

## NSGOLD CORPORATION

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2017

#### **Background**

This Management's Discussion and Analysis (MD&A) of NSGold Corporation (NSGold or the Company) is dated May 30, 2017 and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the years ended December 31, 2016 and December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS) for financial statements. All amounts are in Canadian dollars unless otherwise specified. The financial statements and additional information, including news releases, the Filing Statement and technical reports referenced herein, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) under the Company's profile. The common shares of NSGold are traded on the TSX Venture Exchange under the symbol "NSX". Further information on NSGold can be found on its website at [www.nsgoldcorp.com](http://www.nsgoldcorp.com).

#### **Forward-Looking Information**

Certain statements in this MD&A are forward-looking statements or information (collectively- forward-looking statements). NSGold is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, NSGold has assumed that the current market for gold will continue and grow and that the risks listed below will not adversely impact the business of NSGold.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of NSGold, that could influence actual results include, but are not limited to: limited operating history; exploration, development and operating risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; fluctuating mineral prices and marketability of minerals; title to properties; local resident concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations and processing licenses and permits; management inexperience in developing mines; conflicts of interest of management; uninsurable risks; exposure to potential litigation; dividends; and other factors beyond the control of NSGold.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, NSGold undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of NSGold or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk and Uncertainties".

#### **Company Overview**

NSGold is a mineral exploration company actively exploring for gold and base metals in Nova Scotia, Canada. The Company's flagship property is the Mooseland Gold Project (Mooseland) located in Halifax County, Nova Scotia. NSGold was incorporated on September 25, 2009 under the Canada Business Corporations Act.

In April 2010, NSGold entered into a formal purchase agreement with Globex Mining Enterprises Inc. (Globex) to acquire a 100% interest in the advanced-stage exploration property referred to as the Mooseland Gold Property located

70 kilometres northeast of the city of Halifax, Nova Scotia and five secondary properties (Secondary Properties) all located in the Province of Nova Scotia.

In June 2010, the Company completed a reverse takeover and short form vertical amalgamation pursuant to the British Columbia Business Corporations Act with Kermode Capital Ltd. (Kermode) with the amalgamated entity being renamed “NSGold Corporation”. As a result of the foregoing transaction, the Company received a new ticker symbol relating to its common shares listed on the TSX Venture Exchange, namely “NSX”. In addition, on June 18, 2010, the Company completed a private placement financing raising gross proceeds of \$4.1 million.

In April 2011, the Company signed an agreement whereby it had the option to acquire a 100% ownership interest in the mining concessions comprising the Dios Padre Property, including the historic Dios Padre Silver Mine, located in the State of Sonora, Mexico.

In August 2011, the Company completed a private placement of 8,627,451 common shares at a price of \$0.51 per share, for gross proceeds of \$4.4 million. Sprott Asset Management LP, acting on behalf of certain Sprott funds and managed accounts, subscribed for the 8,627,451 common shares issued in the private placement, representing 19.9% of the common shares of NSGold issued and outstanding after the placement. The net proceeds were intended to fund the Mexican silver exploration activities. In 2011, the Company also received aggregate proceeds of \$1.68 million from the exercise of warrants and broker unit warrants aggregating 3,992,333 common shares.

In March 2012, the Company completed the spin-out of its Mexican silver assets to NSX Silver Inc. so NSGold could devote itself to exploration for gold at Mooseland and its search for other gold properties in mining “friendly” jurisdictions. The common shares of NSX Silver commenced trading on the TSX Venture Exchange on March 14, 2012 as a Tier 2 Mining Issuer under the trading symbol “NSY”.

In June 2012, the Company received an updated resource report for Mooseland. Total inferred gold resources for Mooseland were estimated at 454,000 ounces of gold at a cut-off grade of 2.6 grams per tonne.

In late 2012, the Company completed a drilling program at Mooseland for purposes of evaluating the potential for open pit mining in the West Zone.

In December 2012, the Company arranged a loan facility of up to \$500,000 with Van Hoof Industrial Holdings Ltd. (VHIH), a company controlled by Mr. Hans Van Hoof, Chairman of the Corporation. The loan facility was made available without any fees, options or warrants. The loan had an interest rate of 6% per annum and was repayable in full on January 30, 2015. As security for the repayment of the loan facility, the Corporation granted a security interest over its 187,580 common shares of NSX Silver Inc.

