



NxGold Ltd.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the nine months ended September 30, 2019

Dated: November 12, 2019

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 nine months ended September 30, 2019 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 and nine months ended September 30, 2019 and 2018 (together the "**Interim Financial Statements**") and other corporate filings, including the audited financial statements for the year ended December 31, 2018 (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 80% interest in the Mt. Roe Project in Australia, and; (ii) an exclusive right to earn up to an 70% interest in the Kuulu project in Nunavut, 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 Earn-in 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 and includes an application for contiguous lands of approximately 3,359 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	\$ 1,075,000
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

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.

In November 2017, the Company delivered a notice of force majeure to MGL suspending its obligations under the Kuulu Earn-In Agreement, and in September 2018 the Company delivered a notice of force majeure to Nunavut Tunngavut Inc suspending its obligations under the Mineral Exploration Agreement due to the continued delay in the renewal of the Land Use Licences (“Land Use Licenses”). As of the date of this report, the Land Use Licences are yet to be renewed and are the only outstanding licenses or permits required for the Company's proposed exploration program at the Kuulu Project. The Company has paid \$75,000 and incurred approximately \$800,000 related to the first earn-in option required to be spent by January 17, 2018. As of the date of this report, the notices of force majeure remain in effect.

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

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**”),

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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 1,235 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 ("Artemis") and approximately 5 kilometres from the Radio Hill Mine owned by Artemis.

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.

The Chicobi Project

Effective June 7, 2017, the Company entered into an option agreement with Kenorland Minerals Ltd. (the "**Kenorland 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 Kenorland Option Agreement, the Company had the exclusive right to earn an undivided 80% interest in the Chicobi Project.

During the second quarter of 2018 the Company gave notice to withdraw from the Chicobi project in order to focus its capital and effort on other projects. As a result, an impairment charge of \$1,025,778 was recorded in the year ended December 31, 2018. This is lower than the charge of \$1,056,217 as reported at September 30, 2018 due to recovery of tax credits in the period subsequent to September 30, 2018.

OVERALL PERFORMANCE

In the nine months ended September 30, 2019, the Company carried out interpretation and planning work on the Mt. Roe Project as well as continuing the process to acquire the required regulatory approval for its proposed exploration activities at the Kuulu Project, all as more particularly discussed below under "Discussion of Operations".

As an exploration stage company, the Company does not have revenues and historically has had recurring operating losses. As at September 30, 2019, the Company had cash of \$1,858,493, an accumulated deficit of \$9,079,813 and working capital of \$2,312,473.

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.

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Industry and Economic Factors that May Affect the Business

The business of exploration for and mining of 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 gold 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 gold, exploration risks and the other factors described in the section entitled "Risk Factors" included in the Company's MD&A for the year ended December 31, 2018.

DISCUSSION OF OPERATIONS

During the nine months ended September 30, 2019, the Company incurred \$314,887 of deferred exploration expenditures on its properties as set forth below:

	Kuulu	Mt. Roe	Total
Trenching	\$ -	\$ 12,233	\$ 12,233
Land management	16,497	19,574	36,071
Geochemistry	-	18,105	18,105
Geophysical	-	3,150	3,150
Travel and camp	14,045	33,479	47,524
Salaries	(725)	110,761	110,036
Share-based payments	-	29,222	29,222
General exploration	1,125	57,421	58,546
	\$ 30,942	\$ 283,945	\$ 314,887

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The deferred exploration and evaluation expenditures in the year ended December 31, 2018 is comprised of the following:

	Kuulu	Chicobi ⁽¹⁾	Mt. Roe	Total
Drilling	\$ (43,767)	\$ -	\$ -	\$ (43,767)
Trenching	-	-	96,906	96,906
Land management	60,693	21,434	62,079	144,206
Survey	-	62,971	61,372	124,343
Geochemistry	-	-	24,598	24,598
Travel and camp	46,484	-	75,644	122,128
Salaries	66,395	32,374	221,717	320,486
Share-based payments	14,603	4,229	48,264	67,096
General exploration	6,978	2,791	37,545	47,314
Reclassification of inventory	50,632	-	-	50,632
Investment tax credit	-	(124,863)	-	(124,863)
Impairment	-	(578,313)	-	(578,313)
	\$ 202,018	\$ (579,377)	\$ 628,125	\$ 250,766

- (1) During the second quarter of 2018, the Company withdrew from the Chicobi project and wrote off all capitalized exploration and evaluation expenditures.

