



NXGOLD LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three Months Ended March 31, 2018

Dated: May 22, 2018

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GENERAL

This management's discussion and analysis ("**MD&A**") is management's interpretation of the results and financial condition of NxGold Ltd. ("**NxGold**" or the "**Company**") for the three months ended March 31, 2018 and includes events up to the date of this MD&A. This discussion should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018 and April 30, 2017 and the notes thereto (together, the "**Interim Financial Statements**") and other corporate filings, including the audited financial statements for the period ended December 31, 2017 (the "**Annual Financial Statements**"), all of which are available under the Company's profile on SEDAR at www.sedar.com. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified. This MD&A contains forward-looking information. Please see "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 100% interest in the Chicobi project, in Quebec; and (iii) an 80% interest in the Mt. Roe 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.

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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 permit the drill testing of high priority gold targets at the Kuulu Project and has received a positive decision from the Nunavut Impact Review Board regarding 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 component and issued the 800,000 common shares in June 2017. The shares issued were recorded 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

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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.

In May 2018, the Company gave notice to withdraw from the Chicobi Project in order to focus its capital and effort on the Mt. Roe Project in Western Australia. In the three months ended June 30, 2018, the Company will recognize an impairment for to the carrying value of the exploration and evaluation asset related to the Chicobi project and costs related to the withdrawal totaling approximately \$1.1 million.

The Mt. Roe Project

On January 23, 2018, the Company acquired an 80% interest in the Mt. Roe Gold project (the "**Mt. Roe 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 ("**RGL**"), the shareholders of RGL, 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 RGL 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 Mt. Roe 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) NxGold advanced to RGL, A\$1.5million in December 2017; (ii) RGL used those funds to acquire an 80% interest in the Mt. Roe Project and SPV acquired a 20% interest in the Mt. Roe Project, all pursuant to the terms of an existing option agreement; (iii) NxGold acquired all of the issued and outstanding shares of RGL in exchange for 19 million common shares of the Company, thereby acquiring an 80% interest in the Mt. Roe Project.

The Mt. Roe Project will be held as a joint venture between RGL 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 Mt. Roe Project falls below 5%, the balance of its interest will be transferred immediately to NxGold Australia for no additional consideration and that the SPV will be granted a US\$20 per ounce royalty over gold extracted from the Mt. Roe Project.

OVERALL PERFORMANCE

In the three months ended March 31, 2018, in addition to the completion of the acquisition of the Mt. Roe Project discussed above, 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 March 31, 2018, the Company had cash of \$816,055, an accumulated deficit of \$5,383,002 and working capital of \$1,443,194.

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The Interim 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 Interim Financial Statements referred to in this MD&A. The Audit Committee of the Company's Board of Directors has been delegated the responsibility to review and approve the Interim Financial Statements and MD&A.

The Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and should be read in conjunction with NxGold's Annual Financial Statements, which have also been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Based on the nature of the Company's activities, both presentation and functional currency is Canadian dollars.

The Company's Interim 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.

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Results of Operations

The following financial data is derived from the Interim Financial Statements for the three months ended March 31, 2018 and the three months ended April 30, 2017:

	March 31, 2018	April 30, 2017
Share-based compensation	\$ 81,417	\$ 693,297
Salaries and director fees	192,918	180,259
Professional fees	24,068	21,142
Investor relations	8,644	-
Office and other	50,569	35,446
Travel	23,521	8,396
Loss before other items	(381,137)	(938,540)
Foreign exchange gain	49	-
Interest income	3,279	8,075
Loss	(377,809)	(930,465)

The Company had a loss of \$377,809 for the three months ended March 31, 2018 compared to \$930,465 for the three months ended April 30, 2017. The loss was higher in 2017 due primarily to share-based compensation.

Share-based compensation charged to the statement of loss and comprehensive loss in the three months ended March 31, 2018 was \$81,417 compared to \$693,297 in the three months ended April 30, 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 three months ended April 30, 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 three months ended March 31, 2018.

Salaries were \$192,918 in three months ended March 31, 2018, \$12,659 higher than the three months ended April 30, 2017 due to adding additional resources due to the increasing complexity of the Company.

Professional fees were \$24,068 in three months ended March 31, 2018 compared to \$21,142 in the three months ended April 30, 2017 and related to legal fees and accounting fees.