Effective November 19, 2014 the Company completed a one for ten consolidation of its common shares.

On January 30, 2015 the Company completed a non-brokered private placement and issued 3,529,411 units at a price of \$0.085 per unit, for aggregate gross proceeds of \$300,000. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles its holder to acquire one additional common share of NSGold for \$0.125 for a period of three years from the closing date.

Also on January 30, 2015 the Company completed the settlement of the loan from VHIH, the Company’s largest shareholder. The loan and accrued interest aggregating \$313,520.51 was settled with the issuance of 3,688,476 NSGold common shares to VHIH at a deemed price of \$0.085, the same price as the issue price for the private placement. NSGold did not issue any warrants to VHIH in connection with the settlement of the loan.

On December 2, 2016 the Company completed a non-brokered private placement and issued 1,000,000 units at a price of \$0.10 per unit, for aggregate gross proceeds of \$100,000. Each unit was comprised of one common share and one-half common share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company for \$0.15 for a period of 18 months from the closing date.

The Corporation’s activities are discussed in more detail in the following sections.

## Resource Properties

### Mooseland Gold Property

On April 14, 2010, NSGold entered into a formal purchase agreement with Globex to acquire a 100% interest in the advanced-stage exploration property referred to as the Mooseland Gold Property located 70 kilometres northeast of the city of Halifax, Nova Scotia and five Secondary Properties all located in the Province of Nova Scotia.

Under the terms of the purchase agreement NSGold paid a total of \$750,000 to Globex. Globex holds a gross metal royalty, equal to four percent (4%) of all metals produced from the Mooseland Gold Property and the Secondary Properties. In addition, Globex has the right to receive a five percent (5%) interest in the issued and outstanding share capital of NSGold at the time of production in the event that any of the Mooseland Gold Property or the Secondary Properties, as applicable, enters into production.

**Mooseland** is the site of the first recorded gold discovery in Nova Scotia in 1858, and the property recorded total historical production from 1863 to 1934 of 3,865 ounces of gold recovered from 9,058 tons of crushed material (J. Bates, 1982). More recently, Mooseland was the target of a succession of focused exploration programs by Hecla Mining Company of Canada and Acadia Mineral Ventures, Ltd. (1987-1992) and Azure Resources Corp. (2003-2004). These companies completed a total of 36,858 meters of diamond drilling on Mooseland. Mining infrastructure on the Mooseland property includes a three-compartment shaft sunk to a depth of 125 meters complete with a steel head frame, a 218 meter long ramp reaching a depth of 50 meters, a 12,000 cubic meter settling pond, access road and buildings.

There has been renewed interest in the Nova Scotia goldfields where historic production exceeds one million ounces. Atlantic Gold Corporation (AGB:TSXV) continues to advance their Moose River Gold Project, located 13 kilometers by road from Mooseland, toward production. AGB has adopted an aggressive consolidation strategy targeting the acquisition of surrounding gold properties. In September 2014, AGB completed the acquisition of Acadian Mining which owns the Beaver Dam and Fifteen Mile Stream gold properties. In 2016, AGB arranged a \$115 million project debt facility together with \$20 million equipment finance facility for the development of the Moose River Gold Project. AGB is currently constructing a 2 million tonne per annum processing plant and open pit mine at Moose River with gold production targeted in Q4 2017.

Also of significance is the fact that Mooseland is located less than 30 kilometers from the Tangier Gold Mine and approximately 65 kilometers from the Dufferin Gold Mine. These two properties, along with the Forest Hill gold property, were acquired by Resource Capital Gold (RCG:TSXV) in the later part of 2016. RCG has announced plans to commence operations at the Dufferin Mine in Q1 2017 with the processing of stockpiled materials while making preparations for the resumption of trial mining. NSGold management continues to closely monitor the advancement of these and other nearby gold projects.

In 2010, NSGold completed a Phase 1 exploration program at Mooseland that focused on obtaining data necessary to verify and classify the historical gold resource estimates in accordance with National Instrument 43-101. A total of 6,507 meters in 26 diamond drill holes were completed with 13 holes drilled in each of the West and East Zones.

