



## **Management's Discussion and Analysis**

For the nine months ended December 31, 2020

# NULEGACY GOLD CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE NINE MONTHS ENDED DECEMBER 31, 2020

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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 annual audited consolidated financial statements and notes for the year ended March 31, 2020 (the “**Financial Statements**”).

All information contained in this MD&A is current as of February 26, 2021 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’s highly prospective Rift Anticline drill target (seven sq. km within the 108 sq. km Red Hill property) has uniquely favorable Carlin-system geology located within Nevada’s Cortez gold complex adjacent to three of Barrick Gold’s most profitable multi-billion-dollar, multi-million-ounce Tier 1 Carlin-type gold deposits<sup>1</sup>.

With NuLegacy’s first class management and exploration teams’ track record of discovering and developing world class [gold mines](#), the Rift Anticline represents an opportunity to add the fourth high-grade “elephant sized” Carlin-style gold deposit in the Cortez cluster.

With a well-funded treasury and a major deep drilling program underway, management looks forward to realizing on the significant value of its enterprise during 2021-22.

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 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.

<sup>1</sup> The existence of gold resources and reserves on properties adjacent to or in close proximity with the Red Hill property is not necessarily indicative of the mineralization on Red Hill. There are currently no known NI 43-101 compliant resources or reserves on the Red Hill property.

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**KEY HIGHLIGHTS**

Red Hill property:

- NuLegacy received final approval from the U.S. Bureau of Land Management of a modified 'Avocado' Plan of Operations (PoO) environmental permit. With this permit approval, the planned phase one exploration drill program of the highly prospective Rift Anticline target has commenced.

Share capital:

- The Company has successfully raised over \$25 million in two private placements over the last 18 months and is well funded to carry out its planned exploration activities in the Rift Anticline:
  - In January 2021, the Company completed a marketed private placement of 100,000,000 units (the "Units") at a price of \$0.125 per unit for aggregate gross proceeds of \$12,500,000. Each Unit consisted of one common share and one transferable common share purchase warrant. Each Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.20 for a period of 36 months following the closing.
  - In October 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. Each Unit consisted of one common share and one-half of one common share purchase warrant (each full warrant, a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.12 for a period of 36 months following the closing.
  - In May 2020, the Company completed a non-brokered private placement of 75,000,000 units (the "Units") at a price of \$0.075 per unit for aggregate gross proceeds of \$5,625,000. Each Unit consists of one common share and one-half of one common share purchase warrant (each full warrant, a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.125 for a period of 24 months, subject to acceleration, following the closing.

**OVERALL PERFORMANCE**

Net loss for the nine months ended December 31, 2020 was \$2,182,760 compared to a net loss of \$1,927,533 in the comparative period ended December 31, 2019. The higher net loss experienced in the current year is largely the result of higher foreign exchange loss of \$448,372 in the current period as compared to \$182,127 in the prior comparative period.

Comprehensive loss in the nine months ended December 31, 2020 was \$2,189,171 compared to a comprehensive loss of \$1,897,942 in the prior comparative period.

NuLegacy had a net increase in cash during the nine months ended December 31, 2020 of \$851,409 whereas in the comparative period ended December 31, 2019, NuLegacy experienced a net increase in cash of \$2,998,929. The Company raised gross proceeds of \$5,625,000 in equity financings during the nine months ended December 31, 2020. The Company raised gross proceeds of \$7,500,000 in the nine months ended December 31, 2019. Cash spent on exploration activities was \$3,364,207 for the nine months ended December 31, 2020 as compared to \$2,273,704 in the comparative year. 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.

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**SUMMARY OF EXPLORATION ACTIVITIES**

For the nine months ended December 31, 2020, NuLegacy incurred a total of \$1,726,704 in deferred exploration costs compared to \$841,750 for the corresponding period ended September 30, 2019.

