



**Management's Discussion and Analysis**

For the nine months ended December 31, 2019

# NULEGACY GOLD CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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#### 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 NuLegacy’s financial performance, and should therefore be read in conjunction with NuLegacy’s condensed interim consolidated financial statements and notes for the nine months ended December 31, 2019 (the “**Financial Statements**”).

All information contained in this MD&A is current as of February 27, 2020 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](http://www.sedar.com) and at NuLegacy’s website, [www.nulegacygold.com](http://www.nulegacygold.com).

#### OVERVIEW

NuLegacy is a Nevada-focused exploration company with exploration properties in Eureka County, Nevada, in close proximity to several 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 Red Hill property that contains the Iceberg deposit and the Avocado, Serena and VIO exploration areas, 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” and on the OTCQB under the symbol NULGF.

#### STRATEGY

Management’s objective is to discover significant multi-million ounce Carlin-type gold deposits within the state of Nevada. Nevada is the sixth 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 Red Hill properties are 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.

#### KEY HIGHLIGHTS

##### Private placement financing:

- On October 8, 2019, the Company completed a marketed private placement of 100,000,000 units (the “Units”) at a price of \$0.075 per unit for aggregate gross proceeds of \$7,500,000.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

**OVERALL PERFORMANCE**

Net loss for the nine months ended December 31, 2019 was \$1,927,533 compared to a net loss of \$2,277,845 in the comparative period ended December 31, 2018. The decrease in net loss experienced in the current period is largely the result of lower share based payments of \$495,859 in the current period from stock options granted that are vesting in the current period, a reduction in investor relation expense of \$191,5070 and a reduction in management fees of \$84,070.

Comprehensive loss in the period ended December 31, 2019 was \$1,897,242 compared to a comprehensive loss of \$2,512,229 in the comparative period. NuLegacy recognized \$29,591 (2018 – loss of \$237,384) in other comprehensive gain due to the change in the fair value of its available for sale financial assets.

NuLegacy had a net increase in cash and cash equivalents during the nine months ended December 31, 2019 of \$2,998,929 whereas in the comparative period ended December 31, 2018, NuLegacy experienced a net decrease in cash and cash equivalents of \$2,497,072. The Company's Phase I drilling program for 2019 was significantly smaller as compared to 2018. Cash spent on exploration activities was \$2,005,549 for the nine months ended December 31, 2019 as compared to \$3,637,711 in comparative period in 2018. 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, please refer to the "Summary of Exploration Activities" section.

**SUMMARY OF EXPLORATION ACTIVITIES**

For the nine months ended December 31, 2019, NuLegacy incurred a total of \$2,068,823 in deferred exploration costs compared to \$4,575,992 for the corresponding nine months ended December 31, 2018.

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, 2019 and 2018:

	<b>Iceberg Property</b>	<b>Wilson Property</b>	<b>Coal Canyon</b>	<b>Total</b>
<b>Nine months ended December 31, 2019</b>				
Acquisition	\$ -	\$ -	\$ -	\$ -
Assays	83,407	-	-	83,407
Drilling	770,405	-	-	770,405
Geological consulting & salaries	628,858	22,956	-	651,814
Geophysics	49,169	-	-	49,169
Miscellaneous	58,456	223	-	58,679
Property maintenance	190,190	112,127	14,898	317,215
Travel	138,134	-	-	138,134
<b>Total</b>	<b>\$ 1,918,619</b>	<b>\$ 135,306</b>	<b>\$ 14,898</b>	<b>\$ 2,068,823</b>
<b>Nine months ended December 31, 2018</b>				
Acquisition	\$ -	\$ -	\$ -	\$ -
Assays	284,878	-	-	284,878
Drilling	2,446,025	-	-	2,446,025
Geological consulting & salaries	1,113,638	-	-	1,113,638
Geophysics	137,177	-	-	137,177
Miscellaneous	86,535	-	-	86,535
Property maintenance	169,770	104,659	21,380	295,809
Travel	211,930	-	-	211,930
<b>Total</b>	<b>\$ 4,449,953</b>	<b>\$ 104,659</b>	<b>\$ 21,380</b>	<b>\$ 4,575,992</b>

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

- The higher drilling and assaying expenditures incurred in the prior year's comparative period was the result of a larger drilling program started in April 2018.

