



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

GENERAL

The purpose of this Management Discussion and Analysis (“**MD&A**”) is to explain management’s point of view regarding the past performance and future outlook of NuLegacy Gold Corporation. (“**NuLegacy**”). This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the Company’s condensed interim consolidated financial statements and notes for the three and nine months ended December 31, 2016 (the “**Interim Financial Statements**”), the annual audited consolidated financial statements (the “**2016 Annual Financial Statements**”) for the year ended March 31, 2016 and the Company’s annual management discussion and analysis (the “**2016 Annual MD&A**”).

All information contained in this MD&A is current as of February 28, 2017 unless otherwise stated.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information on NuLegacy is available on SEDAR at www.sedar.com and at NuLegacy’s website, www.nulegacygold.com.

OVERVIEW

NuLegacy is a Nevada-focused exploration company with exploration properties in Eureka County, Nevada, in close proximity to multi-million ounce producing gold mines. NuLegacy has an experienced exploration team with several of its geologists credited with Nevada discoveries. Its team is focused on exploring its Iceberg property, acquired through an earn-in arrangement with Barrick Gold Corporation (“Barrick”) (refer to section “Summary of Exploration Activities”).

NuLegacy is listed on the TSX Venture Exchange under the symbol “NUG”.

STRATEGY

Management’s objective is to discover significant multi-million ounce Carlin-type gold deposits within the state of Nevada. Nevada is the ninth largest gold producing ‘nation’ in the world and contains one of the largest gold endowments globally with favorably oxidized low cost heap-leachable mineralization. NuLegacy’s Iceberg property is situated in the well-established and prolific Cortez gold trend of Nevada.

Management of NuLegacy is committed to maximizing its exploration dollars through detailed technical analysis, focusing on Carlin-style gold targets and resource discovery. With effective and efficient management of its exploration dollars and programs, management aims to deliver superior long-term returns to shareholders.

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

KEY HIGHLIGHTS

Share capital:

- **Private Placements:**

- In April 2016, NuLegacy closed a private placement with OceanaGold Corporation ("OceanaGold") for 47,663,228 common shares at \$0.14 per share for gross proceeds of \$6,672,852, following which OceanaGold owned approximately 19.9% of NuLegacy's issued and outstanding shares on an undiluted basis.

The subscription agreement with NuLegacy and OceanaGold provides that so long as OceanaGold holds not less than 5% of the issued and outstanding common shares of NuLegacy, OceanaGold will have the right to:

- Nominate one director to NuLegacy's board;
 - Appoint one representative to NuLegacy's technical committee;
 - Participate in all future equity financings of shares or convertible securities to maintain and/or increase its equity ownership interest in NuLegacy to 19.9%; and
 - A 'first offer to negotiate' should a joint venture be contemplated for the purposes of financing the Iceberg Property.
- In July 2016, NuLegacy closed a private placement for 20,334,463 units at \$0.30 per unit for gross proceeds of \$6,100,339. Each unit consisted of one common share and one full share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period, subject to acceleration, of 18 months at an exercise price of \$0.45. Finders' fees of \$226,140 and 753,800 finders' warrants were paid and issued in connection with the private placement. The finders' warrants entitle the holders to purchase one additional common share for a period, subject to acceleration, of 18 months at an exercise price of \$0.30.
 - In October 2016, NuLegacy closed initial tranche of a private placement for 10,010,590 units at \$0.45 per unit for gross proceeds of \$4,504,766. Each unit consisted of one common share and one full share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period, subject to acceleration, of 18 months at an exercise price of \$0.65. In November 2016, NuLegacy closed the second tranche for 144,356 units at \$0.45 per unit for gross proceeds of \$64,960. Finders' fees of \$7,595 cash and 16,871 finders' warrants were paid and issued in connection with this private placement.
- NuLegacy granted a total of 7,945,000 stock options at a weighted average exercise price of \$0.33 per share, exercisable for a period of five years to various officers, directors and consultants. From the total stock options granted, 4,085,000 stock options were granted during the nine months ended December 31, 2016 with the remaining 3,860,000 stock options granted subsequent to the period.
 - NuLegacy issued a total of 19,910,980 common shares in connection with warrants exercised for gross proceeds of \$3,527,434.
 - NuLegacy issued a total of 675,000 common shares in connection with stock options exercised for gross proceeds of \$120,000.

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

Exploration activities:

- In May 2016, NuLegacy commenced a multi-phase 10,000 meter (33,000 ft.) drilling program to continue the delineation of the Iceberg gold deposit. In July 2016, NuLegacy released assay results for the first 10 holes of the plus-40-hole (10,000-metre) 2016 exploration program on its 100-per-cent-owned Iceberg oxide gold deposit. The primary target is the shallow Carlin-style oxidized gold mineralization within the 3 km long and 0.5 km wide Iceberg gold deposit in the Cortez gold-trend of north-central Nevada. Additional news releases through the year presented the assay results of the additional drill holes. Please refer to the "Summary of Exploration Activities" section for further details.

OVERALL PERFORMANCE

Net loss for the nine months ended December 31, 2016 was \$2,141,703 compared to a net loss of \$1,241,224 in the comparative nine months ended December 31, 2015. The higher net loss in the current period is primarily the result of higher operating expenses due to an increase in corporate activity. There also was an increase in share based payments relative to the comparative period as the fair value recognized in connection with the vested stock options in the comparative period was lower. Refer to the "Results of Operations" section for further details.

Comprehensive loss in the nine months ended December 31, 2016 was \$2,007,650 compared to a comprehensive loss of \$2,698,449 in the comparative period. NuLegacy recognized other comprehensive income of \$134,053 (December 31, 2015 – other comprehensive loss of \$1,457,225) due to the increase in the fair value of its available for sale financial assets whereas there was a significant decrease of the asset in the comparative period.

NuLegacy had a total net increase in cash and cash equivalents during the nine months ended December 31, 2016 of \$15,881,627 while in the comparative period ended December 31, 2015, the decrease in cash and cash equivalents was \$113,125. The difference to the increase in cash and cash equivalents in the current period was primarily from financing activities in the current period which resulted in net share proceeds of \$21,006,450 (versus \$2,244,960 in the comparative period) based on the completion of private placements, exercise of warrants and stock options. However, the overall increase in cash was offset by investing and operating activities for the nine months ended December 31, 2016 which saw NuLegacy spend \$3,910,087 and \$1,214,736, respectively. In the comparative period ended December 31, 2015, the Company spent \$1,736,098 and \$621,987 on investing and operating activities, respectively. The higher cash outflow during the current period from these activities is the result of increased exploration and corporate activities.

During the nine months ended December 31, 2016, a total of \$3,514,898 and \$268,113 was incurred in deferred exploration costs on the Iceberg and Wilson properties, respectively, for total deferred exploration costs of \$3,783,011. For a more detailed description of NuLegacy's exploration expenditures, interest in its exploration and evaluation assets and the terms and conditions of the underlying agreements, refer to the "Summary of Exploration Activities" section.

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

SUMMARY OF EXPLORATION ACTIVITIES

For the nine months ended December 31, 2016, NuLegacy incurred a total of \$3,783,011 in deferred exploration costs compared to \$1,700,593 for the corresponding period ended December 31, 2015.

The following is a breakdown of the material components of NuLegacy's deferred exploration and development costs, on a property by property basis, for the nine months ended December 31, 2016 and 2015:

	Iceberg Property	Wilson Property	Total
	\$	\$	\$
Nine months ended December 31, 2016			
Acquisition	-	32,045	32,045
Assays	351,463	11,108	362,571
Drilling	2,060,852	95,434	2,156,286
Geological consulting	614,957	15,599	630,556
Geophysics	112,735	-	112,735
Miscellaneous	55,232	1,350	56,582
Property maintenance	182,131	107,207	289,338
Travel and vehicles	137,528	5,370	142,898
Total	3,514,898	268,113	3,783,011
Nine months ended December 31, 2015			
Assays	125,008	-	125,008
Deposits	(25,108)	-	(25,108)
Drilling	819,014	546	819,560
Geological consulting	414,647	36,007	450,654
Miscellaneous	19,804	1,006	20,810
Property maintenance	168,729	100,629	269,358
Travel and vehicles	40,308	3	40,311
Total	1,562,402	131,047	1,700,593

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

Mineral properties:

NuLegacy's Cortez-trend Property, Eureka County, Nevada

NuLegacy's Cortez-trend Property, located in Eureka County, Nevada, encompasses 1,300 unpatented lode mining claims covering approximately 98 square km and is comprised of two separate property agreements as follows:

- Red Hill Agreement – consists of 818 unpatented lode mining claims comprising approximately 60 square kilometers; and
- Idaho Resources (Wilson) Agreement – consists of 482 unpatented lode mining claims comprising approximately 38 square kilometers.

Red Hill Agreement:

The property is located directly between Barrick's Cortez Hills operation and the Goldrush property to the north, and McEwen Mining Inc.'s Tonkin Springs/Gold Bar gold operations to the south. Barrick's Cortez mining operations have reported reserves in excess of 11.1 million ounces of gold, plus additional indicated and inferred resources. Barrick's Goldrush property, which contains 10.2 million ounces of gold¹ in all categories, is located adjacent to NuLegacy's Iceberg Project.

The property is geologically similar to that which hosts the existing three Carlin-type gold deposits in the Cortez Trend, which have their largest and best resources at depths between 500 and 1,200 feet. The geology of Barrick's Goldrush property represents a close analogue to that found at NuLegacy's Iceberg Property.

NuLegacy's re-interpretation of both the geology and historic drilling results were the basis for the supposition that the Iceberg Property contained geological formations favorable for hosting Carlin-type gold deposits. The Iceberg gold deposit is in Devonian carbonates rocks, the same units that host the large gold deposits in the Cortez Trend, of which the Iceberg Property is a part. There are also several surface gold anomalies throughout the property that have not yet been drilled.

In October 2015 NuLegacy completed the earn-in to a 70% interest of the property by expending USD \$5 million over 5 years of exploration expenses, as defined in the Barrick option agreement. In December 2015 NuLegacy was notified by Barrick that it did not intend to exercise the earn-back provision of the agreement.

