



**Management's Discussion and Analysis**

For the nine months ended December 31, 2018

# NULEGACY GOLD CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

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#### GENERAL

The purpose of this Management Discussion and Analysis (“**MD&A**”) is to explain management’s point of view regarding the past performance and future outlook of NuLegacy Gold Corporation (“**NuLegacy**”). This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting NuLegacy’s financial performance, and should therefore be read in conjunction with NuLegacy’s condensed interim consolidated financial statements and notes for the nine months ended December 31, 2018 (the “**Financial Statements**”).

All information contained in this MD&A is current as of February 26, 2019 unless otherwise stated.

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

Additional information on NuLegacy is available on SEDAR at [www.sedar.com](http://www.sedar.com) and at NuLegacy’s website, [www.nulegacygold.com](http://www.nulegacygold.com).

#### OVERVIEW

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

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

#### KEY HIGHLIGHTS

##### Iceberg (Red Hill) property:

- The Company completed all phases of its 2018 exploration program consisting of nineteen holes totaling 8,104 meters (26,589 feet) of RC and core drilling in the Serena-North zone, South zone, Avocado zone and Rift target.

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Share capital:

- The Company completed a non-broker private placement in July/August 2018. A total of 12,688,708 units were issued at a price of \$0.20 per unit for gross proceeds of 2,537,742. Each unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one additional common share of the Company for a period of 24 months, subject to acceleration, at a price of \$0.30. Finders' fees of \$17,260 cash were paid as well as 86,300 share purchase warrants were issued in connection with the private placement. Each of these warrants entitle the holder to purchase one additional common share of the Company at a price of \$0.20 for a period of 24 months.
- NuLegacy granted a total of 1,150,000 stock options at an exercise price of \$0.20 per share, exercisable for a period of five years to directors and consultants.

**OVERALL PERFORMANCE**

Net loss for the nine months ended December 31, 2018 was \$2,277,845 compared to a net loss of \$3,280,804 in the comparative period ended December 31, 2017. The lower net loss experienced in the current year is largely the result of a foreign exchange gain of \$311,195 in the current period as compared to a foreign exchange loss of \$702,579 in the comparative period.

Comprehensive loss in the period ended December 31, 2018 was \$2,512,229 compared to a comprehensive loss of \$3,313,332 in the comparative period. NuLegacy recognized \$234,384 (2017 – loss of \$32,528) in other comprehensive loss due to the decrease in the fair value of its available for sale financial assets.

NuLegacy had a net decrease in cash and cash equivalents during the nine months ended December 31, 2018 of \$2,516,793 whereas in the comparative period ended December 31, 2017, NuLegacy experienced a net decrease in cash and cash equivalents of \$6,794,625. The Company's Phase I drilling program for 2018 was significantly smaller as compared to 2017. Cash spent on exploration activities was \$3,637,711 for the nine months ended December 31, 2018 as compared to \$4,637,754 in comparative period in 2017. 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, 2018, NuLegacy incurred a total of \$4,575,992 in deferred exploration costs compared to \$5,108,195 for the corresponding nine months ended December 31, 2017.

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, 2018 and 2017:

	<b>Iceberg Property</b>	<b>Wilson Property</b>	<b>Coal Canyon</b>	<b>Total</b>
<b>Nine months ended December 31, 2018</b>				
Acquisition	\$ -	\$ -	\$ -	\$ -
Assays	284,878	-	-	284,878
Drilling	2,446,025	-	-	2,446,025
Geological consulting & salaries	1,113,638	-	-	1,113,638
Geophysics	137,177	-	-	137,177
Miscellaneous	86,535	-	-	86,535
Property maintenance	169,770	104,659	21,380	295,809
Travel	211,930	-	-	211,930
<b>Total</b>	<b>\$ 4,449,953</b>	<b>\$ 104,659</b>	<b>\$ 21,380</b>	<b>\$ 4,575,992</b>
<b>Nine months ended December 31, 2017</b>				
Assays	\$ 339,599	\$ -	\$ -	\$ 339,599
Drilling	2,858,827	-	-	2,858,827
Geological consulting & salaries	1,126,528	46,126	-	1,172,654
Geophysics	242,479	-	-	242,479
Miscellaneous	68,855	-	-	68,855
Property maintenance	198,217	100,487	-	298,704
Travel	127,077	-	-	127,077
<b>Total</b>	<b>\$ 4,961,582</b>	<b>\$ 146,613</b>	<b>\$ -</b>	<b>\$ 5,108,195</b>

- The higher drilling and assaying expenditures incurred in the prior year's comparative period was the result of a larger drilling program 2017.

