



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

**NULEGACY GOLD CORPORATION**  
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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 the Company’s financial performance, and should therefore be read in conjunction with the Company’s condensed interim consolidated financial statements and notes for the three and six months ended September 30, 2016 (the “**Interim Financial Statements**”), the annual audited consolidated financial statements (the “**2016 Annual Financial Statements**”) for the year ended March 31, 2016 and the Company’s annual management discussion and analysis (the “**2016 Annual MD&A**”).

All information contained in this MD&A is current as of November 28, 2016 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 multi-million ounce producing gold mines. NuLegacy has an experienced exploration team with several of its geologists credited with Nevada discoveries. Its team is focused on exploring its Iceberg property, acquired through an earn-in arrangement with Barrick Gold Corporation (“Barrick”) (refer to section “Summary of Exploration Activities”).

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

## **STRATEGY**

Management’s objective is to discover significant multi-million ounce Carlin-type gold deposits within the state of Nevada. Nevada is the 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 Iceberg property is situated in the well-established and prolific Cortez gold trend of Nevada.

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

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

**KEY HIGHLIGHTS**

Share capital:

• **Private Placements:**

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

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

- Nominate one director to NuLegacy's board;
  - Appoint one representative to NuLegacy's technical committee;
  - Participate in all future equity financings of shares or convertible securities to maintain and/or increase its equity ownership interest in NuLegacy to 19.9%; and
  - A 'first offer to negotiate' should a joint venture be contemplated for the purposes of financing the Iceberg Property.
- In July 2016, NuLegacy closed a private placement for 20,334,463 units at \$0.30 per unit for gross proceeds of \$6,100,339. Each unit consisted of one common share and one full share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period, subject to acceleration, of 18 months at an exercise price of \$0.45. Finders' fees of \$226,140 and 753,800 finders' warrants were paid and issued in connection with the private placement. The finders' warrants entitle the holders to purchase one additional common share for a period, subject to acceleration, of 18 months at an exercise price of \$0.30.
  - In October 2016, NuLegacy closed initial tranche of a private placement for 10,010,590 units at \$0.45 per unit for gross proceeds of \$4,504,766. Each unit consisted of one common share and one full share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period, subject to acceleration, of 18 months at an exercise price of \$0.65. In November 2016, NuLegacy closed the second tranche for 144,356 units at \$0.45 per unit for gross proceeds of \$64,960. Finders' fees of \$7,595 cash and 16,871 finders' warrants are to be paid and issued in connection with this private placement.
- NuLegacy granted a total of 7,945,000 stock options at a weighted average exercise price of \$0.33 per share, exercisable for a period of five years to various consultants. From the total stock options granted, 4,085,000 stock options were granted during the six months ended September 30, 2016 with the remaining 3,860,000 stock options granted subsequent to the period.
  - NuLegacy issued a total of 19,910,980 common shares in connection with warrants exercised for gross proceeds of \$3,527,434. From the warrants exercised, 13,606,600 warrants were issued for gross proceeds of \$2,266,558 during the six months ended September 30, 2016 with the remaining 6,304,380 warrants exercised for gross proceeds of \$1,260,876 subsequent to the period.
  - NuLegacy issued a total of 675,000 common shares in connection with stock options exercised for gross proceeds of \$120,000. From the stock options exercised, 650,000 stock options were issued for gross proceeds of \$115,000 during the six months ended September 30, 2016 with the remaining 25,000 stock options exercised for gross proceeds of \$5,000 subsequent to the period.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

Exploration activities:

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

**OVERALL PERFORMANCE**

Net loss for the six months ended September 30, 2016 was \$1,122,386 compared to a net loss of \$706,294 in the comparative six months ended September 30, 2015. The higher net loss in the current period is primarily the result of higher operating expenses due to an increase in corporate activity. Despite the higher net loss in the current period, there was a decrease to share based payments relative to the comparative period as the fair value recognized in connection with the vested stock options in the comparative period was higher. Refer to the "Results of Operations" section for further details.

Comprehensive loss in the six months ended September 30, 2016 was \$973,995 compared to a comprehensive loss of \$2,088,446 in the comparative period. NuLegacy recognized other comprehensive income of \$148,391 (September 30, 2015 – other comprehensive loss of \$1,382,152) due to the increase in the fair value of its available for sale financial assets whereas there was a significant decrease of the asset in the comparative period.

NuLegacy had a total net increase in cash and cash equivalents during the six months ended September 30, 2016 of \$11,671,713 while in the comparative period ended September 30, 2015, the increase in cash and cash equivalents was \$177,886. The difference to the increase in cash and cash equivalents between the two periods was primarily from financing activities in the current period which resulted in net share proceeds of \$14,765,103 (versus \$2,244,960 in the comparative period) based on the completion of private placements, exercise of warrants and stock options. However, the overall increase in cash was offset by investing and operating activities for the six months ended September 30, 2016 which saw NuLegacy spend \$2,448,135 and \$645,255, respectively. In the comparative period ended September 30, 2015, the Company spent \$1,608,952 and \$458,122 on financing and operating activities, respectively. The higher cash outflow during the current period from these activities is the result of increased exploration and corporate activities.