In March 2016, NuLegacy and Barrick completed an exchange agreement which resulted in the issuance of 32,000,000 common shares of NuLegacy in exchange for Barrick's 30% working interest in the Redhill property and granted Barrick a 2% net profits interest royalty from commercial production on the property. As a result of this transaction, NuLegacy increased their working interest in the Redhill property from 70% to 100%.

¹ As reported by Barrick Gold as of December 31, 2015, the Goldrush deposit contained a resource of 8,557,000 indicated ounces of gold within 25.16 million tonnes grading ~10.57 g/t, and 1,647,000 inferred ounces within 5.7 million tonnes grading ~9.0 g/t. Barrick's newly defined resource uses an underground mining approach. The close proximity of Iceberg to Goldrush may have little or no bearing on the level of gold mineralization in the Iceberg deposit.

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

Idaho Resources (Wilson) Agreement:

On October 18, 2010 (further amended February 23, 2012), NuLegacy entered into a mining lease with Idaho Resources Corporation ("Idaho") for an initial 10 years, in which Idaho granted to NuLegacy exclusive possession and control to explore, develop, mine and operate on the Wilson property, which consists of 482 unpatented lode mining claims.

On November 7, 2012 (further amended in January 2016), NuLegacy entered into a restated mining lease whereby future requirements for exploration expenditures were eliminated. In order to maintain the Lease, NuLegacy must make the following annual advance royalty payments:

- \$75,000 of annual payments and issue 200,000 shares prior to execution of the restated mining lease (paid and issued);
- \$25,000 payment and issue 100,000 shares on January 1, 2014 and January 1, 2015 (paid and issued); and
- \$12,500 payment on January 1st, April 1st, July 1st and October 1st of all succeeding years.

After the initial term of 10 years, the mining lease will continue in full force and effect provided that NuLegacy continues to maintain the property in good standing and make the requisite annual cash payments to Idaho. Upon commencement of commercial production, the annual cash payments will convert to an overriding royalty of 3% of the applicable royalty based on all gold, silver and other ores/metals produced from the property. Through this agreement NuLegacy has a 100% working interest in the property subject to the payments and property maintenance terms.

Summary of 2016 Exploration Program:

During 2016 NuLegacy drilled approximately 35,000 feet (10,668 meters) in 45 holes (4 core and 41 reverse circulation) to expand the Iceberg oxide gold deposit and initiate drilling of the Avocado geophysical anomaly. During the year, geological mapping was completed for the entire property, additional geochemical sampling was completed to infill coverage on the property, and IP (Induced Polarization) and CSAMT (Controlled Source Audio-frequency Magnetotellurics) geophysical surveys were conducted at Iceberg. Summaries of these activities are presented below.

Iceberg gold deposit

Iceberg is a near-surface oxidized gold system identified through detailed outcrop mapping, geophysical surveys, and rock and soil sampling programs. The surface at Iceberg is primarily alluvium and Tertiary volcanics overlain by Miocene Northern Nevada Rift basalts. Core and RC drilling has encountered a stratigraphic sequence underlying the Rift basalts consisting of an apparent Eocene accumulation of tuffaceous sediments, ash and volcanoclastic rocks.

Stratigraphically below the volcanics are the Devonian Horse Canyon and Wenban formations. The Horse Canyon Formation is a Cortez-area unit consisting of interlayered mudstone, calcareous siltstone, debris flows and minor limestone. The Wenban Formation is a sequence of limestones, turbidites and silty limestone to siltstone/mudstone. All the Devonian units are intruded by felsic dikes of unknown age.

Gold mineralization at Iceberg has been traced along a north-northwest-trending corridor at least 3 km long, several hundred meters wide and several tens of meters thick in at least three horizons: in the Tertiary volcanics, at the Horse Canyon–Wenban contact zone and deeper in the Wenban. Gold in the upper two horizons is oxidized, whereas some of the deeper mineralization is associated with pyrite.

2016 drilling at the Iceberg gold deposit was focused on the North and Central zones, with one hole in the South zone and two holes in the newly identified West zone. Two of these holes were core drilled in the North zone and

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

one core hole was drilled at the range front. The core holes expanded the detailed knowledge of the geology, style of mineralization, and controls for gold distribution within the Iceberg deposit.

While drilling in the Central zone continued to expand the footprint of the mineralization the most significant drilling was along its western margin. Holes RHB-72 and 73 encountered significantly thicker intervals of gold mineralization (51.8 meters and 80.8 meters, respectively), both of which contained higher grade cores. These intervals indicate that the western margin of the Central zone is thicker, and that there may be a connection with the newly identified West zone. The Central zone gold mineralization is still open in most directions.

The West zone was initially identified as a gravity anomaly with associated anomalous gold in soil. Hole RHB-81 was drilled as an initial test of the gravity anomaly, about 300 meters west of the Central zone, and encountered three intervals of gold mineralization the most significant is 0.31 g/t Au over 7.6 meters, starting at 107 meters. This confirms another highly prospective target for further exploration to the west of the Central zone.

Drilling at the North zone continued to expand its footprint. Holes RHB-82 and 83 (21.3 meters of 2.16 g/t Au, and 10.7 meters of 1.63 g/t Au, respectively) were drilled at the southern margin of the North zone and continues the progress of filling the gap between the North and Central zones. The North zone is still open in most directions.

In the fall of 2016 22.4 line kilometers of CSAMT and IP were surveyed in the Iceberg area. The CSAMT lines clearly outlined the north-northwest trending Iceberg fault and a series of sub-parallel faults to the west, beneath post-mineral cover. The newly identified faults have excellent gold mineralization potential and have not previously been explored as they are 'blind' to the surface. Additionally, the CSAMT lines helped define a series of east-northeast trending faults that transect the Iceberg gold deposit. The convergence of north-northwest and east-northeast trending fault systems likely served as important mineralized fluid conduits (<http://nulegacygold.com/i/pdf/thumbs/Geophysics-Report-4-Ig.jpg>) and may be sites of higher grade gold mineralization. Most of these areas have not been drilled.

The IP survey located a chargeability anomaly just west of the Iceberg fault, and between the North and Central zones. Chargeability anomalies represent an accumulation of minerals, such as gold-bearing sulfides, that can absorb and then slowly release an electric charge. The newly discovered IP anomaly at Iceberg is approximately 366 meters deep, deeper than any nearby drilling.

The significance of the Deep Iceberg anomaly is that it has characteristics similar to the Avocado IP anomaly, and is interpreted to be reflecting pyrite-carbonaceous carbonates that is the likely site of gold deposition.

VIO

Six line kilometers of CSAMT survey and 11.5 line kilometers of soil sampling were completed at the VIO prospect. The geophysical survey assisted in defining structural trends that might be favorable areas for gold mineralization, and the soil survey identified areas of anomalous gold and Carlin-type gold deposit trace element geochemistry. These surveys are being used to define drill targets for 2017 drilling.

Avocado Anomaly

In September 2016, NuLegacy reported that the assay results from hole AV-02 confirmed that the Avocado IP/Resistivity anomaly hosts a Carlin-type gold deposit. This is the second Carlin-type gold deposit (Iceberg being the first) discovered within NuLegacy's Red Hill project.

Hole AV-02, located 1,750 meters northwest of the Iceberg gold deposit, discovered a massive bloom of gold grading 0.26 g/t Au over 199.7 meters including 24 and 35 meter intervals of 0.5-gram material, and 10 and 13 meter intervals of better than 1.0-gram material. The gold mineralization is continuous from a depth of 415 meters to the bottom of the hole at 615 meters (200 m interval).

AV-02 is 120 meters north of AV-01 (reported 10/28/2014) which returned three anomalous (less than 0.1 g/t) gold intervals of 12, 20 and 35 meters encountered at 253, 331 and 419 meters respectively. These anomalous

**NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016**

intervals are within the same black carbonaceous pyritic limestone that hosts much of the gold mineralization in the deeper parts of Nevada's Carlin-type gold deposits. The suite of anomalous trace elements present in the material in AV-01 (typical of large Carlin-type gold systems) indicated that higher grade gold mineralization should occur in the vicinity. AV-02's higher grades and very thick gold-bearing horizon of 200+ meters together with the same classic trace elements suite indicates the possibility of much higher-grade gold mineralization within Avocado geophysical anomaly. Hole AV-02 confirmed this initial interpretation.

NuLegacy later reported the assay results from hole AV-03, the third exploration hole drilled into the Avocado deposit. Hole AV-03 drilled two thirds of a kilometer (650 meters) east of AV-02 returned an average of 1.04 grams of gold/tonne over 25.9 meters (from 312.6 to 347.5 meters). Notably, the mineralized interval in AV-03 is in a brecciated Jasperoid (strongly silicified) that contains minor disseminated pyrite. This is more similar to the Iceberg gold deposit mineralization than the mineralization in AV-02 which is the black carbonaceous pyritic limestone material. With AV-03 drilled on the eastern margin of the Avocado IP anomaly this could represent a northern extension to the Iceberg gold deposit. The results of these two holes improve the possibility of the Avocado being another substantial Carlin-style gold deposit within the geophysical anomaly, and consequently the two portions of the anomaly are referred to as Avocado West (AV-02) and Avocado East (AV-03).

In preparation for the 2017 follow-up drilling program a stratigraphic core hole (AV-4C) was drilled as a 'twin' to the reverse circulation (RC) discovery hole AV-2 (as reported Sept. 13, 2016). The 621 meter core hole was completed on Dec. 3, 2016 just 20 meters east of the AV-2, which was quite a feat (accomplished by Boart Longyear) as the ground was extremely fractured and presented difficult drilling conditions.

The assay results and the stratigraphic analysis of AV-4C (as outlined below) indicate the next set of holes should be drilled to the north and northwest of AV-2 and AV-4C in pursuit of the higher-grade source of the 200 meter bloom of one quarter gram gold encountered in AV-2. Planning and permitting are in progress for the 2017 Avocado drilling program.

The following table outlines the important gold intervals encountered in AV-4C. As noted above, drilling conditions were challenging, which is often the case in Carlin-type gold systems since the intense fracturing is a pre-condition to favourable gold emplacement.

