January 17, 2023	5,000,000	75,000	5,075,000
January 17, 2024	15,000,000	75,000	15,075,000
	$ 25,000,000	**$ 300,000**	**$ 25,300,000**

(1) Paid

The Second Earn-In Option is also subject to delivering to MGL a bankable feasibility study on or before January 17, 2024. The Company may extend the delivery date for the bankable feasibility study for up to three additional one-year periods, upon payment to MGL 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 Second Earn-In Option for an additional one-year period, at no additional cost.

The Company’s obligation to make the cash payments referred to above, terminate upon the earlier of MGL’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 MGL.

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

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

In November 2017, the Company delivered a notice of force majeure to MGL suspending its obligations under the Kuluu Agreement, which continues to be in effect, due to the continued delay in obtaining the renewal of the Land Use Licences, pertaining to the Kuulu Project. The Company holds all other required licenses and permits to establish a camp and the drill testing of high priority gold targets at the Kuulu Project.

The Chicobi Project

On April 12, 2017, the Company entered into an option agreement (the “**Option Agreement**”) to earn up to a 100% interest in the Chicobi project, located approximately 30 km northeast of Amos, Quebec (the “**Chicobi Project**”). Pursuant to the Option Agreement, the Company has the exclusive right to earn an undivided 80% interest in the Chicobi Project (the “**First Option**”) upon: (i) paying $100,000 cash (paid) and issuing 800,000 common shares and (ii) incurring an aggregate of $2 million in expenditures on the Property on or before October 1, 2018. The Company paid the cash components and issued the 800,000 common shares in June 2017. The shares issued were recorded for at their estimated fair value of $288,000.

Upon earning an 80% interest in the Chicobi Project, the Company has the exclusive right to earn an additional 20% interest in the project (the "**Second Option**"), thereby increasing its interest in the project to 100%, by incurring an additional $1 million of expenditures on the property, on or before the third anniversary of the Effective Date.

In connection with the grant of the First and Second Option, the Company agreed to grant of a 2% net smelter returns royalty in respect of minerals produced from the property and supporting hypotec in respect of the property.

In the event the Company exercises the First Option but not the Second Option, the parties will be deemed to have formed a joint venture with the Company having an 80% interest and the vendor having a 20% interest.

The Pilbara Project

On January 23, 2018, the Company acquired an 80% interest in the Pilbara gold project (the "**Pilbara Project**"), located in the Pilbara region of Western Australia pursuant to the terms of a binding terms sheet executed in December 2017 (the "**Pilbara Agreement")** among the Company, Roe Gold Limited ("**Roe**"), the shareholders of Roe, NxGold Australia Pty Ltd. (a subsidiary of NxGold, created for the purposes of this transaction) ("**NxGold Australia**") and Mt Sholl Holdings Pty Ltd. (a special purpose vehicle formed by the shareholders of Roe for the purposes of this transaction) ("**SPV**").

Mt. Roe is comprised of approximately 1,200 hectares covering two exploration blocks and is located approximately 30 kilometres south of the port city of Karratha, Western Australia. The Pilbara Project is situated immediately adjacent to the Silica Hills project, a joint venture between Novo Resources Corp. and Artemis Resources Limited.

Pursuant to the Pilbara Agreement: (i) Roe acquired an 80% interest in the Pilbara Project and the SPV acquired a 20% interest in the Pilbara Project, all pursuant to the terms of an existing option agreement (the "**Option Exercise**"); (ii) NxGold Australia acquired all of the issued and outstanding shares of Roe for a purchase price comprised of A$1.5 million cash and an aggregate of 19 million common shares in the capital of the Company (subject to a 4 month hold period), thereby acquiring an 80% interest in the Pilbara Project.

The Pilbara Project will be held as a joint venture between Roe and the SPV pursuant to which the SPV will be free-carried through to Bankable Feasibility Study.

The Pilbara Agreement further provides that if the SPV's interest in the Pilbara Project falls below 5%, the balance of its interest will be transferred immediately to NxGold Subco for no additional consideration and that the SPV will be granted a US$20 per ounce royalty over gold extracted from the Pilbara Project.