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The total cumulative acquisition and deferred exploration costs to December 31, 2018 summarized as follows:

	<b>Iceberg Property</b>	<b>Wilson Property</b>	<b>Coal Canyon</b>	<b>Total</b>
Acquisition costs	\$ 4,176,153	\$ 320,948	-	\$ 4,497,101
Assays	1,442,129	37,336	-	1,479,465
Drilling	9,743,084	285,274	-	10,028,358
Geophysics	508,345	-	-	508,345
Geological consulting & salaries	5,284,453	209,735	-	5,494,188
Miscellaneous	300,448	6,733	-	307,182
Property maintenance	1,234,553	815,114	21,380	2,071,047
Travel	752,838	25,489	-	778,327
Accumulated expenditures since inception	\$ 23,442,003	\$ 1,700,629	\$ 21,380	\$ 25,164,013

**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 property agreements as follows:

- Red Hill Agreement – consists of 818 unpatented lode mining claims comprising approximately 60 square kilometers; and
- Idaho Resources (Wilson) Agreement – consists of 482 unpatented lode mining claims comprising approximately 38 square kilometers; and
- Coal Canyon – consists of 64 unpatented lode mining claims cover approximately 5 square kilometers.

**Red Hill Agreement:**

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

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

NuLegacy's re-interpretation of both the geology and historic drilling results 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 primarily in Devonian carbonate rocks, the same units that host the large gold deposits in the Cortez Trend, of which the Iceberg Property is a part. There are also several surface gold anomalies throughout the property that have not yet been drilled.

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

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

Idaho Resources (Wilson) Agreement:

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

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

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

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

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

Coal Canyon

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

**2018 EXPLORATION PROGRAM**

Phase 1 and 2 of exploration drilling has been completed. Phase 1 drilling consisted of seven holes totaling 3,265 meters (10,712 feet) of RC and core drilling designed to test for extensions of the Serena-North zone, South zone, and continue to explore Avocado. With the addition of Charles Weakly (NR11/28/17) to the staff a more detailed understanding of the Devonian stratigraphy has been gained. As a result, most of the previous drill holes are being relogged and more detailed geological models are being developed for Iceberg and Avocado. Additional drilling based on the new modelling and Phase 1 drilling will be results driven.

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*Avocado*

Four holes totaling 2,434 meters (7,985 feet) were drilled to test the western extension of the Avocado mineralized trend. Assays of the drill samples and geological interpretation of these holes are being incorporated into the geological model to develop additional drill targets.

*Serena/North Zone*

Seven holes totaling 2,254 meters (7,394 feet) were completed, the results of which are being incorporated into the geological model. The results from hole SR18-01C were released (NR June 27, 2018) and reported 51.1 meters (167 feet) of 1.47 g/t Au, including 15.2 meters (50 feet) of 3.27 g/t Au. The results from hole SR18-02C were released (NR August 27, 2018) and reported 8.7 meters of 16.92 g.t gold within a broader interval of 22.1 meters grading 6.59 g/t Au.

*South Zone*

Three holes totaling 1,097 meters (3,600 feet) were drilled into a possible western extension of the zone. These holes added significantly to the geological understanding of the South zone.

*Vio*

At the Vio target, a gradient array IP geophysical survey was conducted in 2018 to better understand the structural components of the mineralization and develop additional drill targets. The results show a series of four strong northerly oriented liniments interpreted to be high angle faults within Miocene age basalt from the Northern Nevada Rift. This is similar to the geological setting that hosts the Buckhorn, Mule Canyon, and Fire Creek epithermal mines to the north of Red Hill, which are the analogues that the NuLegacy exploration team are using for further exploration in this area. Exact drill locations are being defined for testing later in the 2019 season.