Mt. Roe Project for the nine months ended September 30, 2019:

Exploration work undertaken during this period included further interpretation of 2018 results and planning and execution of target refinement programs in Spring 2019. Planning work involved the submissions and receipts of Program of Work permits and excess tonnage permits. Submitted but not yet received were Heritage Notice and Heritage Clearances for future potential drill target areas. The Spring 2019 work program included bringing the tenements granted in November 2018 up to the basic exploration level of the rest to the property. This work included tenement-wide silt sampling, local prospecting, limited mapping, and soil sampling and trenching previously identified target areas.

More directly, the Prinsep South target area received detailed soil sampling with a goal of better defining a drill-ready target. This work resulted in a >95th percentile of gold values forming a 200m long anomaly encased within a broad >80th percentile of gold values anomaly with rough dimensions of 600 metres by 150 metres. Limited prospecting returned elevated gold in rock grab sampling within and on the edge of the core anomaly that included one sample of 9 grams per tonne ("g/t") gold (assay range of detection limit to 9 g/t gold).

The Hawk anomaly was expanded marginally with mapping to better define the inferred mafic volcanic unit-gabbroic body contact that appears to be anomalous. In addition, a roughly 100 metres by 100 metres, >90th percentile of gold values soil anomaly is located immediately up slope of the well known 80oz nugget patch where sharp, hackly detrital gold nuggets have been collected. The source of the nuggets is currently inferred to be within this defined soil anomaly.

The Eagle area soil grid expansion limited the 2018 main soil anomaly to the area where gold was known to occur within narrow structures and was historically collected by metal detectorists. In addition, the grid expansion to the southwest resulted in a coherent 225 metres by 115 metres, >80th percentile gold value anomaly coincident with a discreet magnetic high which was observed within the inversion of the magnetic data.

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A limited program of trenching in previously disturbed areas near Hamburger Hill was undertaken in an attempt to expose an inferred controlling structure to the distribution of sedimentary units and melon seed shaped detrital gold nuggets hosted proximal to the unconformity below the Sholl Ridge Basalts. No clear mineralised structure was exposed, however, a cobble filled channel was exposed which contained numerous melon seed type, pitted gold nuggets. This channel is currently interpreted to be an example of reworked conglomeratic material forming alluvial paleo-channels in the valley underlain by the basement volcanic sequence. The source and distribution of this gold is poorly understood at this time, however its physical characteristics to detrital gold recovered and described by Novo Resources Ltd at Comet Well, Purdey's, and more recently Egina suggest that the detrital gold recovered by NxGold could have a similar history.

To date drill targets for potential gold mineralisation have been identified at Prinsep South, Eagle, Hawk, and Swan. Additionally, a conceptual nickel copper target requiring geophysical surveys to define has been identified in the Sholl Intrusive rock units on the property. Numerous historical prospects of nickel copper in the immediate area include the blind Radio Hill discovery and Sholl B2 prospect.

Mt. Roe Project for the year ended December 31, 2018:

Two streams of exploration have occurred on the granted tenements of the property (eastern half). Systematic trenching in two phases was used to track the conglomerate, sediments and unconformity considered to be prospective for conglomerate-hosted gold or paleo-placer style gold deposits. A more traditional systematic approach consisting of mapping, prospecting, two phases of silt (stream) sampling and gridded soil sampling was used across the granted tenements. Eight target areas were defined, Selective areas, due to historical nugget collecting, also were trenched to expose source structures. Additionally, an unmanned aerial vehicle-based magnetics survey was completed resulting in a derived geological map to complement the fact map generated through the programs.