OVERALL PERFORMANCE

In the two-month fiscal year ended December 31, 2017, the Company carried out exploration work on the Chicobi Project in Quebec and acquiring the required regulatory approval for its proposed exploration activities at the Kuulu Project, all as more particularly discussed below under "Results of Operations".

As an exploration stage company, the Company does not have revenues and historically has had recurring operating losses. As at December 31, 2017, the Company had cash of $1,298,888 (October 31, 2017: $3,199,285), an accumulated deficit of $5,005,193 (October 31, 2017: $4,737,209) and net working capital of $3,671,507 (October 31, 2017: $3,753,167).

The Annual Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Industry and Economic Factors that May Affect the Business

The business of mining for minerals involves a high degree of risk. NxGold is an exploration company and is subject to risks and challenges similar to companies in a comparable stage and industry. These risks include, but are not limited to, the challenges of securing adequate capital, exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary permitting; as well as global economic and uranium price volatility; all of which are uncertain.

The underlying value of the Company's exploration and evaluation assets is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material write-downs of the carrying value of the Company's exploration and evaluation assets.

In particular, the Company does not generate revenue. As a result, NxGold continues to be dependent on third party financing to continue exploration activities on the Company's properties. 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 uranium, exploration risks and the other factors described in the section entitled "Risk Factors" included below.

SELECTED FINANCIAL INFORMATION

Management is responsible for the Annual Financial Statements referred to in this MD&A. Although, the Audit Committee of the Company's Board of Directors (the **"Board"**) has been delegated the responsibility to review the Audited Financial Statements and MD&A and make recommendations to the Company's Board, it is the Board which has final approval of the Annual Financial Statements and MD&A.

The Annual Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). Based on the nature of the Company's activities, both presentation and functional currency is Canadian dollars.

The Company's Annual Financial Statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on its ability to obtain financing and achieve future profitable operations.

Results of Operations

The following financial data is derived from the Annual Financial Statements for the two-month year ended December 31, 2017 and the year ended October 31, 2017:

	For the two-month fiscal year ended December 31, 2017	For the year ended October 31, 2017	For the year ended October 31, 2016
Share-based compensation	**$ 127,642**	$ 1,078,307	$ -
Salaries and director fees	**115,000**	624,685	195,883
Office and administrative	**9,811**	73,335	12,715
Professional fees	**24,458**	117,388	52,133
Travel	**117**	64,266	-
Loss before other items	**(277,028)**	(1,957,981)	(260,731)
Interest income	**9,044**	25,099	-
Gain on sale of exploration and evaluation assets	**-**	-	44,998
Settlement of debt	**-**	-	12,189
Loss	**$ (267,984)**	$ (1,932,882)	$ (203,544)

Two-Month Fiscal Year Ended December 31, 2017 Compared to the Year Ended October 31, 2017

In the year ended October 31, 2017, the Company completed some preliminary exploration work at both the Kuulu Project and Chicobi Project and otherwise focused on identifying and evaluating additional acquisition opportunities and obtaining required regulatory approval for its proposed exploration activities at the Kuulu Project. In the two-month fiscal year ended December 31, 2017, the Company carried out exploration work on the Chicobi Project in Quebec and acquiring the required regulatory approval for its proposed exploration activities at the Kuulu Project.

The Company had a loss of $267,984 for the two-month fiscal year ended December 31, 2017 compared to $1,932,882 for the year ended October 31, 2017. Other than share-based compensation the variation is due primarily to the shorter two-month year ended the December 31, 2017.

Share-based compensation charged to the statement of loss and comprehensive loss in the year ended October 31, 2017 was $1,078,307 which was relatively higher than the $127,642 in the two-month fiscal year ended December 31, 2017. The stock-based compensation expense is a non-cash charge calculated using the graded vesting method of the Black-Scholes values. Stock options granted to directors, consultants and employees vest over two years with the corresponding share-based compensation expense being recognized over this period. Variances in share-based compensation expense are expected from period to period depending on many factors, including whether options are granted in a period and whether options have fully vested or have been cancelled in a period. In the year ended October 2017, the Company granted 3,550,000 options with a weighted average fair value per option of $0.46 with this value being recognized over the vesting period. There were no options issued in the two-month fiscal year ended December 31, 2017.