In 2011, the Company completed a follow-up drilling program at Mooseland. The program consisted of 5,011 meters of diamond drilling in 16 drill holes and was designed with the objective of building confidence in the ore body model. This program has increased the knowledge of the deposit and added significant ounces to the resource. Drilling filled in some of the larger gaps in the model; 300 meters west and 200 meters east of the 2010 drilling on the West Zone and 200 meters north of the 2010 drilling on the East Zone. Fifteen of the sixteen had multiple intercepts of quartz veins that assayed greater than 1 gram per tonne gold. The best grade encountered was 0.5 meters of 107 grams/tonne. Significant drill results were announced in the Company's press releases dated October 18, 2011, November 22, 2011 and March 12, 2012.

In June 2012, the Company received an updated resource report for the Mooseland Gold Property. **Total inferred gold resources for Mooseland were estimated at 454,000 ounces of gold at a cut-off grade of 2.6 grams per tonne.** This resource report was prepared by MineTech International Inc. of Halifax, Nova Scotia and a copy is available on SEDAR. A summary of the updated resource estimation is provided in the following table.

<b>Mooseland Summary of Non-Diluted Inferred Mineral Resources</b>				
	Cut-off Grade (g/tonne)	Tonnes Above Cut-off	Average Diluted Grade (g/tonne)	Ounces
West Zone	2.6	1,460,000	5.52	259,000
East Zone	2.6	1,060,000	5.72	195,000
<b>Total</b>	<b>2.6</b>	<b>2,520,000</b>	<b>5.6</b>	<b>454,000</b>

This estimate is based on drill core assay results from historic and recent drilling programs totaling 45,382 meters in 183 drill holes as detailed below.

Year	Company	East Zone		West Zone		Total	
		Meters	# of Holes	Meters	# of Holes	Meters	# of Holes
1986 - 88	Hecla Mining Ltd /Acadian Mineral Ventures Ltd -JV	10,851	50	21,845	85	32,696	135
2003	Azure Resources	340	2	828	4	1,168	6
2010-11	NSGold Corp.	5,299	21	6,219	21	11,518	42

In December 2012, the Company carried out a third drilling program at Mooseland for purposes of evaluating the potential for open pit mining of the West Zone. The West Zone had been previously drill tested at depth and extends along strike approximately 1,000 meters, however, past drilling campaigns (110 holes totaling 29,000 meters) were not designed to target the gold bearing veins within 75 meters from the surface.

The Mooseland gold deposit occurs within a typical Meguma structure with steeply dipping limbs. The gold bearing quartz veins at Mooseland occur on both limbs of the fold with similar widths and grades. Of particular significance from a potential open-pit mining perspective is the relatively shallow depth (generally 0.5-1.5 meters) of overburden covering the West Zone deposit and the geometry of the near surface saddle veins.

A total of 15 diamond drill holes were completed, including two that encountered old mine workings and were abandoned. Drill hole depths ranged from 66 to 80 meters and all encountered multiple zones of quartz bearing argillites that contained varying amounts of arsenopyrite, both in and around the quartz veins. Of particular significance, Hole NSG-8-12 returned gold values of **36.8 grams per tonne over 0.6 meters** starting at 30.9 meters and **15.21 grams per tonne over 1.7 meters** starting at 77.7 meters.

Other significant drill intercepts included the following:

- 9.93 gpt over 1.0 meter in Hole NSG-1-12 starting at 25.2 meters
- 7.10 gpt over 1.0 meter in Hole NSG-3-12 starting at 67.2 meters
- 6.25 gpt over 1.0 meter in Hole NSG-8-12 starting at 74.3 meters
- 11.49 gpt over 1.0 meter in Hole NSG-10-12 starting at 51.8 meters
- 8.44 gpt over 1.0 meter in Hole NSG-10-12 starting at 54.8 meters
- 9.44 gpt over 1.0 meter in Hole NSG-13-12 starting at 48.0 meters
- 18.76 gpt over 1.0 meter in Hole NSG-15-12 starting at 22.9 meters

In the thirteen holes that were drilled to planned depths, there were thirty-nine (39) intercepts with gold values greater than 0.5 grams per tonne, including twenty-six (26) intercepts with gold values greater than 1.0 grams per tonne. The average sample length and grade of the thirty-nine intercepts were 0.92 meters and 4.57 grams per tonne respectively. The following table includes the gold results from the 2012 drilling program exceeding 0.5 grams per tonne:

Drill Hole #	From (meters)	To (meters)	Interval (meters)	Gold Assay (grams per tonne)
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<b>NSG-1-12</b>	<b>25.2</b>	<b>26.2</b>	<b>1</b>	<b>9.93</b>
NSG-2-12	13.6	14.5	0.9	0.5
NSG-2-12	51.2	52	0.8	1.6
NSG-2-12	55.4	56.1	0.7	4.89
NSG-2-12	58.1	59.1	1	4.5
NSG-2-12	75.1	76.1	1	0.58
NSG-3-12	7.3	8.5	1.2	1.19
NSG-3-12	23.1	23.65	0.55	1.15
NSG-3-12	40.6	41.6	1	1.97
<b>NSG-3-12</b>	<b>67.2</b>	<b>68.2</b>	<b>1</b>	<b>7.1</b>
NSG-4-12	7.4	8.3	0.9	1.44
NSG-5-12	15	16	1	0.53
NSG-5-12	16	17	1	0.92
NSG-8-12	23	24	1	1.06
NSG-8-12	25	26.1	1.1	4.78
<b>NSG-8-12</b>	<b>30.9</b>	<b>31.5</b>	<b>0.6</b>	<b>36.8</b>
NSG-8-12	55.8	56.8	1	0.53
NSG-8-12	74.3	75.3	1	6.25
<b>NSG-8-12</b>	<b>77.7</b>	<b>78.7</b>	<b>1</b>	<b>19.59</b>
<b>NSG-8-12</b>	<b>78.7</b>	<b>79.4</b>	<b>0.7</b>	<b>8.97</b>
<b>NSG-10-12</b>	<b>51.8</b>	<b>52.8</b>	<b>1</b>	<b>11.49</b>
<b>NSG-10-12</b>	<b>54.8</b>	<b>55.8</b>	<b>1</b>	<b>8.44</b>
NSG-11-12	29	30	1	1.75
NSG-12-12	13	14	1	2.46
NSG-12-12	22.5	23.5	1	1.41
NSG-12-12	62	63	1	4.38
NSG-12-12	65	65.8	0.8	0.5
NSG-12-12	71	71.6	0.6	1.62
NSG-13-12	11.5	12.5	1	0.95
NSG-13-12	12.5	13.1	0.6	0.53
NSG-13-12	31.5	32.5	1	0.66
NSG-13-12	32.5	33.5	1	3.28
NSG-13-12	38.6	39.6	1	0.65
<b>NSG-13-12</b>	<b>48</b>	<b>49</b>	<b>1</b>	<b>9.44</b>
NSG-15-12	5	6	1	2.17
NSG-15-12	6	6.8	0.8	0.71
NSG-15-12	20.5	21.2	0.7	0.69
<b>NSG-15-12</b>	<b>22.9</b>	<b>23.9</b>	<b>1</b>	<b>18.76</b>
NSG-15-12	51	52	1	0.65

All holes were drilled at angles between 45 and 47 degrees and core angles were generally in excess of 60 degrees, averaging between 65 and 70 degrees, resulting in true widths being seven to nine percent less than core lengths.

During Q1 2013, NSGold engaged GPX Gold Royalty Corp. to complete a metallurgical scoping study for the Mooseland Gold Project. GPX Gold provides metallurgical studies as a service to gold mine owners-operators who have completed preliminary investigation and are in need of detailed metallurgical information to proceed with a final evaluation or project implementation. The study was undertaken by GPX Gold's affiliate company, Resources Mining Technologies (RMT). The scoping study entailed the completion of ore analysis including sample preparation, work index, head grades, and fractional analysis by size. Major gold processing routes were evaluated, including gravity, flotation and cyanidation recovery, and a preliminary gold extraction flow sheet was developed. Basic reagent consumptions were also determined. All analysis and assays were conducted by McLelland Laboratories in Sparks, Nevada, a well-respected independent laboratory.

NSGold delivered to RMT 160 kilograms of drill core in sealed bags from which RMT prepared a composite sample. RMT then used approximately 30 kilograms of the composited material to carry out the scoping cyanidation, flotation, gravity concentration and comminution test work. The remaining composited sample is being stored in anticipation of an eventual definitive metallurgical test work.

