



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE MONTHS ENDED JUNE 30, 2016**

# **NULEGACY GOLD CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE THREE MONTHS ENDED JUNE 30, 2016**

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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 months ended June 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 August 29, 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.

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**KEY HIGHLIGHTS**

Share capital:

- 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.
- During the three months ended June 30, 2016, a total of 10,845,240 warrants were exercised at various prices for gross proceeds of \$1,714,286 and NuLegacy transferred \$389,135 from warrants reserves to share capital.
  - During the three months ended June 30, 2016, NuLegacy granted a total of 1,350,000 stock options with a weighted average exercise price of \$0.27 to various consultants and a director of the Company.
  - 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 consists of one common share and one full share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period, subject to acceleration, of 18 months at an exercise price of \$0.45. Finder's fees of 6% cash and 6% finder's warrants are to be paid and issued on approximately 16.5 million units to various finders.
  - In July 2016, NuLegacy granted 787,500 stock options at an exercise price of \$0.31 per share exercisable for a period of five years to various consultants.
  - In July 2016, NuLegacy received total proceeds of \$350,000 from the exercise of 1,750,000 warrants at \$0.20 per warrant.

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.

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**OVERALL PERFORMANCE**

Net loss for the three months ended June 30, 2016 was \$476,310 compared to a net loss of \$511,467 in the comparative three months ended June 30, 2015. The higher net loss in the comparative period is largely the result of the recognition of higher share based payments as NuLegacy granted more stock options in the prior period. Despite the lower net loss in the current period, there was an increase in several expenses which consisted of higher consulting fees, investor relations fees and rent in the current period (relative to the comparative period). Please refer to the "Results of Operations" section for further details.

Comprehensive loss in the three months ended June 30, 2016 was \$405,488 compared to a comprehensive loss of \$579,378 in the comparative year. NuLegacy recognized other comprehensive income of \$70,822 (June 30, 2015 – other comprehensive loss of \$67,911) due to the increase in the fair value of its available for sale financial assets whereas there was a decrease of the asset in the comparative period.

NuLegacy had a total net increase in cash and cash equivalents during the three months ended June 30, 2016 of \$7,781,809 while in the comparative period ended June 30, 2015, the increase in cash and cash equivalents was \$1,460,487. The significant difference to the increase in cash and cash equivalents between the two periods was primarily from NuLegacy's financing activities in the current period which resulted in net share proceeds of \$8,290,887 (versus \$2,250,134 in the comparative period). In addition, NuLegacy also had \$360,000 in share subscriptions received for a future private placement (which closed in July 2016) and for warrants to be exercised. NuLegacy had net cash outflows from both investing and operating activities for the three months ended June 30, 2016 of \$572,499 and \$296,579, respectively. In the comparative period ended June 30, 2015, the Company spent \$480,662 and \$308,985 on financing and operating activities, respectively.

During the three months ended June 30, 2016, a total of \$448,931 and \$33,592 was incurred in deferred exploration costs on the Iceberg and Wilson properties, respectively, for total deferred exploration costs of \$482,523. 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 three months ended June 30, 2016, NuLegacy incurred a total of \$482,523 in deferred exploration costs compared to \$629,089 for the corresponding period ended June 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 three months ended June 30, 2016 and 2015:

	Iceberg Property \$	Wilson Property \$	Total \$
<b>Three months ended June 30, 2016</b>			
Acquisition	-	32,045	32,045
Assays	42,991	-	42,991
Drilling	276,424	894	277,318
Geological consulting	105,651	619	106,270
Miscellaneous	8,494	34	8,528
Property maintenance	1,753	-	1,753
Travel	13,618	-	13,618
<b>Total</b>	<b>448,931</b>	<b>33,592</b>	<b>482,523</b>
<b>Three months ended June 30, 2015</b>			
Assays	57,535	-	57,535
Deposits	(25,108)	-	(25,108)
Drilling	419,996	-	419,996
Geological consulting	155,831	347	156,178
Miscellaneous	4,790	178	4,968
Property maintenance	-	64	64
Travel	15,456	-	15,456
<b>Total</b>	<b>628,500</b>	<b>589</b>	<b>629,089</b>

The higher expenditures incurred in the prior fiscal period were the result of the larger work commitment under the Iceberg Property option agreement as NuLegacy was required to incur US\$2,000,000 by December 31, 2015.

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

	Iceberg Property	Wilson Property	Total
	\$	\$	\$
Acquisition costs	4,176,153	254,843	4,430,996
Assays	423,563	26,228	449,791
Drilling	2,617,062	190,734	2,807,796
Geological consulting	1,811,557	148,628	1,960,185
Miscellaneous	89,905	7,699	97,604
Property maintenance	686,189	483,943	1,170,132
Travel	181,571	16,509	198,080
<b>Accumulated expenditures since inception</b>	<b>9,986,000</b>	<b>1,128,584</b>	<b>11,114,584</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.

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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.

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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.