This resulted in the loss of several 'internal' portions of the higher-grade interval encountered at the contact zone between the Devonian Horse Canyon formation and the upper Devonian Wenban, one of the important gold hosts in the Cortez trend and in the Avocado and Iceberg deposits.

Assay details – February 7, 2017							
Hole number	Deposit	From (m)	To (m)	Length (m)	Net Sample Length (m)	Grade (g/t)	Grade (g/t)
AV-4C	Avocado	403.4	441.8	38.4	30.3	99.4	0.56
including	“	424.9	437.1	12.2	9.7	31.8	1.54
including	“	427.4	435.1	7.7	5.1	16.7	2.57

These intercepts are not necessarily true widths as there is insufficient data at this time with respect to the shape of the mineralization to calculate its true orientation.

Despite the internal loss of core (thus reduced reportable assay intervals), the grades of the reported intervals are respectable and included several 'spikes' to as high as ~ 8 grams of gold/tonne. The assay results are impressive for:

- Containing high-grade intervals: i.e. 2.57 grams of gold over the 5.1 meters recovered from the 7.7 meters drilled with spikes to ~ 8.0 grams, thus confirming the Avocado's Carlin-type gold system's ability to produce high grades,
- A lengthy interval of 30.3 meters of 0.56 grams of gold recovered from 38.4 meters drilled,
- The fact that oxidized material mixed in with the sulphide material was encountered at this depth, and,

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

- For what's missing, a portion of the long interval of low grade (one quarter gram gold bloom) reported in the discovery hole AV-2.

Understanding the stratigraphy is vital to the vectoring decisions for the next exploration program because it identifies the rock types, their ages, structure and the sequence of their formation. There are specific units within the Devonian sequences in the Cortez trend (as described below) that are the most favorable for hosting gold mineralization. The core drilling was intended to provide fully intact rock units, whereas RC drilling produces crushed-rock "chips" that provide significantly less detail and are thus more difficult to interpret.

The core of AV-4C revealed a more comprehensive picture of the stratigraphy of the deposit, and provided a much better understanding of the rock units that were initially encountered in the RC holes drilled into the Avocado. The stratigraphic/geologic results are summarized in the following bullets, and to quote our partner Barrick Gold are "quite intriguing."

- Alluvial cover is thinner than previously believed, with bedrock at only 429 feet. The volcanics in the RC hole chips were originally interpreted as boulders in the alluvium, suggesting deeper alluvium than was actually encountered,
- Numerous intensely altered intrusives are present, which, because of the intense alteration, were not perceived in the RC holes. Igneous activity that produces these intrusives is a common constituent of prolific Carlin-type gold deposits,
- Faulting and fracture zones are extremely common in the AV-4C core hole, which accounts for the difficult drilling conditions. Extensive faulting is important as ground preparation for gold mineralization in Carlin gold systems and is extremely difficult to identify in RC chips. There appears to be a consistent down-drop of fault blocks to the west,
- Throughout the Cortez trend and at Iceberg, the contact zone between Devonian Horse Canyon Formation and the upper Devonian Wenban is one of the important gold hosts. This contact was identified and is well mineralized in AV-4C as reported in the table above,
- The Devonian units are extensively brecciated, which produces the favorable horizons for gold mineralization and are commonly developed during Carlin-type gold deposit formation. This aspect was not readily recognizable in the RC holes;
- AV-2 encountered two intervals of >1.0 g/t Au. AV-4C encountered only the upper gold-bearing zone, and it appears that the core hole drilled through a fault zone that contained weakly anomalous gold and some jasperoid before encountering Wenban unit 4 in the footwall, which is a unit not known to host significant gold mineralization,
- The mineralized interval in AV-4 is of similar thickness to that in AV-2, but as noted in the table above has a higher gold grade,
- The gold bloom in AV-4 is not as thick as in AV-2, which is not uncommon in Carlin systems as the size and shape can change significantly over short distances, and supports the conclusion of drilling to the west and northwest.

Quality Control and Quality Assurance

The scientific and technical content and interpretation contained in this MD&A have been reviewed, verified and approved by Roger Steininger, NuLegacy's CGO and CPG-7417, a Qualified Person as defined by NI 43-101, *Standards of Disclosure for Mineral Projects*.

²These figures are conceptual in nature and derived from a compilation of 149 historic and 34 NuLegacy drill holes in and around the Iceberg deposit. To date, there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

SUMMARY OF QUARTERLY RESULTS

The following selected quarterly financial information is derived from the condensed interim consolidated financial statements of NuLegacy:

	Dec 31, 2016	Sept 30, 2016	June 30, 2016	Mar 31, 2016
	\$	\$	\$	\$
Net loss	(1,019,318)	(646,076)	(476,310)	(456,043)
Comprehensive loss	(1,033,656)	(568,507)	(405,488)	(548,878)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Comprehensive loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

	Dec 31, 2015	Sept 30, 2015	June 30, 2015	Mar 31, 2015
	\$	\$	\$	\$
Net loss	(534,930)	(194,827)	(511,467)	(176,990)
Comprehensive loss	(610,003)	(1,509,068)	(579,378)	(242,201)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Comprehensive loss per share - basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)

The variations in the losses from quarter to quarter are mainly due to the level of administrative expenses incurred by NuLegacy and are fairly consistent from quarter to quarter with the exception of:

- The quarters ended December 31, 2015 and March 31, 2015 where NuLegacy recognized a larger foreign exchange gain in connection with NuLegacy's US cash and US deposits along with NuLegacy's available for sale financial assets denominated in British Pounds as both currencies strengthened against the Canadian dollar in those periods. The quarter ended December 31, 2016 recognized a larger net loss as a result of higher shared based payments incurred during the quarter from stock option grants.

The difference between the net loss and the comprehensive loss is due to the change in the fair market value of NuLegacy's available for sale financial assets.

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

SELECTED QUARTERLY INFORMATION

The following financial data is derived from the condensed interim consolidated financial statements of the Company for the three and nine months ended December 31, 2016 and 2015:

	For the three months ended December 31,		For the nine months ended December 31,	
	2016 \$	2015 \$	2016 \$	2015 \$
Revenue	-	-	-	-
Operating expenses	(1,325,151)	(580,038)	(2,715,697)	(1,545,726)
Net loss	(1,019,318)	(534,930)	(2,141,703)	(1,241,224)
Comprehensive loss	(1,033,656)	(610,003)	(2,007,650)	(2,698,449)
Net loss per share-basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Comprehensive loss per share-basic and diluted	(0.00)	(0.00)	(0.01)	(0.02)
Working capital	17,026,103	1,701,110	17,026,103	1,701,110
Exploration and evaluation assets	14,415,072	6,333,703	14,415,072	6,333,703
Total assets	32,062,019	8,358,694	32,062,019	8,358,694
Total liabilities	154,514	20,372	154,514	20,372

To date, all of NuLegacy's projects are at the exploration stage and NuLegacy has not generated any revenues other than interest income.

At December 31, 2016, NuLegacy had not yet achieved profitable operations and has an accumulated deficit of \$14,768,189 (March 31, 2016 - \$12,626,486) since inception. For the nine months ended December 31, 2016, losses resulted in a net loss per share (basic and diluted) of \$0.01 (December 31, 2015 - \$0.01) and comprehensive loss per share (basic and diluted) of \$0.01 (December 31, 2015 - \$0.02).

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

RESULTS OF OPERATIONS

The table below details the major changes in operating expenses for the three months ended December 31, 2016 as compared to the corresponding three months ended December 31, 2015.

Expense	Amount of increase / decrease from comparative period	Explanation for Change
Consulting	Increase of \$57,447	Increased as NuLegacy engaged new consultants during the current period
Investor relations	Increase of \$15,584	Increased as NuLegacy engaged new IR consultants and increased corporate activity
Office	Increase of \$111,362	Increased as a result of increased general corporate activities
Management fees	Increase of \$86,750	Increased as a result of increased general corporate activities and hiring of new CFO
Professional fees	Increase of \$13,364	Increased due to higher legal fees as a result of increased corporate activity
Regulatory and transfer agent fees	Increase of \$35,832	Increased due to higher filing fees from increased corporate activity
Rent	Increase of \$14,975	Increased due to new rental lease agreements entered into for the Reno and Vancouver office
Share based payments	Increase of \$294,624	Increase was associated with more stock options being granted in the current period whereas none were granted in the comparative period
Travel and accommodation	Increase of \$104,462	Increased as a result of increased corporate activity and more trips made to the Reno office

The table below details the major changes in operating expenses for the nine months ended December 31, 2016 as compared to the corresponding nine months ended December 31, 2015.

Expense	Amount of increase / decrease from comparative year	Explanation for Change
Consulting	Increase of \$150,006	Increased as a result of a settlement payment and the addition of new consultants
Investor relations	Increase of \$83,201	Increased as NuLegacy engaged new IR consultants and increased corporate activity
Management fees	Increase of \$181,250	Increased as a result of increased general corporate activities and hiring of new CFO
Office	Increase of \$165,762	Increased as a result of increased general corporate activities
Professional fees	Increase of \$34,277	Increased due to higher legal fees as a result of increased corporate activity
Regulatory and transfer agent fees	Increase of \$47,641	Increased due to higher filing fees from increased corporate activity
Rent	Increase of \$48,694	Increased due to new rental lease agreements entered into for the Reno and Vancouver office
Share based payments	Increase of \$222,209	Decreased as there were more stock options granted in the comparative period related to the current period
Travel and accommodation	Increase of \$193,069	Increased as a result of increased corporate activity and more trips made to the Reno office

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

LIQUIDITY

NuLegacy does not generate cash from operations and finances its exploration activities by raising capital from equity markets from time to time.

As at December 31, 2016, NuLegacy's liquidity and capital resources are as follows:

	December 31, 2016	March 31, 2016
	\$	\$
Cash and cash equivalents	16,732,185	850,558
Receivables	48,758	12,725
Prepaid expenses	170,269	117,810
Available for sale financial assets	229,405	113,016
Total current assets	17,180,617	1,094,109
Trade and other payables	154,514	135,664
Working capital	17,026,103	958,445

NuLegacy's operations consist primarily of the acquisition, maintenance and exploration of exploration and evaluation assets, including actively seeking joint venture partners to assist with exploration funding. NuLegacy's financial success will be dependent on the extent to which it can discover new mineral deposits.