Work in the last quarter included mostly field follow up work on anomalies identified during the previous programs and initial programs on the Prinsep tenements which resulted in the identification of a mineralised horizon that appears to occur over a strike length of 1800m although poor exposure has allowed sampling for roughly 500m of strike to date. Also, in this quarter the final pending tenements (western half of the Roe property) were granted and transferred to Roe Gold.

Next steps include detailed follow-up of the auriferous Prinsep trend, undertaking systematic exploration on the recently granted tenements to allow for prioritisation of all target areas across the entire Project area, and selective aggressive trenching in areas of known significant nugget collection where recent finds have included nuggets of gold still attached to quartz vein fragments.

Kuulu Project for the year ended December 31, 2018 and the nine months ended September 30, 2019:

The Kuulu Project remains without the last license required to undertake exploration activities on the property. As of the end of the current period the Company has not been able to secure the renewal of previously granted Land Use Licences over the project area from the Kivaliq Inuit Association ('KIA'). In early April a meeting was held with senior leadership of the KIA in an effort to resolve the impasse however it was not possible to resolve the situation and obtain the necessary licences as the KIA holds the view that the project is located on important hunting grounds used by members of the Rankin Inlet community and they hold concerns that exploration activities will disrupt and limit access to the land.

During the year ended December 31, 2018, two community meetings were held in May; one with the Community Lands and Resources Committee ('CLARC') and one with the Kangiqliniq Hunters and Trappers Organisation ('HTO'), and a variety of meetings with individuals were undertaken in September as part of the continuing efforts being expended to obtain Land Use License renewals for the existing Kuulu

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Project land use permits. Any costs incurred relate primarily to the Company's regulatory efforts. In the second quarter of 2018, the Company recovered \$43,767 related to a returned land use license reclamation fee for the proposed exploration program.

During a community visit in September 2018 members of the CLARC indicated they were not aware of the timing nor details of the proposed program delivered in May and indicated that a workshop reviewing these details would be an adequate way to clarify any remaining perceived issues. Additionally, a letter was submitted to Nunavut Tunngavik Incorporated in September to activate the force majeure clause in Mineral Exploration Agreement RI12-0001 representing the Kuulu Project.

In November 2018 an independently led workshop was arranged however it was poorly attended by the CLARC representatives and HTO representatives and therefore no issues pertaining to the permitting of the project were determined nor resolved.

The Company recognises that 2019 is an election year in the Region and community which will potentially change the composition of the Hamlet Council and the KIA Board of Directors. Once the outcome of the elections is known, the Company will recommence our engagement with the KIA and the community in an effort to obtain renewal of the licences required to commence exploration activities.

Chicobi Project for the year ended December 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. During the second quarter of 2018 all claims were transferred to Kenorland Minerals Ltd. and an assessment report was drafted documenting costs acceptable for assessment purposes. The report was submitted by NxGold for assessment credit against required expenditure on the claims and for NxGold to recover any tax rebates available.

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 and nine months ended September 30, 2019 and 2018:

	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
General and administrative costs				
Share-based compensation	\$ 54,285	\$ 337,612	\$ 243,911	\$ 393,665
Salaries and director fees	160,755	187,888	575,859	592,189
Professional fees	14,182	7,498	138,285	95,255
Investor relations	2,351	223,599	21,529	251,106
Public company costs	9,088	8,638	50,427	45,057
Office and other	9,147	14,005	45,628	38,677
Travel	23,668	14,533	58,558	51,551
Depreciation expense	10,681	3,351	32,075	8,297
Total general and administrative cost	(284,157)	(797,124)	(1,166,172)	(1,475,797)
Impairment of Chicobi	-	(8,045)	-	(1,056,217)
Foreign exchange loss	(65)	(136)	(2,513)	(5,354)
Interest income	8,833	16,500	27,021	23,296
Other income	2,500	-	2,500	-
Interest expense	(1,450)	-	(4,575)	-
Loss	\$ (274,339)	\$ (788,805)	\$ (1,143,839)	\$ (2,514,072)

The Company had a loss of \$274,339 and 1,143,839 for the three and nine months ended September 30, 2019, respectively, compared to \$788,805 and \$2,514,072 for the three and nine months ended September 30, 2018, respectively. The loss was higher in 2018 due to higher share-based compensation expense and investor relations costs in 2018. In addition, in the nine months ended September 30, 2018 the impairment of Chicobi negatively impacted results.