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(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](http://nulegacygold.com/s/News.asp?ReportID=756708&_Type=News&_Title=NuLegacy-Reports-1st-Set-of-2016-Drill-Results))

In August 2016, NuLegacy reported that drilling of the next 20 holes of drilling on its 100% owned Iceberg oxide gold project was underway. The primary target is the shallow Carlin-style oxidized gold mineralization within NuLegacy's 3km long and 0.5k wide Iceberg gold deposited located in the Cortez gold trend of north-central Nevada. Initial assays are anticipated the last week in August.

NuLegacy is utilizing a reverse circulation track rig for drilling deposit expansion and scout holes in and around the Iceberg gold deposit, and will be 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 will be 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 will be true exploration or wildcat holes designed to identify new areas of mineralization.

These true exploration holes will initially be 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 are sufficiently remote from the Iceberg gold deposit that success will 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.

Starting in late August 2016, a core rig will drill 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.

#### **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)

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#### 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 volcanics, 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 volcanics 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.

#### 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>.

<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.

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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*.

**SUMMARY OF QUARTERLY RESULTS**

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

	June 30, 2016	Mar 31, 2016	Dec 31, 2015	Sept 30, 2015
	\$	\$	\$	\$
Net loss	(476,310)	(456,043)	(534,930)	(194,827)
Comprehensive loss	(405,488)	(548,878)	(610,003)	(1,509,068)
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)	(0.01)

	June 30, 2015	Mar 31, 2015	Dec 31, 2014	Sept 30, 2014
	\$	\$	\$	\$
Net loss	(511,467)	(176,990)	(411,631)	(351,595)
Comprehensive loss	(579,378)	(242,201)	(755,761)	(634,823)
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)	(0.01)	(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 continued to strengthen against the Canadian dollar.

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.

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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 months ended June 30, 2016 and 2015:

	For the three months ended June 30,	
	2016 \$	2015 \$
Revenue	-	-
Operating expenses	(562,589)	(553,854)
Net loss	(476,310)	(511,467)
Comprehensive loss	(405,488)	(579,378)
Net loss per share-basic and diluted	(0.00)	(0.00)
Comprehensive loss per share-basic and diluted	(0.00)	(0.00)
Working capital	8,800,363	4,449,836
Exploration and evaluation assets	11,114,584	5,262,199
Total assets	20,374,647	10,157,020
Total liabilities	135,402	199,759

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

At June 30, 2016, NuLegacy had not yet achieved profitable operations and has an accumulated deficit of \$13,102,796 (March 31, 2016 - \$12,626,486) since inception. For the three months ended June 30, 2016, losses resulted in a net loss per share (basic and diluted) of \$0.00 (June 30, 2015 - \$0.00) and comprehensive loss per share (basic and diluted) of \$0.00 (June 30, 2015 - \$0.00).

**RESULTS OF OPERATIONS**

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

Expense	Amount of increase / decrease from comparative period	Explanation for Change
Consulting	Increase of \$113,142	Increased as a result of a settlement payment and the addition of a new consultant during the current period
Investor relations	Increase of \$33,055	Increased as NuLegacy engaged new IR consultants and increased corporate activity
Rent	Increase of \$19,045	Increased due to new rental lease agreements entered into for the Reno and Vancouver office
Share based payments	Decrease of \$188,551	Decrease was associated with more stock options being granted in the prior period
Travel	Increase of \$18,712	Increased as a result of increased corporate activity

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

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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 June 30, 2016, NuLegacy's liquidity and capital resources are as follows:

	June 30, 2016	March 31, 2016
	\$	\$
Cash and cash equivalents	8,632,367	850,558
Receivables	20,808	12,725
Prepaid expenses	107,398	117,810
Available for sale financial assets	175,192	113,016
Total current assets	8,935,765	1,094,109
Trade and other payables	135,402	135,664
Working capital	8,800,363	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 three months ended June 30, 2016, NuLegacy received (1) \$6,576,601 from the issuance of common shares, net of cash commission and expenses of \$96,251, in connection with the April 2016 private placement, (2) \$1,714,286 from the exercise of 10,845,240 warrants and (3) \$360,000 for subscriptions related to a private placement which closed in July 2016 and for warrants to be exercised.

As at June 30, 2016, NuLegacy had cash and cash equivalents of \$8,632,367 (March 31, 2016 - \$850,558), consisting primarily of the net proceeds from the closing of the April 2016 private placement and the exercise of warrants. As at June 30, 2016, NuLegacy had working capital of \$8,800,363 (March 31, 2016 - \$958,445).

As at June 30, 2016, the fair value of the Global Resources Investment Ltd. ("GRIT") common shares was \$175,192 (March 31, 2016 - \$113,016). NuLegacy intends to liquidate the GRIT common shares and use the net proceeds from the future sale to for general corporate purposes.

Subsequent to June 30, 2016, NuLegacy closed a private placement for 20,334,463 units at \$0.30 per unit for gross proceeds of \$6,100,339. In addition, NuLegacy also received proceeds of \$350,000 from the exercise of 1,750,000 warrants.

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 MONTHS ENDED JUNE 30, 2016**

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**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 June 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.