*Coal Canyon*

Sixty-four lode mining claims (5.1 km<sup>2</sup>) contiguous to the western margin of the Vio area were staked the first of September, 2018 to control a highly prospective area. This brings the Red Hill land holding to a total of 108 km<sup>2</sup>. The Coal Canyon claims contain both Carlin-type and epithermal-type targets.

**Fall 2018 drilling results:** NuLegacy completed its fall 2018/winter 2019 drilling program on January 15, 2019 with several widely spaced outlier holes. While numerous anomalous intercepts were encountered, the most important result was from hole WS18-01, drilled 1,200 meters (3,900 ft.) west of the Serena zone along the Long Fault corridor, on the Rift Anticline target.

WS18-01 returned an interval of 3.1 meters of 0.39 grams/ton gold within a fault zone within the Wenban formation. More importantly, upon careful re-interpretation of the geophysical surveys from the area, WS18-01 evidences that the structural components critical to hosting a major part of the Red Hill's Carlin-style gold systems has been hidden under the post-mineralization basalt flows, well to the west of the Serena-Iceberg complex.

Follow up drilling will begin this spring after this data has been fully incorporated into our geological model and interpreted.

Additional soil and rock chip samples were collected in areas of possible extensions of the Iceberg deposit and between Iceberg and Vio. These samples have been analyzed for gold and associated trace-elements. Results and interpretations are being used to develop additional exploration targets.

With the addition of Charles Weakly to the geological team he initiated a complete revision of the interpretation of the Red Hill's stratigraphic column based on the team's re-logging of all 223 of our previous drill holes (54,000

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meters) as well as reinterpreting previously collected geochemical and geophysical data. This has identified several new targets and possible extensions of known mineralized areas.

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

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

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

**Quality Control and Quality Assurance**

The scientific and technical content and interpretation contained in this MD&A have been reviewed, verified and approved by Derick Unger, NuLegacy's Chief Geologist and CPG-11927, a Qualified Person as defined by NI 43-101, *Standards of Disclosure for Mineral Projects*.

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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:

	<b>Dec 31, 2018</b>	<b>Sep 30, 2018</b>	<b>Jun 30, 2018</b>	<b>Mar 31, 2018</b>
Net loss	\$ (552,231)	\$ (941,348)	\$ (784,266)	\$ (775,043)
Comprehensive loss	(577,138)	(1,129,340)	(805,751)	(727,633)
Loss per share - basic and diluted	0.00	0.00	(0.01)	0.00
Comprehensive loss per share - basic and diluted	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00

	<b>Dec 31, 2017</b>	<b>Sept 30, 2017</b>	<b>Jun 30, 2017</b>	<b>Mar 31, 2017</b>
Net loss	\$ (960,119)	\$ (1,736,891)	\$ (583,794)	\$ (873,598)
Comprehensive loss	(1,053,966)	(1,712,496)	(546,870)	(783,522)
Loss per share - basic and diluted	0.00	(0.01)	0.00	0.00
Comprehensive loss per share - basic and diluted	\$ 0.00	\$ (0.01)	\$ 0.00	\$ 0.00

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

- The quarter ended September 30, 2017 had a higher net and comprehensive loss due to a larger amount recognized as foreign exchange loss 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 available for sale financial assets.

**SELECTED QUARTERLY INFORMATION**

The following financial data is derived from the condensed interim consolidated financial statements of the Company for the nine months ended December 31, 2018 and 2017:

	<b>For the three months ended December 31,</b>		<b>For the nine months ended December 31,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Revenue	\$ -	\$ -	\$ -	\$ -
Operating expenses	(880,961)	(1,046,445)	(2,672,344)	(2,648,833)
Net loss	(552,231)	(960,119)	(2,277,845)	(3,280,804)
Comprehensive loss	(577,138)	(1,047,380)	(2,512,229)	(3,306,746)
Net loss per share-basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Comprehensive loss per share-basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Working capital	4,128,922	8,799,222	4,128,922	8,799,222
Exploration and evaluation assets	25,164,013	19,918,477	25,164,013	19,918,477
Total assets	30,928,911	29,847,902	30,928,911	29,847,902
Total liabilities	\$ 1,031,296	\$ 522,687	\$ 1,031,296	\$ 522,687

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

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At December 31, 2018, NuLegacy had not yet achieved profitable operations and has an accumulated deficit of \$21,975,480 (December 31, 2017 - \$18,922,592) since inception. For the nine months ended December 31, 2018, losses resulted in a net loss per share (basic and diluted) of \$0.01 (2017 - \$0.01) and comprehensive loss per share (basic and diluted) of \$0.01 (2017 - \$0.01).