During the nine months ended December 31, 2016, NuLegacy received (1) \$16,904,018 from the issuance of common shares, net of cash commission and expenses of \$438,900, in connection with two private placement, (2) \$3,982,432 from the exercise of 22,185,980 warrants and (3) \$120,000 from the exercise of 675,000 stock options.

As at December 31, 2016, NuLegacy had cash and cash equivalents of \$16,732,185 (March 31, 2016 - \$850,558), consisting primarily of the net proceeds from the closing of private placements in April, July and October 2016 and the exercise of warrants and options. As at December 31, 2016, NuLegacy had working capital of \$17,026,103 (March 31, 2016 - \$958,445).

As at December 31, 2016, the fair value of the Global Resources Investment Ltd. ("GRIT") common shares was \$229,405 (March 31, 2016 - \$113,016). NuLegacy intends to liquidate the GRIT common shares and use the net proceeds for general corporate purposes.

Subsequent to December 31, 2016, received proceeds of \$37,500 from the exercise of 150,000 stock options.

NuLegacy's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management believes that the current working capital surplus is sufficient to maintain current operations as budgeted for the next 12 months. See "Risks and Uncertainties".

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

COMMITMENTS

The following commitments are pursuant to the Wilson Property:

Wilson property:

Pursuant to the mining lease with Idaho Resources Corp., NuLegacy must make annual advance royalty payments of US\$50,000 (effective January 1, 2016) which is to be payable in four equal quarterly installments of US\$12,500 each on January 1st, April 1st, July 1st and October 1st of every calendar year.

Refer to the Summary of Exploration Activities for further details on NuLegacy's commitments.

NuLegacy is also required to pay the annual United States Bureau of Land Management assessment fees, state and county filing and recording expenses, property taxes, advance minimum royalty and underlying lease payments, as applicable, associated with NuLegacy's mineral properties in order to maintain the Iceberg and Wilson properties in good standing. Such costs will form part of NuLegacy's exploration expenditures.

Notwithstanding the foregoing, if, at any time, NuLegacy's board of directors deems continued use of exploration expenditures on its mineral properties to be unwarranted based on the results of exploration up to that time, NuLegacy may suspend or discontinue exploration on the property and apply any remaining funds towards the exploration of one of NuLegacy's other properties, to the acquisition and exploration of new properties or, if required, the general working capital of NuLegacy.

Except as aforesaid, NuLegacy does not have any material commitments for capital expenditures, there are no known trends or expected fluctuations in NuLegacy's capital resources and has no sources of financing that have been arranged but not yet used.

Contractual Obligations:

NuLegacy does not currently have any other material contractual obligations.

As at December 31, 2016, NuLegacy had no long term debt and no agreements with respect to borrowings entered into.

OFF BALANCE SHEET ARRANGEMENTS

NuLegacy has no off-balance sheet arrangements.

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

RELATED PARTY TRANSACTIONS

During the nine months ended December 31, 2016, NuLegacy entered into the following transactions with related parties:

- a. Incurred management fees of \$128,500 (December 31, 2015 - \$109,500) and office costs of \$10,800 (December 31, 2015 - \$8,775) to a company controlled by Albert Matter, the Chairman and director of NuLegacy. As at December 31, 2016, an advance of \$nil (March 31, 2016 - \$13,700), on account of future expenses was included in prepaid expenses.
- b. Incurred management fees of \$128,500 (December 31, 2015 - \$109,500) and office costs of \$9,000 (December 31, 2015 - \$4,500) to a company controlled by James Anderson, CEO and director of NuLegacy. As at December 31, 2016, an advance of \$nil (March 31, 2016 - \$13,500), on account of future expenses was included in prepaid expenses.
- c. Incurred consulting fees capitalized to exploration and evaluation assets of \$126,275 (December 31, 2015 - \$112,975) and office costs of \$9,048 (December 31, 2015 - \$8,125) to Roger Steininger, CGO and director of NuLegacy. As at December 31, 2016, an advance of \$nil (March 31, 2016 - \$10,547), on account of future exploration geological fees was included in prepaid expenses and \$nil (March 31, 2016 - \$nil) was included in trade and other payables for reimbursement of expenses.
- d. Incurred professional fees of \$29,250 (December 31, 2015 - \$29,250) to a company controlled by Michael Waldkirch, former CFO of NuLegacy.
- e. Incurred consulting fees of \$18,000 (December 31, 2015 - \$nil) to Danny Lee, CFO of NuLegacy.
- f. Incurred professional fees of \$63,875 (December 31, 2015 - \$51,455) and share issuance costs of \$85,043 (December 31, 2015 - \$15,633) to a company controlled by Gregory Chu, Corporate Secretary of NuLegacy. As at December 31, 2016, \$32,647 (March 31, 2016 - \$25,000) was included in trade and other payables for unpaid professional fees.
- g. Incurred directors' fees of \$15,000 (December 31, 2015 - \$11,250) to Alex Davidson, an independent director of NuLegacy.
- h. Incurred directors' fees of \$nil (December 31, 2015 - \$7,500) to Petra Decher, a former independent director of NuLegacy.

Summary of key management personnel compensation:

	Nine months ended December 31,	
	2016	2015
	\$	\$
Exploration and evaluation assets	126,275	112,975
Management fees	290,000	109,500
Office	28,848	23,650
Professional fees	29,250	29,250
Share based payments	261,979	538,576
	736,352	813,951

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUES

There can be no assurance that financing, whether debt or equity, will always be available to NuLegacy in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to NuLegacy. See "Risks and Uncertainties" below.

RISKS AND UNCERTAINTIES

NuLegacy is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates.
- b) The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available are the sale of equity capital or the offering by NuLegacy of an interest in its properties to be earned by another party carrying out further exploration or development. Management was successful in accessing the equity markets during the year, but there is no assurance that such sources will be available on acceptable terms in the future.
- c) Any future equity financings for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- d) NuLegacy must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs.
- e) The continued operations require various licenses and permits from various governmental authorities. There is no assurance that NuLegacy will be successful in obtaining the necessary licenses and permits to continue its exploration and development activities in the future or, if granted, that the licenses and permits will remain in force as granted.
- f) There is no certainty that the properties which NuLegacy has capitalized as assets on its balance sheet will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.
- g) While management believes that control over bank accounts and assets is adequate, it is also aware that internal control weaknesses were identified in respect of a lack of segregation of duties, and a high risk of management override of controls and procedures. It is management's opinion that these weaknesses in internal controls over financial reporting are inherently related to the small size of the issuer.
- h) There is no certainty that the financial assets (which include the GRIT common shares) will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value as at the date of this report.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on any forward-looking statements. NuLegacy has not completed a feasibility study on any of its deposits to determine if it hosts a mineral resource that can be economically developed and profitably mined.

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities, income and expenses. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Information about critical accounting judgments, estimates and assumptions are summarized in Note 2 of the Financial Statements.

CHANGES IN ACCOUNTING POLICIES

There were no changes to NuLegacy's accounting policies during the nine months ended December 31, 2016.

Standards issued but not yet effective up to the date of issuance of the Financial Statements are listed below. This listing is of standards and interpretations issued, which NuLegacy reasonably expects to be applicable at a future date. NuLegacy intends to adopt those standards when they become effective and does not expect the impact of such changes on the financial statements to be material.

IFRS 9 Financial Instruments

Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

FINANCIAL AND OTHER INSTRUMENTS

NuLegacy has classified its financial instruments as follows:

Cash and cash equivalents	Fair value through profit or loss
Available for sale financial assets	Available for sale
Trade and other payables	Other financial liabilities

For some of NuLegacy's financial assets and liabilities, including cash and cash equivalents, receivables, trade and other payables, the carrying amounts approximate their fair values due to the relatively short periods to maturity of the instruments.

The classification and fair values of the financial instruments at December 31, 2016 and March 31, 2016 are summarized in Note 11 of the Interim Financial Statements.

Foreign Currency Risk

Foreign currency risk is the risk that the future cash flows or fair value of the financial instruments that are denominated in a currency that is not NuLegacy's functional currency will fluctuate due to the change in foreign exchange rate.

The functional currency of NuLegacy and its wholly owned subsidiary is the Canadian dollar. While the parent is Canadian and its capital is raised in Canadian dollars, NuLegacy is conducting business activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and United States dollar. All of the operations in the United States are in US dollars.

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

As at December 31, 2016, the Company has cash and cash equivalents denominated in US dollars of \$8,773,000 (March 31, 2016 - \$624,113), deposits in US dollars of \$3,127,623 (March 31, 2016 - \$189,737) and trade and other payables in US dollars of \$59,122 (March 31, 2016 - \$52,773). Each 1% change in the Canadian dollar versus the US dollar would result in a gain/loss of approximately USD \$30,773 (March 31, 2016 – USD \$7,611).

In addition, the Company holds an investment that is denominated in British Pounds (£). As such, it is subject to fluctuations in the exchange rates for the Canadian dollar and British Pounds. As at December 31, 2016, the Company has an available for sale investment denominated in British Pounds of £138,496 (March 31, 2016 - £60,592). Each 1% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately £1,385 (March 31, 2016 - £606).

Interest Rate Risk

Interest rate risk is the risk of financial loss to NuLegacy if market rates of interest were to change adversely. NuLegacy's exposure to interest rate risk is not material.

Credit Risk

Credit risk is the risk of financial loss to NuLegacy if a customer or counterparty to a financial instrument fails to meet its contractual obligations. NuLegacy manages credit risk by placing cash with major Canadian financial institutions. NuLegacy's receivables primarily consist of sales tax recoverable due from the Federal Government of Canada. Management believes that credit risk related to these amounts is nominal.

Liquidity Risk

Liquidity risk is the risk that NuLegacy will not be able to meet its financial obligations as they fall due. NuLegacy's approach to liquidity risk is to ensure that it always has sufficient cash and credit facilities to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to NuLegacy's reputation. Management typically forecasts cash flows for a period of six to twelve months to identify financing requirements. These requirements are then addressed primarily through access to capital markets. All of the financial liabilities mature within one year.

Other Price Risk

Other price risk is the risk that changes in market prices including commodity or equity prices will have an effect on future cash flows associated with financial instruments.

