

**NFX GOLD INC.**  
**(the “Company”)**

**FORM 51-102F1**  
**MANAGEMENT’S DISCUSSION & ANALYSIS**

**Date**

This MD&A is dated May 30, 2008 and should be read in conjunction with the interim consolidated financial statements for the three months ended March 31, 2008.

**Overall Performance**

The Company is engaged in the acquisition and exploration of properties with the potential for gold and other mineral commodities. The Company, either directly or through joint venture partnership, holds interests in gold exploration properties in Ontario, Canada and exploration properties in Quebec, Canada.

*Larder Lake Properties and Maximus Ventures Ltd. Option and Joint Venture*

The Company’s primary holdings consist of a 100% interest in 64 patented mining claims, 1 claim for surface rights and 4 licenses of occupation (underlain by water) covering 1,751 hectares in McVittie and McGarry Townships, within the Larder Lake gold mining district, located in northeastern Ontario. The Company’s gold property, the Larder Lake Properties are in the exploration stage. The Larder Lake Properties are comprised of five contiguous properties, namely the Barber Larder, Bear Lake, Cheminis, Cheminis North and Fernland properties.

The Company and Maximus Ventures Ltd. (“Maximus”) (TSX-V: MXV) are currently in the final year of a Joint Venture Option Agreement (the “Agreement”) on the Larder Lake Properties. The Agreement provides Maximus with a right to acquire a 60% interest in the Company’s interest at the Cheminis, Fernland, and Bear Lake claims and 45% interest in the Company’s Barber Larder claims by expending \$6 million on exploration by December 31, 2008. Should Maximus default or fail to make any of the expenditures, Maximus will be permitted 60 days to remedy such default, failing which Maximus will forfeit any rights the Agreement shall be terminated.

Twenty-three diamond drill holes (11,994 metres (m)) were completed in 2006. A significant portion of the 2006 drill program focused around the old Cheminis and Fernland mines. Results from this initial program confirm the presence of historically identified resources in several zones at each of the mines with some potential to extend resources. In addition to the historically identified zones, several of the 2006 drill hole intersections occurred in parallel structures to those hosting the historically known zones. The historical zones at Cheminis deserve additional work to delineate the full extent of the resources and possible smaller high grade shoots within them.

In 2007, Maximus continued drilling to investigate the potential along the relatively unexplored parallel structures with indicated mineralization, one of which appears to control mineralization at the now-closed Kerr Addison mine (approximately 11 million ounces of gold produced at a grade of 0.29 oz/t) located 2 kms to the east of the project property boundary. These parallel potential flow ore and carbonate ore units have been identified from 2005 and 2006 drilling on the property and offer significant exploration potential.

The 2008 exploration program consists of a planned 43,000 m follow-up diamond drilling program which is ongoing at the Larder Lake Properties. The 2008 drilling program includes a minimum of 39 holes totalling 34,000 m, spaced 125 to 150 m apart at Bear Lake in order to delineate the higher-grade lenses occurring within the gold zone. In addition, 5,000 m of drilling will test the down-plunge extension of the Fernland gold

zone and approximately 4,000 m of additional drilling is planned to test newly interpreted targets on the Larder Lake Properties along relatively unexplored parallel structures characterized by altered iron-rich rock units similar to those that controlled the high grade gold mineralization at the Kerr Addison mine. In addition, the 2007 and historic shallow drilling results from Barber Larder are currently being evaluated. Similar lower grade gold intersections to those that led to the discoveries of the high grade gold zones at Bear Lake and Fernland are being identified on the Barber Larder for follow-up drilling in 2008.

Currently, the exploration program for 2008 is budgeted for \$3.75 million. After Maximus spends the initial \$2.25 million to complete exploration expenditures totaling \$6 million required to vest their interest in the Larder Lake Properties, the Company will be required to fund 40% of subsequent exploration expenditures, which would amount to \$600,000 pursuant to the budgeted exploration program for 2008.

### *Bear Lake Gold Zone*

On August 15, 2007, the Company and Maximus announced the discovery of two new high-grade gold zones at the Larder Lake Properties, along the the Bear Lake fault, which appears to have acted as a major gold mineralization conduit.

On March 31, 2008, the Company announced results from the first four holes from the 2008 follow-up drilling program targeting the Bear Lake gold zone. Hole NFX08-35 intersected 4.8 m of flow-type mineralization grading 18.3 g/t gold, including a section of 0.5 m which yielded 163.5 g/t gold. Hole NFX08-35 was drilled 450 m up-dip and 50 m east from hole NFX07-11, which intersected 10.2 m grading 8.0 g/t gold (as reported on August 15, 2007). The intercept in hole NFX08-35 contains the highest single gold value encountered to date in the Bear Lake area.

