NXGOLD LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2017

September 21, 2017

OVERVIEW

This management's discussion and analysis ("**MD&A**"), dated as of September 21, 2017, is management's discussion and analysis and interpretation of the results and financial condition of NxGold Ltd. ("**NxGold**" or the "**Company**") for the three and nine-month period ended July 31, 2017 and includes events up to the date of this MD&A. This discussion should be read in conjunction with the unaudited condensed interim financial statements for the three and nine month period ended July 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 are 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 uranium exploration properties located in the Athabasca Basin, Saskatchewan. NexGen's common shares trade on the TSX and on NYSE MKT LLC under the symbol "NXE".

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

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**") by: (i) incurring a minimum of $1 million in expenditures on the Kuulu Project by January 17, 2018; (ii) incurring an additional $4 million in expenditures on the Kuulu Project by January 17, 2019; (iii) incurring an additional $5 million in expenditures on the Kuulu Project by January 17, 2020; and (iv) paying MGL $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 Kuulu Project (the "**Second Earn-In Option**") by (i) incurring an additional $2 million in expenditures on the Kuulu Project by January 17, 2021; (ii) incurring an additional $3 million in expenditures on the Kuulu Project by January 17, 2022; (iii) incurring an additional $5 million in expenditures on the Kuulu Project by January 17, 2023; (iv) incurring an additional $15 million in expenditures on the Kuulu Project and preparing and delivering to MGL a bankable feasibility study on or before January 17, 2024; and (v) paying to MGL $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 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.

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

Nine Months Ended July 31, 2017

On December 13, 2016 (the "**First Closing Date**"), 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 the First Closing Date (the "**First 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 issued in the First Tranche, in which event the First Expiry Date shall be the date (the "**First Accelerated Expiry Date**") which is 30 days following the dissemination of a news release by the Company announcing the First 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 three years following the First Closing Date, and is otherwise on the same terms and conditions as the Warrants.

On January 13, 2017 (the "**Second Closing Date**"), 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**"), Each unit issued in the Second Tranche also 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 the Second Closing Date (the "**Second Expiry Date**").

If, at any time after May 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 also accelerate the expiry of the Warrants issued in the Second Tranche, in which event the Second Expiry Date shall be the date (the "**Second Accelerated Expiry Date**") which is 30 days following the dissemination of a news release by the Company announcing the Second Accelerated Expiry Date.

The Company did not pay any finder's fees or issue any securities as compensation for the Second Tranche.

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 per share, having a five-year term and vesting in three equal installments on each of February 1, 2017, 2018 and 2019.

On April 12, 2017, the Company entered into an option agreement (the "**Option Agreement**") with Kenorland Minerals Ltd. ("**Kenorland**") 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 Kenorland $100,000 cash (paid) and issuing Kenorland 800,000 common shares in the capital of the Company (complete) (subject to a 12 month hold period expiring April 13, 2018); and (ii) incurring an aggregate of $2 million in expenditures on the Property on or before October 1, 2018. The Option Agreement has an effective date of June 7, 2017 (the "**Effective Date**").

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 favor of Kenorland in respect of minerals produced from the property and a 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 Kenorland having a 20% interest.

On April 25, 2017, and in connection with the appointment of a Vice President- Exploration and Development, the Company granted 250,000 stock options at an exercise price of $0.45 per share, having a five-year term and vesting in three equal installments on each of April 25, 2017, 2018 and 2019.

In June 2017 the Company undertook a helicopter-borne high resolution Versatile Time-Domain Electromagnetic (VTEM) Plus and magnetic survey on the Kuulu project. The Company also continued its preparatory work for the wider exploration programs at the Kuulu and Chicobi projects.

As an exploration stage company, the Company does not have revenues and historically has had recurring operating losses. As at July 31, 2017, the Company had cash of $3,933,245 (July 31, 2016: 456,955; October 31, 2016: $452,565), an accumulated deficit of $4,305,477 (July 31, 2016: 2,577,057; October 31, 2016: $2,804,327) and net working capital of $4,689,898 (July 31, 2016: $1,133,607; October 31, 2016: $677,522).

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 condensed 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 annual financial statements, which were consistently followed throughout the period ended July 31, 2017.

Management is responsible for the interim financial statements. Although the Company's Audit Committee reviews the interim 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 interim financial statements for the three and nine months ended July 31, 2017 and 2016.