The equity price risk associated with NuLegacy's current available for sale investment primarily relates to the change in the market prices of the investments in the portfolio. As at December 31, 2016, the Company owned 1,731,200 (March 31, 2016 – 1,731,200) GRIT common shares with each common share valued at £0.080 or \$0.13 (March 31, 2016 - £0.035 or \$0.07). Each £0.01 change in the value per common share will result in a gain/loss of approximately £17,312 or \$28,676 (March 31, 2016 - £17,312 or \$32,290).

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

CAPITAL MANAGEMENT DISCLOSURES

NuLegacy's objectives when managing capital are to:

- (a) Provide an adequate return to shareholders;
- (b) Provide adequate and efficient funding for operations;
- (c) Continue the development and exploration of its mineral properties;
- (d) Support any expansion plans;
- (e) Allow flexibility to investment in other mineral revenues; and
- (f) Maintain a capital structure which optimizes the cost of capital at acceptable risk.

In the management of capital, NuLegacy includes all accounts included in shareholders' equity. As at December 31, 2016, NuLegacy had no bank indebtedness.

NuLegacy is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the fiscal period.

OUTSTANDING SHARE DATA, OPTIONS AND WARRANTS

	As at December 31, 2016	As at February 28, 2017
Common shares	292,864,096	293,014,096
Common shares – fully diluted**	349,118,816	349,868,816
Stock options – outstanding	24,820,000	25,420,000
Stock options – exercisable	18,585,500	18,623,001
Share purchase warrants	31,434,720	31,434,720

***The fully diluted number of common shares above represents the total number of shares that would be outstanding if all possible sources of conversion (all stock options outstanding and share purchase warrants) were exercised.*

DIVIDEND REPORT AND POLICY

NuLegacy has not paid any dividends to date and intends to retain its future earnings, if any, for use in its business and does not expect to pay dividends on its shares in the foreseeable future.

INTERNAL CONTROLS OVER FINANCIAL REPORTING PROCEDURES

The management of NuLegacy is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and NuLegacy's condensed interim consolidated financial statements for the nine months ended December 31, 2016.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The information provided in this report, including the Financial Statements, is the responsibility of management. In the preparation of these Financial Statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Financial Statements.

Management maintains a system of internal controls to provide reasonable assurance that NuLegacy's assets are safeguarded and to facilitate the preparation of relevant and timely information.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A may contain forward-looking statements.

All statements, other than statements of historical fact, made by NuLegacy that address activities, events or developments that expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements contained or incorporated by reference in this MD&A may relate to the future financial condition, results of operations, plans, objectives, performance or business developments including, among other things, exploration and work programs, drilling plans and timing of drilling, plans for development and facilities construction and timing, method of funding and completion thereof, the performance characteristics of exploration and evaluation assets, drilling, results of various projects, the existence of mineral resources or reserves and the timing of development thereof, projections of market prices and costs, supply and demand for gold and other precious metals, expectations regarding the ability to raise capital and to acquire reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of NuLegacy contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein or as otherwise expressly incorporated herein by reference as well as: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with NuLegacy's current expectations; (3) the viability, permitting, access, exploration and development of the Red Hill project including, but not limited to, the establishment of resources being consistent with the NuLegacy's current expectations; (4) political developments in the State of Nevada including, without limitation, the implementation of new Nevada state mining tax and related regulations being consistent with NuLegacy's current expectations; (5) the exchange rate between the Canadian dollar and the U.S. dollar being approximately consistent with current levels; (6) certain price assumptions for gold and silver; (7) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (8) the results of the exploration program on the Red Hill project being consistent with expectations; (9) labor and materials costs increasing on a basis consistent with NuLegacy's current expectations; (10) the availability and timing of additional financing being consistent with NuLegacy's current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of gold or certain other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which NuLegacy may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration or development activities; employee relations; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; competition for,

NULEGACY GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016

among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, NuLegacy. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made or incorporated by reference in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada. These factors are not intended to represent a complete list of the factors that could affect NuLegacy and readers should not place undue reliance on forward-looking statements in this MD&A. NuLegacy disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

OTHER MD&A REQUIREMENTS

Additional information relating to NuLegacy may be found on or in:

- NuLegacy's website at www.nulegacygold.com
- SEDAR at www.sedar.com
- The Company's condensed interim consolidated financial statements for the three and nine months ended December 31, 2016 and 2015
- The Company's audited consolidated financial statements for the year ended March 31, 2016.

This MD&A has been approved by the Board effective February 28, 2017.



Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2016 and 2015
(Expressed in Canadian Dollars – Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

	<u>Page</u>
NOTICE OF NO AUDITOR REVIEW	ii
Table of Contents	iii
Condensed Interim Consolidated Statements of Financial Position	1
Condensed Interim Consolidated Statements of Comprehensive Loss	2
Condensed Interim Consolidated Statements of Cash Flows	3
Condensed Interim Consolidated Statements of Changes in Equity	4
Notes to Condensed Interim Consolidated Financial Statements	5

NULEGACY GOLD CORPORATIONCondensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars – Unaudited)

	Note	December 31, 2016	March 31, 2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		16,732,185	850,558
Receivables		48,758	12,725
Prepaid expenses	8	170,269	117,810
Available for sale financial assets	3	229,405	113,016
		17,180,617	1,094,109
Non-current assets			
Deposits	4	337,423	282,781
Equipment and vehicles	5	128,907	18,732
Exploration and evaluation assets	6	14,415,072	10,632,061
		32,062,019	12,027,683
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	7,8	154,514	135,664
Shareholders' Equity			
Share capital	9	39,822,827	20,564,915
Warrants reserve	9	5,844,785	4,011,622
Share options reserve	9	4,070,327	3,138,266
Revaluation reserve	3	(3,062,245)	(3,196,298)
Accumulated deficit		(14,768,189)	(12,626,486)
		31,907,505	11,892,019
		32,062,019	12,027,683

Corporate Information and Going Concern (Note 1)

Subsequent Events (Note 13)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

NULEGACY GOLD CORPORATION

Condensed Interim Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars – Unaudited)

	Note	Three months ended December 31,		Nine months ended December 31,	
		2016	2015	2016	2015
		\$	\$	\$	\$
Operating expenses					
Consulting		105,877	48,430	297,783	147,777
Depreciation	5	12,556	2,866	23,122	8,519
Insurance		9,315	8,292	30,042	22,549
Investor relations		56,193	40,609	222,637	139,436
Management fees	8	121,250	34,500	290,750	109,500
Office	8	145,707	34,345	286,579	120,817
Professional fees	8	47,425	34,061	162,823	115,182
Regulatory and transfer agent		48,700	12,868	93,641	37,598
Rent		22,358	7,383	70,841	22,147
Share based payments	8,9	646,818	352,194	1,016,686	794,477
Travel and accommodation		108,952	4,490	220,793	27,724
		1,325,151	580,038	2,715,697	1,545,726
Other income (loss)					
Foreign exchange gain		275,354	44,920	447,897	303,535
Interest and other income		30,479	188	126,097	967
		305,833	45,108	573,994	304,502
Net loss for the period		(1,019,318)	(534,930)	(2,141,703)	(1,241,224)
Other comprehensive income (loss)					
Net change in fair value of available for sale financial assets	3	(14,338)	(75,073)	134,053	(1,457,225)
Comprehensive loss for the period		(1,033,656)	(610,003)	(2,007,650)	(2,698,449)
Basic and diluted loss per share					
Net loss for the period	9	(0.00)	(0.00)	(0.01)	(0.01)
Comprehensive loss for the period		(0.00)	(0.00)	(0.01)	(0.02)
Weighted average common shares outstanding		288,465,639	159,850,479	265,372,765	155,704,322

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

NULEGACY GOLD CORPORATIONCondensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars – Unaudited)

	Nine months ended December 31,	
	2016	2015
	\$	\$
Operating activities		
Net loss for the period	(2,141,703)	(1,241,224)
Items not affecting cash and cash equivalents:		
Depreciation	23,122	8,519
Share based payments	1,016,686	794,477
Unrealized foreign exchange gains (losses)	17,664	(159,739)
Changes in non-cash working capital:		
Receivables	(36,033)	5,023
Prepaid expenses	(52,459)	(1,340)
Trade and other payables	(42,013)	(27,703)
Total cash outflows from operating activities	(1,214,736)	(621,987)
Financing activities		
Proceeds from issuance of common shares	17,342,918	2,286,075
Share issuance costs	(438,900)	(51,915)
Proceeds from exercise of warrants	3,982,432	10,800
Proceeds from exercise of options	120,000	-
Total cash inflows from financing activities	21,006,450	2,244,960
Investing activities		
Deposits	(54,642)	(21,019)
Purchase of equipment	(133,297)	(3,041)
Exploration and evaluation asset expenditures	(3,722,148)	(1,712,038)
Total cash outflows from investing activities	(3,910,087)	(1,736,098)
Net change in cash and cash equivalents	15,881,627	(113,125)
Cash and cash equivalents, beginning of period	850,558	1,497,559
Cash and cash equivalents, end of period	16,732,185	1,384,434
Other non-cash items		
Change in fair market value of available for sale financial assets	134,053	1,457,225
Warrants issued in private placement	2,546,570	329,937
Warrants issued as finders' fee	69,713	5,943
Exploration and evaluation assets in trade and other payables	60,863	-
Transfer to share capital on exercise of options	84,625	-
Transfer to share capital on exercise of warrants	783,120	7,693

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

NULEGACY GOLD CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars – Unaudited)