**RESULTS OF OPERATIONS**

The table below details the major changes in operating expenses for the three months ended December 31, 2018 as compared to the corresponding three months ended December 31, 2017.

<b>Expense</b>	<b>Amount of increase / decrease from comparative year</b>	<b>Explanation for Change</b>
Consulting	Increase of \$64,816	Increase due to additional consultant hired during the period.
Investor relations	Increase of \$41,328	Increase due to additional tradeshow and conferences attending during the current period as compared to the prior year's period.
Share based payments	Decrease of \$255,370	Decrease due to reduction in stock options vesting in the current period as compared to 2017.
Travel and accommodation	Decrease of \$24,921	Decreased travel expenses as a result of fewer corporate trips made during the current quarter.

The table below details the major changes in operating expenses for the nine months ended December 31, 2018 as compared to the corresponding nine months ended December 31, 2017.

<b>Expense</b>	<b>Amount of increase / decrease from comparative year</b>	<b>Explanation for Change</b>
Consulting	Increase of \$77,526	Increase due to additional consultant hired during the period.
Directors fees	Increase of \$12,495	Increase due to addition of one independent director during the current period.
Investor relations	Increase of \$103,274	Increase due to additional tradeshow and conferences attending during the current period as compared to the prior year's period.
Management fees	Increase of \$78,400	Increase due to management fee increases during the fiscal period.
Office	Increase of \$71,092	Increase due to additional administrative staff hired during the current period.
Professional fees	Decrease of \$21,702	Decrease due to lower legal expenses as a result of reduced corporate activity.
Share based payments	Decrease of \$256,879	Decrease due to reduction in stock options vesting in the current period as compared to 2017.
Travel and accommodation	Decrease of \$69,028	Decreased travel expenses as a result of fewer corporate trips.

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**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, 2018, NuLegacy's liquidity and capital resources are as follows:

	December 31, 2018	December 31, 2017
	\$	\$
Cash and cash equivalents	4,843,629	8,886,098
Receivables	50,371	10,952
Prepaid expenses	158,287	130,129
Available for sale financial assets	107,931	294,730
Total current assets	5,160,218	9,321,909
Trade and other payables	1,031,296	522,387
Working capital	4,128,922	8,799,222

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, 2018, NuLegacy had cash and cash equivalents of \$4,843,629 (December 31, 2017 - \$8,886,098). As at December 31, 2018, NuLegacy had working capital of \$4,128,922 (December 31, 2017 - \$8,799,222).

As at December 31, 2018, the fair value of the Global Resources Investment Ltd. ("GRIT") common shares was \$107,931 (December 31, 2017 - \$294,730). 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".

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**COMMITMENTS**

The following commitments are (were) pursuant to the Iceberg and Wilson Properties:

Wilson property:

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

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

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

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

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

Contractual Obligations:

On June 1, 2018, the Company entered into an office rental agreement that expires May 31, 2019. The agreement requires monthly rental payments of \$7,110. The agreement may be terminated by the Company or the landlord by giving at least 2 calendar months plus 5 business days written notice to the other party or paying equivalent rent in lieu of proper notice.

As at December 31, 2018, 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.