The total cumulative acquisition and deferred exploration costs since inception to December 31, 2019 are summarized as follows:

	<b>Iceberg Property</b>	<b>Wilson Property</b>	<b>Coal Canyon</b>	<b>Total</b>
Acquisition costs	\$ 4,176,153	341,198	-	\$ 4,517,351
Assays	1,606,470	37,336	-	1,643,806
Drilling	10,771,200	285,274	-	11,056,474
Geophysics	557,514	-	-	557,514
Geological consulting & salaries	6,221,853	232,691	-	6,454,544
Miscellaneous	383,404	6,956	-	390,360
Property maintenance	1,424,744	927,240	36,278	2,388,262
Travel	932,454	25,489	-	957,943
Accumulated expenditures since inception	\$ 26,073,792	\$ 1,856,184	\$ 36,278	\$ 27,966,254

**Mineral properties:**

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 gold<sup>1</sup> 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 was the basis for the supposition that the Iceberg Property contained geological formations favorable for hosting Carlin-type gold deposits. The Iceberg gold deposit is primarily in Devonian carbonate 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.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

---

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 its working interest in the Redhill property from 70% to 100%.

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 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup> and October 1<sup>st</sup> of all succeeding years.

On June 29, 2017 the agreement was further amended to release NuLegacy from the July 1 and October 1, 2017 payments, and all future quarterly \$12,500 payments. The amendment in lieu of these payments require that NuLegacy commits to \$150,000 yearly (starting in 2018) expenditures on, or for the benefit of, the property, and on January 1 of each year, starting in 2018, a \$15,000 cash payment. Any expenditures in excess of the yearly requirements can be carried forward to subsequent 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.

Coal Canyon

Sixty-four lode mining claims (5.1 km<sup>2</sup>) contiguous to the western margin of the Vio area were staked September 1, 2018. The claims are prospective for both Carlin-type sediment hosted gold deposits, and for epithermal gold-silver deposits.

**Early 2019 re-interpretation of Red Hill geology and target definition:** With the addition of Charles Weakly to the geological team he initiated a complete revision of the interpretation of the Red Hill's stratigraphic column based on the team's re-logging of all 223 of our previous drill holes (54,000 meters) as well as reinterpreting previously collected geochemical and geophysical data. This has identified several new targets and possible extensions of known mineralized areas. The targets identified and permitted are summarized in the February 11, 2019 news release.

**Fall 2019 drilling**

In October 2019, drilling was resumed on the Red Hill property. See News Release February 18, 2020 for full details and graphics. A summary follows.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

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The winter program consisted of five core holes totalling 2,230 meters (~7,300 ft) on both flanks of the Rift Anticline target and an additional CSAMT survey over the Rift Anticline. Four holes were drilled on the eastern flank of the Rift Anticline, including two at Western Slope and two at the Serena Offset targets, and one incompleteness on the western flank in the 4Mile Look-a-like target.

Hole WS19-02 on eastern flank of the Rift Anticline returned a high-grade interval grading 9.6 grams/ton gold over 5.2 meters (with an internal spike to 25 grams/ton gold) starting at 360 meters<sup>1</sup>. The hole intersected ~27 meters of strong alteration (silicification, decarbonatization and brecciation) in the targeted geochemically favourable Wenban5 horizon and contained elevated gold values (greater than 200 ppb) throughout, confirming a well mineralized Carlin-type gold system continues westward toward the Rift Anticline target. These are features common to the margins of known larger Carlin-type gold systems.