Office expenses were \$50,569 in three months ended March 31, 2018 compared to \$35,446 in the three months ended April 30, 2017. The increase is due to increased insurance costs, higher depreciation expense and an increase in activity.

Travel expenses at \$23,521 in three months ended March 31, 2018 compared to \$8,396 in the three months ended April 30, 2017. The increase reflects the addition of a new foreign director related to the RGL acquisition and his related travel to attend the Company's board meetings.

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Financial Position

The following financial data is derived from the Interim and Annual Financial Statements and should be read in conjunction with those statements.

	March 31, 2018	December 31, 2017
Exploration and evaluation assets	\$ 8,943,371	\$ 1,938,429
Total assets	\$ 10,643,089	\$ 5,791,383
Total current liabilities	\$ 213,937	\$ 136,387
Total non-current liabilities	Nil	Nil
Working capital	\$ 1,443,194	\$ 3,671,507
Cash dividends declared per share	Nil	Nil

During the three months ended March 31, 2018 the Company acquired RGL by issuing 19,760,00 common shares valued at \$0.27 per share.

DISCUSSION OF OPERATIONS

In the three months ended March 31, 2018, the Company completed the airborne geophysical data acquisition portion of its exploration program on the Chicobi Project in Quebec and worked towards acquiring the required regulatory approval for its proposed exploration activities at the Kuulu Project. 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. As previously stated, on January 23, 2018, the Company completed its acquisition of an 80% interest in the Mt. Roe Project.

Exploration and Evaluation Spending

During the three-month ended March 31, 2018, the Company incurred \$226,986 of deferred exploration expenditures on its properties compared to \$248,134 in the two-month fiscal year ended December 31, 2017 as set forth below:

	Kuulu	Chicobi	Pilbara	Total
For the two months 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
For the three months ended March 31, 2018				
Drilling	\$ 8,880	\$ 8,634	\$ 1,040	\$ 18,554
Land management	-	-	2,354	2,354
Survey	-	66,675	-	66,675
Travel	18,090	-	23,928	42,018
Salaries	41,203	21,561	22,281	85,045
Share-based payments	4,505	3,990	3,845	12,340
	\$ 72,678	\$ 100,860	\$ 53,448	\$ 226,986

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Kuulu Project for the two months ended December 31, 2017 and the three months ended March 31, 2018:

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 two months 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.

Chicobi Project for the three months ended March 31, 2018:

Airborne acquisition of approximately 2,598-line kilometers of VTEM and magnetics data was completed. A data quality review of the newly acquired data was completed and was then merged with the legacy surveys in preparation for interpretation and targeting next quarter.

In May 2018, the Company gave notice to withdraw from the Chicobi project in order to focus its capital and effort on the Mt. Roe Project in Western Australia. In the three months ending June 30, 2018, the Company will recognize an impairment charge to the carrying value of the exploration and evaluation asset related to the Chicobi project and costs related to the withdrawal totaling approximately \$1.1 million.

Mt. Roe Project for the three months ended March 31, 2018:

Upon project acquisition an initial mapping program was undertaken to further delineate the geological horizon hosting the conglomerate unit. Final products of this program are pending including a number of surface grab samples of more traditional style of gold mineralisation. Other activities included field evaluation by Company managers and streamlining regulatory documents including confirming the excess tonnage permits and Heritage agreements.

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.

	2018 Mar 31⁽¹⁾	2017 Dec 31⁽¹⁾	2017 Oct 31	2017 Jul 31	2017 Apr 30	2017 Jan 31	2016 Oct 31	2016 Jul 31
Loss	(377,809)	(267,984)	(431,732)	(422,031)	(930,475)	(148,644)	(178,817)	(49,747)
Loss per share - Basic and fully diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	0.01

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

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.

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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 March 31, 2018, the Company had an accumulated deficit of \$5,383,002.

As at the date of this MD&A, the Company has approximately \$0.6 million in cash. The Company's working capital balance as at the date of this MD&A is approximately \$1.4 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 March 31, 2018 was \$2.22 and as of May 22, 2018 is \$2.39.

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. Finally, the Company may be required to pay stamp duty and/or other similar taxes as a result of its acquisition of all the issued and outstanding shares of RGL.