In the nine months ended September 30, 2019 the Company adopted IFRS 16 – Leases (“IFRS 16”) as discussed in “Change in Accounting Policies” below. As the liability related to the office rent is now completely recorded on the balance sheet, with an offsetting right-of-use asset, the impact on the consolidated statement of loss is to reduce rent expense and increase depreciation. The recorded liability is discounted resulting in an interest expense.

General and administrative costs

Share-based compensation charged to the statement of loss and comprehensive loss in the three and nine months ended September 30, 2019 amounted to \$54,285 and \$234,911, respectively compared to \$337,612 and \$393,665, in the three and nine months ended September 30, 2018, respectively. In the nine months ended September 30, 2018 forfeitures of unvested options resulted in the reversal of \$98,895, respectively of amounts recognized in previous periods. The share-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

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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. The expense is larger in 2018 than 2019 as there were 4,200,000 option granted in the third quarter of 2018, of which one third vested on grant resulting in a charge to the statement of loss and comprehensive loss. A portion of the share-based compensation is capitalized to exploration and evaluation assets.

Salaries and director fees were \$160,755 and \$575,859 in the three and nine months ended September 30, 2019, respectively, compared to \$187,888 and \$592,189 in the three and nine months ended September 30, 2018, respectively. The salaries and director fees were lower in the three and nine months ended September 30, 2019 due to a reduction in compensation of directors and the Chief Executive Officer partially offset by allocation of certain exploration salaries to general and administrative costs rather than capitalization of those costs as a result of the nature of the activities carried out.

Professional fees were \$14,182 and \$138,285 in the three and nine months ended September 30, 2019, respectively, compared to \$7,498 and \$95,255 in the three and nine months ended September 30, 2018 respectively. The increase in the nine months ended September 30, 2019 is related primarily to business development fees paid to progress the Company's strategic position, partially offset by lower legal costs in 2019 due to decreased complexity of the Company with respect to foreign acquisition, change in year end, funding options, change of registered offices and the exit from Chicobi. Professional fees also include legal, tax and accounting fees.

Investor relations costs were \$2,351 and \$21,529 in the three and nine months ended September 30, 2019, respectively, compared to \$223,599 and \$251,106 in the three and nine months ended September 30, 2018 respectively. The costs were higher in 2018 due to the recent acquisition of Mt. Roe and activities leading up to a financing in the third quarter of 2018.

Public company costs were \$9,088 and \$50,427 in the three and nine months ended September 30, 2019, respectively, compared to \$8,638 and \$45,057 in the three and nine months ended September 30, 2018 respectively.

Office and other expenses were \$9,147 and \$45,628 in the three and nine months ended September 30, 2019, respectively, compared to \$14,005 and \$38,677 in the three and nine months ended September 30, 2018, respectively. NxGold entered an office lease in August, 2018 which resulted in an increase in monthly costs from there forward, as well as some set up costs incurred in the third quarter of 2018. The rent expense was decreased effective January 1, 2019 due to the adoption of IFRS 16, the impact of which is discussed above. Further on September 1, 2019 the Company subleased a portion of its leased space resulting in a reduction in rent expense.

Travel expenses at \$23,668 and \$58,558 in the three and nine months ended September 30, 2019, respectively compared to \$14,533 and \$51,551 in the three and nine months ended September 30, 2018, respectively and were in line with the prior years.