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**RELATED PARTY TRANSACTIONS**

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

- a. Incurred management fees of \$37,500 (June 30, 2015 - \$37,500) and office costs of \$3,600 (June 30, 2015 - \$2,925) to a company controlled by Albert Matter, the Chairman and director of NuLegacy. As at June 30, 2016, an advance of \$13,700 (March 31, 2016 - \$13,700), on account of future expenses was included in prepaid expenses.
- b. Incurred management fees of \$37,500 (June 30, 2015 - \$37,500) and office costs of \$3,000 (June 30, 2015 - \$2,250) to a company controlled by James Anderson, CEO and director of NuLegacy. As at June 30, 2016, an advance of \$13,500 (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 \$35,082 (June 30, 2015 - \$40,721) and office costs of \$3,074 (June 30, 2015 - \$2,792) to Roger Steininger, COO and director of NuLegacy. As at June 30, 2016, an advance of \$14,386 (March 31, 2016 - \$10,547), on account of future exploration geological fees was included in prepaid expenses.
- d. Incurred professional fees of \$9,750 (June 30, 2015 - \$9,750) to a company controlled by Michael Waldkirch, CFO of NuLegacy.
- e. Incurred professional fees of \$15,503 (June 30, 2015 - \$15,218) and share issuance costs of \$38,576 (June 30, 2015 - \$15,330) to a company controlled by Gregory Chu, Corporate Secretary of NuLegacy. As at June 30, 2016, \$1,850 (March 31, 2016 - \$25,000) was included in trade and other payables for accrued professional fees.
- f. Incurred directors' fees of \$3,750 (June 30, 2015 - \$3,750) to Alex Davidson, an independent director of NuLegacy.

Summary of key management personnel compensation:

	<b>Three months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation assets	<b>35,082</b>	40,721
Management fees	<b>78,750</b>	82,500
Office	<b>9,674</b>	7,967
Professional fees	<b>9,750</b>	9,750
Share based payments	<b>24,081</b>	207,902
	<b>157,337</b>	348,840

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

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

**RISKS AND UNCERTAINTIES**

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

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

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



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

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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 three months ended June 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 June 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 MONTHS ENDED JUNE 30, 2016**

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As at June 30, 2016, NuLegacy has cash and cash equivalents denominated in US dollars of \$5,292,993 (March 31, 2016 - \$624,113), deposits denominated in US dollars of \$207,122 (March 31, 2016 - \$189,737) and trade and other payables in US dollars of \$84,081 (March 31, 2016 - \$52,773). Each 1% change in the Canadian dollar versus the US dollar will result in a gain/loss of approximately US\$54,160 (March 31, 2016 – US\$7,611).

In addition, NuLegacy 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 June 30, 2016, NuLegacy has an available for sale investment denominated in British Pounds of £101,708 (March 31, 2016 - £60,592). Each 1% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately £1,017 (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 June 30, 2016, NuLegacy owned 1,731,200 (March 31, 2016 – 1,731,200) GRIT common shares with each common share valued at £0.059 or \$0.10 (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 \$29,820 (March 31, 2016 - £17,312 or \$32,290).

### **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

**NULEGACY GOLD CORPORATION**  
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(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 June 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 June 30, 2016	As at August 29, 2016
Common shares	250,358,947	272,443,410
Common shares – fully diluted**	281,349,327	323,559,553
Stock options – outstanding	19,175,000	19,962,500
Stock options – exercisable	16,731,250	17,420,000
Share purchase warrants	11,815,380	31,153,643

*\*\*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 three months ended June 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.

**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'S DISCUSSION AND ANALYSIS**  
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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,

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

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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 months ended June 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 August 29, 2016.



**Condensed Interim Consolidated Financial Statements**

For the three months ended June 30, 2016 and 2015  
*(Expressed in Canadian Dollars – Unaudited)*

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

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**NULEGACY GOLD CORPORATION**

Condensed Interim Consolidated Statements of Financial Position  
*(Expressed in Canadian dollars – Unaudited)*

	Note	June 30, 2016	March 31, 2016
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		8,632,367	850,558
Receivables		20,808	12,725
Prepaid expenses	8	107,398	117,810
Available for sale financial assets	3	175,192	113,016
		8,935,765	1,094,109
<b>Non-current assets</b>			
Deposits	4	303,909	282,781
Equipment	5	20,389	18,732
Exploration and evaluation assets	6	11,114,584	10,632,061
		<b>20,374,647</b>	<b>12,027,683</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities</b>			
Trade and other payables	7,8	135,402	135,664
<b>Shareholders' Equity</b>			
Share capital	9	29,244,937	20,564,915
Share subscriptions received	9	360,000	-
Warrants reserve	9	3,622,487	4,011,622
Share options reserve	9	3,240,093	3,138,266
Revaluation reserve	3	(3,125,476)	(3,196,298)
Accumulated deficit		(13,102,796)	(12,626,486)
		20,239,245	11,892,019
		<b>20,374,647</b>	<b>12,027,683</b>

Corporate Information and Going Concern (Note 1)  
Subsequent Events (Note 13)

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

**NULEGACY GOLD CORPORATION**

Condensed Interim Consolidated Statements of Comprehensive Loss  
*(Expressed in Canadian dollars – Unaudited)*