During the six months ended September 30, 2016, a total of \$2,366,848 and \$262,907 was incurred in deferred exploration costs on the Iceberg and Wilson properties, respectively, for total deferred exploration costs of \$2,629,755. For a more detailed description of NuLegacy's exploration expenditures, interest in its exploration and evaluation assets and the terms and conditions of the underlying agreements, refer to the "Summary of Exploration Activities" section.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

**SUMMARY OF EXPLORATION ACTIVITIES**

For the six months ended September 30, 2016, NuLegacy incurred a total of \$2,629,755 in deferred exploration costs compared to \$1,587,493 for the corresponding period ended September 30, 2015.

The following is a breakdown of the material components of NuLegacy's deferred exploration and development costs, on a property by property basis, for the six months ended September 30, 2016 and 2015:

	Iceberg Property	Wilson Property	Total
	\$	\$	\$
<b>Six months ended September 30, 2016</b>			
Acquisition	-	32,045	32,045
Assays	276,271	11,108	287,379
Drilling	1,267,600	95,434	1,363,034
Geological consulting	318,051	9,211	327,262
Geophysics	112,735	-	112,735
Miscellaneous	43,471	2,645	46,116
Property maintenance	182,131	107,207	289,338
Travel and vehicles	166,589	5,257	171,846
<b>Total</b>	<b>2,366,848</b>	<b>262,907</b>	<b>2,629,755</b>
<b>Six months ended September 30, 2015</b>			
Assays	123,884	-	123,884
Deposits	(25,108)	-	(25,108)
Drilling	807,103	546	807,649
Geological consulting	329,087	29,952	359,039
Miscellaneous	15,576	234	15,810
Property maintenance	168,309	100,315	268,624
Travel and vehicles	37,595	-	37,595
<b>Total</b>	<b>1,456,446</b>	<b>131,047</b>	<b>1,587,493</b>

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

The total cumulative acquisition and deferred exploration costs to September 30, 2016 are summarized as follows:

	Iceberg Property	Wilson Property	Total
	\$	\$	\$
Acquisition costs	4,176,153	254,843	4,430,996
Assays	656,843	37,336	694,179
Drilling	3,608,238	285,274	3,893,512
Geological consulting	2,023,957	157,220	2,181,777
Geophysics	112,735	-	112,735
Miscellaneous	124,882	10,310	135,192
Property maintenance	866,567	591,150	1,457,717
Travel and vehicles	334,542	21,766	356,308
<b>Accumulated expenditures since inception</b>	<b>11,903,917</b>	<b>1,357,899</b>	<b>13,261,816</b>

**Mineral properties:**

Iceberg Project, Eureka County, Nevada

The Iceberg (Red Hill) Project, 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:

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

**Iceberg (Red Hill) Property:**

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

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

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

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

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

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

Idaho Resources (Wilson) Property:

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.

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.

2016 Exploration Objectives:

- In May 2016, NuLegacy commenced a multi-phase 10,000 meter (33,000 ft.) drilling program ("2016 Drill Program") to continue the delineation of the Iceberg gold deposit. NuLegacy plans to drill eight to ten holes and then use the assays from these to confirm the selection of the next eight to ten holes. NuLegacy is scheduling completion of the 10,000 meters (approximately 40 holes) in five phases by late summer or early fall, 2016.
- With NuLegacy now holding 100% of the Iceberg project, NuLegacy will proceed to commission the preparation of the its maiden NI 43-101 estimate of resources. NuLegacy has spent its exploration budget (US\$5.0 million to date) focusing on near-surface oxides and has established an exploration target of 90-110 million tonnes grading 0.9 to 1.1 grams of gold/tonne. The exploration target is a 3,000 meter structural-mineralized corridor (on trend with the other three large Carlin type gold deposits in the Cortez), with the classic northwest-southwest strike of the Cortez "Carlin-style gold systems". To date, there are two concentrations of gold mineralization: the North zone (covering circa 350 meters of strike) and the larger Central zone (covering circa 650 meters of strike) where drill density is sufficient to support the planned NI 43-101 resource calculation. A third gold concentration, South zone, has insufficient drilling to qualify for a resource estimate.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

In July 2016, NuLegacy released assay results for the first 10 holes of the plus-40-hole (10,000-metre) 2016 exploration program on its 100-per-cent-owned Iceberg oxide gold deposit. The primary target is the shallow Carlin-style oxidized gold mineralization within the 3 km long and 0.5 km wide Iceberg gold deposit in the Cortez gold-trend of north-central Nevada.

Eight of the ten holes were drilled to expand the footprint of the 90-110 million tonnes of 0.9 to 1.1+ grams of gold/t exploration target within the Iceberg gold deposit - four into the Central zone and four into the North zone, while two were scout holes.