The results from the metallurgical scoping study are summarized below:

- Cyanide leach test work resulted in gold recovery of 94.2% in 72 hours with low reagent consumptions of sodium cyanide (0.20 kilograms per metric tonne of ore) and lime consumption (1.1 kilograms per metric tonne of ore).
- Flotation test work yielded a gold recovery of 93.7% into a mass of 6.1%.
- Gravity concentration test work was carried out at a coarse grind and yielded a gold recovery of 53.7% into a mass of 0.13%. Although the gravity performance was only moderate, RMT commented that batch gravity concentration has the "potential to increase overall process recovery by removal of coarse free gold prior to a flotation treatment route".
- Microscopic examination of the gravity concentrate clearly showed the presence of large "nugget-like" coarse gold particles. For this reason gravity recovery is considered to be an essential processing step for recovering gold from the Mooseland Property.

The test work carried out by RMT also highlighted the variability in the gold grade of the various samples. This inherent characteristic of the Nova Scotia Meguma gold deposits is well documented and is generally referred to as the "nugget effect". The average gold grade of all assayed and calculated head grades in the scoping study was 3.15 grams per tonne. However, metallic screen assays returned an average head grade of 5.27 grams per tonne gold. The wide variance in assay values (low value of 1.15 gpt and high value of 8.81 gpt) indicates the presence of coarse disseminated gold. Furthermore, RMT reported that "the close agreement between the metallic screen assay value difference and the standard deviation indicates that the actual grade of the deposit is significantly higher than that indicated by the study average."

Overall, NSGold management was pleased with the results obtained from the metallurgical scoping study as the key outputs fell in line with expectations. NSGold ultimately hopes to undertake a more definitive metallurgical study, together with a mining study, which could support a mining production plan for the Mooseland Gold Property.

As a result of the difficult financing environment for junior resource issuers over the past few years, the Company has limited its expenditures to maintain the Mooseland claims during this period.

### **Cheticamp Property**

NSGold also holds the Cheticamp Property, a gold and base-metal exploration property, located in the Cape Breton Highlands.

In the fourth quarter of 2012 the Company completed sampling from the Mountain Top Mine area, at the Cheticamp Property. This area is known to host at least 12 mineralized showings. NSGold sampling returned significant values from quartz-sericite schist taken from two of these sites as detailed in the table below:

Sample #	Gold (g/tonne)	Silver (g/tonne)	Copper (%)	Lead (%)	Zinc (%)
806253	4.73	23.2	0.10	0.39	4.62
806263	3.39	138.0	0.72	6.94	1.03

Amax Minerals Exploration Limited (“Amax”) in 1979 reported sampling of boulders of massive galena in several locations on this property that returned assay values up to 1,334 grams per tonne silver, 42.3% lead and 8% zinc. Amax also reported sampling of boulders of massive arsenopyrite that returned assay values up to 4.11 grams per tonne gold, 160.4 grams per tonne silver, 1.27% lead and 1.77% zinc. Significant gold, silver and copper values have been reported by other companies that have explored elsewhere on the property. The source of this mineralization has yet to be found. A number of soil geochemical and geophysical (EM) anomalies remain either untested or under-explored.

NSGold also collected rock samples from another area of the Cheticamp Project known as the Core Shack Showing. In particular three samples taken from mineralized quartz-sericite schist returned significant values as detailed in the table below:

Sample #	Gold (g/tonne)	Silver (g/tonne)	Copper (g/tonne)	Lead (%)	Zinc (%)
806277	5.49	15.2	0.19	0.27	2.53
806278	3.74	86.0	0.15	0.62	0.51
806279	3.94	9.9	0.02	0.05	0.29

Amax carried out a limited drill program at the Core Shack area in 1979 with the best reported drill intercept being 4.11 gram per tonne gold, 40.8 g per tonne silver, 1.76% lead and 2.39% zinc over 4.5 meters. The limits of this mineralization have not been adequately explored.

Base metal and precious metal mineralization on the Cheticamp Property occurs in an altered meta-sedimentary sequence (mainly quartz-sericite schist with some chlorite schist) within altered volcanics. Numerous additional showings as well as two former producing mines (the Galena Lead/Zinc Mine and the Mountain Top Copper/Gold Mine) occur on nearby claims, also owned by NSGold, in a similar geological environment. NSGold has excellent claim coverage in these areas and is planning to undertake further evaluation work on all the exploration licences.