	Note	Three months ended June 30,	
		2016	2015
		\$	\$
<b>Operating expenses</b>			
Consulting		121,619	8,477
Depreciation	5	4,400	2,786
Insurance		8,898	6,322
Investor relations		77,750	44,695
Management fees	8	78,750	82,500
Office	8	55,282	47,874
Professional fees	8	40,952	41,731
Regulatory and transfer agent		15,969	9,706
Rent		26,427	7,382
Share based payments	8,9	101,827	290,378
Travel and related		30,715	12,003
		<b>562,589</b>	<b>553,854</b>
<b>Other items</b>			
Foreign exchange gain		6,767	41,856
Interest and other income		79,512	531
		<b>86,279</b>	<b>42,387</b>
<b>Net loss for the period</b>		<b>(476,310)</b>	<b>(511,467)</b>
<b>Other comprehensive loss</b>			
Net change in fair value of available for sale financial assets	3	70,822	(67,911)
<b>Comprehensive loss for the period</b>		<b>(405,488)</b>	<b>(579,378)</b>
<b>Basic and diluted loss per share</b>	9		
Net loss for the period		(0.00)	(0.00)
Comprehensive loss for the period		(0.00)	(0.00)
<b>Weighted average common shares outstanding</b>		<b>238,088,199</b>	<b>147,320,883</b>

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

**NULEGACY GOLD CORPORATION**

Condensed Interim Consolidated Statements of Cash Flows  
*(Expressed in Canadian dollars – Unaudited)*

	<b>Three months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net loss for the period	(476,310)	(511,467)
Items not affecting cash and cash equivalents:		
Depreciation	4,400	2,786
Share based payments	101,827	290,378
Unrealized gains (losses)	9,974	(64,816)
Changes in non-cash working capital:		
Receivables	(8,083)	1,641
Prepaid expenses and deposits	10,412	(15,714)
Trade and other payables	61,201	(11,793)
Total cash outflows from operating activities	(296,579)	(308,985)
<b>Financing activities</b>		
Proceeds from issuance of common shares	8,387,138	2,296,875
Share issuance costs	(96,251)	(46,741)
Share subscriptions received	360,000	-
Total cash inflows from financing activities	8,650,887	2,250,134
<b>Investing activities</b>		
Purchase of equipment	(6,057)	(2,398)
Exploration and evaluation asset expenditures	(566,442)	(478,264)
Total cash outflows from investing activities	(572,499)	(480,662)
<b>Net change in cash and cash equivalents</b>	<b>7,781,809</b>	<b>1,460,487</b>
Cash and cash equivalents, beginning of period	850,558	1,497,559
<b>Cash and cash equivalents, end of period</b>	<b>8,632,367</b>	<b>2,958,046</b>
<b>Other non-cash items</b>		
Change in fair market value of available for sale financial assets	70,822	67,911
Deposits in trade and other payables	22,456	-
Warrants issued in private placement	-	329,937
Warrants issued as finders' fee	-	5,943
Share issuance costs in trade and other payables	-	1,207
Exploration and evaluation assets in trade and other payables	78,351	162,270
Transfer to share capital on exercise of warrants	389,135	7,693

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

# **NULEGACY GOLD CORPORATION**

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

	Note	Number of shares	Share capital	Share subscriptions received	Warrants reserve	Share options reserve	Revaluation reserve	Accumulated deficit	Total
			\$	\$	\$	\$	\$	\$	\$
<b>Balance, March 31, 2015</b>		141,453,879	14,567,407	-	3,734,030	2,271,354	(1,646,238)	(10,929,219)	7,997,334
Shares issued, private placement	9	18,288,600	2,286,075	-	-	-	-	-	2,286,075
Share issuance costs, private placement	9	-	(57,858)	-	5,943	-	-	-	(51,915)
Share purchase warrants, private placement	9	-	(329,937)	-	329,937	-	-	-	-
Shares issued, exercise of warrants	9	108,000	18,493	-	(7,693)	-	-	-	10,800
Share based payments	9	-	-	-	-	290,378	-	-	290,378
Comprehensive loss for the period		-	-	-	-	-	(67,911)	(511,467)	(579,378)
<b>Balance, June 30, 2015</b>		159,850,479	16,484,180	-	4,062,217	2,561,732	(1,714,149)	(11,440,686)	9,953,294
Shares issued, acquisition of exploration and evaluation assets	6	32,000,000	4,160,000	-	-	-	-	-	4,160,000
Shares issuance costs, exploration and evaluation assets	6	-	(79,265)	-	-	-	-	-	(79,265)
Expiration of warrants, income tax recovery		-	-	-	(50,595)	-	-	-	(50,595)
Share based payments	9	-	-	-	-	576,534	-	-	576,534
Comprehensive loss for the period		-	-	-	-	-	(1,482,149)	(1,185,800)	(2,667,949)
<b>Balance, March 31, 2016</b>		191,850,479	20,564,915	-	4,011,622	3,138,266	(3,196,298)	(12,626,486)	11,892,019
Shares issued, private placement	9	47,663,228	6,672,852	-	-	-	-	-	6,672,852
Share issuance costs, private placement	9	-	(96,251)	-	-	-	-	-	(96,251)
Shares issued, exercise of warrants	9	10,845,240	2,103,421	-	(389,135)	-	-	-	1,714,286
Share subscriptions received	9	-	-	360,000	-	-	-	-	360,000
Share based payments	9	-	-	-	-	101,827	-	-	101,827
Comprehensive loss for the period		-	-	-	-	-	70,822	(476,310)	(405,488)
<b>Balance, June 30, 2016</b>		<b>250,358,947</b>	<b>29,244,937</b>	<b>360,000</b>	<b>3,622,487</b>	<b>3,240,093</b>	<b>(3,125,476)</b>	<b>(13,102,796)</b>	<b>20,239,245</b>