The intercept in hole NFX08-35 was cut at 120 m below surface, clearly showing that high-grade gold mineralization at Bear Lake occurs close to surface and extends at least 550 m down-plunge and is open laterally for over 500 m. This new intersection opens up a large area where significant tonnage and high gold grades could be present. Additional assay results from other intersections of hole NFX08-35 are pending.

Assay results from holes NFX08-26, 27 and 28 were also received and, although all holes did cut flow-type mineralization, they did not yield significant gold values. Based on geological interpretation of the ore zones at the now-closed Kerr-Addison Mine, both high-grade and low-grade shoots are to be expected within carbonate-type and flow-type mineralization at Bear Lake.

Drilling is ongoing to systematically test the Bear Lake gold zone along strike and down-plunge to a vertical depth of 1,000 m, using a 125 m to 150 m hole spacing. This spacing will be adjusted as new assay results are received.

A complete list of historical drill results from the Larder Lake Properties can be found under the Company's filings at [www.sedar.com](http://www.sedar.com).

### *Option and Joint Venture, James Bay Properties*

On July 16, 2007, Eloro, a related party, granted the Company an option to acquire a 50% interest in Lemoyne North, Horseshoe, Taïga and Taïga West properties (the "Lemoyne Properties") by expending \$3,000,000 in the following increments: \$500,000 by July 15, 2008; \$750,000 by July 15, 2009; \$750,000 by July 15, 2010; and \$1,000,000 by July 15, 2011. The properties are encumbered with a 1% net smelter return royalty.

On January 22, 2008, the Company announced that a surface diamond drilling program has commenced on the Lemoyne North Property. The Company initiated a 2,000 m surface drilling program to test the sulphide zone associated with alumina and magnesium bearing alteration, typical of the Doyon-Bousquet-La Ronde Camp. This wide alteration zone has been delineated over a 3 km strike length by geophysics and is more than 200 m wide. Grab samples from this zone consist of abundant pyrite – pyrrhotite (iron sulphides) and minor chalcopyrite (copper sulphides) and sphalerite (zinc sulphides). Results are pending.

### **Risks and Uncertainties**

The Company is in the exploration stage and has not yet determined whether its mineral resource properties contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of amounts shown for mineral resource properties is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties.

The Company is subject to numerous risk factors that may affect its business prospects in the future. These risks include, but are not limited to, the Company's access to additional capital to fund future activities, the loss of mineral properties or the inability to obtain mining licences, the inherently risky nature of the Company's activities and its lack of experience in bringing an exploration property into production, foreign exchange fluctuations, the political stability and economic uncertainty of those areas in which the Company carries on operations and the lack of infrastructure in those areas, title risks, the risks and uncertainties associated with joint ventures and the Company's reliance on third parties, statutory and regulatory compliance, the adequacy and availability of insurance coverage, the Company's dependence upon employees and consultants and fluctuations in mineral prices.

### **Results of Operations**

#### *3 months ended March 31*

	<b>2008</b>	<b>2007</b>
	\$	\$
<b>General and administrative expenses</b>		
Professional fees	11,387	10,128
Consulting fees	41,500	93,700
Stock-based compensation	-	114,250
General and office	135,494	107,321
Amortization	377	118
	<hr/> 188,759	<hr/> 325,517
<b>Loss before the undernoted items</b>	(188,759)	(325,517)
Interest income	16,045	28,919
Other income	-	11,030
Increase (decrease) in fair value of marketable securities	(159,596)	187,332
<b>Loss for the period</b>	<hr/> (332,309)	<hr/> (98,236)
Income tax recovery	252,000	-
<b>Net loss for the period</b>	<hr/> (80,309)	<hr/> (98,236)

The net loss is comparable to the same period in the previous year, however, there were significant changes:

- a) no stock options were granted in 2008 and therefore, no stock-based compensation was recorded.
- b) the Company recorded an decrease in fair value of marketable securities of \$159,596 compared to an increase in 2007 related primarily to the investment in common shares of Eloro Resources Ltd, of which, three directors of the Company are directors of Eloro.
- c) the Company reported an income tax recovery of \$252,000 in 2008 related to the issue of \$700,000 of flow-through common shares pursuant to the Income Tax Act (Canada) during 2007, for which, the deductions for income tax purposes of the related expenditures were renounced to the subscribers of the flow-through shares.

### Summary of Quarterly Results

	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>
	<b>2006</b>	<b>2006</b>	<b>2006</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest revenue	666	5,576	31,172	28,919	26,542	23,981	27,283	16,045
Loss								
- Total	556,898	197,708	466,437	98,236	566,864	745,923	843,131	80,309
- Per share	0.02	0.01	0.01	0.00	0.01	0.02	0.01	0.01

### Liquidity and Capital Resources

The Company is not in commercial production on any of its mineral resource properties, and accordingly, the Company has no revenues. The Company finances its operations by raising capital in the equity markets.