The rocks of the Cheticamp Highlands region are of the Aspy Terrane which correlates with the Gander and Dunnage Zones of Newfoundland, host to the Buchans area deposits, and the Miramichi Zone of north-central New Brunswick, host to the Bathurst area deposits.

While NSGold has not conducted any significant exploration activities on the Cheticamp Property since 2012, subject to securing funding, the Company intends to carry out follow up exploration work in the area of the high grade sample results. Exploration activity in the Cheticamp Highlands area has increased significantly since the gold-in-quartz veining discovery by Joe Richman in 2011. More recently IAMGold (IMG:TSX) staked a large land position in the Highlands and carried out exploration. IAMGold reported total expenditures of \$400,000 in 2014 including a 1,200 meter drill program.

#### **Fall 2016 Staking – Mooseland North and Dufferin West**

During October 2016, the Company acquired an additional 265 mineral claims in Nova Scotia covering an area of approximately 10,600 acres (4,300 hectares). A total of 115 claims were staked in the area north of the Mooseland Gold Property and 150 claims were staked to the west of the Dufferin Gold Property. These two claim groups are referred to respectively as the Mooseland North Property and the Dufferin West Property.

The Mooseland North Property is located in Halifax County 2 kilometers from the Mooseland Gold Property. During 2012 NSGold prospected in the area of the Mooseland North Property and found and assayed a boulder containing quartz, black argillite and coarse arsenopyrite that returned 1.07 and 4.53 grams per tonne gold in two separate samples from the boulder. Of historical interest is the fact that Faribault’s 1898 geology map of the wider Mooseland-Moose

River areas is marked “Gold” in the area of the central Mooseland North claims. Located 13 kilometers east along the anticline from Mooseland North, is the historic Killag gold deposit and ten kilometers along the anticline to the west-southwest is the historic Gold Lake gold deposit. This anticline also hosts the Goldenville gold deposit, the largest past producing gold mine in Nova Scotia having produced in excess of 200,000 ounces. It was determined in 2012 that additional exploration work and claim staking were warranted for Mooseland North, however, these plans were put on hold as a result of the downturn in the market.

The newly staked Dufferin West mineral claims are positioned along the Salmon River anticline, host to the Dufferin gold deposit. The Dufferin West Property covers approximately 8 kilometers of the anticline and is adjacent to that structure for another 3 kilometers. At least 8 shallow, historic shafts occur on these claims as well as a number of trenches.

NSGold also acquired a separate block of 6 mineral claims that adjoin the Dufferin Mine lease and are down-dip of the Salmon River and Dufferin Crown Pillar anticlinal structures.

### Qualified Person

Perry MacKinnon, P. Geo., Chief Geologist, for NSGold, a qualified person as defined by National Instrument 43-101 has reviewed the information provided in this Management Discussion and Analysis for the quarter ended March 31, 2017.

### Selected Financial Information

NSGold’s net loss for the three month period ended March 31, 2017 was \$21,461 or \$0.002 per share compared to a net loss of \$97,582 or \$0.01 per share for the year ended December 31, 2016 and \$108,688 or \$0.01 per share for the year ended December 31, 2015.

The following table contains selected financial information for the three month period ended March 31, 2017 and the two recently completed fiscal years.

	As at March 31, 2017 \$	As at December 31, 2016 \$	As at December 31, 2015 \$
Total current assets	81,830	128,071	128,662
Resource properties	2,193,064	2,179,345	2,161,797
Total assets	2,284,273	2,316,795	2,299,838
Total current liabilities	47,382	58,443	37,135
Total liabilities	47,382	58,443	37,135
Shareholders’ Equity	2,236,891	2,258,352	2,262,703
Net income (loss)	(21,461)	(97,582)	(108,688)
Net income (loss) per share	(0.002)	(0.01)	(0.01)



## Summary of Quarterly Operating Results

The following table presents the quarterly operating results for the Company for the last eight quarters:

Quarter ended	Mar 31, 2017 \$	Dec 31, 2016 \$	Sept 30, 2016 \$	June 30, 2016 \$	Mar 31, 2016 \$	Dec 31, 2015 \$	Sept 30, 2015 \$	June 30, 2015 \$
<b>Operating expenses</b>								
Consulting fees	13,150	11,862	12,888	13,500	12,250	5,850	13,348	14,146
Professional fees	287	10,037	225	2,767	260	10,492	-	4,420
Professional dues	3,329	4,099	6,020	2,135	2,114	2,652	4,992	1,967
Insurance	2,250	2,250	2,250	3,188	1,312	2,250	2,250	2,250
Shareholder communication	125	240	736	3,026	-	-	3,799	3,611
Stock based compensation	-	-	-	-	-	3,000	-	7,000
Interest on loan facility	-	-	-	-	-	-	-	-
Office and other	2,320	938	2,182	1,977	2,138	2,513	746	2,369
<b>Total expenses</b>	<b>21,461</b>	<b>29,426</b>	<b>24,301</b>	<b>26,593</b>	<b>18,074</b>	<b>26,757</b>	<b>25,065</b>	<b>35,763</b>
Interest income	-	-	(80)	(19)	(714)	(1,752)	-	-
<b>Net loss and comprehensive loss for the quarter</b>	<b>21,461</b>	<b>29,426</b>	<b>24,221</b>	<b>26,574</b>	<b>17,360</b>	<b>25,005</b>	<b>25,065</b>	<b>35,763</b>
<b>Net loss per share</b>	<b>0.002</b>	<b>0.002</b>	<b>0.002</b>	<b>0.002</b>	<b>0.002</b>	<b>0.002</b>	<b>0.002</b>	<b>0.003</b>

### Results of Operations for the Three Month Period Ended March 31, 2017

NSGold's net loss for the three month period ended March 31, 2017 was \$21,461 or \$0.002 per share compared to a net loss for the three month period ended March 31, 2016 \$17,360 or \$0.02 per share.

In light of the continued challenging financing conditions relating to TSX Venture resource issuers, the Company has maintained a relatively low level of operating expenditures in 2016 and year-to-date in 2017. Adjusting for non-cash items, the annual operating expenditure level for the 2 years has been relatively constant at approximately \$100,000.

### Liquidity and Capital Resources

As at March 31, 2017, the Company had current assets of \$81,830 and working capital of \$34,448.

On December 2, 2016 the Company completed a non-brokered private placement and issued 1,000,000 units at a price of \$0.10 per unit, for aggregate gross proceeds of \$100,000. Each unit was comprised of one common share and one-half common share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company for \$0.15 for a period of 18 months from the closing date.

NSGold's largest shareholder, Van Hoof Industrial Holdings (VHIH), subscribed for 450,000 units of this private placement for aggregate subscription proceeds of \$45,000. VHIH is a company controlled by Mr. Hans Van Hoof, Chairman and CEO of NSGold and owns 55.2% of the issued shares of NSGold on an undiluted basis.

The Company's ability to meet its administrative expenses and complete its planned exploration activities is ultimately dependent upon management's ability to secure additional financing. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future.

### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### Related Party Transactions

None.

### Outstanding Share Data

At March 31, 2017 and May 30, 2017, the Company had 12,573,264 common shares issued and outstanding.

At March 31, 2017 and May 30, 2017, the Company had 4,029,411 common share purchase warrants outstanding of which 3,529,411 warrants entitle the holders to acquire one common share of NSGold at a price of \$0.125 expiring January 30, 2018 and 500,000 warrants entitle the holders to acquire one common share of NSGold at a price of \$0.15 expiring June 2, 2018.

At March 31, 2017 and May 30, 2017, the Company had a total of 207,500 stock options outstanding of which 97,500 have an exercise price of \$0.085 per share and an expiry date of May 28, 2025 and 110,000 have an exercise price of \$0.075 per share and an expiry date of December 4, 2025.

If all warrants and stock options were exercised, the number of common shares of the Company outstanding at March 31, 2017 and May 30, 2017 would be 16,810,175.

### **New and Amended Standards Adopted by the Company**

The following standard has been adopted by the Company for the financial year which began on January 1, 2015:

#### *IFRIC 21, Levies*

IFRIC 21 “Levies” (“IFRIC 21”) has been amended to require entities to recognize a liability when payment is triggered under the terms of the relevant legislation. The Company adopted IFRIC 21 on January 1, 2015 on a retrospective basis. The adoption of IFRIC 21 had no impact on these financial statements.