This high-grade, albeit moderately thick, intercept is one of several in the series of high-grade intercepts that span approximately 1,500 meters across the east flank of the Rift Anticline from the North Iceberg (11.0 grams/ton gold within 12.2 meters) vectoring west through the Serena zone (16.9 grams/ton gold within 8.7 meters)<sup>2</sup>, and now the Western Slope (9.6 grams/ton gold within 5.1 meters) towards the northeast-southwest trending Rift Anticline.

The analysis of the recently completed CSAMT survey lines across the Rift Anticline provides evidence that the favorable Wenban5 host horizon extends up to 1,500 meters across the Rift to the west, and that it is up to 90+/- meters thick as indicated by the proximal hole WS18-01.

The survey also shows the thicker Wenban5 horizon is significantly more fractured with multiple high-angle faults intersected by a swarm of low-angle thrust faults starting ~ 150 meters to the west of WS18-01, creating great conduits for gold-bearing fluids.

The six CSAMT lines surveyed to date indicate that the geochemically favourable Wenban5 formation delineated in the Rift Anticline is at least 4.5 kilometres long on its northwest-southeast trending strike and open on both ends. Additional CSAMT surveys will be conducted this spring, as soon as weather conditions permit, to determine the full extent of the Rift Anticline, as it parallels the western boundary of NuLegacy's property to facilitate road access and drill site planning.

All the assay data, core logging, COLOG acoustic tele-viewer information, and CSAMT data is currently being incorporated into an updated geologic model for additional analysis. Once the analysis is completed, a determination will be made as to whether follow up drilling is warranted on the flanks or should be focused entirely on testing the Rift Anticline target.

Of the remaining three holes drilled on the east flank WS19-01C encountered weak gold and trace element values through most of its length and terminated in unit Wenban4 with the last 1.5 meters of the hole returning 2.63 grams/ton gold, suggesting that mineralization may occur deeper in the section. Holes SO19-01C and SO19-02C, drilled in the Serena Offset target just west of the Serena deposit intersected strong alteration and trace-element geochemistry without significant gold values, indicating that the main part of that gold system is likely northwest of the Serena Offset.

Core hole 4M19-01, drilled to test the Four Mile Lookalike target on the west flank of the Rift Anticline, was lost before reaching target depth due to technical drilling difficulties, so it was unable to fully evaluate the lower target.

A US\$400,000 permitting program is underway to fulfil our environmental permitting responsibilities for the Rift Anticline. This permit will incorporate the three NOI's (Notices of Intent) on the flanks of the Rift (which allowed 5 acres of permissible disturbance per NOI that are largely exhausted by the drilling to date) into one much larger 8,500-acre Plan of Operations with an initial 100 acres of permissible disturbance. The substantially larger disturbance allowance will provide NuLegacy flexibility in planning and permitting drill sites for the follow up drilling.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

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**Metallurgical Work**

During fall 2018, pulp samples from Serena zone core drill hole SR18-01C (15.2 meters of 3.27 grams of gold/ton) were submitted to American Assay Labs in Reno, Nevada for one-hour cyanide leach analysis for comparison to fire assay values. The material from SR18-01C showed an average of 70.3% recovery of gold in the oxidized portion of the hole and 59.7% recovery in the unoxidized sections suggesting the mineralization would be amenable to heap-leaching and that the unoxidized ore could provide significant recoverable gold using standard heap leach methodology; we will begin analysis as to how this can be improved upon.

**Permitting**

In November 2018, NuLegacy reported final approval from the U.S. Bureau of Land Management for the 'Avocado' Plan of Operations (PoO) environmental permit. The Avocado PoO represents a significant asset for the Company as the baseline studies completed (biological, hydrological, and archeological) will be essential for any future development of a gold deposit at Avocado. The PoO covers 2,579 acres (4.1 sq. miles) and the larger disturbance allowance will give NuLegacy more flexibility in planning and permitting drill sites. NuLegacy intends to bond an initial disturbance area of 95 acres within the PoO to complete its anticipated 2019 exploration programs. Previous exploration of Avocado was conducted under a Notice of Intent (NOI) and was limited to five acres of surface disturbance.

