

Q-GOLD RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2016
DATED MAY 1, 2017**

GENERAL

The following Annual Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2016 of Q-Gold Resources Ltd. ("Q-Gold", the "Company" or the "Corporation") and the notes thereto.

This MD&A was prepared in conformity with National Instrument 51-102F1 and has been approved by the Corporation's Board of Directors prior to release. Under this Instrument, the Corporation is defined as a "Venture Issuer".

The consolidated financial statements have been audited by Calvista LLP, Professional Accountants, of Calgary, Alberta in accordance with International Financial Report Standards (IFRS), see Note 2 to the Financial Statements. The independent auditors of the Corporation have been appointed by the shareholders of the Corporation.

OVERALL PERFORMANCE

During the year ending December 31, 2016, Q-Gold continued to focus on identifying and conducting exploration activities on its precious metals properties near Crown King, Arizona. The Company's primary activities during the year included an exploratory drilling program on its Crown King properties and the optioning of properties containing the historic Peck and Oriental silver mines in Yavapai County, Arizona. Because of a continued lack of available funds for exploration, activities on the Company's Mine Centre, Ontario gold and silver properties consisted of maintenance operations only.

In June of 2016, the Company announced it had completed a private placement financing of 8,000,000 units for \$400,000 in gross proceeds (see press release of June 9, 2016). Funds received from this financing were used to finance the exploration drilling program at Crown King and for general corporate purposes.

During the 2nd Quarter of 2016, the Company initiated the drilling program to test the geophysical "A" Anomaly, located on the "Green Mohave 2" mining claim, which is contained within the prolific ore-bearing Central Arizona Volcanic Belt ("CAVB"). Prior to drilling, the Company engaged a local road contractor to complete road improvements to allow for the safe access of equipment to the drill site. Prior to this road work, the roads were impassable as they had sustained heavy damage in several places from "Monsoon" rains.

During the 3rd Quarter of 2016, the Company completed 660 metres of diamond drilling on the "A" Anomaly at Crown King, Arizona. The encountered metallic intercept zone averaged 200 feet in

stratigraphic thickness with iron contents from 22 to 46%. However, copper, lead, zinc and gold contents were below commercial concentrations. Therefore, the project has been terminated and the acreage released.

In the 3rd Quarter of 2016, the Company optioned the Peck and Oriental Mine Properties consisting of 5 Federally patented mining claims, which are considered as “private property”, and, although subject to Arizona mining and environmental laws, are not burdened by the myriad of regulations associated with public lands of the United States.

The Company’s two North American camps were significant historical producers of gold (and silver at Crown King) during the 19th Century, but have only incurred minor exploration and production since. Currently all of the Company’s properties are only in the exploration stage, although the Company hopes to establish sufficient precious metals values through comprehensive exploration programs planned in both Arizona and Ontario to move the properties into the pre-feasibility stage. The ultimate goal is the commencement of the development and production of gold and silver in these two politically secure, camps within the friendly mining jurisdictions of Arizona and Ontario.

Crown King, Arizona Properties

Q-Gold began accumulating its land position during 2008 in the Peck Mining District of Yavapai County, near Crown King, which is recognized for its extremely high-grade silver production within the CAVB from Volcanic Massive (VMS) Deposits. Here, the Company currently has 8 prospective U.S. Department of the Interior, Bureau of Land Management (“BLM”) mining claims. The Company efforts are now focused on the Peck and Oriental patented properties.

In 1883, the Peck was shut down due to a legal dispute between the owners. Attempts to reopen the Mine up through 1906 were generally unsuccessful. A silver recession and two World Wars precluded any more attempts of production during the 20th Century. Other than efforts by Q-Gold, the Peck patents have not been explored or investigated beyond surface and the limited open underground workings.