Salaries were $115,000 in the two-month fiscal year ended December 31, 2017, $509,685 lower than the year ended October 31, 2017 due to a twelve-month year compared to a two-month fiscal year and new employees that were added mid-way through the year ended October 31, 2017.

Office expenses at $9,811 were lower in the two-month fiscal year ended December 31, 2017 but proportional to those incurred in the year ended October 31, 2017.

Professional fees were $24,458 in the two-month fiscal year ended December 31, 2017 compared to $117,388 in the year ended October 31, 2017 and related to legal fees incurred for to private placements, property acquisitions and accounting fees. Professional fees were higher in the year ended October 31, 2017 due to the activity primarily related to a longer time frame.

Travel expenses at $117 were lower in the two-month fiscal year ended December 31, 2017 compared to $64,266 in the year ended October 31, 2017 as no significant travel was undertaken in the two-month fiscal year ended December 31, 2017, only due to timing of travel.

Year Ended October 31, 2017 Compared to October 31, 2016

The Company had a loss of $1,932,882 for the year ended October 31, 2017, compared to $203,544 for the previous year. The loss for the year ended October 31, 2017 compared to the year October 31, 2016 was attributable to the increase in Company activity which includes, salary expenses, share-based payments and professional fees.

Office expenses increased to $73,335 (2016: $12,715) as a result of business activity which included an increase in filing fees and regulatory fees during the period. Similarly, professional fees of $117,388 (2016: $52,133) increased due to legal fees incurred relating to private placements and property acquisitions during the year ended October 31, 2017.

Salaries increased to $624,685 (2016: $195,883) as a result of the payment of salaries to directors, officers and employees of the Company for the year ended October 31, 2017.

Share-based payments increased by $1,078,307 in the year ended October 31, 2017 (2016: Nil) as a result of options issued to director and officers of the Company.

Travel increased by $64,266 (2016: Nil) as a result of increased travel by senior management in relation to the increased business activity for the year ended October 31, 2017.

Financial Position

The following financial data is derived from the Annual Financial Statements and should be read in conjunction with NxGold 's Annual Financial Statements.

	December 31, 2017	October 31, 2017	October 31, 2016
Exploration and evaluation assets	$ 1,938,429	$ 1,765,992	$ -
Total assets	$ 5,791,383	$ 5,728,023	$ 905,341
Total current liabilities	$ 136,387	$ 162,083	$ 227,819
Total non-current liabilities	Nil	Nil	Nil
Working capital	$ 3,671,507	$ 3,753,167	$ 677,522
Cash dividends declared per share	Nil	Nil	Nil

During the two-month fiscal year ended December 31, 2017 the Company capitalized $248,134 of exploration and evaluation assets. During the year ended October 31, 2017 the Company raised in excess of $5,000,000 through the issue of common shares and capitalized $1,765,992 of exploration and evaluation assets. See "Discussion of Operations" below.

DISCUSSION OF OPERATIONS

In the two-month fiscal year ended December 31, 2017, the Company carried out exploration work on the Chicobi Project in Quebec and acquiring the required regulatory approval for its proposed exploration activities at the Kuulu Project. For a description of the exploration activity completed in respect of the Chicobi Project please see "*Exploration and Evaluation Spending*" below.

As previously stated, on January 23, 2018, the Company completed its acquisition of an 80% interest in the Pilbara Project.

Exploration and Evaluation Spending

During the two-month period ended December 31, 2017 NxGold incurred $248,134 of deferred exploration expenditures on its properties compared to $1,183,767 in the year ended October 31, 2017 as set forth below:

	Kuulu	Chicobi	Total
For the year ended October 31, 2017			
Geological	297,553	20,874	318,427
Survey	296,098	258,813	554,911
Travel	61,948	6,932	68,880
Salaries	124,561	57,681	182,242
Share-based payments	29,654	29,653	59,307
	809,814	373,953	1,183,767
For the two-month fiscal year ended December 31, 2017			
Geological	6,966	8,010	14,976
Survey	-	167,908	167,908
Travel	10,618	5,956	16,574
Salaries	19,898	20,413	40,311
Share-based payments	5,228	3,137	8,365
	$ 42,710	$ 205,424	$ 248,134

Kuulu Project for the year ended October 2017:

Exploration activities consisted of numerous community relations efforts through official community meetings, meetings with Kivalliq Inuit Association ("**KivIA**") Lands Department and Executive Committee, the Kangiqliniq Hunters and Trappers Organization and included a presentation at a Hamlet Council meeting along with communication with individual local businesses, harvesters and the general public.