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

## **NULEGACY GOLD CORPORATION**

Notes to Condensed Interim Consolidated Financial Statements

*(Expressed in Canadian dollars – Unaudited)*

For the three months ended June 30, 2016 and 2015

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### **1. Corporate Information and Going Concern**

#### **Corporate Information**

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

The head office, principal address, and records office of the Company are located at 355 Burrard Street, Suite 1000, Vancouver, British Columbia, Canada, V6C 2G8.

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

#### **Going Concern**

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

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

### **2. Significant Accounting Policies**

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

#### **Statement of compliance**

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

These condensed interim consolidated financial statements, including the comparative amounts, were approved and authorized for issue by the board of directors on August 29, 2016.

## **NULEGACY GOLD CORPORATION**

Notes to Condensed Interim Consolidated Financial Statements

*(Expressed in Canadian dollars – Unaudited)*

For the three months ended June 30, 2016 and 2015

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### **2. Significant Accounting Policies (continued)**

#### **Basis of presentation**

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

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

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

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

#### **Basis of consolidation**

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

#### **Significant accounting judgments, estimates and assumptions**

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

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

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

## **NULEGACY GOLD CORPORATION**

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three months ended June 30, 2016 and 2015

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### **2. Significant Accounting Policies (continued)**

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

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

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

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

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

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

- (b) Recovery of deferred tax assets:

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

### **Comparative figures**

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

### **Standards issued or amended but not yet effective:**

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended June 30, 2016 and have not been applied in preparing these condensed interim consolidated financial statements:

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

**NULEGACY GOLD CORPORATION**

Notes to Condensed Interim Consolidated Financial Statements

*(Expressed in Canadian dollars – Unaudited)*

For the three months ended June 30, 2016 and 2015

**3. Available for Sale Financial Assets**

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

The fair value of GRIT common shares as at June 30, 2016 was \$175,192 (March 31, 2016 – \$113,016). During the three months ended June 30, 2016, the Company recorded a revaluation reserve gain on the investment of \$70,822 (June 30, 2015 – revaluation reserve loss of \$67,911) and an unrealized foreign exchange loss of \$8,646 (June 30, 2015 – unrealized foreign exchange gain of \$64,816).

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

**4. Deposits**

	June 30, 2016	March 31, 2016
	\$	\$
Credit card collateral	31,625	31,625
Reclamation bonds	267,539	246,411
Security deposits	4,745	4,745
	<b>303,909</b>	<b>282,781</b>

**5. Equipment**

	Computers
	\$
<b>Cost</b>	
As at March 31, 2015	49,873
Additions	15,887
As at March 31, 2016	65,760
Additions	6,057
<b>As at June 30, 2016</b>	<b>71,817</b>
<b>Accumulated depreciation</b>	
As at March 31, 2015	35,107
Charge for the year	11,921
As at March 31, 2016	47,028
Charge for the period	4,400
<b>As at June 30, 2016</b>	<b>51,428</b>
<b>Net book value</b>	
As at March 31, 2016	18,732
<b>As at June 30, 2016</b>	<b>20,389</b>



**NULEGACY GOLD CORPORATION**

Notes to Condensed Interim Consolidated Financial Statements

*(Expressed in Canadian dollars – Unaudited)*

For the three months ended June 30, 2016 and 2015

**6. Exploration and Evaluation Assets**

	Red Hill Properties		
	Iceberg Property	Wilson Property	Total
	\$	\$	\$
Balance March 31, 2015	3,727,130	905,980	4,633,110
Acquisition	4,160,000	33,760	4,193,760
Assays	125,009	-	125,009
Deposits	(25,108)	-	(25,108)
Drilling	819,014	546	819,560
Geological consulting	501,086	53,026	554,112
Miscellaneous	20,102	1,051	21,153
Property maintenance	168,729	100,629	269,358
Travel	41,107	-	41,107
Total Additions	5,809,939	189,012	5,998,951
Balance March 31, 2016	9,537,069	1,094,992	10,632,061
Acquisition	-	32,045	32,045
Assays	42,991	-	42,991
Drilling	276,424	894	277,318
Geological consulting	105,651	619	106,270
Miscellaneous	8,494	34	8,528
Property maintenance	1,753	-	1,753
Travel	13,618	-	13,618
Total Additions	448,931	33,592	482,523
<b>Balance June 30, 2016</b>	<b>9,986,000</b>	<b>1,128,584</b>	<b>11,114,584</b>

Eureka County, Nevada*Iceberg Property*

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

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

## NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three months ended June 30, 2016 and 2015

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### 6. Exploration and Evaluation Assets (continued)

#### *Wilson Property*

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

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

- \$75,000 of annual payments and issue 200,000 shares prior to execution of the restated mining lease (paid and issued);
- \$25,000 payment and issue 100,000 shares on January 1, 2014 and January 1, 2015 (paid and issued); and
- \$12,500 payment on January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup> and October 1<sup>st</sup> of all succeeding years (paid for the 2016 calendar year).