Depreciation expense was \$10,681 and \$32,075 in the three and nine months ended September 30, 2019, respectively, compared to \$3,351 and \$8,297 in the three and nine months ended September 30, 2018, respectively. The increase is due to the adoption of IFRS 16 which results in a right-of-use asset which is depreciated. The right-of-use asset is an office lease and was valued at \$130,002 on adoption of IFRS 16 on January 1, 2019 and is being depreciated over the life of the lease.

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Other items

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. During the second quarter of 2018 all claims were transferred to Kenorland Minerals Ltd. and an assessment report was drafted documenting costs acceptable for assessment purposes. The report was submitted by NxGold for assessment credit against required expenditure on the claims and for NxGold to recover any tax rebates available. An impairment charge of \$1,056,217 was recorded in the period.

The Company recorded interest income of \$8,833 and \$27,021 in the three and nine months ended September 30, 2019, respectively compared to \$16,500 and \$23,296 in the three and nine months ended September 30, 2018, respectively which represents interest earned on cash balances. The amounts of interest income will vary with cash balances held.

Interest expense was \$1,450 and \$4,575 for the three and nine months ended September 30, 2019, respectively, compared to nil in the three and nine months ended September 30, 2018 and relates to the lease liability which was created on the adoption of IFRS 16.

Financial Position

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

	September 30, 2019	December 31, 2018	December 31, 2017
Exploration and evaluation assets	\$ 8,955,156	\$ 8,614,110	\$ 1,938,429
Total assets	\$ 11,539,026	\$ 12,538,598	\$ 5,791,383
Total current liabilities	\$ 116,961	\$ 131,505	\$ 136,387
Total non-current liabilities	\$ 78,733	Nil	Nil
Working capital	\$ 2,312,473	\$ 3,736,474	\$ 3,671,507
Cash dividends declared per share	Nil	Nil	Nil

(1) The working capital at September 30, 2019 includes a current lease obligation of \$32,860 related to the adoption of IFRS 16 which was not on the balance sheet in periods prior to adoption of IFRS 16 on January 1, 2019.

During the year ended December 31, 2018 the Company acquired RGL by issuing 19,760,000 common shares valued at \$0.27 per share and impaired the Chicobi asset with a charge of \$1,025,778. This is lower than the charge of \$1,056,217 as reported at September 30, 2018 due to recovery of tax credits in the period subsequent to September 30, 2018.

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SUMMARY OF QUARTERLY RESULTS

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

	2019 Sept 30	2019 June 30	2019 Mar 31	2018 Dec 31	2018 Sept 30	2018 Jun 30	2018 Mar 31	2017 Dec 31 ⁽¹⁾
Loss	(274,339)	(382,441)	(487,059)	(416,709)	(788,801)	(1,347,462)	(377,809)	(267,984)
Loss per share - Basic and fully diluted	Nil	Nil	(0.01)	(0.01)	(0.01)	(0.02)	(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. As a result, the loss per period has fluctuated depending on the Company's activity level and periodic variances in certain items. Quarterly periods are therefore not comparable.

In the second quarter of 2018, the Company withdrew from the Chicobi project resulting in an impairment charge of \$1,056,217.

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 September 30, 2019, the Company had an accumulated deficit of \$9,073,613.

The Company does not have any commitments for capital expenditures, however, upon grant of the outstanding licenses in respect of the Kuulu Project, in order to continue towards completion of the First Earn in Option the Company will be required to incur expenditures on Kuulu as discussed in the "Background" section above.

The Company is considered to be in the development stage and is currently exploring mineral properties. During the nine months ended September 30, 2019, the Company had a loss of \$1,143,839 and working capital of \$2,312,473 as at September 30, 2019. At November 12, 2019 the Company had cash of \$1.8 million and working capital of approximately \$2.3 million, which includes the NexGen shares which 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 September 30, 2019 was \$1.72 and as of November 12, 2019 was \$1.75. The Company has not paid any dividends and management does not expect that this will change in the near future.

The Company believes that it will have sufficient capital to operate over the next 12 months, however 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 in the "Risk Factors".