At the Project site, work included the completion of 1,108 kilometres of versatile time domain electromagnetic and magnetic airborne surveying ("**VTEM")**. All of the new and existing data was compiled and four (4) near drill ready targets and thirty (30) targets that require additional field work were identified. Additional time was spent evaluating and securing a historical fuel berm containing materials from previous operators; preparing and implementing an action plan to remove and relocate these materials which has been suspended pending approval by the KivIA. Crown claims were also strategically staked during this period and applications are pending.

Kuulu Project for the Two-Month Fiscal Year ended December 31, 2017:

As previously stated, no additional exploration work has been completed at the Kuulu Project, pending issue of the Land Use Licences, other than documenting each target area. Any costs incurred relate primarily to the Company's regulatory efforts.

Chicobi Project for the year ended October 2017:

In October 2017, the Company (in partnership with the Minerals Exploration Research Centre, Laurentian University) completed an 11-kilometre seismic survey over the eastern portion of the Chicobi basin in order to better understand the structural and basin architecture in an area of broad anomalous gold. The data is currently being interpreted and compiled.

In addition, compilation of historical geology, geochemistry and geophysical information defined thirteen targets areas of interest.

A proposed work program of geochemical sampling, top-of-bedrock and till was finalised pending interpretation of the geophysical data.

An initial property visit consisting of meetings with local businesses, First Nations and municipal government representatives was also completed during this time.

Chicobi Project for the two-month fiscal year ended December 31, 2017:

Legacy VTEM and magnetics data (1,998 kilometre) were merged and processed producing an interim geophysical targeting report that identified six additional target zones which are generally complementary to the thirteen derived from the previous compilation. Further targeting will be undertaken once the new geological data is interpreted.

An airborne VTEM Plus and magnetics survey consisting of 1,066-line kilometres (of a 2,598-kilometre survey plan) was completed by the end of December.

SUMMARY OF QUARTERLY RESULTS

The following financial information is derived from the Company's financial statements and should be read in conjunction with the Annual Financial Statements and the unaudited condensed interim financial statements for each of the past eight quarters.

	2017 Dec 31(1)	2017 Oct 31	2017 Jul 31	2017 Apr 30	2017 Jan 31	2016 Oct 31	2016 Jul 31	2016 Apr 30
Net Income (loss)	(267,984)	(431,732)	(422,031)	(930,475)	(148,644)	(178,817)	(49,747)	73,501
Loss per share - Basic and fully diluted	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	0.01	0.00

(1) All periods in the table are for three months except December 31, 2017, which is for two months.

NxGold does not derive any revenue from its operations except for minimal interest income from its cash balances and short-term investments. Its primary focus is the acquisition, exploration and evaluation of mineral resource properties, and the Company conducted limited business activity prior to the year ended

October 31, 2017 other than the disposition of its interest in certain mineral properties and completion of private placements.

In the financial year ended October 31, 2017 the Company increased its level of activity and completed some preliminary exploration work at both the Kuulu Project and Chicobi Project, evaluated several acquisition opportunities and pursued the required regulatory approval for its proposed exploration activities at the Kuulu Project.

Accordingly, quarterly periods are not generally comparable due to the nature and timing of these items.

LIQUIDITY AND CAPITAL RESOURCES

NxGold has no revenue-producing operations, earns only minimal interest income on cash, and is expected to have recurring operating losses. As at December 31, 2017, the Company had an accumulated deficit of $5,005,193.

As at the date of this MD&A, the Company has approximately $0.7 million in cash. The Company's working capital balance as at the date of this MD&A is approximately $1.47 million. The Company has not paid any dividends and management does not expect that this will change in the near future.