NuLegacy's planned Rift Anticline target drilling, west of the Serena and North zones, will continue under its current "Foothills" NOI permit until the expansion of the PoO is completed. Drilling at Vio will be conducted under the Vio NOI.

In anticipation of favorable results from the Fall 2019 drilling, the AV (Avocado) Plan of Operations (PoO) is being expanded to include the Serena Offset, Western Slope, and "4Mile Look-alike" areas. EM Strategies (EnviroScience), and their subcontractors, will survey and document the additional 8,500 acres (~13 sq. miles). The expanded PoO will substantially enlarge the disturbance allowance and will provide NuLegacy the necessary flexibility in planning and permitting drill sites for follow up drilling on successes in the Fall-Spring exploration program.

**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 director and CPG-7417, a Qualified Person as defined by NI 43-101, *Standards of Disclosure for Mineral Projects*.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

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**SUMMARY OF QUARTERLY RESULTS**

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

	Dec 31, 2019	Sept 30, 2019	June 30, 2019	Mar 31, 2019
	\$	\$	\$	\$
Net loss	(641,831)	(710,755)	(574,947)	(951,023)
Comprehensive loss	(669,630)	(653,365)	(574,947)	(975,900)
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, 2018	Sept 30, 2018	June 30, 2018	Mar 31, 2018
	\$	\$	\$	\$
Net loss	(552,231)	(941,348)	(784,266)	(775,043)
Comprehensive loss	(577,138)	(1,129,340)	(805,751)	(727,633)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)
Comprehensive loss per share - basic and diluted	(0.00)	(0.00)	(0.01)	(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 September 30, 2018 and March 31, 2019 had a higher net and comprehensive losses due to larger amounts recognized as share based payments based on stock options granted and vested during the period as well as higher investor relations expenses.

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 NINE MONTHS ENDED DECEMBER 31, 2019**

**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, 2019 and 2018:

	For the three months ended December 31,		For the nine months ended December 31,	
	2019	2018	2019	2018
Revenue	\$ -	\$ -	\$ -	\$ -
Operating expenses	(485,936)	(880,953)	(1,738,548)	(2,672,344)
Net loss	(641,831)	(552,231)	(1,927,533)	(2,277,845)
Comprehensive loss	(669,630)	(577,138)	(1,897,942)	(2,512,229)
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)	(0.01)
Working capital	5,722,799	4,128,922	5,722,799	4,128,922
Exploration and evaluation assets	27,966,254	25,164,013	27,966,254	25,164,013
Total assets	34,576,808	30,928,911	34,576,808	30,928,911
Total liabilities	\$ 103,331	\$ 1,031,296	\$ 103,331	\$ 1,031,296

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, 2019, NuLegacy had not yet achieved profitable operations and has an accumulated deficit of \$24,854,036 (2018 - \$21,975,480) since inception. For the nine months ended December 31, 2019, losses resulted in a net loss per share (basic and diluted) of \$0.01 (2018 - \$0.01) and comprehensive loss per share (basic and diluted) of \$0.01 (2018 - \$0.01).

**RESULTS OF OPERATIONS**

The table below details the major changes in operating expenses for the three months ended December 31, 2019 as compared to the corresponding three months ended December 31, 2018.

Expense	Amount of increase / decrease from comparative year	Explanation for Change
Directors' fees	Decrease of \$22,501	No director's fees were paid in the current period
Investor relations	Decrease of \$61,764	Decrease due to reduced investor relations activities related to conferences and presentations.
Management fees	Decrease of \$59,070	Decrease due to resignation of CEO
Office & admin	Decrease of 45,872	Decrease due to cost reduction efforts in 2019.
Share based payments	Decrease of \$160,949	Decrease was associated with reduction in the number of stock options vesting during the year.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

The table below details the major changes in operating expenses for the nine months ended December 31, 2019 as compared to the corresponding nine months ended December 31, 2018.