Based on the results of a Q-Gold geologic sampling team, which entered the Mine, and a Q-Gold ground geophysical survey, the Company has outlined a drill program to test the Peck Mine system, including the Oriental vein, which was only lightly-explored prior to the legal dispute of 1883, which shut down all operations on the Oriental vein.

Mine Centre, Ontario Properties

The Company has concentrated its efforts near Mine Centre, Ontario on maintaining its historic Foley gold producing mine (5,267 ounces of gold production from 1898-1900) and the McKenzie Gray gold/ silver zone discovered in 2009, where 45 of the 47 holes drilled by Q-Gold encountered the mineralized zone. The properties contain 5 historic gold mines and over 100 gold veins in various widths, many of which remain to be fully-explored. A second historic mine on Q-Gold’s properties, the “Golden Star”, produced 10,700 ounces of gold in the late 1890’s before surface facilities were destroyed by fire.

A diamond drilling program has been developed to test prospective gold zones beneath the old workings of the historic Golden Star Mine. The Company is actively seeking a joint venture partner to participate in the next phase of exploration on its Mine Centre properties.

RESULTS OF OPERATIONS

As the Company is currently a mineral exploration company, it did not have any revenues or profits from operations during 2016, or as of the date of this MD&A.

Results from exploration activities, coupled with the price of gold and silver and the availability of exploration financing, will materially affect any future development plans for the Company's properties. Although the prices of gold and silver are presently at attractive levels, they are subject to severe fluctuations as a result of world events and economic conditions, which are obviously beyond the Company's control.

The primary operational activities for the Company during 2016 consisted of a diamond drilling program and geologic field work on its Crown King Properties and maintenance activities on the Mine Centre Properties (see Overall Performance section, above). The Company incurred expenditures totaling \$330,295 (2015 – \$32,481) on its Arizona Properties and \$20,757 (2015 - \$17,884) on its Mine Centre Properties.

Subject to the Company's ability to raise additional funds in 2017, the Company intends to conduct exploratory diamond drilling programs on the Peck/ Oriental Mine Complex in Arizona, as well as the Golden Star Mine Complex in Ontario.

SELECTED ANNUAL INFORMATION

The financial data shown below (CDN\$) has been reconciled with IFRS (see Note 2 to the Financial Statements).

	2016	2015	2014
Income	\$ 36	\$ 42	\$ 33
Income (Loss) from operations	(555,279)	(248,188)	(261,188)
Income (Loss) per Share	(0.01)	(0.01)	(0.02)
Income (Loss) per diluted share	(0.01)	(0.01)	(0.01)
Net Income (Loss) for the Year	(552,604)	(198,377)	(261,453)
Income (Loss) per Share	(0.01)	(0.01)	(0.02)
Total Assets	8,823	63,930	83,704
Total long-term liabilities	Nil	93,420	Nil
Cash dividends	Nil	Nil	Nil

The increased Net Loss for 2016 was greater than the previous period as a result of the Company's increased exploration activities in Arizona during 2016. Exploration expenditures are expensed and charged against earnings until economically recoverable reserves are established.

Assets reported at the end of 2016 were less than previous years as result of the Company's cash balance being less than previous years.

SUMMARY OF QUARTERLY RESULTS

The following table shows financial results, prepared in accordance with International Financial Reporting Standards (see Note 1 to the Financial Statements), from the Corporation's eight most recently completed quarters (CDN\$):

	2016				2015			
	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.
Revenue	4	11	11	10	32	Nil	Nil	10
Income (Loss) from operations	(147,254)	(87,045)	(280,043)	(40,937)	(125,174)	(56,250)	(33,562)	(30,341)
Income (Loss) per Share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Income (Loss) per diluted share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Net Income (Loss) before Taxes	(143,118)	(95,303)	(283,151)	(31,032)	(94,920)	(40,041)	(33,262)	(23,946)
Net Income (Loss) per Share	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Net Income (Loss) per diluted share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