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 December 31, 2017 was $2.42 per share and as of April 26, 2018 is $2.59 per share.

The Company does not have any commitments for capital expenditures, however, as described above, under the Option Agreement, the Company must incur an aggregate of $2 million in expenditures on the Chicobi Project on or before October 1, 2018. In addition, upon grant of the outstanding licenses in respect of the Kuulu Project, the Company will be required to incur $1 million in expenditures on the Kuulu Project and pay MGL $75,000 in cash in order to continue towards completion of the First Earn in Option.

The Company has sufficient working capital to maintain corporate capacity for at least the ensuing 12 months however additional funds will be required to satisfy its initial obligations under the Kuluu Agreement and Option Agreement, in the event the Company determines to preserve its interest in both the Kuulu and Chicobi Projects.

Accordingly, the Company's ability to maintain capacity in the longer term 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 December 31, 2017 or as the date hereof.

RELATED PARTY TRANSACTIONS

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 consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel is summarized as follows:

Two-month fiscal year ended December 31, 2017	**Short term compensation**	**Share-based compensation**	**Total**
Expensed in the statement of loss and comprehensive loss	$ 108,333	$ 125,708	$ 234,041
Capitalized to exploration and evaluation assets	33,333	8,364	41,697
	$ 141,666	$ 134,072	$ 275,738
Year ended October 31, 2017			
Expensed in the statement of loss and comprehensive loss	$ 474,673	$ 1,061,992	$ 1,536,665
Capitalized to exploration and evaluation assets	103,846	59,307	163153
	$ 578,519	$ 1,121,299	$ 1,630,196

As at December 31, 2017 there was $65,000 (October 31, 2017 – nil) included in accounts payable and accrued liabilities owing to directors and officers for compensation.

OUTSTANDING SHARE DATA

Common Shares

The authorized capital of the Company consists of an unlimited number of common shares, without par value. As at December 31, 2017, there were 38,147,143 common shares issued and outstanding. Subsequent to December 31, 2017, the Company issued 19 million shares to the vendors of Mt. Roe. As of the date of this MD&A, there are 57,147,143 common shares issued and outstanding.

Stock Options

As at the date hereof, there are 3,550,000 stock options outstanding as set forth below:

Number of options	**Exercise price per option**	**Number of options exercisable**	**Exercise price per option**	**Remaining contractual life (years)**	**Expiry date**
3,300,000	$ 0.52	1,100,000	$ 0.52	4.1	February 1, 2022
250,000	$ 0.45	83,333	$ 0.45	4.3	April 25, 2022
3,550,000	$ 0.52	1,183,333	$ 0.52		

Share Purchase Warrants

As the date of this report there were 21,795,200 common share purchase warrants outstanding as set forth below:

Expiry date	Exercise price	Number of warrants	Remaining life (years)
October 15, 2020	$ 0.07	2,000,000	2.7
October 15, 2020	$ 0.05	4,890,000	2.7
July 28, 2020	$ 0.05	3,500,000	2.5
December 13, 2019	$ 0.50	9,920,300	1.9
December 13, 2019	$ 0.25	426,900	1.9
January 13, 2020	$ 0.50	1,058,000	2.0
	$ 0.28	21,795,200	2.2

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the 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 in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in a material adjustment to the carrying amount of the asset or liability affected in future periods.

Information about significant areas of estimation uncertainty considered by management in preparing the Annual Financial Statements is as follows:

i. Impairment

At the end of each financial reporting period the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss or reversal of previous impairment. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. With respect to exploration and evaluation assets, the Company is required to make estimates and judgments about the future events and circumstances and whether the carrying amount of intangible exploration assets exceeds its recoverable amount. Recoverability depends on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or its ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

ii. Share-based payments

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate share-based payment expenses. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payment expenses.

CHANGES IN ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the Annual Financial Statements.

Future Accounting Pronouncements:

The following standards have not been adopted by the Company and are being evaluated to determine their impact:

- IFRS 9 is a new standard that replaced IAS 39 for classification and measurement of financial instruments, effective for annual periods beginning on or after January 1, 2018. The Company does not expect the standard to have a material impact on its financial statements.

