



December 23, 2011

Dear Shareholders and Friends,

On behalf of all of us at NSGold Corp, I would like to wish you all a Merry Christmas and a happy and prosperous 2012.

Before I bring everyone up to date with our future activities and plans, first a quick look back at 2011. 2011 was an important year for NSGold and was our first full year as a listed company. First, the acquisition of the highly prospective Dios Padre Silver Project in Sonora, Mexico has provided us with truly a significant value added opportunity. Second, the completion of an extensive drilling program at the Mooseland Project in Nova Scotia yielded a 43-101 compliant initial resource of 390,000 inferred ounces of gold.

As these assets are very distinct, both geographically and in nature, the reflection in the valuation of the NSGold share price is, in our opinion, not optimal. We therefore decided to split the company in two; NSGold will be a gold focused company with its current principal asset being Mooseland and NSX Silver, a silver focused company with Dios Padre being its cornerstone asset.

On the financial side, warrant exercises in 2011 brought in around \$1.7 million. In July we welcomed Sprott Asset Management as a significant shareholder when it bought a 19.9% stake at \$0.51 per share for gross proceeds of \$4.4 million. Also, in the interest of full disclosure respecting significant shareholders, I purchased over one million shares over the year, both through the exercise of warrants and market transactions.

Now looking forward to 2012. Yesterday, the shareholders at the EGM voted overwhelmingly (99.98%) to distribute the shares of NSX Silver Corp as a tax free 'Reduction of Capital'. The final prospectus is currently with the securities regulators and we believe that all the required approvals are imminent. The common shares should start trading in the first half of January under ticker symbol NSY.

Although the news flow has been very sporadic during the spin-off process, we haven't been idle. Important base line geological work has been completed at Dios Padre and we intend to commence a drilling program immediately after the listing of NSY shares. We should also receive the remaining laboratory results from our recently completed Mooseland drilling program early in the New Year. An updated 43-101 resource estimate should follow soon thereafter.

Kind regards,

Hans van Hoof  
Chairman, NSGold Corp.