

Q-GOLD RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTERIM REPORT FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018
DATED NOVEMBER 21, 2018

GENERAL

The following Management's Discussion and Analysis ("MD&A") provides a review of the financial position and results of operations of Q-Gold Resources Ltd. and its subsidiaries ("Q-Gold" or the "Company") and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the notes thereto for the three and nine months ended September 30, 2018, the audited consolidated financial statements and notes thereto for the year ended December 31, 2017 and the MD&A for the year ended December 31, 2017. This MD&A covers the most recently completed financial period and the subsequent period up to the date of this MD&A. All amounts are expressed in Canadian dollars unless otherwise noted.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and are in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Except as disclosed in the statements, the condensed interim consolidated financial statements follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, for the year ended December 31, 2017, which were prepared in terms of International Financial Reporting Standards ("IFRS") as issued by the IASB and International Financial Reporting Interpretation Committee ("IFRIC") interpretations. Other information contained in this document has also been prepared by management and is consistent with the data contained in the unaudited condensed interim consolidated financial statements.

The Company's unaudited condensed interim consolidated financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the usual course of business. The reader should be aware that historical results are not necessarily indicative of future performance.

This MD&A was prepared in conformity with National Instrument ("NI") 51-102F1 and together with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 has been reviewed by the audit committee and approved by the Company's Board of Directors prior to release. Under this Instrument, the Company is defined as a "Venture Issuer".

Qualified Person

Andrew Cheatle, P. Geo., is a "qualified person" as such term is defined in NI 43-101 and CIM definition standards and has reviewed, verified and approved the technical and scientific information and data included in this MD&A.

OVERVIEW

Q-Gold is a publicly traded Canadian exploration company listed on the TSX Venture Exchange (“TSXV”) under the symbol “QGR”. The Company was incorporated as Solana Petroleum Corp. under the Business Corporations Act (Alberta) on March 25, 1998. The private company restrictions were removed by Certificate of Amendment dated April 6, 1998. As part of a restructuring, the Company changed its name to Q-Gold Resources Ltd. on January 21, 2004 and continued into British Columbia effective December 30, 2011. On October 3, 2018, the Company continued into the Province of Ontario under the Business Corporation Act (Ontario). The Company’s head office is located at 65 Queen Street West, Suite 815, Toronto, Ontario M5H 2M5.

Q-Gold is a mineral exploration company focused on exploring its mineral properties near Crown King, Arizona and Mine Centre, Ontario and has not yet identified a commercial Mineral Resource. During the three months ending September 30, 2018, Q-Gold continued to maintain its precious metals properties, closed a private placement financing and reviewed prospective alternative opportunities.

Mine Centre, Ontario Properties

The Company has concentrated its efforts near Mine Centre, Ontario on maintaining its mineral properties that include the historic Foley gold 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 2 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. The Company currently has no exploration plans for 2018 on its Mine Centre properties.

Crown King, Arizona Properties

The Company currently holds 8 Bureau of Land Management (U.S. Department of the Interior) Mineral Claims near Crown King, Arizona. The Company is reviewing these claims to determine if it will keep the claims or relinquish them.

RESULTS OF OPERATIONS

As the Company is currently a mineral exploration company, it did not have any revenues or profits from operations during the three or nine months ended September 30, 2018, or as of the date of this MD&A.

The primary operational activities for the Company during the three and nine months ended September 30, 2018 consisted of maintenance of its properties, investigation of new opportunities and general corporate activities. During the three months ending September 30, 2018, the Company incurred expenditures totaling \$5,371 (2017: \$38,388) on its Mineral Creek, Arizona Properties and \$20,860 (2017: \$3,912) on its Mine Centre, Ontario Properties.

Field exploration, supervisory costs and costs associated with maintaining a mineral property are expensed and charged against earnings until the Company has a reasonable expectation that the property is capable of commercial production, supported by a positive economic analysis showing a NI 43-101 compliant Mineral Reserve and approved by the Board. 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.