The Company is considered to be in the development stage and is currently exploring mineral properties. During the three months ended March 31, 2018, the Company had a net loss of \$0.4 million and working capital of \$1.4 million as at March 31, 2018. At May 22, 2018 the working capital is approximately \$1.4 million. The Company believes that it will have sufficient capital to operate over the next 12 months, however it may have to curtail corporate expenses and additional funding will be necessary to complete its earn in options on projects and fund other exploration activities.

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.

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OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at March 31, 2018 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:

Three months ended March 31, 2018	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	\$ 179,833	\$ 104,160	\$ 283,993
Capitalized to exploration and evaluation assets	50,000	12,340	62,340
	\$ 229,833	\$ 116,500	\$ 346,333

Three months ended April 30, 2017	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	\$ 181,033	\$ 682,807	\$ 863,840
Capitalized to exploration and evaluation assets	3,846	34,066	37,912
	\$ 184,879	\$ 716,873	\$ 901,752

As at March 31, 2018 there was \$41,667 (December 31, 2017 – \$65,000) included in accounts payable and accrued liabilities owing to directors and officers for compensation.

The Company shares office space and administrative expenses with IsoEnergy Ltd. ("IsoEnergy"), a Company with officers and directors in common. During the three ended March 31, 2018, office lease and administrative expenditures billed to NxGold amounted to \$9,200 (2017: nil). As at March 31, 2018, the Company owes \$9,200 to IsoEnergy (December 31, 2017: nil).

OUTSTANDING SHARE DATA

Common Shares

The authorized capital of the Company consists of an unlimited number of common shares, without par value. As at March 31, 2018 and the date hereof, there were 57,907,143 common shares issued and outstanding.

Stock Options

As at the date hereof, there are 3,250,000 stock options outstanding as set forth below:

Number of options	Exercise price per option	Number of options exercisable	Exercise price per option	Expiry date
3,000,000	\$ 0.52	2,133,334	\$ 0.52	February 1, 2022
250,000	\$ 0.45	166,666	\$ 0.45	April 25, 2022
3,250,000	\$ 0.52	2,300,000	\$ 0.52	

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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	2.5
October 15, 2020	\$ 0.05	4,890,000	2.5
July 28, 2020	\$ 0.05	3,500,000	2.3
December 13, 2019	\$ 0.50	9,920,300	1.7
December 13, 2019	\$ 0.25	426,900	1.7
January 13, 2020	\$ 0.50	1,058,000	1.8
	\$ 0.28	21,795,200	2.1

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 for the two-month period ended December 31, 2017 and have been consistently followed in preparation of these condensed consolidated interim financial statements except as noted below.

New standards adopted:

The Company reviewed certain new standards were issued by IAS board that are mandatory for accounting periods beginning on or after January 1, 2018. These standards are listed below and had no impact on the Company.

IFRS 9 – *Financial Instruments* is a new standard that replaced IAS 39 – *Financial Instruments: recognition and Measurement* for classification and measurement of financial instruments.

IFRS 2 – *Share-based payments* is an amended standard to clarify how to account for certain types of share-based payment transactions. 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.

Future accounting pronouncements:

The following standard have not been adopted by the Company and is being evaluated:

IFRS 16 – *Leases* is a new standard that will replace IAS 17 - *Leases* 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.

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:

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Financial instrument risk exposure

As at March 31, 2018, 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 March 31, 2018, 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 March 31, 2018, the Company had a working capital balance of \$1,443,194, including cash of \$816,055, and \$621,136 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 March 31, 2017.

(ii) Foreign Currency Risk

The Company operates in Canada and Australia and is exposed to foreign exchange risk arising from transactions in foreign currency. 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 March 31, 2018, 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 and an Australian dollar bank account in Australia (which to date has had not activity).

(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 operations of the Company are speculative due to the high-risk nature of its business which is the exploration of mineral properties. For a comprehensive list of the risks and uncertainties facing the Company, please see "Risk Factors" in the Company's Annual Information Form for the period ended December 31, 2017 and the "Industry and Economic Factors that May Affect the Business" included above the the Overall Performance section of this MD&A. These are not the only risks and uncertainties that Iso 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 and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

SEGMENTED INFORMATION

As of March 31, 2018, the Company has two geographic segments, one in Canada and one in Australia and disclosed in Note 11 to the Interim Financial Statements.

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 financial statements for the three months ended March 31, 2018, 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

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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.