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

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

### 7. Trade and Other Payables

	June 30, 2016	March 31, 2016
	\$	\$
Trade payables and accruals	133,552	110,664
Related party payables	1,850	25,000
	<b>135,402</b>	<b>135,664</b>

**NULEGACY GOLD CORPORATION**

Notes to Condensed Interim Consolidated Financial Statements

*(Expressed in Canadian dollars – Unaudited)*For the three months ended June 30, 2016 and 2015

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**8. Related Party Transactions**

During the three months ended June 30, 2016, the Company entered into the following transactions with related parties, not disclosed elsewhere in these condensed interim consolidated financial statements:

- Paid or incurred professional fees of \$15,503 (June 30, 2015 - \$15,218) and share issuance costs of \$38,576 (June 30, 2015 - \$15,330) to a company controlled by an officer of the Company. As at June 30, 2016, \$1,850 (March 31, 2016 - \$25,000) was included in trade and other payables owing to this company for accrued professional fees.

As at June 30, 2016, advances of \$41,586 (March 31, 2016 - \$37,747), on account of future expenses was included in prepaid expenses to a director and companies controlled by directors and officers of the Company.

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

Summary of key management personnel compensation:

	<b>Three months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation assets	<b>35,082</b>	40,721
Management fees	<b>78,750</b>	82,500
Office	<b>9,674</b>	7,967
Professional fees	<b>9,750</b>	9,750
Share based payments	<b>24,081</b>	207,902
	<b>157,337</b>	348,840

**NULEGACY GOLD CORPORATION**

Notes to Condensed Interim Consolidated Financial Statements

*(Expressed in Canadian dollars – Unaudited)*

For the three months ended June 30, 2016 and 2015

**9. Share Capital and Reserves****Authorized Share Capital**

Unlimited common shares without par value

**Issued Share Capital**

	Shares	Share capital - gross	Share issue costs	Share capital - net
		\$	\$	\$
Balance, March 31, 2015	141,453,879	15,385,822	818,415	14,567,407
Private placement (v)	18,288,600	1,956,138	57,858	1,898,280
Exercise of warrants (iv)	108,000	18,493	-	18,493
Exploration and evaluation assets (iii)	32,000,000	4,160,000	79,265	4,080,735
Balance, March 31, 2016	191,850,479	21,520,453	955,538	20,564,915
Private placement (ii)	47,663,228	6,672,852	96,251	6,576,601
Exercise of warrants (i)	10,845,240	2,103,421	-	2,103,421
<b>Balance, June 30, 2016</b>	<b>250,358,947</b>	<b>30,296,726</b>	<b>1,051,789</b>	<b>29,244,937</b>

- i. During the three months ended June 30, 2016, a total of 10,845,240 warrants were exercised at various prices for gross proceeds of \$1,714,286 and the Company transferred \$389,135 from warrants reserves to share capital.
- ii. In April 2016, the Company closed a private placement for 47,663,228 common shares at \$0.14 per share for gross proceeds of \$6,672,852. The Company incurred share issue costs of \$96,251 in connection with the close of this private placement.
- iii. In March 2016, pursuant to an exchange agreement with Barrick, the Company issued 32,000,000 common shares at \$0.13 per share (for a value of \$4,160,000) in exchange for Barrick's remaining 30% working interest in the Iceberg property (Note 6).
- iv. In May and June 2015, a total of 108,000 warrants were exercised for \$0.10 per warrant for gross proceeds of \$10,800 and the Company transferred \$7,693 from warrants reserves to share capital.
- v. On June 2, 2015, the Company closed a private placement for 18,288,600 units at \$0.125 per unit for gross proceeds of \$2,286,075. Each unit consisted of one common share and one half share purchase warrant with each whole warrant entitling the holder to purchase one additional common share for a period of two years at an exercise price of \$0.15 during the first year and \$0.20 during the second year. The fair value attributable to these share purchase warrants was \$329,937. Finders' fees totaled \$19,618 were paid and 156,940 finder's warrants (valued at \$5,943) were issued in connection with the closing of this private placement. In addition, the Company also incurred share issue costs of \$32,297. The finder warrants entitles the holder to purchase one additional common share of the Company at a price of \$0.15 in the first year and \$0.20 in the second year.

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

As at June 30, 2016, the Company had \$360,000 (March 31, 2016 - \$nil) of subscriptions received in connection with the private placement which closed in July 2016 (Note 13a) and for the exercise of warrants.

## NULEGACY GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the three months ended June 30, 2016 and 2015

### 9. Share Capital and Reserves (continued)

#### Warrants

A summary of the warrant activities is as follows:

	Number of shares	Weighted average exercise price (\$)
Balance, March 31, 2015	24,027,130	0.17
Granted <sup>1</sup>	9,301,240	0.15
Expired	(10,559,750)	0.20
Exercised	(108,000)	0.10
Balance, March 31, 2016	24,027,130	0.17
Exercised	(10,845,240)	0.16
<b>Balance, June 30, 2016</b>	<b>11,815,380</b>	<b>0.20</b>

<sup>1</sup> Each warrant entitles the holder to purchase one additional common share at \$0.15 in the first 12 months and \$0.20 in the last 12 months (subject to an acceleration clause).