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, 2020 and 2019:

	<b>Iceberg Property</b>	<b>Wilson Property</b>	<b>Coal Canyon</b>	<b>Total</b>
<b>Nine months ended December 31, 2020</b>				
Assays	\$ 49,896	\$ -	\$ -	\$ 49,896
Drilling	2,106,725	-	-	2,106,725
Geological consulting & salaries	766,315	-	-	766,315
Geophysics	261,243	-	-	261,243
Miscellaneous	97,734	-	-	97,734
Property maintenance	193,973	114,451	15,208	323,632
Travel and vehicle	61,810	-	-	61,810
<b>Total</b>	<b>\$ 3,537,696</b>	<b>\$ 114,451</b>	<b>\$ 15,208</b>	<b>\$ 3,667,355</b>

<b>Nine months ended December 31, 2019</b>				
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

The total cumulative acquisition and deferred exploration costs to December 31, 2020 summarized as follows:

	<b>Iceberg Property</b>	<b>Wilson Property</b>	<b>Coal Canyon</b>	<b>Total</b>
Acquisition costs	\$ 4,176,153	\$ 360,950	\$ -	\$ 4,537,103
Assays	1,678,368	37,336	-	1,715,704
Drilling	12,859,220	285,274	-	13,144,494
Geophysics	874,304	-	-	874,304
Geological consulting & salaries	7,315,040	232,692	-	7,547,732
Miscellaneous	506,035	6,956	-	512,991
Property maintenance	1,618,717	1,041,691	51,486	2,711,894
Travel	1,005,204	25,489	-	1,030,693
Accumulated expenditures since inception	\$ 30,033,041	\$ 1,990,388	\$ 51,486	\$ 32,074,915

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**Mineral properties:**

NuLegacy's Cortez-trend Property, located in Eureka County, Nevada, encompasses 1,364 unpatented lode mining claims covering approximately 108 square km and is comprised of two separate properties and one agreement as follows:

- Red Hill Property – consists of 818 unpatented lode mining claims comprising approximately 63 square km; and
- Idaho Resources (Wilson) Agreement – consists of 482 unpatented lode mining claims comprising approximately 40 square km; and
- Coal Canyon Property – consists of 64 unpatented lode mining claims comprising 5 square km.

**Red Hill Agreement:**

The property is located directly between Nevada Gold Mines LLC's Cortez Hills operation and Goldrush project to the north, and McEwen Mining Inc.'s Tonkin Springs/Gold Bar gold operations to the south. Nevada Gold Mines' Cortez mining operations have reported reserves in excess of 11.1 million ounces of gold, plus additional indicated and inferred resources. The Goldrush property, which contains 10.2 million ounces of gold<sup>1</sup> in all categories, is located adjacent to NuLegacy's Red Hill Project.

The Red Hill 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 the Goldrush property represents a close analogue to that found at NuLegacy's Red Hill property.

NuLegacy's re-interpretation of both the geology and historic drilling results was the basis for the supposition that the Red Hill 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. Drilling to the west of Iceberg encountered gold intercepts not directly related to the Iceberg gold deposit and are part of the newly defined Rift Anticline target. Geochemical/geological anomalies in other places indicate that additional areas of Carlin-type gold mineralization occur on the Red Hill property. Many of these have yet to be 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 Red Hill 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 Red Hill 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, adjoining the Red Hill property to the east.

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);

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- \$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, requires 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 Property:

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.

**2020 Exploration**

Additional CSAMT and gravity surveys were conducted to the west of Iceberg to add detail to previous wider spaced surveys. A total of 23.8 line-kilometers of east-west CSAMT lines parallel to, and between, and extensions of existing lines, and 13.3 line-kilometers northeast-southwest orientated at an oblique angle to the existing lines were surveyed to better define the length and structural continuity of the Rift Anticline target. Also, the survey point density of the gravity stations over the Rift Anticline was increased from 200 meter spacing to 100 meter spacing to better outline gravity lows that may represent areas of decalcification of carbonates, which would be favorable areas for gold deposition. The results of these surveys, and information from the 2019 drilling are being incorporated into an enhanced geological model for the Rift Anticline area. This new model has been used to identify drill targets. The new geological model has been used to plan the next round of drilling for an anticipated 16-hole program.

The preliminary structural model for the Rift Anticline targeting utilized the results of recent drill holes (as summarized above, and detailed in the February 8, 2020 news release), and the data from the numerous CSAMT and gravity surveys focusing on known mineralized controlling structures (i.e. Long Fault). This identified three high-priority targets in the northern half of the Rift Anticline and three additional targets extending to the south along the anticline trend covering approximately 4.5 km (and open on both ends) with an indicated width varying from 700 to 1,450 meters. Detailed drill plans are developed for the initial 16 deep hole drill program to comprehensively test the targets, commencing with the more developed northern targets.

Drilling on the Rift Anticline target commenced in mid-October 2020. Holes RA20-01 through RA20-04 were drilled as part of the initial four hole test of the target.