SUMMARY OF QUARTERLY RESULTS

The following table shows financial results from the Company's eight most recently completed quarters:

	2018			2017				2016
	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.
Earnings and Cash Flow								
Net income (loss)	(119,429)	(62,131)	(24,021)	(308,372)	(53,383)	22,877	(27,354)	(143,118)
Income (loss) per share, basic & diluted	(0.01)	(0.01)	(0.01)	(0.05)	(0.01)	0.00	(0.00)	(0.02)
Cash flow from (used in) operating activities	(303,934)	50,230	19,999	(370,884)	128,845	13,049	24,910	(44,402)
Cash flow from (used in) investing activities	-	-	-	-	-	-	-	-
Cash flow from (used in) financing activities	1,000,365	(5,610)	(8,386)	282,513	(43,818)	(24,260)	(14,420)	(6,262)
Balance Sheet								
Total Assets	763,601	59,731	14,792	4,321	92,218	6,403	16,561	8,823

FINANCIAL CONDITION

Net losses for the three and nine months ending September 30, 2018 totaled \$119,429 (\$0.01 per share) and \$205,581 (\$0.02 per share), compared to losses of \$53,383 (\$0.01 per share) and \$57,861 (\$0.01 per share) for the same periods in 2017. The loss for the nine months ended September 30, 2017 was lower as a result of a gain of the settlement of debt, of \$67,850.

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
EXPENSES				
Accounting	(750)	-	15,000	17,800
Amortization	804	174	943	566
Consultants	50,226	13,164	79,816	41,183
Exploration and evaluation - Arizona	5,371	38,388	18,513	60,192
Exploration and evaluation - Ontario	20,860	3,912	39,489	11,412
Investor relations and filing fees	25,223	1,738	36,610	16,632
Legal fees	2,817	3,598	8,082	4,202
Office	1,028	2,194	3,770	6,748
Travel	-	162	192	238
Total expenses	105,579	63,330	202,415	158,973
Other (expense) income				
Interest income	-	1	-	1
Interest expense	1,242	(4,909)	(836)	(15,472)
Foreign exchange (loss) gain	(15,092)	14,855	(2,330)	48,733
Gain on settlement of debt	-	-	-	67,850
	(13,850)	9,947	(3,166)	101,112
Net loss and comprehensive loss	(119,429)	(53,383)	(205,581)	(57,861)

In the three and nine months ending September 30, 2018, expenses incurred by the Company on its mineral properties decreased to \$26,231 (2017: \$42,300) and \$58,002 (2017: \$71,604). General and administrative expenditures increased in the three and nine months ending September 30, 2018 to \$79,348 (2017: \$21,030) and \$144,413 (2017: \$87,369).

The increase in general and administrative expenses was due to the appointment of additional management consultants, as the Company assesses opportunities and looks to embark on a new strategic path, and higher filing and regulatory fees. Office expenses are net of recoveries, where previously accrued expenses were not required to be settled.

Cash Flows

Operating Activities

Operating activities in the nine months ended September 30, 2018 used \$234,767, compared to cash generated by operations of \$166,805 in the nine months ended September 30, 2017 as a result of cash provided by working capital. In 2018, changes in non-cash working capital used \$30,446, compared to \$239,300 provided in 2017 primarily as a result of share subscriptions received for a financing that closed after the quarter end.

Investing Activities

There were no investing activities in either 2018 or 2017.

Financing Activities

On July 5, 2018, the Company closed a non-brokered private placement financing for gross proceeds of \$1,000,000, consisting of:

- (i) 7,500,000 units at a price of \$0.10 per unit; and
- (ii) 2,500,000 flow-through units at a price of \$0.10 per flow-through unit.

Each unit consisting of one common share of the Company and one common share purchase warrant entitling the holder to acquire one additional common share at an exercise price of \$0.15 for a period of 24 months from issuance. The Company paid finder fees of \$7,200 related to the Offering plus other share and warrant issue costs of \$6,430.

LIQUIDITY AND CAPITAL RESOURCES

The Company spends its available funds on its corporate, general and administrative obligations and to carry out exploration work at its projects with the objectives of establishing ore of commercial tonnage and grade. As the Company is in the exploration stage and generates no revenues, the necessary funds have to be raised through equity or debt financing, most commonly within the Canadian public markets. Factors such as market conditions and the results of exploration activities will affect future capital raising, which may substantially affect future activities. There are no assurances that the Company will continue to be successful in raising additional funds or that other forms of equity capital or debt financing will be available to the Company in the future or on satisfactory terms. Any additional equity financing may be on terms that are dilutive, or potentially dilutive, to the Company's shareholders and debt financing, if available, may involve restrictive covenants with respect to the Company's ability to pay dividends, raise additional capital or execute various other financial and operational plans.