Highlights from the 1<sup>st</sup> set of drill results:

- **Iceberg - Central zone:** Of the four holes drilled to expand the Central zone, holes RHB-72 and RHB-73 are the most westerly holes drilled in the Central zone to date as step-outs from last season's RHB-60 which encountered 1.04 g/t gold over 35.1 meters (115 ft.); RHB-72 encountered intervals of good grade mineralization with 0.52 g/t gold over 35.1m (115 ft.) including 4.6 meters of 2.19 g/t gold, and, RHB-73 returned 0.61 g/t gold over 25.9 meters (85 ft.).

More significantly these intercepts are both contained within much longer intervals of lower grade gold mineralization of 0.40 g/t gold over 51.8 meters (170 ft.) in hole RHB-72, and 0.32 g/t gold over 80.8 meters (265 ft.) in hole RHB-73. These holes are transitioning from oxide to sulphide at depth with the mineralization dipping and plunging westerly toward a gravity anomaly some 300+ meters to the west identified last year.

These results coupled with those of scout hole RHB-81 (detailed below) indicate the potential for another large area of gold mineralization west of the Central zone. Additional holes are being permitted for follow up drilling of this westerly extension of the Central zone. To date the Central zone contains the majority of the gold discovered in the Iceberg deposit.

- **Iceberg - North zone:** Highlights include drill holes RHB-76 and RHB-79; these holes were drilled to expand the area of higher grade mineralization encountered in the North zone in last season's holes RHB-40 and RHB-58 which returned 3.9 g/t gold over 41.2 meters, and 3.4 g/t gold over 35.1 meters respectively.

The results of RHB-76 and 79, while more modest in grade continue to expand the higher-grade north zone, and open large untested areas further to the north and northwest for additional drilling.

- **Scout holes:** NuLegacy will continue its practice of drilling 20-40% of its holes as scout and/or wildcat exploration holes into the numerous high priority exploration targets throughout the 98 sq. km (38 sq. mile) property.
- **East of North Zone:** In this round, scout drill hole RHB-80 drilled 300+ meters to the east of the North zone encountered significant caving while drilling and was unable to test its intended target. One of the ironies of Carlin-type gold deposits is that the very ground conditions that are most favourable for the optimum deposition of gold - highly fractured zones - are difficult drilling conditions. This hole will be re-drilled with a more substantial rig.
- **West of Central Zone:** A review of the assays and analysis of last year's exploration program that was undertaken together with Barrick's geology team in early May 2016 indicated that NuLegacy should pursue a geo-chemical/geo-physical anomaly significantly to the west of the Iceberg.

Hole RHB-81 was drilled as an initial test of the gravity anomaly 300+ meters directly west of the Central zone and encountered three intervals of anomalous gold mineralization - including the best interval grading 0.31 g/t over 7.6 meters (25 ft.). This confirms another highly prospective new target for further exploration west of the Central zone.



**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

(Follow this link to view the assays results for the 2016 program:

<http://nulegacygold.com/s/News.asp?ReportID=756708& Type=News& Title=NuLegacy-Reports-1st-Set-of-2016-Drill-Results>)

In August 2016, NuLegacy reported drilling of the next 20 holes on its 100% owned Iceberg oxide gold project was underway. The primary target was the shallow Carlin-style oxidized gold mineralization within NuLegacy's Iceberg gold deposited located in the Cortez gold trend of north-central Nevada.

NuLegacy was utilizing a reverse circulation track rig for drilling deposit expansion and scout holes in and around the Iceberg gold deposit, and was utilizing a deeper capacity reverse circulation truck rig to drill exploration holes in untested prospective targets at a considerable distance from the Iceberg deposit.

Seven or eight of each set of ten holes were drilled to in-fill or expand the footprint of the 90 - 110 million tonnes of 0.9 to 1.1+ grams of gold/t exploration target within the Iceberg gold deposit (deposit size figures are conceptual) while two or three holes were true exploration or wildcat holes designed to identify new areas of mineralization.

These true exploration holes were initially targeted on the other Carlin-type gold systems identified to date on the property, principally the Avocado, VIO and Jasperoid Basin gold anomalies, as well as several targets on the minimally explored Idaho portion (to far east of the Iceberg deposit). These targets were sufficiently remote from the Iceberg gold deposit that success would indicate an entirely new/additional gold deposit.

Previous drilling has demonstrated that the Avocado has gold bearing Carlin-style gold deposit alteration and mineralization associated with the large Induced Polarization geophysical anomaly. Both the VIO and Jasperoid Basin are large areas of surface alteration and gold in rock chip geochemical samples. The Jasperoid Basin is undrilled and VIO has two widely spaced holes that contain anomalous gold with associated Carlin-style gold deposit alteration and trace elements.

In late August 2016, a core rig drilled three holes in the North zone to increase the knowledge of the Iceberg's geology to help locate the higher grade zones, better define the gold occurrences, and provide material for resource analyses including bulk density measurements and metallurgical samples.

In September 2016, NuLegacy reported assay results from five reverse circulation holes drilled in August at its Iceberg oxide gold deposit. The primary target was the shallow Carlin-style oxidized gold mineralization within the Iceberg gold deposit in the Cortez gold-trend of north-central Nevada. Highlights from the infill and step-out drilling expanding the North zone of the Iceberg include:

- 2.16 g/t gold over 21.3 meters (70 ft.) included 6.09 g/t gold over 4.6 meters in RHB-82,
- 1.63 g/t gold over 10.7 m and 0.59 g/t gold over 24.4 m in RHB-83,
- 1.28 g/t gold over 18.3 m including 2.36 g/t gold over 7.6 m in RHB-84.