FINANCIAL CONDITION

For the year ended December 31, 2016, Q-Gold reported a net loss from operations of \$555,279 (\$0.02 per share) versus a loss of \$248,118 (\$0.01 per share) in the same period of 2015. Revenue, as reported in the table above, is derived from interest earned on the Company's cash deposited in interest-bearing accounts with financial institutions in Canada

All exploration costs are expensed and charged against earnings until economically recoverable reserves are established. Until Q-Gold can establish economically recoverable reserves and initiate mineral production on its properties, the outlook for both cash flow and profit will be negative. In the near-term, the Corporation anticipates being able to fund much of its 2017 exploration activities, as well as general corporate activities, from equity financings and joint ventures, for which it is actively seeking partners.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2016, the Corporation had a working capital deficit of \$531,380 (2015 - \$339,038). The Company's monthly overhead is approximately \$ 11,365 (2015 - \$114,420), which includes legal and accounting expenditures, requisite filings with the TSX Venture Exchange (the "Exchange") and Securities Commissions, compliance and all other general and administrative costs. The 2017 costs of maintaining the Arizona and Ontario Properties in good standing are \$1,240 and \$ Nil, respectively.

The Company is hopeful that the financial markets where it raises money to fund its operations will improve during 2017, allowing it to continue raising the necessary capital to resume substantial exploration programs on its principal properties as well as for general and administrative purposes. However, the Company recognizes that external factors, which it cannot control such as financial market instability and commodity prices, can adversely affect its ability to raise the necessary capital to maintain ongoing operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements as of December 31, 2016 and as of the date of this MD&A.

ADDITIONAL DISCLOSURES

For the year ending December 31, 2016, the Corporation incurred expenses on its mineral properties totaling \$ 351,052 (2015 - \$ 50,365). General and Administrative Expenditures for the year totaled \$ 136,383 (2015 - \$ 173,038).

OUTSTANDING SHARE DATA

The Company's authorized capital consists of an unlimited number of common shares ("Common Shares") and an unlimited number of first and second preferred shares ("Preferred Shares"). As a result of private placement equity financings a total of 25,473,119 Common Shares were issued and outstanding and 38,523,119 Common Shares on a fully-diluted basis as of the date of this MD&A. No Preferred Shares were issued as of the date of this MD&A.

As of the date of this MD&A, the Company has 2,250,000 stock options outstanding to Directors, Officers, Employees and Consultants of the Company with an exercise price of \$0.10 and an expiry date ranging from of December 18, 2020 to June 9, 2021. As a result of completed financings, as of the date of this MD&A, there are Common Share purchase warrants outstanding, allowing for the purchase of an additional 10,800,000 common shares of the Company, with an exercise price of \$0.10 and expiry dates ranging from October 26, 2017 to December 9, 2017.

RELATED PARTY TRANSACTIONS

During 2016, Q-Gold paid its Chief Financial Officer US\$30,000 (2015 - US\$30,000), all of which was deferred. During this same period, Q-Gold paid its Chief Executive Officer US\$12,000 (2015 - US\$12,000), all of which was deferred.

These agreements were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at December 31, 2016, \$169,246 (2015 – \$139,273) included the total liabilities are due to officers, directors and family members of directors of the Company.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities, and promissory notes payable (see Note 2. I) to the Financial Statements). In that the Company's expenditures occur in both Canadian and U.S. Dollars, and that it obtains capital predominantly in Canadian Dollars, the Company is exposed to some currency risk. However, based on current exchange rates, the Company believes this risk to be minimal and therefore it is not exposed to any significant price, credit or liquidity risk.

FORWARD LOOKING STATEMENTS

Certain statements contained in the MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results and achievements expressed or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made.

ADDITIONAL INFORMATION

Additional Information on Q-Gold, including Quarterly and Annual Financial Statements, an Annual Information Form, an Information Circular and the NI 43-101 Qualifying Report on the Company's Mine Centre Properties are all available on SEDAR at www.sedar.com