### **New Standards and Interpretations Not Yet Adopted**

The following new standards and amendments to the standard are not yet effective and have not been applied in preparing these financial statements. Accordingly, the Company expects to adopt these standards as set forth below.

#### *IFRS 9, Financial Instruments*

IFRS 9, "Financial instruments" introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013 to: (i) include guidance on hedge accounting; (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity’s own credit risk, from financial liabilities designated under the fair value option, in other comprehensive loss, without having to adopt the remainder of IFRS 9; and (iii) remove the previous mandatory effective date for adoption of January 1, 2015, although the standard is available for early adoption.

The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking expected loss impairment model; and

(iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the new standard on its financial statements.

#### *IFRS 16, Leases*

IFRS 16, “Leases” (“IFRS 16”) a new standard on lease accounting, was issued on January 13, 2016 and replaces the current guidance in IAS 17. The new standard results in substantially all lessee leases being recorded on the statement of financial position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently evaluating the impact of this new standard on the Company’s financial statement measurements and disclosures. The Company does not anticipate early adoption of this standard.

#### *IFRS 15, Revenue from Contracts and Customers*

The IASB issued IFRS 15 “Revenue from Contracts and Customers” (“IFRS 15”) effective for annual periods beginning on or after January 1, 2018, although the standard is available for early adoption. IFRS 15 replaces IAS 18, “Revenue” and IAS 11, “Construction Contracts”, and some revenue related interpretations. The underlying principle is that an entity will recognize revenue to depict the transfer of goods and services to customers at an amount the entity expects to be entitled to in exchange for those goods and services. The Company is currently evaluating the impact of the new standard in its financial statements.

### **Risks and Uncertainties**

The following are certain factors relating to the business of the Company. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

The following is a description of certain risks and uncertainties that may affect the business of the Company.

#### **(i) Limited Operating History**

The Company is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Company was incorporated September 25, 2009 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

#### **(ii) Exploration, Development and Operating Risks**

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company’s resource base.

The Company’s operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

#### **(iii) Substantial Capital Requirements and Liquidity**

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

**(iv) Fluctuating Mineral Prices**

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Company's properties.

**(v) Regulatory Requirements**

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

**(vi) Financing Risks and Dilution to Shareholders**

The Company has limited financial resources, no operations and no revenues. If the Company's exploration program on its exploration properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

**(vii) Title to Properties**

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its exploration properties will

not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that NSGold does not have title to its exploration properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

**(viii) Requirement for Permits and Licenses**

A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

**(ix) Competition**

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

**(x) Reliance on Management and Dependence on Key Personnel**

The success of the Company will be largely dependent upon on the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

**(xi) No Mineral Reserves**

The Mooseland Gold Property in which the Company holds an interest is considered to be an advanced stage exploration property, however no mineral reserve estimates have been prepared in respect of the property. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

**(xii) Environmental Risks**

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

**(xiii) Governmental Regulations and Processing Licenses and Permits**

The activities of the Company are subject to Canadian approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other

matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

**(xiv) Local Resident Concerns**

Apart from ordinary environmental issues, work on, or the development and mining of the Mooseland and other properties could be subject to resistance from local residents that could either prevent or delay exploration and development of the property.

**(xv) Management Inexperience in Developing Mines**

The management of the Company has some experience in exploring for minerals, but may lack all or some of the necessary technical training and experience to successfully develop and operate a mine. Without adequate training or experience in these areas, management may not be fully aware of many of the specific requirements related to working within the mining industry and their decisions and choices may not take into account all available and necessary engineering or managerial approaches that experienced mine operating companies commonly use to successfully develop a mine. Consequently, the Company's operations, earnings and ultimate financial success could be materially adversely effected.

**(xvi) Conflicts of Interest**

Certain of the directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act (BCBCA) provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the Company, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

**(xvii) Uninsurable Risks**

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's shares. The Company does not intend to maintain insurance against environmental risks.

**(xviii) Litigation**

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

**(xix) Dividends**

To date, NSGold has not paid any dividends on its outstanding shares. Any decision to pay dividends on the shares of the Company will be made by its board of directors on the basis of the Company's earnings, financial requirements and other conditions.

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).