Holes RHB-82 and 83 were the two most southerly holes drilled to date in the North zone and continue the progress towards filling the gap between the North and Central zones of the Iceberg deposit. The gold mineralization is hosted predominately in Devonian silicified limestone breccia that is strongly oxidized and similar to the mineralized zones in the other Cortez gold trend's gold deposits.

Two completed wildcat holes drilled into the Avocado and IRC anomalies were submitted for assay; as well, NuLegacy was half way through a 10 line CSAMT and IP survey program covering the entire Iceberg gold deposit. This was expected to greatly enhance NuLegacy's targeting ability once completed and analyzed.

Please follow this link <http://nulegacygold.com/i/maps/2016DrillingNZ-6Holes-Histover.jpg> to the plan map.

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

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

Hole AV-02, located 1,750 meters north-west of the Iceberg gold deposit, discovered a massive bloom of gold grading 0.26 g/t over 199.7 meters (655 feet) including 24 and 35 meter intervals of 0.5-gram material, and 10 and 13 meter intervals of better than 1.0-gram material. The gold mineralization is continuous from a depth of 415 meters to the bottom of the hole at 615 meters (200 m interval). Plan map link - <http://nulegacygold.com/i/pdf/ppt/2016-09-06/2016-09-NUGPPT-page-30.pdf>

AV-02 is 120 meters north of AV-01 (reported 10/28/2014) which returned three anomalous (less than 0.1 g/t) gold intervals of 12, 20 and 35 meters encountered at 253, 331 and 419 meters respectively. These anomalous intervals are within the same black carbonaceous pyritic limestone that hosts much of the gold mineralization in the deeper parts of Nevada's Carlin-type gold deposits. The suite of anomalous trace elements present in the material in AV-01 (typical of large Carlin-type gold systems) indicated that higher grade gold mineralization should occur in the vicinity. AV-02's higher grades and very thick gold-bearing horizon of 200+ meters together with the same classic trace elements suite indicates the possibility of much higher grade gold mineralization within Avocado geophysical anomaly.

NuLegacy reported the assay results from hole AV-03, the second of two exploration holes drilled into the Avocado deposit so far in 2016. Hole AV-03 drilled 2/3 of a kilometer (650 meters/2,130 ft.) east of AV-02 returned an assay of 1.04 grams of gold/t over 25.9 meters (from 312.6 to 347.5 meters). This is an important improvement on the grade of the discovery hole AV-02 which reported (Sept. 13, 2016) 0.26 g/t over 199.7 meters (655 feet) including 24 and 35 meter intervals of 0.5-gram material, and 10 and 13 meter intervals of better than 1.0-gram material. Plan map link - <http://nulegacygold.com/i/pdf/ppt/2016-09-06/2016-09-NUGPPT-page-30-thumb.jpg>

Notably the mineralized interval in AV-03 is in a brecciated Jasperoid (strongly silicified) that contains minor disseminated pyrite. This is more similar to the Iceberg gold deposit mineralization than the mineralization in AV-02 which is the black carbonaceous pyritic limestone material that hosts much of the gold mineralization in the deeper parts of Nevada's major Carlin-type gold deposits. With AV-03 drilled on the eastern margin of the Avocado IP anomaly this could represent a northern extension to the Iceberg gold deposit. The results of these two holes improve the possibility of the Avocado being another substantial Carlin-style gold deposit within the geophysical anomaly.

In November 2016, NuLegacy reported assays from recently drilled reverse circulation holes in the Iceberg gold deposit within the Red Hill project.

NuLegacy's Red Hill property in Nevada's Cortez trend, hosts multiple Carlin-type gold systems with multiple goldbearing horizons. NuLegacy's present focus is delineating the shallow Carlin-style oxidized gold mineralization within the Iceberg gold deposit, exploring the newly discovered Avocado deposit and testing the VIO and Jasperoid Basin prospects.

Highlights from the Iceberg deposit infill and step-out drilling include:

- **Central zone of the Iceberg:** Holes RHB-91 and 93 continue to expand the Central zone towards the 'western gravity/geochemical anomaly' (now being tested by Hole RHB-110) with RHB-91 reporting 33.5 meters of 0.51 grams gold/t and RHB-93 returning 29.3 meters of 0.32 grams gold/t.
- **North zone of the Iceberg:** Holes RHB-98 with 21.3 meters of 0.99 grams gold/t, including 9.1m of 1.27 grams gold/t and RHB-97 with 25.9 meters of 0.36 grams gold/t continues to expand the North zone to the south and west.