If, at any time, the Company's Board of Directors deems continued exploration at its properties to be unwarranted, based on the results up to that time or for any other reason, the Company may suspend or discontinue exploration of such properties and apply the funds on hand towards the acquisition, exploration or development of new properties or, if required, the general working capital of the Company. The Company does not have any commitments for material capital expenditure in the near or long term. As at September 30, 2018, the Company had no long-term debt and no definitive agreements with respect to long-term borrowings had been entered into by the Company.

The Company's objective is to maintain a strong capital base with the following objectives:

- maintaining financial flexibility;
- maintaining creditor and investor confidence; and
- sustaining the future development of the business.

The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. The most significant alternatives available for the management of the capital structure include the issue of shares or raising of debt finance when management and the Board of Directors feel the timing is appropriate.

Working Capital

As at September 30, 2018, the Company had working capital of \$674,567 compared with a working capital deficiency of \$(107,165) as at December 31, 2017, including cash of \$753,072 (December 31, 2017: \$1,469). The Company's primary capital needs are funds for the exploration of its mining properties, administrative expenses and working capital. The Company will maintain its excess working capital in Canadian dollars, at a large reputable Canadian commercial bank in high quality short-term deposits or cash.

	2018			2017				2016
	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.
Cash	753,072	56,642	12,023	1,469	88,784	3,756	14,968	4,477
Receivables	10,529	2,285	1,899	1,909	2,334	1,353	55	2,680
Current Liabilities	(89,034)	(266,100)	(153,421)	(110,543)	(696,659)	(551,465)	(575,296)	(540,204)
Working Capital	674,567	(207,173)	(139,500)	(107,165)	(605,541)	(546,357)	(560,274)	(533,047)

OFF-BALANCE SHEET ARRANGEMENTS

To the best of management's knowledge, the Company has no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or the financial condition of the Company.

ADDITIONAL DISCLOSURES

At the Annual and Special Meeting of shareholders held on September 13, 2018, Messrs. Fred Leigh, Robert C. Bryce and Andrew Cheatle were elected as directors of the Company for the ensuing year.

Mr. Cheatle has over 25 years of minerals industry experience as a professional geologist and mining executive, with former roles including President and CEO of Unigold Inc., and as the Executive Director of the Prospectors and Developers Association of Canada (PDAC). His career has spanned both major mining companies (Anglo American Corporation, Goldcorp) and the junior mining sector. He is also currently a Non-Executive Director of

Condor Gold plc. and a Director of the Canada - Africa Chamber of Business. He is a graduate of the Royal School of Mines, Imperial College, London and holds an MBA.

On September 14, 2018, the Company appointed Deborah Battiston as the Chief Financial Officer and Kenny Choi as the Corporate Secretary. Both Ms. Battiston and Mr. Choi are seasoned professionals with many years of experience in the corporate sector. Deborah Battiston joins the Company with an extensive background in financial management, with over 25 years of experience that includes public companies, mergers & acquisitions as well as tax and financing. Ms. Battiston has a BA in Economics from the University of Guelph, and holds certified designations as a CPA-CGA as well as an ICD.D. Kenny Choi is a corporate lawyer who works as a legal consultant to various TSX and TSX Venture listed companies in the mining and technology industries. He was previously an associate at a large Toronto corporate law firm, where he worked on a variety of corporate and commercial transactions. Mr. Choi studied at Western University, where he obtained a Juris Doctor from the Faculty of Law and an Honours Business Administration degree from the Ivey Business School. Ms. Battiston and Mr. Choi replace Mr. Eric Gavin, the former Chief Financial Officer and Corporate Secretary of the Company.

FINANCIAL COMMITMENTS, CONTINGENCIES AND LITIGATION

Property Obligations

Q-Gold is required to remit annual claim maintenance payments to the United States Department of the Interior, Bureau of Land Management in the amount of US\$1,240 for the eight mineral claims (US\$155 per mineral claim) held by Q-Gold's Arizona subsidiary.

The mining claims held by Q-Gold in the Kenora Mining Division of Ontario require an annual application of assessment work credits. Through application of Q-Gold's "banked" assessment work credits, its mining claims located in the Kenora Mining Division will not require additional assessment work credits until the end of 2018.

Management Contracts

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments of up to \$180,000 to be made to the officers of the Company upon the occurrence of certain events such as a change of control. As the triggering effect has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately \$123,500, all due within one year.