	Note	Number of shares	Share capital	Warrants reserve	Share options reserve	Revaluation reserve	Accumulated deficit	Total
			\$	\$	\$	\$	\$	\$
Balance, March 31, 2015		141,453,879	14,567,407	3,734,030	2,271,354	(1,646,238)	(10,929,219)	7,997,334
Shares issued, private placement	9	18,288,600	2,286,075	-	-	-	-	2,286,075
Share issuance costs, private placement	9	-	(57,858)	5,943	-	-	-	(51,915)
Share purchase warrants, private placement	9	-	(329,937)	329,937	-	-	-	-
Shares issued, exercise of warrants	9	108,000	18,493	(7,693)	-	-	-	10,800
Share based payments	9	-	-	-	794,477	-	-	794,477
Comprehensive loss for the period		-	-	-	-	(1,457,225)	(1,241,224)	(2,698,449)
Balance, December 31, 2015		159,850,479	16,484,180	4,062,217	3,065,831	(3,103,463)	(12,170,443)	8,596,131
Shares issued, acquisition of exploration and evaluation assets	6	32,000,000	4,160,000	-	-	-	-	4,160,000
Shares issuance costs, exploration and evaluation assets	6	-	(79,265)	-	-	-	-	(79,265)
Expiration of warrants, income tax recovery		-	-	(50,595)	-	-	-	(50,595)
Share based payments	9	-	-	-	424,629	-	-	424,629
Comprehensive loss for the period		-	-	-	-	(167,908)	(990,973)	(1,158,881)
Balance, March 31, 2016		191,850,479	20,564,915	4,011,622	3,138,266	(3,196,298)	(12,626,486)	11,892,019
Shares issued, private placements	9	78,152,637	17,342,918	-	-	-	-	17,342,918
Share issuance costs, private placements	9	-	(508,613)	69,713	-	-	-	(438,900)
Shares issued, exercise of warrants	9	22,185,980	4,765,552	(783,120)	-	-	-	3,982,432
Shares issued, exercise of stock options	9	675,000	204,625	-	(84,625)	-	-	120,000
Share purchase warrants, private placements	9	-	(2,546,570)	2,546,570	-	-	-	-
Share based payments	9	-	-	-	1,016,686	-	-	1,016,686
Comprehensive loss for the period		-	-	-	-	134,053	(2,141,703)	(2,007,650)
Balance, December 31, 2016		292,864,096	39,822,827	5,844,785	4,070,327	(3,062,245)	(14,768,189)	31,907,505

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

1. Corporate Information and Going Concern

Corporate Information

NuLegacy Gold Corporation (the "Company") is a publicly listed entity on the TSX Venture Exchange (the "Exchange") and incorporated under the laws of the Province of British Columbia. The Company's principal business activity is the acquisition and exploration of mineral properties. Its principal mineral property interests are located in Nevada, USA.

The head office, principal address, and records office of the Company are located at 1055 West Hastings Street, Suite 300, Vancouver, British Columbia, Canada, V6E 2E9.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's mineral property interests are located outside of Canada and are subject to the risks associated with foreign investment, including increases in taxes and royalties, renegotiations of contracts, currency exchange fluctuations and political uncertainty. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Going Concern

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and/or to achieve profitable operations. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The continuance of the Company's operations is dependent on obtaining sufficient additional financing in order to realize the recoverability of the Company's investments in exploration and evaluation assets, which is dependent upon the existence of economically recoverable reserves and market prices for the underlying minerals. Management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur. The Company believes they have sufficient working capital to maintain operations for the next 12 months.

2. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting", using accounting policies that are consistent and in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements, including the comparative amounts, were approved and authorized for issue by the board of directors on February 28, 2017.

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

2. Significant Accounting Policies (continued)

Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for cash and cash equivalents and other financial instruments classified as fair value through profit or loss and available for sale that have been measured at fair value at the reporting date. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise indicated.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended March 31, 2016, with the exception of certain amendments to accounting standards issued by the IASB, which were applicable from April 1, 2016. These amendments did not have a significant impact on the Company's condensed interim consolidated financial statements.

The Company's interim results are not necessarily indicative of its results for a full year.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited condensed interim consolidated financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in Note 2 to the Company's audited consolidated financial statements for the year ended March 31, 2016.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, NuLegacy Gold N.V., which was incorporated in Nevada, USA. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company balances and transactions, including any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the condensed interim consolidated financial statements.

Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of share based compensation and income taxes.

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

2. Significant Accounting Policies (continued)

Significant accounting judgments, estimates and assumptions (continued)

Critical judgments exercised in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are as follows:

- (a) Economic recoverability and probability of future economic benefits of exploration and evaluation assets:

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

- (a) Valuation of share based payments and warrants:

The Company uses the Black-Scholes Option Pricing Model for valuation of share based compensation and for the valuation of warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and share option reserves.

- (b) Recovery of deferred tax assets:

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Standards issued or amended but not yet effective:

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended December 31, 2016 and have not been applied in preparing these condensed interim consolidated financial statements:

- IFRS 9 – Financial Instruments: Applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect any effect on the Company's consolidated financial statements.

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

2. Significant Accounting Policies (continued)

Standards issued or amended but not yet effective (continued):

- IFRS 16 – Leases: specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

3. Available for Sale Financial Assets

In March 2014, the Company completed a share exchange financing transaction with Global Resources Investment Ltd. ("GRIT"), a U.K. based public company which trades on the London Stock Exchange ("LSE"), whereby the Company issued 20,000,000 common shares at a price of \$0.16 per share (\$3,200,000) in return for 1,731,200 GRIT common shares at a deemed issue price of £1.00 per share, equivalent to \$3,210,510 on the transaction date.

The fair value of GRIT common shares as at December 31, 2016 was \$229,405 (March 31, 2016 – \$113,016). During the nine months ended December 31, 2016, the Company recorded a revaluation reserve gain on the investment of \$134,053 (December 31, 2015 – revaluation reserve loss of \$1) and an unrealized foreign exchange loss of \$17,664 (December 31, 2015 – unrealized foreign exchange gain of 117,385).

There is a 3% finder's fee payable on the net proceeds from the future sale of the GRIT shares.

4. Deposits

	December 31, 2016	March 31, 2016
	\$	\$
Credit card collateral	54,575	31,625
Reclamation bonds	278,103	246,411
Security deposits	4,745	4,745
	337,423	282,781

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

5. Equipment and Vehicles

	Computers	Vehicles	Total
	\$	\$	\$
Cost			
As at March 31, 2015	49,873	-	49,873
Additions	15,887	-	15,887
As at March 31, 2016	65,760	-	65,760
Additions	49,146	84,151	133,297
As at December 31, 2016	114,906	84,151	199,057
Accumulated depreciation			
As at March 31, 2015	35,107	-	35,107
Charge for the year	11,921	-	11,921
As at March 31, 2016	47,028	-	47,028
Charge for the period	17,255	5,867	23,122
As at December 31, 2016	64,283	5,867	70,150
Net book value			
As at March 31, 2016	18,732	-	18,732
As at December 31, 2016	50,623	78,284	128,907

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

6. Exploration and Evaluation Assets

	Red Hill Properties		
	Iceberg Property	Wilson Property	Total
	\$	\$	\$
Balance March 31, 2015	3,727,130	905,980	4,633,110
Acquisition	4,160,000	33,760	4,193,760
Assays	125,009	-	125,009
Deposits	(25,108)	-	(25,108)
Drilling	819,014	546	819,560
Geological consulting	501,086	53,026	554,112
Miscellaneous	20,102	1,051	21,153
Property maintenance	168,729	100,629	269,358
Travel and vehicle	41,107	-	41,107
Total Additions	5,809,939	189,012	5,998,951
Balance March 31, 2016	9,537,069	1,094,992	10,632,061
Acquisition	-	32,045	32,045
Assays	351,463	11,108	362,571
Drilling	2,060,852	95,434	2,156,286
Geological consulting	614,957	15,599	630,556
Geophysics	112,735	-	112,735
Miscellaneous	55,232	1,350	56,582
Property maintenance	182,131	107,207	289,338
Travel and vehicle	137,528	5,370	142,898
Total Additions	3,514,898	268,113	3,783,011
Balance December 31, 2016	13,051,967	1,363,105	14,415,072

Eureka County, Nevada*Iceberg Property*

On September 16, 2010 (later amended on August 23, 2012), the Company entered into an exploration agreement with a joint venture election and option to purchase from Barrick Gold Exploration Inc. ("Barrick") for a 70% undivided interest in 818 unpatented mining claims in the Iceberg Property located in Eureka County, Nevada, U.S.A. Under the amended agreement, the Company had to incur a minimum of US\$5,000,000 in exploration or development expenditures on the Iceberg Property (inclusive of maintenance fees) by December 31, 2015. In September 2015, the Company completed this US\$5,000,000 expenditure requirement and earned its 70% undivided interest in the property.

In February 2016, the Company entered into an exchange agreement with Barrick to acquire their 30% interest in the property. Pursuant to the terms of the exchange agreement, the Company issued 32,000,000 common shares (Note 9) to Barrick and granted a 2% net profits interest royalty from commercial production on the property. As a result of this transaction, the Company increased its working interest in the Iceberg Property to 100%.

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

6. Exploration and Evaluation Assets (continued)

Wilson Property

On October 18, 2010, the Company entered into a mining lease (“Lease”) with Idaho Resources Corp. (“Idaho”), in which Idaho granted to the Company exclusive possession and control to explore, develop, mine and operate on the Idaho Property, which consists of 482 unpatented mining claims.

On November 7, 2012 (later amended in January 2016), the Company entered into a restated mining lease whereby future requirements for exploration expenditures were eliminated. In order to maintain the Lease, the Company must make the following annual advance royalty payments:

- \$75,000 of annual payments and issue 200,000 shares prior to execution of the restated mining lease (paid and issued);
- \$25,000 payment and issue 100,000 shares on January 1, 2014 and January 1, 2015 (paid and issued); and
- \$12,500 payment on January 1st, April 1st, July 1st and October 1st of all succeeding years (paid for the 2017 calendar year).

In addition, the Company had a requirement for an aggregate amount of US\$750,000 in exploration expenditures to be spent on the property which was completed by the required December 31, 2012 deadline.

After an initial term of 10 years, the Lease will continue in full force and effect provided that the Company continues to maintain the property in good standing and make the requisite annual cash payments to Idaho. Upon commencement of commercial production, the annual cash payments will convert to an overriding royalty of 3% of the applicable royalty base on all gold, silver and other ores/metals from the property.