Future cash requirements will depend primarily on the extent of future expenditures on the Company's exploration programs. The cost and duration of future exploration programs will depend on the results of current exploration programs and therefore, the Company is not able to forecast future cash requirements. The Company has sufficient funds to maintain its current mineral resource properties and carry out certain planned exploration programs, but the Company will require additional financing to complete exploration programs in 2009 and future years.

As at March 31, 2008, working capital of \$1,922,791 (December 31, 2007-\$2,698,091) included cash of \$150,000 (December 31, 2007-\$592,000) of the proceeds of private placements of flow-through common shares completed in 2007, which must be expended on Canadian exploration expenditures by December 31, 2008. Working capital also includes marketable securities of Eloro Resources Ltd., a related party, with a fair value of \$624,173.

The Company has an option to acquire a 50% interest in Lemoyne North, Horseshoe, Taïga and Taïga West properties by expending \$3,000,000 in the following increments: \$500,000 by July 15, 2008, which has been expended; \$750,000 by July 15, 2009; \$750,000 by July 15, 2010; and \$1,000,000 by July 15, 2011.

### Transactions with Related Parties

For the 3 months ended March 31, 2008, consulting fees includes \$46,500 (2007 – \$49,000) expensed to companies controlled by two directors and management of the Company. These transactions were in the normal course of business and are recorded at an exchange value established and agreed upon by the related parties.

Receivables included no amount (December 31, 2007 – \$25,000) due from Champion Minerals Inc. (“Champion”). One director of Champion is a director of the Company.

Marketable securities include the following investments in related parties:

	March 31, 2008		December 31, 2007	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Eloro Resources Ltd. (“Eloro”)	856,679	624,173	851,879	776,768
Northfield Metals Inc. (“Northfield”)	18,300	18,300	18,300	18,300

Three directors of the Company are also directors of Eloro and two directors of the Company are also directors of Northfield.

### Critical Accounting Estimates

#### *Mineral resource properties*

Costs relating to the acquisition, exploration and development of mineral resource properties are deferred until the properties are brought into commercial production, at which time, they are amortized over the estimated useful life of the related property on a unit-of-production basis. The cost of mineral resource properties includes the cash consideration and the fair value of shares issued on the date the property is acquired. The proceeds from options granted on properties are credited to the cost of the related property. When a property is determined to be non-commercial, non-productive or its value impaired, those costs in excess of estimated recoveries are charged to operations.

The recoverability of amounts shown for mineral resource properties is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company’s ability to recover its costs through a disposition of its mineral resource properties.

The amount shown for mineral resource properties does not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for mineral resource properties.

#### *Stock-based compensation*

Stock-based compensation is determined using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including the expected price volatility of the Company's common shares and the expected life of the options. Changes in these input assumptions can materially affect the estimate of fair value.

### **Changes in Accounting Policies including Initial Adoption**

On January 1, 2008, the Company adopted amendments to CICA Handbook Section 1400, “General Standards of Financial Statement Presentation” which includes requirements to assess and disclose an entity's ability to continue as a going concern; disclosure of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern; disclosure of when financial statements are not prepared on a going concern basis, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.

On January 1, 2008, the Company adopted CICA Handbook Section 1535, “Capital Disclosures” which requires disclosure of qualitative information about its objectives, policies and processes for managing capital; disclosure of quantitative data about what is regarded as capital; and disclosure of compliance with any externally imposed capital requirements and the consequences of such non-compliance.

On January 1, 2008, the Company adopted CICA Handbook Section 3862, “Financial Instruments – Disclosures” and Section 3863, “Financial Instruments – Presentation” which requires disclosures to enable users to evaluate the significance of financial instruments on the entity's financial position and performance, and the nature and extent of risks arising from financial instruments and non-financial derivatives.

Beyond additional disclosure, the adoption of these new accounting standards did not have an effect on the Company's financial statements.

### **Future Changes in Accounting Policies**

On January 1, 2009, the Company will adopt CICA Handbook Section 3031, “Inventories”, which will replace Section 3030. The new standard requires that inventories be measured at the lower of cost and the net realizable value, provides guidelines on determining cost, prohibits the use of the last-in, first-out method (LIFO) and requires the reversal of a previous write-down when the value of inventories increases.

On January 1, 2009, the Company will adopt CICA Handbook Section 3064, “Goodwill and Intangible Assets” which will replace Section 3062. The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. Concurrent with the introduction of this standard, the CICA withdrew EIC27, Revenues and Expenses during the pre-operating period.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

### **Financial Instruments and Other Instruments**

#### *Fair value*

The carrying value of cash, sundry receivable and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments. Marketable securities are recorded at fair value.