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**RELATED PARTY TRANSACTIONS**

During the nine months ended December 31, 2018, NuLegacy entered into the following transactions with related parties:

- a. Incurred consulting fees of \$180,000 (2017 - \$128,500) and office costs of \$10,800 (2017 - \$10,800) to a company controlled by Albert Matter, the Chairman and director of NuLegacy.
- b. Incurred management fees of \$180,000 (2017 - \$128,500) and office costs of \$9,000 (2017 - \$9,000) to a company controlled by James Anderson, CEO and director of NuLegacy. As at December 31, 2018, \$546 (2017 - \$nil) was included in trade and other payables for accrued travel expenses.
- c. Incurred management fees of \$nil (2017 - \$128,221) capitalized to exploration and evaluation assets and office costs of \$8,768 (2017 - \$8,708) to Roger Steininger, director and former CGO of NuLegacy. As at September 30, 2018, \$nil (2017 - \$6,337) was included in trade and other payables for accrued travel expenses.
- d. Incurred management fees of \$131,400 (2017 - \$127,500) paid to Danny Lee, CFO of NuLegacy.
- e. Incurred professional fees of \$31,612 (2017 - \$39,424) and share issuance costs of \$26,545 (2017 - \$nil) to a company controlled by Gregory Chu, Corporate Secretary of NuLegacy. As at December 31, 2018, \$nil (2017 - \$1,363) was included in trade and other payables for accrued professional fees.
- f. Incurred directors' fees of \$22,500 (2017 - \$22,500) to Alex Davidson an independent director of NuLegacy
- g. Incurred directors' fees of \$22,500 (2017 - \$22,500) and consulting fees of \$107,749 (2017 - \$nil) to Edward Cope, an independent director of NuLegacy.
- h. Incurred directors' fees of \$22,500 (2017 - \$22,500) to Alan R. Hill, an independent director of NuLegacy.
- i. Incurred directors' fees of \$15,000 (2017 - \$nil) to John Budreski, an independent director of NuLegacy

Summary of key management personnel compensation:

	<b>Nine months ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Exploration and evaluation assets	\$ -	\$ 128,221
Management fees	491,400	388,500
Office	28,568	28,508
Professional fees	31,612	39,424
Share issuance costs	26,545	-
Share based payments	425,622	583,885
	<b>\$ 1,003,747</b>	<b>\$ 1,168,538</b>

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

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

**RISKS AND UNCERTAINTIES**

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

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

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

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**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 period ended December 31, 2018.

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

***IFRS 9 Financial Instruments***

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

**FINANCIAL AND OTHER INSTRUMENTS**

NuLegacy has classified its financial instruments as follows:

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

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

The classification and fair values of the financial instruments at December 31, 2018 and 2017 are summarized in Note 11 of the Financial Statements.

**Foreign Currency Risk**

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

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

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As at December 31, 2018, the Company has cash and cash equivalents denominated in US dollars of \$3,445,549 (March 31, 2018 - \$5,393,214), deposits in US dollars of \$269,052 (March 31, 2018 - \$259,052) and trade and other payables in US dollars of \$725,414 (March 31, 2018 - \$28,992). Each 1% change in the Canadian dollar versus the US dollar would result in a gain/loss of approximately USD \$29,9892 (March 31, 2018 – USD \$55,900).

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, 2018, the Company has an available for sale investment denominated in British Pounds of £61,890 (March 31, 2018 - £199,954). Each 1% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately £619 (March 31, 2018 - £2,000).

#### **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, 2018, the Company owned 1,904,320 (March 31, 2018 – 1,904,320) GRIT common shares with each common share valued at £0.033 or \$0.06 (March 31, 2018 - £0.11 or \$0.19). Each £0.01 change in the value per common share will result in a gain/loss of approximately £19,043 or \$33,209 (March 31, 2018 - £19,043 or \$34,480).

### **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.

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In the management of capital, NuLegacy includes all accounts included in shareholders' equity. As at December 31, 2018, 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, 2018</b>	<b>As at February 26, 2019</b>
Common shares	306,823,804	306,823,804
Common shares – fully diluted**	351,723,812	349,023,092
Stock options – outstanding	32,125,000	29,425,000
Stock options – exercisable	24,343,335	21,814,170
Share purchase warrants	12,775,008	12,775,008

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

**DIVIDEND REPORT AND POLICY**

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

**INTERNAL CONTROLS OVER FINANCIAL REPORTING PROCEDURES**

The management of NuLegacy is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and NuLegacy's consolidated financial statements for the nine months ended December 31, 2018.

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

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

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

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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, 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

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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, 2018.

This MD&A has been approved by the Board effective February 26, 2019.