Expense	Amount of increase / decrease from comparative year	Explanation for Change
Directors' fees	Decrease of \$80,001	No director's fees were paid in the current period
Investor relations	Decrease of \$191,507	Decrease due to reduced investor relations activities related to conferences and presentations.
Management fees	Decrease of \$84,070	Decrease due to resignation of CEO
Office & Admin	Decrease of \$63,186	Decrease due to cost reduction efforts in 2019.
Share based payments	Decrease of \$496,159	Decrease was associated with reduction in the number of stock options vesting during the year.

**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, 2019, NuLegacy's liquidity and capital resources are as follows:

	December 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 5,610,190	\$ 4,843,629
Receivables	267	50,371
Prepaid expenses	101,206	158,287
Available for sale financial assets	114,467	107,931
Total current assets	5,826,130	5,160,218
Trade and other payables	103,331	1,031,296
Working capital	\$ 5,722,799	\$ 4,128,922

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.

As at December 31, 2019, NuLegacy had cash and cash equivalents of \$5,610,190 (2018 - \$4,843,629). As at December 31, 2019, NuLegacy had working capital of \$5,722,799 (2018 - \$4,128,922).

As at December 31, 2019, the fair value of the Global Resources Investment Ltd. ("GRIT") common shares was \$114,467 (2018 - \$107,931). NuLegacy intends to liquidate the GRIT common shares and use the net proceeds from the future sale for general corporate purposes.

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 NINE MONTHS ENDED DECEMBER 31, 2019**

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**COMMITMENTS**

Wilson property:

Pursuant to the mining lease with Idaho Resources Corp., NuLegacy must make one annual payment of \$15,000 due on January 1 of each year commencing on January 1, 2018. The amendment also includes a minimum exploration or development expenditure requirement of \$150,000 each calendar year commencing in 2018 and in all succeeding calendar years until commercial production commences.

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:

On June 1, 2019, the Company entered into an office rental agreement that expires May 31, 2020. The agreement requires monthly rental payments of \$7,645. The agreement may be terminated by the Company or the landlord by giving at least 2 calendar months plus 5 business days written notice to the other party or paying equivalent rent in lieu of proper notice.

As at December 31, 2019, NuLegacy had no long-term debt and no agreements with respect to borrowings entered into.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

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**OFF BALANCE SHEET ARRANGEMENTS**

NuLegacy has no off-balance sheet arrangements.

**RELATED PARTY TRANSACTIONS**

During the nine months ended December 31, 2019, NuLegacy entered into the following transactions with related parties:

- a. Incurred consulting fees of \$195,000 (2018 - \$180,000) and office costs of \$10,800 (2018 - \$10,800) to a company controlled by Albert Matter, the Chief Executive Officer and director of NuLegacy.
- b. Incurred management fees of \$90,000 (2018 - \$180,000) and office costs of \$1,000 (2018 - \$9,000) to a company controlled by James Anderson, director and former CEO of NuLegacy. Included in the fees was a one time severance payment of \$75,000.
- c. Incurred management fees of \$3,946 (2018 - \$nil) and office costs of \$8,980 (2018 - \$8,768) to Roger Steininger, director and former CGO of NuLegacy. As at December 31, 2019, \$5,288 (2018 - \$nil) was included in trade and other payables for accrued travel expenses and management fees.
- d. Incurred management fees of \$131,400 (2018 - \$131,400) and office costs of \$9,900 (2018 - \$nil) paid to Danny Lee, CFO of NuLegacy.
- e. Incurred professional fees of \$59,486 (2018 - \$31,612) and share issuance costs of \$79,181 (2018 - \$26,545) to a company controlled by Gregory Chu, Corporate Secretary of NuLegacy. As at December 31, 2019, \$19,572 (2018 - \$nil) was included in trade and other payables for accrued professional fees.
- f. Incurred directors' fees of \$nil (2018 - \$22,500) to Alex Davidson, Executive Chairman and director of NuLegacy
- g. Incurred consulting fees of \$106,817 (2018 - \$107,749) and directors' fees of \$nil (2018 - \$22,500) to Edward Cope, a director of NuLegacy. As at December 31, 2019, \$1,767 (2018 - \$nil) was included in trade and other payables for accrued travel expenses.
- h. Incurred directors' fees of \$nil (2018 - \$22,500) to Alan R. Hill, an independent director of NuLegacy.
- i. Incurred directors' fees of \$nil (2018 - \$15,000) to John Budreski, an independent director of NuLegacy