7. Trade and Other Payables

	December 31, 2016	March 31, 2016
	\$	\$
Trade payables and accruals	151,329	110,664
Related party payables	3,185	25,000
	154,514	135,664

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

8. Related Party Transactions

During the nine months ended December 31, 2016, the Company entered into the following transactions with related parties, not disclosed elsewhere in these condensed interim consolidated financial statements:

- Paid or incurred professional fees of \$63,875 (December 31, 2015 - \$34,036) and share issuance costs of \$85,043 (December 31, 2015 - \$15,633) to a company controlled by an officer of the Company. As at December 31, 2016, \$32,647 (March 31, 2016 - \$25,000) was included in trade and other payables owing to this company for unpaid professional fees.

As at December 31, 2016, \$3,185 (March 31, 2016 - \$nil) was included in trade and other payables owing to officers and a director of the Company for reimbursement of expenses.

As at December 31, 2016, advances of \$15,700 (March 31, 2016 - \$37,747), on account of future expenses was included in prepaid expenses to a director of the Company.

All related party amounts were incurred in the normal course of operations, bear no interest and have no fixed terms of repayment.

Summary of key management personnel compensation:

	Nine months ended December 31,	
	2016	2015
	\$	\$
Exploration and evaluation assets	126,275	112,975
Management fees	290,000	109,500
Office	28,848	23,650
Professional fees	29,250	29,250
Share based payments	261,979	538,576
	736,352	813,951

9. Share Capital and Reserves

Authorized Share Capital

Unlimited common shares without par value

Issued Share Capital

	Shares	Share capital - gross	Share issue costs	Share capital - net
		\$	\$	\$
Balance, March 31, 2015	141,453,879	15,385,822	818,415	14,567,407
Private placement (vi)	18,288,600	1,956,138	57,858	1,898,280
Exercise of warrants (v)	108,000	18,493	-	18,493
Exploration and evaluation assets (iv)	32,000,000	4,160,000	79,265	4,080,735
Balance, March 31, 2016	191,850,479	21,520,453	955,538	20,564,915
Private placement (iii)	78,152,637	14,796,348	508,613	14,287,735
Exercise of warrants (ii)	22,185,980	4,765,552	-	4,765,552
Exercise of options (i)	675,000	204,625	-	204,625
Balance, December 31, 2016	292,864,096	41,286,978	1,464,151	39,822,827

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

9. Share Capital and Reserves (continued)

Issued Share Capital (continued)

- i. During the nine months ended December 31, 2016, a total of 675,000 stock options were exercised at various prices for gross proceeds of \$120,000. As a result, the Company transferred \$84,625 from share option reserve to share capital.
- ii. During the nine months ended December 31, 2016, a total of 22,185,980 warrants were exercised at various prices for gross proceeds of \$3,982,432. As a result, the Company transferred \$783,120 from warrants reserves to share capital.
- iii. In April 2016, the Company closed a private placement for 47,663,228 common shares at \$0.14 per share for gross proceeds of \$6,672,852. The Company incurred share issue costs of \$96,251 in connection with the close of this private placement.

In July 2016, the Company closed a private placement for 20,334,463 units at \$0.30 per unit for gross proceeds of \$6,100,339. Each unit consisted of one common share and one full share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period, subject to acceleration (described below), of 18 months at an exercise price of \$0.45. The fair value attributable to these share purchase warrants were \$1,248,776. Finders' fees of \$226,140 were paid and 753,800 finders' warrants (valued at \$67,731) were issued in connection with the closing of this private placement. The finders' warrants entitles the holder to purchase one additional common share for a period, subject to acceleration (described below), of 18 months at an exercise price of \$0.30. In addition, the Company also incurred share issue costs of \$68,055.

In the event the common shares of the Company trade on the Exchange at \$0.75 per share or more for 15 consecutive trading days, the warrants will expire on the earlier of (i) the date of expiry of the warrants and (ii) the date which is 30 calendar days after the Company has given notice to the holders of the warrants that the acceleration event has occurred. In regards to the finders' warrants, the terms of the acceleration period are the same with the only difference as the trigger price being \$0.60 per share or more for 15 consecutive trading days.

In October 2016, the Company closed the initial tranche of a private placement for 10,010,590 units at \$0.45 per unit for gross proceeds of \$4,504,766. Each unit consists of one common share and one full share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period, subject to acceleration, of 18 months at an exercise price of \$0.65. In November 2016, the Company closed the final tranche of this private placement for 144,356 units at \$0.45 per unit for gross proceeds of \$64,960. Each unit consists of one common share and one full share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period, subject to acceleration, of 18 months at an exercise price of \$0.65. Finders' fees totaling \$7,595 cash and 16,871 finders' warrants is to be paid and issued in connection with this private placement. Each finder's warrant entitles the holder to purchase one common share of the Company at a price of \$0.45 for a period of 18 months. In addition, the Company also incurred share issue costs of \$40,863.

- iv. In March 2016, pursuant to an exchange agreement with Barrick, the Company issued 32,000,000 common shares at \$0.13 per share (for a value of \$4,160,000) in exchange for Barrick's remaining 30% working interest in the Iceberg property (Note 6).
- v. In May and June 2015, a total of 108,000 warrants were exercised for \$0.10 per warrant for gross proceeds of \$10,800 and the Company transferred \$7,693 from warrants reserves to share capital.
- vi. On June 2, 2015, the Company closed a private placement for 18,288,600 units at \$0.125 per unit for gross proceeds of \$2,286,075. Each unit consisted of one common share and one half share purchase warrant with each whole warrant entitling the holder to purchase one additional common share for a period of two years at an exercise price of \$0.15 during the first year and \$0.20 during the second year. The fair value attributable to these share purchase warrants was \$329,937. Finders' fees of \$19,618 were paid and 156,940 finder's warrants (valued at \$5,943) were issued in connection with the closing of this private placement. The finder warrants entitles the holder to purchase one additional common share of the Company at a price of \$0.15 in the first year and \$0.20 in the second year. In addition, the Company also incurred share issue costs of \$32,297.

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

9. Share Capital and Reserves (continued)

Issued Share Capital (continued)

- vi. In the event the common shares of the Company trade on the Exchange at \$0.25 per share or more for 15 consecutive trading days during the first 11 months of the exercise period (the “Initial Acceleration Period”) or \$0.35 per share or more for 15 consecutive trading days after the Initial Acceleration Period, the warrants will expire on the earlier of (1) the date of expiry of the warrants and (2) the date which is 30 calendar days after the Company gives notice to the holders of the warrants that the Acceleration event has occurred.

Warrants

A summary of the warrant activities is as follows:

	Number of shares	Weighted average exercise price (\$)
Balance, March 31, 2015	24,027,130	0.17
Granted ¹	9,301,240	0.15
Expired	(10,559,750)	0.20
Exercised	(108,000)	0.10
Balance, March 31, 2016	22,660,620	0.18
Granted	31,260,080	0.51
Exercised	(22,185,980)	0.18
Expired	(300,000)	0.20
Balance, December 31, 2016	31,434,720	0.51

The following share purchase warrants were outstanding as at December 31, 2016:

Expiry date	Number of warrants	Exercise price (\$)	Remaining contractual life (years)
June 2, 2017	1	171,000	0.42
June 2, 2017	1	3,640	0.42
January 13, 2018	2	5,000,000	1.04
January 13, 2018	3	300,000	1.04
January 14, 2018	2	968,334	1.04
January 15, 2018	2	14,366,129	1.04
January 15, 2018	3	176,800	1.04
January 28, 2018	3	277,000	1.08
April 17, 2018		10,010,590	1.29
April 17, 2018		1,800	1.29
May 17, 2018		144,356	1.38
June 12, 2018		15,071	1.45
		31,434,720	1.21

¹ These warrants are subject to an acceleration clause whereby if the closing price of the Company’s shares equals or exceeds \$0.25 per share for 15 consecutive trading days during the first 11 months of the exercise period (the “Initial Acceleration Period”) or \$0.35 per share or more for 15 consecutive trading days after the Initial Acceleration Period, the warrants will expire on the earlier of (1) the date of expiry of the warrants and (2) the date which is 30 calendar days after the Company gives notice to the holders of the warrants that the acceleration event has occurred. For the last 12 months of the term, the strike price increases to \$0.20.

² These warrants are subject to an acceleration clause whereby if the closing price of the Company’s shares equals or exceeds \$0.75 per share for 15 consecutive trading days at any time prior to the expiration of the warrants, the warrants will expire on the earlier of (1) the date of expiry of the warrants and (ii) the date which is 30 calendar days after the Company has given notice that the acceleration event has occurred.

³ These warrants are subject to an acceleration clause whereby if the closing price of the Company’s shares equals or exceeds \$0.60 per share for 15 consecutive trading days at any time prior to the expiration of the warrants, the warrants will expire on the earlier of (1) the date of expiry of the warrants and (ii) the date which is 30 calendar days after the Company has given notice that the acceleration event has occurred.

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

9. Share Capital and Reserves (continued)

Stock Options

The Company has a fixed stock-based compensation plan (the “Plan”) providing for the grant of stock options to purchase a maximum of 25,000,000 common shares to eligible recipients.