The following share purchase warrants were outstanding as at June 30, 2016:

Expiry date		Number of warrants	Exercise price (\$)	Remaining contractual life (years)
November 12, 2016	<sup>1</sup>	6,784,380	0.20	0.37
November 25, 2016	<sup>1</sup>	2,925,000	0.20	0.41
December 10, 2016	<sup>1</sup>	1,900,000	0.20	0.45
June 2, 2017	<sup>2</sup>	171,000	0.20	0.92
June 2, 2017	<sup>2</sup>	35,000	0.20	0.92
		<b>11,815,380<sup>3</sup></b>		

<sup>1</sup> These warrants are subject to an acceleration clause whereby if the closing price of the Company's shares equals or exceeds \$0.25 per share during the first 17 months or \$0.35 per share after the first 17 months for a period of 20 consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants upon 30 days notice. For the last 18 months of the term, the strike price increases to \$0.20.

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

<sup>3</sup> Subsequent to June 30, 2016, a total of 1,750,000 share purchase warrants were exercised (Note 13c).

The weighted average life of warrants outstanding at June 30, 2016 is 0.40 years.

#### Stock Options

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

During the three months ended June 30, 2016:

- In April 2016, the Company granted 400,000 stock options (all vested immediately) exercisable at \$0.16 per share to consultants of the Company. The fair value attributable to these stock options was \$56,921 using the Black Scholes option pricing model of which the full amount was expensed during the period.

**NULEGACY GOLD CORPORATION**

Notes to Condensed Interim Consolidated Financial Statements

*(Expressed in Canadian dollars – Unaudited)*For the three months ended June 30, 2016 and 2015

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**9. Share Capital and Reserves (continued)****Stock Options (continued)**During the three months ended June 30, 2016 (continued):

- b. In June 2016, the Company granted 700,000 stock options exercisable at \$0.30 per share to a director and consultant of the Company. The options vest 25% six months after the grant date and 25% every six months thereafter. The fair value attributable to these stock options was \$170,159 using the Black Scholes option pricing model of which \$11,638 was expensed during the period.
- c. In June 2016, the Company granted 250,000 stock options exercisable at \$0.34 per share to a consultant of the Company. The options vest 25% six months after the grant date and 25% every six months thereafter. The fair value attributable to these stock options was \$70,165 using the Black Scholes option pricing model of which \$2,805 was expensed during the period.

During the year ended March 31, 2016:

- a. In April 2015, the Company granted 4,675,000 stock options at \$0.15 per share exercisable for a period of five years to various directors, officers and consultants. 4,600,000 of these options vest 25% on grant and 25% every six months thereafter while the remaining options vest 25% after three months and 25% every six months thereafter. The fair value attributable to these stock options (using the Black Scholes option pricing model) was \$529,910 of which \$483,921 was expensed during the year.
- b. In November 2015, the Company granted 3,300,000 stock options (all vested immediately) at \$0.15 per share exercisable for a period of five years to various directors, officers and consultants. The fair value attributable to these stock options (using the Black Scholes option pricing model) was \$282,654 which was fully expensed during the year.
- c. In February 2016, the Company granted 325,000 stock options at \$0.15 exercisable for a period of five years to various consultants. The options vest 25% after six months from the date of grant and 25% every six months thereafter. The fair value attributable to these stock options (using the Black Scholes option pricing model) was \$31,034 of which \$3,190 was expensed during the year.

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

	<b>Three months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
Risk-free interest rate	0.62%	0.73%
Expected life	5.0	5.0
Annualized volatility	118.66%	117.94%
Dividend rate	-	-
Grant date fair value	\$ 0.220	\$ 0.113

# NULEGACY GOLD CORPORATION

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## 9. Share Capital and Reserves (continued)

### Stock Options (continued)

A summary of the stock options activities is as follows:

	Number of shares	Weighted average exercise price (\$)
Balance, March 31, 2015	14,925,000	0.20
Granted	8,300,000	0.15
Expired	(4,500,000)	0.25
Forfeited	(150,000)	0.18
Balance, March 31, 2016	18,575,000	0.16
Granted	1,350,000	0.27
Expired	(500,000)	0.25
Forfeited	(250,000)	0.15
<b>Balance, June 30, 2016</b>	<b>19,175,000</b>	<b>0.17</b>

The following table summarizes information about the options outstanding and exercisable at June 30, 2016:

Expiry date	Options outstanding	Options exercisable	Exercise price (\$)	Remaining contractual life (years)
September 1, 2016	75,000	75,000	0.16	0.17
October 1, 2016	250,000	250,000	0.20	0.25
November 14, 2016	25,000	25,000	0.20	0.38
December 9, 2016	100,000	100,000	0.20	0.44
February 6, 2017	150,000	150,000	0.25	0.61
July 18, 2017	300,000	300,000	0.15	1.05
October 15, 2017	250,000	250,000	0.15	1.29
November 5, 2017	75,000	75,000	0.15	1.35
March 5, 2018	2,350,000	2,350,000	0.20	1.68
April 14, 2018	400,000	400,000	0.16	1.79
July 3, 2018	500,000	500,000	0.15	2.01
September 15, 2018	400,000	400,000	0.15	2.21
February 3, 2019	2,700,000	2,700,000	0.15	2.60
March 24, 2019	900,000	900,000	0.15	2.73
September 15, 2019	1,150,000	1,150,000	0.15	3.21
September 29, 2019	250,000	250,000	0.15	3.25
October 3, 2019	250,000	218,750	0.15	3.26
October 14, 2019	50,000	37,500	0.15	3.29
April 2, 2020	4,350,000	3,262,500	0.15	3.76
April 2, 2020	75,000	37,500	0.15	3.76
November 16, 2020	3,300,000	3,300,000	0.15	4.38
February 24, 2021	325,000	-	0.15	4.66
June 6, 2021	700,000	-	0.30	4.94
June 14, 2021	250,000	-	0.34	4.96
	<b>19,175,000</b>	<b>16,731,250</b>		

The weighted average life of stock options outstanding at June 30, 2016 is 3.12 years.

### Loss per share

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

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### 10. Segmented Information

Operating segment:

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

Geographic segments:

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

	June 30, 2016	March 31, 2016
<b>Non-current assets</b>	\$	\$
Canada	52,480	54,714
United States	11,386,402	10,878,860
	<b>11,438,882</b>	<b>10,933,574</b>

### 11. Financial Instruments and Risk Management

**Fair values**

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

Financial Assets	Financial instrument classification	Fair Value	
		June 30, 2016 (\$)	March 31, 2016 (\$)
Cash and cash equivalents	Fair value through profit or loss	8,632,367	850,558
GRIT common shares	Available for sale	175,192	113,016
		<b>8,807,559</b>	<b>963,574</b>

**Fair value hierarchy**

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

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

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

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

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



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**11. Financial Instruments and Risk Management (continued)****Fair value hierarchy (continued)**

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy at June 30, 2016:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	\$	\$	\$	\$
Cash and cash equivalents	8,632,367	-	-	8,632,367
GRIT common shares	175,192	-	-	175,192
	8,807,559	-	-	8,807,559

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

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

There were no transfers between levels of the fair value hierarchy during the three months ended June 30, 2016.

The aggregate fair value of investments with unrealized losses is:

	Fair Value	Unrealized Loss
	\$	\$
As at June 30, 2016:		
GRIT common shares	175,192	3,125,476
As at March 31, 2016:		
GRIT common shares	113,016	3,196,298

**Financial Risk Management**

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

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

## **NULEGACY GOLD CORPORATION**

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### **11. Financial Instruments and Risk Management (continued)**

#### **Financial Risk Management (continued)**

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

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

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

(i) Credit risk:

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

(ii) Liquidity risk:

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

(iii) Interest rate risk:

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

(iv) Foreign currency risk:

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

The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. While the Company's parent is Canadian and its capital is raised in Canadian dollars, the Company conducts business outside of Canada. As such, it is subject to risk due to fluctuations in the exchange rates for the United States dollar and Euros. As at June 30, 2016, the Company has cash and cash equivalents denominated in US dollars of \$5,292,993 (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 \$84,081 (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 \$54,160 (March 31, 2016 – USD \$7,611). The Company also had trade and other payables in Euros of €nil (March 31, 2016 - €14,450); however, each 1% change in the Canadian dollar versus the Euro would not be significant.

## **NULEGACY GOLD CORPORATION**

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### **11. Financial Instruments and Risk Management (continued)**

#### **Financial Risk Management (continued)**

(iv) Foreign currency risk (continued):

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 June 30, 2016, the Company has an available for sale investment denominated in British Pounds of £101,708 (March 31, 2016 - £60,592). Each 1% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately £1,017 (March 31, 2016 - £606).

(v) 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 June 30, 2016, the Company owned 1,731,200 (March 31, 2016 – 1,731,200) GRIT common shares with each common share valued at £0.059 or \$0.10 (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 \$29,820 (March 31, 2016 - £17,312 or \$32,290).

### **12. Capital Disclosure and Management**

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of \$20,239,245 (March 31, 2016 - \$11,892,019). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional debt financing and adjust its capital spending to manage current and projected debt levels. The Company is not subject to externally imposed capital requirements other than as noted above.

There were no changes to the Company's approach to capital management during the three months ended June 30, 2016.

### **13. Subsequent Events**

- a. In July 2016, the Company closed a private placement for 20,334,463 units at \$0.30 per unit for gross proceeds of \$6,100,339. Each unit consists of one common share and one full share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period, subject to acceleration, of 18 months at an exercise price of \$0.45. Finder's fees of 6% cash and 6% finder's warrants are to be paid and issued on approximately 16.5 million units to various finders.
- b. In July 2016, the Company granted 787,500 stock options at an exercise price of \$0.31 per share exercisable for a period of five years to various consultants.
- c. In July 2016, the Company received total proceeds of \$350,000 from the exercise of 1,750,000 warrants at \$0.20 per warrant.