**The Avocado discovery:** Drilling of the next hole in the Avocado deposit (core hole AV- 4) is underway. Based on the results from the two wildcat holes drilled into the Avocado (reported Sept. 13, and 20, 2016) - 199.7m of 0.26 grams/t in AV-2 and 25.9m of 1.05 grams/t in AV-3) and a review of the geo-physical data, the initial target depth is ~2,500- foot/760-meter. This provides important stratigraphic information to help guide the vectoring of the next set of holes designed to test for the origination of the massive 655 foot/200 meter 'bloom of ¼ gram gold' reported in AV-2. Boart Longyear was contracted to drill this hole and expects to complete it early December; thus, we expect the assay results early in the New Year in time to utilize them to select sites and commence a three to five-hole Avocado exploration program in the spring of 2017.

**Key Highlights of Geophysical Program at Iceberg:**

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

- An IP (induced polarization) survey identified a chargeability anomaly just west of the Iceberg fault at a depth of approximately 1200 ft/366m. This as yet untested anomaly lies between the established near-surface horizon of oxidized gold mineralization in the North and Central zones of the Iceberg gold deposit; it could represent a deeper (likely sulfide) higher-grade gold-bearing horizon in the Iceberg.
- A CSAMT (controlled-source audio-frequency magnetotellurics) survey clearly defined the northwest trending Iceberg fault as well as numerous sub-parallel faults to the west under post-mineral cover. The newly identified faults have excellent potential to have allowed emplacement of disseminated gold mineralization and are essentially untested by drilling.
- The CSAMT survey also defined numerous northeast trending faults that transect the Iceberg deposit. These cross-cutting faults may have functioned as important fluid conduits and require additional drill testing for gold mineralization.

**Overview:** A total of 22.4 line kilometers of controlled-source audio-frequency magnetotellurics (CSAMT) and induced polarization (IP) lines were completed at the Iceberg deposit by Zonge International Inc. under the supervision of NuLegacy's Chief Geologist, Mr. Derick Unger. Data interpretation was completed by the NuLegacy exploration team in collaboration with Zonge's senior geophysicists.

**The 2016 IP survey** located a chargeability anomaly just west of the Iceberg fault. Chargeability anomalies represent an accumulation of minerals, such as gold-bearing sulfides, that are able to absorb and then slowly release an electric charge. The newly discovered IP anomaly at Iceberg is approximately 1200 ft./366 m deep, deeper than any nearby drilling. Of greater significance, the anomaly lies between the North and Central mineralized zones in an area with just a few shallow drill holes. See illustration at <http://nulegacygold.com/i/pdf/thumbs/Geophysics-Report-2-lg.jpg>. Drill testing this target will be part of the 2017 exploration program.

**The CSAMT** lines surveyed over the Iceberg deposit clearly outlined the northwest trending Iceberg fault and a series of sub-parallel faults to the west beneath post-mineral cover. The newly defined faults have excellent gold mineralization potential and have not previously been explored as they were 'blind' to the surface. Additionally, the CSAMT lines helped define a series of northeast trending faults that transect the Iceberg deposit. The convergence of northwest and northeast trending fault systems likely served as important mineralized fluid conduits. See illustration at <http://nulegacygold.com/i/pdf/thumbs/Geophysics-Report-4-lg.jpg>.

#### **2015 Exploration Program Results:**

##### **Iceberg Property:**

The exploration program began in March 2015 and included approximately 22,640 feet (6,900 meters) of drilling, which was concluded at the end of September 2015. The drilling was concentrated in and between the North, Central, and South zones of gold mineralization, with limited drilling in the South zone. It extended these three gold bearing zones and targeted the high-grade zones in the deposit.

The budgeted US\$1.3 million of direct exploration expenditures completed the earn-in to a 70% working interest in the Iceberg gold deposit (by which NuLegacy provided a notice of completion to Barrick in October 2015).

(Follow this link <http://nulegacygold.com/s/2015-Drill-Program.asp> to view plan maps and cumulative table of assays for the 2015 program)

The following is a summary of the exploration program at Iceberg with an emphasis on drilling completed in 2015. Details of the results of this program are in the news releases that can be found at <http://nulegacygold.com> (specifically NRs dated 5/7/15, 6/11/15, 7/23/15, 8/26/15, and 9/30/15)

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

North Zone

Nineteen holes totaling 11,555 feet (3522 meters) were drilled during 2015 resulting in the expansion of the zone in all directions. Drilling continues to demonstrate that gold occurs in several horizons, all of which have typical Carlin-type gold deposit characteristics. Continuous zone of gold mineralization occur in Tertiary volcaniclastics, Devonian Horse Canyon/Wenban 8 contact zone, and within Wenban 5. The geology and style of mineralization of all the Iceberg zones is very similar to Barrick's gold deposits in the Cortez Trend.

Two important aspects of the 2015 drilling are the many high-grade intercepts that were encountered and the longer intervals of continuous mineralization. Of particular note are high-grade intervals in holes RHB-40, 58, and 68, and the substantial mineralized lengths in holes 49 and 64. These demonstrate the robust nature of the Iceberg deposit. Drilling has not defined the limits of mineralization of the North zone.