Summary of key management personnel compensation:

	<b>Nine months ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Exploration and evaluation assets	\$ 12,926	\$ -
Management fees	416,400	491,400
Consulting	106,817	-
Office	21,700	28,568
Professional fees	59,486	31,612
Share issuance costs	79,181	26,545
Share based payments	186,596	425,622
	<b>\$ 883,106</b>	<b>\$ 1,003,747</b>

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

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**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 NINE MONTHS ENDED DECEMBER 31, 2019**

---

**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**

On April 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company applied IFRS 16 as at April 1, 2019 using a cumulative catch-up approach where leases will be recorded prospectively from that date forward and will not restate comparative information. Right-of-use assets will be recorded based on the lease liabilities determined as at April 1, 2019 and, as a result, there will not be a deficit adjustment on transition.

**FINANCIAL AND OTHER INSTRUMENTS**

NuLegacy has classified its financial instruments as follows:

Cash and cash equivalents	Amortized cost
Available for sale financial assets	Fair value through other comprehensive income
Trade and other payables	Amortized cost

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, 2019 and 2018 are summarized in Note 11 of the 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.

As at December 31, 2019, the Company has cash and cash equivalents denominated in US dollars of \$3,897,519 (March 31, 2019 - \$1,861,475), deposits in US dollars of \$449,131 (March 31, 2019 - \$269,052) and trade and other payables in US dollars of \$66,249 (March 31, 2019 - \$66,917). Each 1% change in the Canadian dollar versus the US dollar would result in a gain/loss of approximately USD \$42.804 (March 31, 2019 – USD \$20,835).

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

---

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, 2019, the Company has an available for sale investment denominated in British Pounds of £66,651 (March 31, 2019 - £47,608). Each 1% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately £667 (March 31, 2019 - £476).

**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 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, 2019, the Company owned 1,904,320 (March 31, 2019 - 1,904,320) GRIT common shares with each common share valued at £0.035 or \$0.06 (March 31, 2019 - £0.03 or \$0.04). Each £0.01 change in the value per common share will result in a gain/loss of approximately £19,043 or \$32,704 (March 31, 2019 - £19,043 or \$33,169).

**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, 2019, 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.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

---

**OUTSTANDING SHARE DATA, OPTIONS AND WARRANTS**

	As at December 31, 2019	As at February 27, 2020
Common shares	407,173,804	407,173,804
Common shares – fully diluted**	507,908,769	508,608,769
Stock options – outstanding	32,700,000	33,400,000
Stock options – exercisable	23,586,669	25,142,919
Share purchase warrants	68,034,965	68,034,965

*\*\*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 consolidated financial statements for the nine months ended December 31, 2019.

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.

**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



**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

---

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, 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

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019**

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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](http://www.nulegacygold.com)
- SEDAR at [www.sedar.com](http://www.sedar.com)
- NuLegacy's audited consolidated financial statements for the year ended March 31, 2019.

This MD&A has been approved by the Board effective February 27, 2020.