RELATED PARTY TRANSACTIONS

Compensation of Key Management

Compensation awarded to key management, including the Company's directors and officers, during the three and nine months ended September 30, 2018 and 2017 was as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Consulting fees	35,259	13,163	64,849	41,183
Share-based payments	-	-	-	-
	35,259	13,163	64,849	41,183

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

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.

Included in accounts payable and accrued liabilities as at September 30, 2018 is approximately \$16,842 (December 31, 2017: \$45,878) due to officers and directors of the Company (or their family).

Certain directors and officers, or former directors and officers, of the Company (or their family) subscribed for a total of 434,760 units pursuant to the July 2018 private placement of the Company.

CRITICAL MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates and these differences could be material.

The significant areas of judgement and estimation uncertainty considered by management in preparing the consolidated financial statements include:

Critical judgment in applying accounting policies:

- ***Control of subsidiaries***

The Company consolidates subsidiaries over which it has control. Management assesses control in accordance with IFRS 10 - Consolidated Financial Statements and has determined it controls each of the following subsidiaries:

G-Gold (Ontario) Ltd.
Mineral Creek Resources Inc.

- ***Determination of functional currency***

Based on the primary indicators in IAS 21 – The Effects of Change in Foreign Exchange Rates – the Canadian dollar has been determined as the functional currency of the Company and all subsidiaries as the Canadian dollar is the currency in which funds from financing activities (i.e. issuing debt and equity instruments) are generated and because the activities of the foreign operation are carried out as an extension of the reporting entity, rather than being carried out with a significant degree of autonomy. Effects of changes in foreign exchange rates are recorded as a foreign exchange gain (loss) on the statement of loss. If the functional currency of the United States entity had been the US dollar, the effect of changes in foreign exchange rates would have been reflected as other comprehensive income and carried as a cumulative translation adjustment within accumulated other comprehensive income in the equity section of the consolidated statement of financial position.

Key sources of estimation uncertainty:

- *Share-based payment transactions*

The Company records share-based compensation at fair value over the vesting period. The fair value of the grant is determined using the Black-Scholes options pricing model and management assumptions include the expected dividend yield, expected volatility, forfeiture rate, risk free rate and expected life. Should the underlying assumptions change, it will impact the fair value of the share-based compensation. Similar calculations are made in the valuation of warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- *Taxes, income taxes and deferred taxes*

The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. Any estimates for value added and withholding taxes have been included in amounts receivable or accounts payable and accrued liabilities.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments are comprised of cash, accounts receivable and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates their fair value due to the short-term nature of these instruments. The Company has no financial instruments recorded at fair value. In that the Company incurs expenditures 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, the Company believes this risk to be minimal and therefore the Company is not exposed to any significant price, credit or liquidity risk.

Financial instruments measured at fair value on the consolidated statements of financial position are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 Inputs that are not based on observable market data.

Financial assets and financial liabilities as at September 30 and December 31, 2017 were as follows:

<i>At September 30, 2018</i>	Cash and receivables	Other liabilities	TOTAL
	\$	\$	\$
Financial assets:			
Cash	753,072	-	753,072
Amounts receivable	1,418	-	1,418
Financial liabilities:			
Accounts payable and accrued liabilities	-	89,034	89,034

<i>At December 31, 2017</i>	Cash and receivables	Other liabilities	TOTAL
	\$	\$	\$
Financial assets:			
Cash	1,469	-	1,469
Amounts receivable	-	-	-
Financial liabilities:			
Accounts payable and accrued liabilities	-	107,596	107,596
Share subscriptions payable	-	2,947	2,947

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are liquidity risk, credit risk and market risk. The Company has minimal interest rate risk as there are no outstanding variable-rate borrowings, and the Company finances its operations primarily through share offerings. Management mandates and agrees policies for managing each of these risks. The Company is exposed to a variety of financial risks by virtue of its activities including, but not limited to, the following:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on the Board and management's ability to raise the required capital through future equity or debt issuances.

As at September 30, 2018, the Company had a cash balance of \$753,072 (December 31, 2017: \$1,469) and amounts receivable, other than sales taxes receivable, of \$1,418 (December 31, 2017: \$nil). As at September 30, 2018, the Company's financial liabilities consisted of accounts payable and accrued liabilities of \$89,034 (December 31, 2017: \$107,596) based on contractual undiscounted payments.

During the nine months ended September 30, 2018, the Company raised \$986,370 (net) through private placement financings.