Central Zone

Twelve holes totaling 8,480 feet (2,585 meters) were drilled during 2015 which continued to expand the zone (details in NRs cited above). As with the North zone, continuous gold mineralization occurs in multiple layers within the volcaniclastics and Devonian carbonates. Drilling has not defined the limits of gold mineralization in most directions, and there is a significant generally undrilled gap between the North and Central zones. Geologic evidence indicates that drilling within this gap will connect the two zones.

South Zone

One hole (RHB-44) was drilled into the zone in 2015 to a depth of 500 feet (152 meters). The hole contains a narrow interval of gold mineralization. This coupled with other holes in the zone demonstrates that the South zone contains significant gold mineralization, but the limited drilling does not produce a good understanding of the zone's geology and extent. The South zone is still open in most directions and there is a significant essentially undrilled gap between it and the Central zone. Geologic evidence indicates that drilling within this gap will connect the two zones.

West Iceberg

About 150 meters west of the Central zone there is a north-northwest trending gold in soil anomaly with a coincident gravity low. In 2014 hole RHB-37 was drilled as the initial test of the zone and encountered 35 feet (14.1 meters) of 0.19 g/t Au in silicified Devonian Horse Canyon Formation. In 2015 a second hole was drilled into the zone (RHB-59) which encountered 25 feet (7.6 meters) of 0.27 g/t Au in a similar geological environment). These two holes produced a strong indication that a parallel zone of gold mineralization exists to the west of Iceberg. More drilling is needed to determine the full extent of this mineralization.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

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Additional comments

The 2015 spring and summer drill program was reverted to predominantly reverse circulation drilling. At less than half the cost per hole, reverse circulation drilling resulted in more than twice as many holes in about half as much time, thus providing many more opportunities for discovering additional gold during the 2016 fiscal year exploration program, while not compromising sample quality.

In October 2015, NuLegacy provided a notice to Barrick Gold of the completion of NuLegacy's option to earn-in to a 70% undivided interest in the 60 sq. km property that hosts the Iceberg gold deposit. NuLegacy spent US\$5.0 million of direct property expenditures which included 74 drill holes and numerous geophysical and chemical surveys that have established the Iceberg gold deposit as an exploration target of 90-110 million tonnes of 0.9 to 1.1 grams of gold per tonne<sup>2</sup>.

Idaho Resources (Wilson) Property:

NuLegacy initiated exploration on the 100% controlled Idaho property which lies adjacent to the east of the Iceberg Project. During 2015 the program consisted of geological mapping, rock and soil sampling, and a gravity geophysical survey in preparation for drill target definition and drilling in 2016.

This program was completed on the IRC claims in parallel with the ongoing exploration of the Iceberg gold deposit. The IRC program will follow the exploration template that successfully delineated the Iceberg gold deposit; initial gravity surveys correlated with geochemistry surveys and then drilling.

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

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

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

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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:

	Sept 30, 2016	June 30, 2016	Mar 31, 2016	Dec 31, 2015
	\$	\$	\$	\$
Net loss	(646,076)	(476,310)	(456,043)	(534,930)
Comprehensive loss	(568,507)	(405,488)	(548,878)	(610,003)
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)

	Sept 30, 2015	June 30, 2015	Mar 31, 2015	Dec 31, 2014
	\$	\$	\$	\$
Net loss	(194,827)	(511,467)	(176,990)	(411,631)
Comprehensive loss	(1,509,068)	(579,378)	(242,201)	(755,761)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Comprehensive loss per share - basic and diluted	(0.01)	(0.00)	(0.00)	(0.01)

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, 2015 and March 31, 2015 where NuLegacy recognized a larger foreign exchange gain in connection with NuLegacy's US cash and US deposits along with NuLegacy's available for sale financial assets denominated in British Pounds as both currencies strengthened against the Canadian dollar in those periods.

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

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

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**SELECTED QUARTERLY INFORMATION**

The following financial data is derived from the condensed interim consolidated financial statements of the Company for the three and six months ended September 30, 2016 and 2015:

	For the three months ended September 30,		For the six months ended September 30,	
	2016 \$	2015 \$	2016 \$	2015 \$
Revenue	-	-	-	-
Operating expenses	(827,958)	(411,834)	(1,390,547)	(965,688)
Net loss	(646,076)	(194,827)	(1,122,386)	(706,294)
Comprehensive loss	(568,507)	(1,509,068)	(973,995)	(2,088,446)
Net loss per share-basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Comprehensive loss per share-basic and diluted	(0.00)	(0.01)	(0.00)	(0.01)
Working capital	12,426,699	2,084,295	12,426,699	2,084,295
Exploration and evaluation assets	13,261,816	6,220,603	13,261,816	6,220,603
Total assets	26,549,646	8,620,713	26,549,646	8,620,713
Total liabilities	497,451	24,582	497,451	24,582

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

At September 30, 2016, NuLegacy had not yet achieved profitable operations and has an accumulated deficit of \$13,748,872 (March 31, 2016 - \$12,626,486) since inception. For the six months ended September 30, 2016, losses resulted in a net loss per share (basic and diluted) of \$0.00 (September 30, 2015 - \$0.00) and comprehensive loss per share (basic and diluted) of \$0.00 (September 30, 2015 - \$0.01).