	Three Months ended July 31,		Nine Months ended July 31,	
	2017	**2016**	**2017**	**2016**
	$	$	$	$
Expenses				
Depreciation of equipment	4,117	-	4,454	-
Travel	25,245	-	47,440	-
Salaries	182,120	-	447,681	-
Share-based payments	192,505	-	885,802	-
Office	8,420	9,757	31,526	21,707
Professional fees	19,569	39,990	103,743	52,417
Foreign exchange loss (gain)	(1,011)	-	(1,011)	-
Loss before other items	(430,965)	(49,747)	(1,519,635)	(74,124)
Other items				
Interest income	8,934	-	18,485	-
Proceeds from exercise of option (Note 5)	-	-	-	44,998
Settlement of debt	-	-	-	52,852
	8,934	-	18,485	97,850
Net income (loss)	(422,031)	(49,747)	(1,501,150)	23,726
Other comprehensive income (loss)	-	19,585	-	436,266
Unrealized holding gain (loss) on available for sale securities	55,958	-	430,880	-
Comprehensive income (loss)	(366,073)	(30,162)	(1,070,270)	459,992
Net income (loss) per common share - basic and diluted	(0.01)	(0.01)	(0.04)	0.03
Weighted average number of common shares outstanding	37,570,600	15,076,443	33,620,657	14,939,913

	July 31, 2017	**October 31, 2016**	**July 31, 2016**
Total Assets	6,154,170	905,341	1,106,201
Total Current Liabilities	157,399	227,819	2,756
Total non-current Liabilities	-	-	-
Distributions or cash dividends declared per share	-	-	-

July 31, 2017 vs October 31, 2016

NxGold had current assets totaling $4,847,297 as at July 31, 2017 compared to $905,341 at October 31, 2016. This increase in current assets was primarily due to $5,169,055 received from the private placements completed in December 2016 and January 2017.

Exploration and evaluation assets increased from $Nil at October 31, 2016 to $1,258,608 at July 31, 2017 due to the expenses incurred in preparation for the initial drill program at the Kuulu Project.

Current liabilities decreased from $227,819 at October 31, 2016 to $157,399 at July 31, 2017 due to the timing of payment of accounts payable.

Three Months Ended July 31, 2017 vs Three Months Ended July 31, 2016

In the three months ended July 31, 2017, NxGold incurred a comprehensive loss of $366,073 or $0.01 per common share, compared to a comprehensive loss of $30,162 or $0.01 per common share for the three months ended July 31, 2016. This is due to an increase in the Company's business activities.

Salaries and directors' fees increased from $Nil in the three months ended July 31, 2016 to $182,120 for the three months ended July 31, 2017, as a result of regular payment of salaries to directors, officers and employees of the Company which commenced effective January 1, 2017.

Office and administrative costs were largely unchanged from $9,757 in the three months ended July 31, 2016 to $8,420 in the three months ended July 31, 2017.

Professional fees decreased from $39,990 in the three months ended July 31, 2016 to $19,569 in the three months ended July 31, 2017.

Share-based payments charged to the statement of comprehensive income increased from $Nil in the three months ended July 31, 2016 to $192,505 in the three months ended July 31, 2017. These are non-cash charges derived by the graded vesting method of the Black-Scholes values. The increase in share-based compensation expense is a direct result of the option grants to directors and employees in February 2017.

Nine Months Ended July 31, 2017 vs Nine Months Ended July 31, 2016

In the nine months ended July 31, 2017, NxGold incurred a comprehensive loss of $1,070,270 or $0.04 per common share compared to a comprehensive income of $459,992 or $0.03 per common share for the nine months ended July 31, 2016, as a result of increased business activities in the in the period.

Salaries and directors' fees increased from $Nil in the nine months ended July 31, 2016 to $447,681 in the nine months ended July 31, 2017 as a result in regular payment of salaries to directors, officers and employees of the Company which commenced effective January 1, 2017.

Office and administrative costs increased from $21,707 in the nine months ended July 31, 2016 to $31,526 in the nine months ended July 31, 2017 as a result of increased activity which included website maintenance.

Professional fees increased from $52,417 in the nine months ended July 31, 2016 to $103,743 in the nine months ended July 31, 2017 due to the recent increase in the Company's business activities compared to the same period last year and in particular, the negotiation of the Earn-In Agreement, and Option Agreement, and investor relation conferences.

Share-based payments charged to the statement of comprehensive income increased from $Nil in the nine months ended July 31, 2016 to $885,802 in the nine months ended July 31, 2017. These are non-cash charges derived by the graded vesting method of the Black-Scholes values. The increase in share-based compensation expense is a direct result of the option grants to directors and employees during the nine months ended July 31, 2017.