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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 September 30, 2019 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:

Nine months ended September 30, 2019	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	\$ 582,796	\$ 227,680	\$ 810,476
Capitalized to exploration and evaluation assets	66,748	17,975	84,723
	\$ 649,544	\$ 245,655	\$ 895,199
Nine months ended September 30, 2018	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	\$ 513,429	\$ 409,615	\$ 923,044
Capitalized to exploration and evaluation assets	141,353	45,959	187,312
	\$ 654,782	\$ 455,574	\$ 1,110,356

As at September 30, 2019 there was \$17,500 (December 31, 2018 – \$50,000) included in accounts payable and accrued liabilities owing to directors and officers for compensation.

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The Company shares office space and administrative expenses with IsoEnergy Ltd. ("IsoEnergy"), a Company with officers and directors in common. During the nine months ended September 30, 2019, office lease and administrative expenditures billed to NxGold amounted to \$79,600 (2018 - \$32,200). At September 30, 2019 there was \$6,200 owing to IsoEnergy.

OUTSTANDING SHARE DATA

Common Shares

The authorized capital of the Company consists of an unlimited number of common shares, without par value. As at September 30, 2019 and the date hereof, there were 81,632,286 common shares issued and outstanding.

Stock Options

As at the date hereof, there are 6,850,000 stock options outstanding as set forth below:

Number of options	Exercise price per option	Number of options exercisable	Exercise price per option	Expiry date
2,400,000	\$ 0.52	2,400,000	\$ 0.52	February 1, 2022
250,000	\$ 0.45	250,000	\$ 0.45	April 25, 2022
4,200,000	\$ 0.20	2,814,000	\$ 0.20	August 8, 2023
6,850,000	\$ 0.32	5,464,000	\$ 0.35	

Warrants

As the date of this report there were 46,709,699 common share purchase warrants outstanding as set forth below:

Expiry date	Exercise price	Number of warrants	Remaining life at September 30, 2019 (years)
15-Oct-20	\$0.07	2,000,000	1.0
15-Oct-20	\$0.05	4,890,000	1.0
28-Jul-20	\$0.05	3,500,000	0.8
13-Dec-19	\$0.50	9,920,300	0.2
13-Dec-19	\$0.25	426,900	0.2
13-Jan-20	\$0.50	1,058,000	0.2
15-Jun-21	\$0.27	23,725,143	1.7
14-Jun-21	\$0.18	1,186,356	1.7
Balance, September 30, 2019 and November 12, 2019	\$0.27	46,706,699	1.2

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 and have been consistently followed in preparation of the Interim Financial Statements except as noted below.

New standards adopted:

The Company has applied IFRS 16 *Leases* ("IFRS 16") using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 *Leases* and IFRIC 4 *Determining whether an arrangement contains a lease*.

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For the purpose of applying the modified retrospective approach to its office lease, the Company elected to measure the right-of-use asset at an amount equal to the lease liability at the date of initial application . At January 1, 2019, the Company recognized a right-of-use asset and lease liability of \$130,002 in respect of its office lease.

Policy applicable from January 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of the property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method.

The Company presents the right-of-use asset related to its office lease in property and equipment.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

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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, marketable 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 September 30, 2019, 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 September 30, 2019, the Company has cash on deposit with a large Canadian and large Australian 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 September 30, 2019, the Company had a working capital balance of \$2,312,473, including cash of \$1,858,493, and \$481,241 of marketable securities.

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 September 30, 2019.

(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 September 30, 2019, the Company had no financial assets and liabilities that were subject to currency translation risk as set out in the segmented information note of the interim financial statements. The Company maintains a Canadian dollar bank account in Canada and an Australian dollar bank account in Australia.

(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 MD&A for the year ended December 31, 2018 and the "Industry and Economic Factors that May Affect the Business" included above in the Overall Performance section of this MD&A. These are not the only risks and uncertainties that NxGold 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 September 30, 2019, 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 Interim Financial Statements for the three and nine months ended September 30, 2019 and 2018 which is 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

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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 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, 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 960, 1055 West Hastings Street, Vancouver, BC V6E 2E9 or at (778) 383-3057.