A total of 4.6 km of road and 5 drill pads were completed to accommodate the initial holes planned for the fall program. Total drilling in the four holes was 8,989 feet (2,740 meters). The balance of the initial 16-hole scoping drill program designed to test the Rift Anticline is scheduled for completion in the spring of 2021.

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**Summary and Highlights of fall 2020 drilling program:**

- Anomalous intervals of gold in RA20-04 start at 2,316 feet and extend to 2,831 feet with the most notable intervals being:
  - 15 feet (4.6 m) of 1.6 grams/tonne gold within 55 feet (16.8 m) of 0.68 g/t gold; included within this is a 5-foot (1.5 m) interval of 3.3 g/t gold
  - 10.5 feet (3.2 m) of 3.0 g/t gold within 45.5 feet (13.9 m) of 1.1 g/t gold; included within this is a 5-foot (1.5 m) interval 4.2 g/t gold
  - Numerous shorter intervals of sub 1 g/t gold to slightly over 1 g/t gold occur within the 420 foot interval.
- Interpretations of structure, alteration and mineralization indicate RA20-04 drilled through the 'feathery' edge of a large Carlin system, somewhere between proximal (150 meters) and distal (500 meters) from significant gold values.
- Holes RA20-01 through 04 encountered numerous high and low angle faults and splays within thick (up to 175 meters) sections of the favorable Wenban Unit 5 stratigraphy that has been strongly altered (both silicification and decalcification), and with the last two holes traversing an over-thickened interval of the Roberts Mountains Formation which is also an important ore host within the northern Nevada region.
- Indications of a Carlin gold-system including brecciation, kaolinite veining, variable decarbonatization, silicification and remobilized carbon have all been observed in the core. Lamprophyre and basalt dikes have also been observed as is the case in many of the higher-grade Carlin deposits within the region.
- The shallower hole RA20-03 encountered several small intervals of anomalous gold mineralization also within the Roberts Mountains formation.
- As Holes RA20-01, RA20-02 (reported in [NR November 25, 2020](#)) did not test as deeply as hole RA20-04, NuLegacy considers areas of Roberts Mountains Formation occurring below the bottoms of these holes as prospective.
- To sum up, the Rift Anticline has both decalcified and silicified hosts within the Wenban5 and Roberts Mountains horizons demonstrating that the Rift Anticline target zone has all of the classic hosting materials of the high-grade Carlin systems, and it has gold, albeit in as yet modest amounts, in the first four holes drilled into the ~6+ sq. km Rift Anticline target. NuLegacy now takes the view to drill all future holes deeper as well as perhaps retest the northern part of the target at a deeper level.

NuLegacy believes the Rift Anticline Target, part of its 100% controlled 108 sq. km Red Hill Gold Project, potentially hosts a high-grade Carlin deposit like the nearby Goldrush, Cortez Hills and Pipeline deposits owned by Nevada Gold Mines, and has undertaken an aggressive 16-hole deep drilling program aimed at making such a discovery.

Assays will be reported as received and processed with the QA/QC protocols administrated by NuLegacy's Qualified Person, Dr. Roger Steinger CPG.

**Permitting**

In September 2020, NuLegacy received final approval from the U.S. Bureau of Land Management of a modified 'Avocado' Plan of Operations (PoO) environmental permit. With this permit approval, the planned phase one exploration drill program of the highly prospective Rift Anticline target has commenced.

In June 2020 NuLegacy successfully acquired 44 preapproved Greater Sage-Grouse conservation credits in order to fully satisfy NuLegacy's compensatory mitigation obligations for its modified Plan of Operations over the Red Hill projected.

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**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*.

**SUMMARY OF QUARTERLY RESULTS**

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

	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020
Net income (loss)	\$ (521,640)	\$ (781,132)	\$ (879,988)	\$ 113,431
Comprehensive income (loss)	(521,640)	(781,132)	(886,399)	94,993
Gain (loss) per share - basic and diluted	(0.00)	(0.00)	(0.00)	0.00
Comprehensive gain (loss) per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.00

	Dec 31, 2019	Sep 30, 2019	Jun 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)

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 quarter ended March 31, 2020 had a positive net and comprehensive loss due to a foreign exchange gain of \$488,426 during the period.

The difference between the net loss and the comprehensive loss is due to the change in the fair market value of NuLegacy's investments.