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

**RESULTS OF OPERATIONS**

The table below details the major changes in operating expenses for the three months ended September 30, 2016 as compared to the corresponding three months ended September 30, 2015.

<b>Expense</b>	<b>Amount of increase / decrease from comparative period</b>	<b>Explanation for Change</b>
Consulting	Increase of \$69,417	Increased as NuLegacy engaged new consultants during the current period
Investor relations	Increase of \$34,562	Increased as NuLegacy engaged new IR consultants and increased corporate activity
Office	Increase of \$46,993	Increased as a result of increased general corporate activities
Professional fees	Increase of \$35,056	Increased due to higher legal fees as a result of increased corporate activity
Regulatory and transfer agent fees	Increase of \$13,948	Increased due to higher filing fees from increased corporate activity
Rent	Increase of \$14,676	Increased due to new rental lease agreements entered into for the Reno and Vancouver office
Share based payments	Increase of \$116,136	Increase was associated with more stock options being granted in the current period whereas none were granted in the comparative period
Travel and accommodation	Increase of \$69,895	Increased as a result of increased corporate activity and more trips made to the Reno office

The table below details the major changes in operating expenses for the six months ended September 30, 2016 as compared to the corresponding six months ended September 30, 2015.

<b>Expense</b>	<b>Amount of increase / decrease from comparative year</b>	<b>Explanation for Change</b>
Consulting	Increase of \$182,559	Increased as a result of a settlement payment and the addition of new consultants
Investor relations	Increase of \$67,617	Increased as NuLegacy engaged new IR consultants and increased corporate activity
Office	Increase of \$54,401	Increased as a result of increased general corporate activities
Professional fees	Increase of \$34,277	Increased due to higher legal fees as a result of increased corporate activity
Regulatory and transfer agent fees	Increase of \$20,211	Increased due to higher filing fees from increased corporate activity
Rent	Increase of \$33,719	Increased due to new rental lease agreements entered into for the Reno and Vancouver office
Share based payments	Decrease of \$72,415	Decreased as there were more stock options granted in the comparative period related to the current period
Travel and accommodation	Increase of \$88,607	Increased as a result of increased corporate activity and more trips made to the Reno office



**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

**LIQUIDITY**

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

As at September 30, 2016, NuLegacy's liquidity and capital resources are as follows:

	September 30, 2016	March 31, 2016
	\$	\$
Cash and cash equivalents	12,522,271	850,558
Receivables	42,232	12,725
Prepaid expenses	108,473	117,810
Available for sale financial assets	251,174	113,016
Total current assets	12,924,150	1,094,109
Trade and other payables	497,451	135,664
Working capital	12,426,699	958,445

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

During the six months ended September 30, 2016, NuLegacy received (1) \$12,382,745 from the issuance of common shares, net of cash commission and expenses of \$390,446, in connection with two private placement, (2) \$2,266,558 from the exercise of 13,606,600 warrants and (3) \$115,000 from the exercise of 650,000 stock options.

As at September 30, 2016, NuLegacy had cash and cash equivalents of \$12,522,271 (March 31, 2016 - \$850,558), consisting primarily of the net proceeds from the closing of private placements in April and July 2016 and the exercise of warrants and options. As at September 30, 2016, NuLegacy had working capital of \$12,426,699 (March 31, 2016 - \$958,445).

As at September 30, 2016, the fair value of the Global Resources Investment Ltd. ("GRIT") common shares was \$251,174 (March 31, 2016 - \$113,016). NuLegacy intends to liquidate the GRIT common shares and use the net proceeds for general corporate purposes.

Subsequent to September 30, 2016, NuLegacy closed private placements for 10,154,946 units at \$0.45 per unit for gross proceeds of \$4,569,726. In addition, NuLegacy also received proceeds of \$1,265,876 from the exercise of warrants (\$1,260,876) and stock options (\$5,000).

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

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

**COMMITMENTS**

The following commitments are pursuant to the Wilson Property:

Wilson property:

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

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

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

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

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

Contractual Obligations:

NuLegacy does not currently have any other material contractual obligations.

As at September 30, 2016, NuLegacy had no long term debt and no agreements with respect to borrowings entered into.

**OFF BALANCE SHEET ARRANGEMENTS**

NuLegacy has no off-balance sheet arrangements.

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

**RELATED PARTY TRANSACTIONS**

During the six months ended September 30, 2016, NuLegacy entered into the following transactions with related parties:

- a. Incurred management fees of \$81,000 (September 30, 2015 - \$75,000) and office costs of \$7,200 (September 30, 2015 - \$5,850) to a company controlled by Albert Matter, the Chairman and director of NuLegacy. As at September 30, 2016, an advance of \$nil (March 31, 2016 - \$13,700), on account of future expenses was included in prepaid expenses.
- b. Incurred management fees of \$81,000 (September 30, 2015 - \$75,000) and office costs of \$6,000 (September 30, 2015 - \$4,500) to a company controlled by James Anderson, CEO and director of NuLegacy. As at September 30, 2016, an advance of \$nil (March 31, 2016 - \$13,500), on account of future expenses was included in prepaid expenses.
- c. Incurred consulting fees capitalized to exploration and evaluation assets of \$78,336 (September 30, 2015 - \$82,500) and office costs of \$6,035 (September 30, 2015 - \$5,584) to Roger Steininger, COO and director of NuLegacy. As at September 30, 2016, an advance of \$nil (March 31, 2016 - \$10,547), on account of future exploration geological fees was included in prepaid expenses and \$35,541 (March 31, 2016 - \$nil) was included in trade and other payables for reimbursement of expenses.
- d. Incurred professional fees of \$19,500 (September 30, 2015 - \$19,500) to a company controlled by Michael Waldkirch, CFO of NuLegacy.
- e. Incurred professional fees of \$45,793 (September 30, 2015 - \$34,036) and share issuance costs of \$72,309 (September 30, 2015 - \$15,633) to a company controlled by Gregory Chu, Corporate Secretary of NuLegacy. As at September 30, 2016, \$28,479 (March 31, 2016 - \$25,000) was included in trade and other payables for unpaid professional fees.
- f. Incurred directors' fees of \$7,500 (September 30, 2015 - \$7,500) to Alex Davidson, an independent director of NuLegacy.
- g. Incurred directors' fees of \$nil (September 30, 2015 - \$7,500) to Petra Decher, a former independent director of NuLegacy.

Summary of key management personnel compensation:

	<b>Six months ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation assets	<b>78,336</b>	82,500
Management fees	<b>169,500</b>	165,000
Office	<b>19,235</b>	15,934
Professional fees	<b>19,500</b>	19,500
Share based payments	<b>71,380</b>	312,202
	<b>357,951</b>	595,136

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

**ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUES**

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

**RISKS AND UNCERTAINTIES**

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

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

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

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

**CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

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

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

**CHANGES IN ACCOUNTING POLICIES**

There were no changes to NuLegacy's accounting policies during the six months ended September 30, 2016.

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

***IFRS 9 Financial Instruments***

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

**FINANCIAL AND OTHER INSTRUMENTS**

NuLegacy has classified its financial instruments as follows:

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

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

The classification and fair values of the financial instruments at September 30, 2016 and March 31, 2016 are summarized in Note 11 of the Interim Financial Statements.

**Foreign Currency Risk**

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

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

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

---

As at September 30, 2016, the Company has cash and cash equivalents denominated in US dollars of \$8,745,408 (March 31, 2016 - \$624,113), deposits in US dollars of \$207,122 (March 31, 2016 - \$189,737) and trade and other payables in US dollars of \$297,608 (March 31, 2016 - \$52,773). Each 1% change in the Canadian dollar versus the US dollar would result in a gain/loss of approximately USD \$86,549 (March 31, 2016 – USD \$7,611). The Company also had trade and other payables in Euros of €2,500 (March 31, 2016 - €14,450); however, each 1% change in the Canadian dollar versus the Euro would not be significant.

In addition, the Company holds an investment that is denominated in British Pounds (£). As such, it is subject to fluctuations in the exchange rates for the Canadian dollar and British Pounds. As at September 30, 2016, the Company has an available for sale investment denominated in British Pounds of £147,152 (March 31, 2016 - £60,592). Each 1% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately £1,472 (March 31, 2016 - £606).

#### **Interest Rate Risk**

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

#### **Credit Risk**

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

#### **Liquidity Risk**

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

#### **Other Price Risk**

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

The equity price risk associated with NuLegacy's current available for sale investment primarily relates to the change in the market prices of the investments in the portfolio. As at September 30, 2016, the Company owned 1,731,200 (March 31, 2016 – 1,731,200) GRIT common shares with each common share valued at £0.085 or \$0.15 (March 31, 2016 - £0.035 or \$0.07). Each £0.01 change in the value per common share will result in a gain/loss of approximately £17,312 or \$29,550 (March 31, 2016 - £17,312 or \$32,290).

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

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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.

In the management of capital, NuLegacy includes all accounts included in shareholders' equity. As at September 30, 2016, NuLegacy had no bank indebtedness.

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

**OUTSTANDING SHARE DATA, OPTIONS AND WARRANTS**

	As at September 30, 2016	As at November 28, 2016
Common shares	274,104,770	291,814,096
Common shares – fully diluted**	325,482,053	349,418,817
Stock options – outstanding	21,235,000	24,820,000
Stock options – exercisable	16,422,500	17,630,834
Share purchase warrants	30,142,283	32,784,721

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

**DIVIDEND REPORT AND POLICY**

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

**INTERNAL CONTROLS OVER FINANCIAL REPORTING PROCEDURES**

The management of NuLegacy is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and NuLegacy's condensed interim consolidated financial statements for the six months ended September 30, 2016.

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

**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

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**MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS**

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

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

**FORWARD LOOKING STATEMENTS**

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

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

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



**NULEGACY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

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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)
- The Company's condensed interim consolidated financial statements for the three and six months ended September 30, 2016 and 2015
- The Company's audited consolidated financial statements for the year ended March 31, 2016.

This MD&A has been approved by the Board effective November 28, 2016.