DISCUSSION OF OPERATIONS

On June 19, 2017, the Company received a positive screening decision from the Nunavut Impact Review Board for the maiden exploration program at the Kuulu Project. The Company has also obtained an "Approval Without a License" from the Nunavut Water Board which allows the Company to undertake non-drilling activities on the project.

Also in June 2017, the Company undertook a helicopter-borne high resolution versatile time-domain electromagnetic (VTEM) plus and magnetic survey on the Kuulu project.

In August 2017, the Company's deferred its previously announced summer exploration program at its Kuulu project consisting of a minimum 4,000 metre, 30-hole diamond drill program utilizing two-drill rigs as well as project-wide systematic rock and till sampling. The Company was unable to secure the required renewals to the existing Land Use Licences KVL311B01 and KVRW12E01 from the Kivalliq Inuit Association ("**KIA**") and therefore cannot access the project area to undertake its exploration activities. The Company continues to engage with the KIA and remains confident that it will be able to secure the required renewals in due course at which time it will resume its maiden drill program at Kuulu.

Also, in August 2017 the committed to an 11 kilometre high resolution seismic survey in respect of the Chicobi project. The survey is being completed pursuant to a partnership between the Company and the Seismic Discovery Program co-ordinated by the Mineral Exploration Research Centre at the Harquail School of Earth Sciences, Laurentian University. The seismic survey is expected to be completed by the end of September.

Following completion of the seismic survey the Company intends to complete a geophysical survey over high priority parts of the Chicobi project area and then commence a program of approximately 200 humus, soil and top of bedrock sampling in select areas of the Chicobi property.

SUMMARY OF QUARTERLY RESULTS

The following financial information is derived from the Company's condensed 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 interim financial statements for each of the past eight quarters, as well as the Annual Financial Statements.

(Expressed in Canadian dollars)	2017 Jul 31	2017 Apr 30	2017 Jan 31	2016 Oct 31	2016 Jul 31	2016 Apr 30	2016 Jan 31	2015 Oct 31
Net income (loss) for the period	(422,031)	(930,475)	(148,644)	(178,817)	(49,747)	73,501	(27)	(5,405)
Loss per share - Basic and fully diluted	(0.01)	(0.01)	(0.01)	(0.01)	0.01	0.00	(0.01)	(0.01)

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 resource properties, and the Company conducted limited business activity in the nine-month period ended July 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 and Option Agreement. Accordingly, quarterly periods are not generally comparable due to the nature and timing of these items.

LIQUIDITY AND CAPITAL RESOURCES

As of July 31, 2017, the Company had net working capital of $4,689,898 (October 31, 2016: $677,522; July 31, 2016: $1,103,445) primarily representing proceeds from the private placements completed in December 2016 and January 2017.

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 July 31, 2017 was $3.15.

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 Kuulu Project by January 17, 2018 and pay MGL $75,000 in cash by January 17, 2018. In addition, under the Option Agreement in respect of the Chicobi Project, the Company must incur an aggregate of $2 million in expenditures on the Property on or before October 1, 2018.

The Company has sufficient funds to maintain corporate capacity and satisfy its initial obligations under the Earn-In Agreement and Option Agreement for at least the ensuing 12 months. Excess available funds, if any, 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 July 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 July 31, 2017, the Company paid $202,500 (July 31, 2016: $Nil October 31, 2016: 183,333) of salaries to officers and directors of the Company.

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:

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 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.

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.

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 38,147,143 common shares issued and outstanding.

Stock Options

As at the date hereof, there are 3,550,000 stock options outstanding, each entitling the holder to purchase one common share at a weighted average price of $0.52.

Share Purchase Warrants

As at the date hereof, there are 21,795,200 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	4,890,000
July 28, 2020	0.05	3,500,000
December 13, 2019	0.50	9,920,300
December 13, 2019	0.25	426,900
January 13, 2020	0.50	1,058,000
		21,795,200

CHANGES IN ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 2 to the Annual Financial Statements for the year ended October 31, 2016 and have been consistently followed in the preparation of the Interim Financial Statements.

The following standard has not been adopted by the Company and is being evaluated to determine its impact:

IFRS 9 is a new standard that will partially replace IAS 39. IFRS measures financial assets, after initial recognition, at either amortized cost or fair value. Existing IAS 39 classifies financial assets into four measurement categories. The standard 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 disclosures relating to financial assets will change to conform to the new categories.

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 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 unusual 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 interim financial statements for the nine-month period ended July 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 competition.

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.