#### *Market risk*

Market risk arises from the possibility that changes in market prices will affect the value of financial instruments. The Company is exposed to fair value fluctuations on its marketable securities.

*Commodity price risk*

The ability of the Company to develop its mineral resource properties and the future profitability of the Company is directly related to the market price of certain minerals.

**Other Information*****Additional Disclosure for Venture Companies without Significant Revenue***

The following table sets forth a breakdown of material components of the general and administration costs, capitalized or expensed exploration and development costs of the Company for the periods indicated.

	<b>3 months ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>General and office</b>		
Premises	10,428	14,792
Office	39,030	24,875
Telephone	8,667	7,135
Insurance	6,305	2,925
Public company costs	13,605	16,978
Promotion	26,498	25,239
Travel	30,961	15,377
	135,494	107,231

	<b>December 31,</b>	<b>Acquisition</b>		<b>March 31,</b>
	<b>2007</b>	<b>costs</b>	<b>Exploration</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Property</b>				
Cheminis	7,679,169	—	14,566	7,693,735
Barber Larder	903,001	—	—	903,001
Swansea	—	—	—	—
McVittie McGarry	286,472	—	2,504	288,976
Kirkland Wright	53,800	10,400	17,403	81,603
McVittie	26,795	—	—	26,795
Lemoyne	86,415	—	430,997	517,412
	9,035,652	10,400	465,470	9,511,522

	<b>December 31,</b>	<b>Acquisition</b>		<b>March 31,</b>
	<b>2006</b>	<b>costs</b>	<b>Exploration</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Property</b>				
Cheminis	7,573,978	—	14,073	7,588,051
Barber Larder	253,001	—	—	253,001
Abitibi	113,250	—	—	113,250
McVittie McGarry	267,500	—	—	267,500
Kirkland Wright	53,800	—	—	53,800
	8,261,529	—	14,073	8,275,602

The Company intends to keep all of its properties in good standing and is currently proceeding with exploration programs.

***Disclosure of Outstanding Share Data (as at May 30, 2008)***

**Shares**

Authorized:

Unlimited number of common shares.

Outstanding:

52,983,532 common shares.

***Warrants***

Outstanding:

500,000 warrants entitling the holder to purchase a common share at a price of \$0.40 per common share until January 12, 2009.

75,000 warrants entitling the holder to purchase 75,000 units at a price of \$0.25 per unit until January 12, 2009. Each unit consists of one common share and one-half common share purchase warrant, with each whole common share purchase warrant entitling the holder to purchase a common share at a price of \$0.40 per common share until January 12, 2009.

811,065 warrants entitling the holder to purchase a common share at a price of \$0.40 per common share until February 17, 2009.

133,470 warrants entitling the holder to purchase a unit at a price of \$0.25 per unit until February 17, 2009. Each unit consists of one common share and one-half common share purchase warrant, with each whole common share purchase warrant entitling the holder to purchase a common share at a price of \$0.40 per common share until February 17, 2009.

***Stock options***

Authorized:

9,200,000 stock options.

Outstanding:

<b>Exercise price</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Expiry date</b>
\$0.30	225,000	225,000	December 16, 2010
\$0.55	1,000,000	1,000,000	January 30, 2011
\$0.35	2,450,000	2,450,000	August 12, 2012
\$0.41	275,000	275,000	September 19, 2012
	<hr/> 3,650,000	<hr/> 3,650,000	

At May 30, 2008, there are 772,500 options available to be granted under the stock option plan. The grant of 1,400,000 stock options on November 9, 2007 requires shareholder approval of an increase to the number of stock options available to be granted under the stock plan. Therefore, those stock options are deemed not to be granted until that approval is obtained.

**Forward-Looking Statements**

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “may”, “plan”, “will”, “would”, “should”, “guidance”, “potential”, “continue”, “project”, “forecast”, “confident”, “prospects”, and similar expressions typically are used to identify forward-looking statements. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the Company’s business and the industry and markets in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied by these forward-looking statements due to a number of factors, including but not limited to the Company’s access to additional capital to fund future activities, the loss of mineral properties or the inability to obtain mining licences, the inherently risky nature of the Company’s activities and its lack of experience in bringing an exploration property into production, foreign exchange fluctuations, the political stability and economic uncertainty of those areas in which the Company carries on operations and the lack of infrastructure in those areas, title risks, the risks and uncertainties associated with joint ventures and the Company’s reliance on third parties, statutory and regulatory compliance, the adequacy and availability of insurance coverage, the Company’s dependence upon employees and consultants and fluctuations in mineral prices. These risks, as well as others, could cause actual results and events to vary significantly. The Company expressly disclaims any intent or obligation to update these forward-looking statements, unless the Company specifically states otherwise.

**Additional Information**

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