During the nine months ended December 31, 2016:

- a. In April 2016, the Company granted 400,000 stock options (all vested immediately) exercisable at \$0.16 per share to consultants of the Company. The fair value attributable to these stock options was \$56,921 using the Black Scholes option pricing model of which the full amount was expensed during the period.
- b. In June 2016, the Company granted 700,000 stock options exercisable at \$0.30 per share to a director and consultant of the Company. The options vest 25% six months after the grant date and 25% every six months thereafter. The fair value attributable to these stock options was \$170,159 using the Black Scholes option pricing model of which \$56,249 was expensed during the current period.
- c. In June 2016, the Company granted 250,000 stock options exercisable at \$0.34 per share to a consultant of the Company. The options vest 25% six months after the grant date and 25% every six months thereafter. The fair value attributable to these stock options was \$70,165 using the Black Scholes option pricing model of which \$18,936 was expensed during the current period.
- d. In July 2016, the Company granted 750,000 stock options exercisable at \$0.31 per share to consultants of the Company with various vesting terms. The fair value attributable to these stock options was \$195,034 using the Black Scholes option pricing model of which \$52,333 was expensed during the current period.
- e. In September 2016, the Company granted 300,000 stock options exercisable at \$0.27 per share to a consultant of the Company. The options vest 25% three months after the grant date and 25% every six months thereafter. The fair value attributable to these stock options was \$72,447 using the Black Scholes option pricing model of which \$9,671 was expensed during the current period.
- f. In September 2016, the Company granted 1,685,000 stock options exercisable at \$0.40 per share to consultants of the Company with various vesting terms. The fair value attributable to these stock options was \$698,993 using the Black Scholes option pricing model of which \$117,603 was expensed during the current period.
- g. In October 2016, the Company granted 150,000 stock options exercisable at \$0.40 per share to a consultant of the Company. The options vest 25% on January 15, 2017 and 25% every six months thereafter. The fair value attributable to these stock options was \$52,781 using the Black Scholes option pricing model of which \$18,068 was expensed during the current period.
- h. In November 2016, the Company granted 750,000 stock options exercisable at \$0.325 per share to a director of the Company. The options vest 8.33% on April 1, 2017 and 8.33% every three months thereafter. The fair value attributable to these stock options was \$155,086 using the Black Scholes option pricing model of which \$16,756 was expensed during the current period.
- i. In November 2016, the Company granted 2,960,000 stock options exercisable at \$0.325 per share to officers, directors and consultants of the Company. The options vest 8.33% on April 1, 2017 and 8.33% every three months thereafter. The fair value attributable to these stock options was \$1,066,062 using the Black Scholes option pricing model of which \$306,110 was expensed during the current period.

During the year ended March 31, 2016:

- a. In April 2015, the Company granted 4,675,000 stock options at \$0.15 per share exercisable for a period of five years to various directors, officers and consultants. 4,600,000 of these options vest 25% on grant and 25% every six months thereafter while the remaining options vest 25% after three months and 25% every six months thereafter. The fair value attributable to these stock options (using the Black Scholes option pricing model) was \$529,910 of which \$483,921 was expensed during the year.

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

9. Share Capital and Reserves (continued)

Stock Options (continued)

- b. In November 2015, the Company granted 3,300,000 stock options (all vested immediately) at \$0.15 per share exercisable for a period of five years to various directors, officers and consultants. The fair value attributable to these stock options (using the Black Scholes option pricing model) was \$282,654 which was fully expensed during the year.
- c. In February 2016, the Company granted 325,000 stock options at \$0.15 exercisable for a period of five years to various consultants. The options vest 25% after six months from the date of grant and 25% every six months thereafter. The fair value attributable to these stock options (using the Black Scholes option pricing model) was \$31,034 of which \$3,190 was expensed during the year.

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with a range of assumptions for grants as follows:

	Nine months ended December 31,	
	2016	2015
Risk-free interest rate	0.57% to 0.98%	0.73% to 0.94%
Expected life	5.0	5.0
Annualized volatility	113.34% to 120.74%	116.00% to 117.94%
Dividend rate	-	-
Grant date fair value	\$0.142 to \$0.415	\$0.086 to \$0.113

A summary of the stock options activities is as follows:

	Number of shares	Weighted average exercise price (\$)
Balance, March 31, 2015	14,925,000	0.20
Granted	8,300,000	0.15
Expired	(4,500,000)	0.25
Forfeited	(150,000)	0.18
Balance, March 31, 2016	18,575,000	0.16
Granted	7,945,000	0.33
Exercised	(675,000)	0.18
Expired	(775,000)	0.28
Forfeited	(250,000)	0.15
Balance, December 31, 2016	24,820,000	0.16

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

9. Share Capital and Reserves (continued)

Stock Options (continued)

The following table summarizes information about the options outstanding and exercisable at December 31, 2016:

Expiry date	Options outstanding	Options exercisable	Exercise price (\$)	Remaining contractual life (years)
February 6, 2017	150,000	150,000	0.25	0.10
July 18, 2017	300,000	300,000	0.15	0.55
October 15, 2017	250,000	250,000	0.15	0.79
November 5, 2017	75,000	75,000	0.15	0.85
March 5, 2018	2,350,000	2,350,000	0.20	1.18
April 14, 2018	400,000	400,000	0.16	1.28
July 3, 2018	500,000	500,000	0.15	1.50
September 15, 2018	400,000	400,000	0.15	1.71
February 3, 2019	2,700,000	2,700,000	0.15	2.09
March 24, 2019	900,000	900,000	0.15	2.23
September 15, 2019	1,150,000	1,150,000	0.15	2.71
September 29, 2019	250,000	250,000	0.15	2.75
October 14, 2019	50,000	50,000	0.15	2.79
April 2, 2020	4,350,000	4,350,000	0.15	3.25
April 2, 2020	75,000	56,250	0.15	3.25
November 16, 2020	3,300,000	3,300,000	0.15	3.88
February 24, 2021	325,000	81,250	0.15	4.25
June 6, 2021	700,000	175,000	0.30	4.43
July 18, 2016	750,000	133,500	0.31	4.55
September 1, 2021	300,000	75,000	0.27	4.67
September 21, 2021	1,685,000	347,500	0.40	4.73
October 20, 2021	150,000	-	0.40	4.81
November 20, 2021	750,000	-	0.325	4.87
November 23, 2021	2,960,000	592,000	0.325	4.90
	24,820,000	18,585,500		

The weighted average life of stock options outstanding at December 31, 2016 is 3.23 years.

Loss per share

The effect of dilutive securities including options and warrants has not been shown as the effect of all such securities is anti-dilutive.

10. Segmented Information

Operating segment:

The Company operates in one operating segment, which is mineral exploration in the United States.

Geographic segments:

The Company operates in two geographic segments: Canada and the United States.

	December 31, 2016	March 31, 2016
Non-current assets	\$	\$
Canada	76,646	54,714
United States	14,804,756	10,878,860
	14,881,402	10,933,574

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

11. Financial Instruments and Risk Management

Fair values

The Company has the following financial instruments carried at fair value:

Financial Assets	Financial instrument classification	Fair Value	
		December 31, 2016 (\$)	March 31, 2016 (\$)
Cash and cash equivalents	Fair value through profit or loss	16,732,185	850,558
GRIT common shares	Available for sale	229,405	113,016
		16,961,590	963,574

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs have a significant effect on the recorded fair value that are not observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments measured at fair value use level 1 valuation techniques in each period, being the closing bid price of the shares as quoted on a public exchange, or, where not quoted, as determined by the share of fair values of the underlying net assets of the investee.

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy at December 31, 2016:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	\$	\$	\$	\$
Cash and cash equivalents	16,732,185	-	-	16,732,185
GRIT common shares	229,405	-	-	229,405
	16,961,590	-	-	16,961,590

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy at March 31, 2016:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	\$	\$	\$	\$
Cash and cash equivalents	850,558	-	-	850,558
GRIT common shares	113,016	-	-	113,016
	963,574	-	-	963,574

There were no transfers between levels of the fair value hierarchy during the nine months ended December 31, 2016.

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

11. Financial Instruments and Risk Management (continued)

Fair value hierarchy (continued)

The aggregate fair value of investments with unrealized losses is:

	Fair Value	Unrealized Loss
	\$	\$
As at December 31, 2016:		
GRIT common shares	229,405	3,062,245
As at March 31, 2016:		
GRIT common shares	113,016	3,196,298

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Other price risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by placing cash with major Canadian financial institutions. Management believes that credit risk related to these amounts is nominal.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity risk is to ensure that it always has sufficient cash and credit facilities to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Company's reputation. Management typically forecasts cash flows for a period of six to twelve months to identify financing requirements. These requirements are then addressed primarily through access to capital markets. All of the Company's financial liabilities mature within one year.

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

11. Financial Instruments and Risk Management (continued)

Financial Risk Management (continued)

(iii) Interest rate risk:

Interest rate risk is the risk of financial loss to the Company if market rates of interest were to change adversely. The Company's exposure to interest rate risk is not material.

(iv) Foreign currency risk:

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate.

The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. While the Company's parent is Canadian and its capital is raised in Canadian dollars, the Company conducts business outside of Canada. As such, it is subject to risk due to fluctuations in the exchange rates for the United States dollar and Euros. As at December 31, 2016, the Company has cash and cash equivalents denominated in US dollars of \$8,745,408 (March 31, 2016 - \$624,113), deposits in US dollars of \$207,122 (March 31, 2016 - \$189,737) and trade and other payables in US dollars of \$297,608 (March 31, 2016 - \$52,773). Each 1% change in the Canadian dollar versus the US dollar would result in a gain/loss of approximately USD \$86,549 (March 31, 2016 – USD \$7,611). The Company also had trade and other payables in Euros of €2,500 (March 31, 2016 - €14,450); however, each 1% change in the Canadian dollar versus the Euro would not be significant.

In addition, the Company holds an investment that is denominated in British Pounds (£). As such, it is subject to fluctuations in the exchange rates for the Canadian dollar and British Pounds. As at December 31, 2016, the Company has an available for sale investment denominated in British Pounds of £147,152 (March 31, 2016 - £60,592). Each 1% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately £1,472 (March 31, 2016 - £606).

(iv) Other price risk:

Other price risk is the risk that changes in market prices including commodity or equity prices will have an effect on future cash flows associated with financial instruments.

The equity price risk associated with the Company's current available for sale investment primarily relates to the change in the market prices of the investments in the portfolio. As at December 31, 2016, the Company owned 1,731,200 (March 31, 2016 – 1,731,200) GRIT common shares with each common share valued at £0.085 or \$0.15 (March 31, 2016 - £0.035 or \$0.07). Each £0.01 change in the value per common share will result in a gain/loss of approximately £17,312 or \$29,550 (March 31, 2016 - £17,312 or \$32,290).

NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three and nine months ended December 31, 2016 and 2015

12. Capital Disclosure and Management

The Company's capital management policy is to maintain a strong, but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of \$26,052,195 (March 31, 2016 - \$11,892,019). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional debt financing and adjust its capital spending to manage current and projected debt levels. The Company is not subject to externally imposed capital requirements other than as noted above.

There were no changes to the Company's approach to capital management during the nine months ended December 31, 2016.

13. Subsequent Events

- a. In January 2017, the Company granted 750,000 stock options at an exercise price of \$0.3250 per share exercisable for a period of five years to a director of the Company.
- b. In February 2017, the Company received \$37,500 from the exercise of 150,000 stock options.