- IFRS 16 is a new standard that will replace IAS 17 for the accounting and measurement of leases with a term of more than 12 months, effective for annual periods beginning on or after January 1, 2019. The Company does not expect the standard to have a material impact on its financial statements.

- IFRS 2 is an amended standard to clarify how to account for certain types of share-based payment transactions, effective for annual periods beginning on or after January 1, 2018. The amendments provide for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The extent of the impact of adoption of the amended standard of the Company's financial statements has not yet been determined.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of assets. The Board does not impose quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In the management of capital, the Company considers all types of equity and is dependent on third party financing, whether through debt, equity, or other means. The properties in which the Company currently has an interest are in the exploration stage. As such the Company, has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it determines that there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

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

Financial instrument risk exposure

As at December 31, 2017, the Company's financial instrument risk exposure and impact thereof on the Company's financial instruments is summarized below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at December 31, 2017, the Company has cash on deposit with a large Canadian bank. Credit risk is concentrated as a significant amount of the Company's cash and cash equivalents is held at one financial institution. Management believes the risk of loss to be remote. The Company's amounts receivable consists of input tax credits receivable from the Government of Canada and interest accrued on cash equivalents. Accordingly, the Company does not believe it is subject to significant credit risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its obligations under financial instruments. The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. As at December 31, 2017, the Company had a working capital balance of $3,671,507, including cash of $1,298,888, deposit related to the Pilbara acquisition of $1,491,150 and $898,152 of available for sale securities.

(a) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(i) Interest Rate Risk

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the

Company's cash and cash equivalent balances as of December 31, 2017.

(ii) Foreign Currency Risk

The functional currency of the Company is the Canadian dollar. Currency transaction risk and currency translation risk is the risk that fluctuations of the Canadian dollar in relation to other currencies may impact the fair value of financial assets, liabilities and operating results. As of December 31, 2017, the Company had no financial assets and liabilities that were subject to currency translation risk. The Company maintains a Canadian dollar bank account in Canada. In January 2018, the Company acquired the Pilbara Project which is based in Australia. This will change the Company's currency risk profile in the future.

(iii) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact of movements in individual equity prices or general movements in the level of the stock market on the Company's financial performance. Commodity price risk is defined as the potential adverse impact of commodity price movements and volatilities on financial performance and economic value. Future declines in commodity prices may impact the valuation of long-lived assets. The Company closely monitors the commodity prices of gold, individual equity movements, and the stock market.

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 under its option agreements. 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

As stated above, the Company does not currently have any assets other than cash, amounts receivable and the NexGen Shares. As a result, 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 common shares will not occur. The financial condition of the Company will be materially negatively affected by any decline in the price of NexGen common 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 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 effect 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.

In particular, as set forth above the Company has issued a notice of force majeure in respect of the Kuulu Project upon failure to receive the required regulatory permits. There can be no assurance that those permits will be issued and in such event, the Company may have to consider relinquishing its interest in the Kuulu Project without payment of any consideration.

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.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations and return of capital. Any such changes may affect both NxGold's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, and its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

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.

Volatility of Share Price

In recent years, the securities markets in the United States and Canada, and the Exchange 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 price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of NxGold in creating revenues, cash flows or earnings.

No Dividends Paid to Date

No dividends on the 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.

SEGMENTED INFORMATION

As of December 31, 2017, the Company operates in one segment, being acquisition, exploration and development of gold properties. All of the Company's non-current assets are located in Canada. In January 2018, the Company acquired an 80% interest in the Pilbara Project which is located in Australia.

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 annual financial statements for the two-month fiscal year ended December 31, 2017 and the year ended October 31, 2017, which are all available on NxGold Ltd.'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 uranium, 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, limiting operating history, value of NexGen Shares, no known mineral reserves or resources, aboriginal title and consultation issues, reliance on key management and other personnel, actual results of exploration activities being different than anticipated, changes in exploration *programs based upon results, availability of third party contractors, availability of equipment and supplies, failure of equipment to operate as anticipated; accidents, effects of weather and other natural phenomena and other risks associated with the mineral exploration industry, environmental risks, changes in laws and regulations, community relations and delays in obtaining governmental or other approvals.*

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 Ltd. 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.