**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, 2020 and 2019:

	For the three months ended December 31,		For the nine months ended December 31,	
	2020	2019	2020	2019
Revenue	\$ -	\$ -	\$ -	\$ -
Operating expenses	(503,946)	(485,936)	(1,734,388)	(1,738,548)
Net loss	(521,640)	641,831	(2,182,760)	(1,927,533)
Comprehensive loss	(521,640)	(669,630)	(2,189,171)	(1,897,942)
Net loss per share-basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)
Comprehensive loss per share-basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)
Working capital	5,978,085	5,722,799	5,978,085	5,722,799
Exploration and evaluation assets	32,074,915	27,966,254	32,074,915	27,966,254
Total assets	39,113,641	34,576,808	39,113,641	34,576,808
Total liabilities	\$ 320,690	\$ 103,331	\$ 320,690	\$ 103,331



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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, 2020, NuLegacy had not yet achieved profitable operations and has an accumulated deficit of \$26,923,365 (December 31, 2019 - \$24,854,036) since inception. For the nine months ended December 31, 2020, losses resulted in a net loss per share (basic and diluted) of \$0.00 (2019 - \$(0.01)) and comprehensive loss per share (basic and diluted) of \$0.00 (2019 - \$(0.01)).

**RESULTS OF OPERATIONS**

The table below details the major changes in operating expenses for the three months ended December 31, 2020 as compared to the corresponding three months ended December 31, 2019.

Expense	Amount of increase / decrease from comparative year	Explanation for Change
Consulting	Increase of \$22,607	Increase due mainly to addition of two consultants during the period.
Directors fees	Increase of \$15,000	No directors fees were paid in the prior period
Travel & accommodation	Decrease of \$42,838	There is decreased travel activity in the current period due to travel restrictions between Canada and the USA.

The table below details the major changes in operating expenses for the nine months ended December 31, 2020 as compared to the corresponding nine months ended December 31, 2019.

Expense	Amount of increase / decrease from comparative year	Explanation for Change
Consulting	Increase of \$84,612	Increase due mainly to addition of two consultants during the period.
Directors fees	Increase of \$45,000	No directors fees were paid in the prior period
Management fees	Decrease of \$96,880	The prior period included a severance paid to the former CEO.
Share based payments	Increase of \$75,549	Increase was associated with increase in the number of stock options vesting during the current period.

**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, 2020, NuLegacy's liquidity and capital resources are as follows:

	December 31, 2020	March 31, 2020
Cash and cash equivalents	\$ 6,102,949	\$ 5,251,540
Receivables	13,621	18,753
Prepaid expenses	91,183	71,226
Available for sale financial assets	91,022	98,895
Total current assets	6,298,775	5,440,414
Trade and other payables	320,690	153,238
Working capital	\$ 5,978,085	\$ 5,287,176

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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, 2020, NuLegacy had cash of \$6,102,949 (March 31, 2020 - \$5,251,540). As at December 31, 2020, NuLegacy had working capital of \$5,978,085 (March 31, 2020 - \$5,287,176).

As at December 31, 2020, the fair value of the Global Resources Investment Ltd. ("GRIT") common shares was \$91,022 (March 31, 2020 - \$98,895). 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".

## **COMMITMENTS**

The following commitments are (were) pursuant to the Wilson Property:

### Wilson property:

Pursuant to the amended mining lease with Idaho Resources Corp., NuLegacy must make one annual payment of US\$15,000 due on January 1 of each year commencing on January 1, 2018. The amended lease includes a minimum exploration or development expenditure requirement of US\$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 April 1, 2020, the Company entered into a storage space rental agreement that expires March 31, 2022. The agreement requires monthly rental payments of US\$2,076.

As at December 31, 2020, NuLegacy had no long-term debt and no agreements with respect to borrowings entered into.

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**OFF BALANCE SHEET ARRANGEMENTS**

NuLegacy has no off-balance sheet arrangements.

**RELATED PARTY TRANSACTIONS**

During the six months ended September 30, 2020, NuLegacy entered into the following transactions with related parties:

- a. Paid or incurred management fees of \$180,000 (December 31, 2019 - \$195,000) and office costs of \$10,800 (December 31, 2019 - \$10,800) to a company controlled by Albert Matter, the CEO and director of NuLegacy. As at December 31, 2020, \$nil (March 31, 2020 - \$770) was included in trade and other payables for reimbursement of expenses.
- b. Paid or incurred management fees of \$nil (2019 - \$90,000) and office costs of \$nil (December 31, 2019 - \$1,000) to a company controlled by James Anderson, former CEO and director of NuLegacy.
- c. Paid or incurred consulting fees of \$24,350 (December 31, 2019 - \$12,926) capitalized to exploration and evaluation assets to Roger Steininger, director and former CGO of NuLegacy.
- d. Paid or incurred management fees of \$139,540 (December 31, 2019 - \$131,400) and office costs of \$1,760 (December 31, 2019 - \$9,900) paid to Danny Lee, CFO of NuLegacy.
- e. Paid or incurred professional fees of \$65,557 (December 31, 2019 - \$59,486) and share issuance costs of \$36,966 (December 31, 2019 - \$79,181) to a company controlled by Gregory Chu, Corporate Secretary of NuLegacy. As at December 31, 2020, \$nil (March 31, 2020 - \$8,996) was included in trade and other payables for accrued professional fees.
- f. Paid or incurred consulting fees of \$67,500 (December 31, 2019 - \$nil) to Alex Davidson, Executive Chairman and director of NuLegacy.
- g. Paid or incurred consulting fees of \$74,699 (December 31, 2019 - \$106,817) to Edward Cope, a director of NuLegacy. As at December 31, 2020, \$8,497 (March 31, 2020 - \$9,785) was included in trade and other payables for accrued professional fees.
- h. Paid or incurred directors' fees of \$22,500 (December 31, 2019 - \$nil) to Alan R. Hill, an independent director of NuLegacy.
- i. Paid or incurred directors' fees of \$22,500 (December 31, 2019 - \$nil) to John Budreski, an independent director of NuLegacy.

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Summary of key management personnel compensation:

	<b>Nine months ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Exploration and evaluation assets	\$ 24,350	\$ 12,926
Management fees	319,540	416,400
Directors' fees	45,000	-
Consulting fees	142,199	106,817
Office	12,560	21,700
Professional fees	65,557	59,486
Share issuance costs	36,966	79,181
Share based payments	57,550	182,889
	<b>\$ 703,722</b>	<b>\$ 879,399</b>

**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

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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.

### **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**

The Company adopted IFRS 9 on April 1, 2019 in accordance with the transitional provisions of the standard, with the exception of the hedging provisions.

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 16 Leases***

This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. IFRS 16 requires lessees to recognize assets and liabilities for most leases.

### **FINANCIAL AND OTHER INSTRUMENTS**

NuLegacy has classified its financial instruments as follows:

Cash and cash equivalents	Amortized cost
Investments	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, 2020 and 2019 are summarized in Note 11 of the Financial Statements.

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**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, 2020, the Company has cash denominated in US dollars of \$3,884,701 (March 31, 2020 - \$3,490,096), deposits in US dollars of \$449,131 (March 31, 2020 - \$449,131) and trade and other payables in US dollars of \$215,262 (March 31, 2020 - \$37,747). Each 1% change in the Canadian dollar versus the US dollar would result in a gain/loss of approximately USD \$41,186 (March 31, 2020 – USD \$39,015).

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, 2020, the Company has an available for sale investment denominated in British Pounds of £52,369 (March 31, 2020 - £56,177). Each 1% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately £524 (March 31, 2020 - £562).

**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, 2020, the Company owned 1,904,320 (March 31, 2020 – 1,904,320) GRIT common shares with each common share valued at £0.03 or \$0.05 (March 31, 2020 - £0.03 or \$0.05). Each £0.01 change in the value per common share will result in a gain/loss of approximately £19,043 or \$32,021 (March 31, 2020 - £19,043 or \$33,523).

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**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.
- (g) In the management of capital, NuLegacy includes all accounts included in shareholders' equity.
- (h) As at December 31, 2020, 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**

	<b>As at December 31, 2020</b>	<b>As at February 26, 2021</b>
Common shares	488,852,453	588,852,453
Common shares – fully diluted**	615,100,280	824,910,440
Stock options – outstanding	35,625,000	42,625,000
Stock options – exercisable	24,698,333	25,448,333
Share purchase warrants	90,622,827	193,432,987

*\*\*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.*

Subsequent to the period ended December 31, 2020, 925,000 stock options expiring on November 16, 2020 had their expiry date extended to April 30, 2021 and has been approved by the TSX-Venture Exchange.

**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, 2020.

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

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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 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



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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 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, 2020.

This MD&A has been approved by the Board effective February 26, 2021