Credit risk

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. With respect to credit risk arising from financial assets of the Company, which comprise cash and minimal receivables, the Company's exposure to credit risk arises from default of counterparties, with a maximum exposure equal to the carrying amount of these instruments. Cash balances are held with high credit quality financial institutions. The credit risk to the Company is considered minimal.

Commodity price risk

The ability of the Company to explore, evaluate and develop its exploration properties and the future profitability of the Company are directly related to the price of base and precious metals. The Company monitors metal prices to determine the appropriate course of action to be taken.

Currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in its subsidiaries. The Company is exposed to currency risk by incurring certain expenditures in US dollars for its operations in the United States. The Company has sought to minimize this risk by keeping its cash reserves in Canadian dollars and only purchasing US dollars as needed.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

During fiscal 2018, the Company has adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards, including IAS 2 and 9 and IFRIC 22. The new standards and changes did not have any material impact on the Company's condensed interim consolidated financial statements.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for annual accounting periods beginning on January 1, 2019 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IFRS 16 – Leases ("IFRS 16") was issued by the IASB on January 13, 2016 and will replace existing lease guidance in IFRS and related interpretations, and requires companies to bring most leases on-balance sheet. The new standard is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

RISKS AND UNCERTAINTIES

Investing in the Company involves risks that should be carefully considered. The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mineral properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

Liquidity Concerns and Financing Risks

The Company has limited financial resources, no source of operating cash flow and has no assurance that additional funding will be available for further exploration of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that adequate financing will be obtained in the future or that the terms of such financing, if secured, will be favorable. Failure to obtain such additional financing could result

in the delay or indefinite postponement of further exploration of its projects with the possible loss of such properties. While the Company's financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business, failure to secure additional funding may cast doubt about the validity of that assumption.

Exploration and Mining Risks

The Company is engaged in mineral exploration, which involves a high degree of risk and few properties that are explored, are ultimately developed into producing mines. The long-term profitability of the Company's operations will be in part directly related to the cost and success of the Company's exploration programs, which may be affected by a number of factors beyond the Company's control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to the exploration and development of, and production from, mineral resources, any of which could result in work stoppages; damage to or destruction of property or production facilities; personal injury; environmental damage; monetary losses and legal liability. Hazards such as unusual or unexpected geological formations and other conditions such as formation pressures, flooding, fire, explosions, cave-ins, landslides, inclement or hazardous weather conditions, power outages, labour or transportation disruptions and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. The economics of developing mineral properties are affected by many factors, including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, impediments to the importing and exporting of minerals and environmental protection.

Stage of Development

The Company is in the business of exploring for Mineral Resources, with the ultimate goal of producing from its mineral properties. None of the Company's properties have commenced commercial production and it has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that the Company will be able to develop any of its properties profitably or that its activities will generate positive cash flow. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants and personnel and purchase of equipment associated with advancing exploration, development and commercial production at the Company's properties. The Company expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will generate any revenues or achieve profitability. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of management in all aspects of the development and implementation of the Company's business activities.

Mineral Resource and Mineral Reserve Estimates

There are numerous uncertainties inherent in estimating Mineral Resources and Mineral Reserves, including many factors beyond the control of the Company. Such estimates are a subjective process and the accuracy of any Mineral Resource or Mineral Reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could

have a material adverse effect on the Company's financial position and results of operations.

Regulatory Requirements, Permits and Licenses

Even if the Company's mineral properties are proven to host economic Mineral Reserves or Mineral Resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or the repatriation of profits. The Company's exploration and potential future development activities, including mine, mill, road, rail and other transportation facilities, require permits and approvals from various government authorities, and are subject to extensive federal, departmental and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more time consuming and costly. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or for the operation of mining facilities. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities.

Title to Properties

The Company holds its interest in properties through 8 Bureau of Land Management mineral claims in Yavapai County, near Crown King Arizona, administered by the United States Department of the Interior, and a number of mining claims and leases in Ontario, Canada. It is possible that the Company's mineral properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Title to, and the area of, the mining claims may be disputed and there may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

Environmental Regulations

The Company's activities are subject to environmental protection and employee health and safety regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessment of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations, and there is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Markets for Securities

There can be no assurance that an active trading market in the Company's securities will be established and sustained. The market prices for securities of many companies, particularly exploration stage companies, are subject to wide fluctuations that are not necessarily reflective of their operating performance, underlying asset values or the prospects of such companies. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. There can be no assurance that significant fluctuations in the Company's share price will not occur.

Commodity Prices

The ability of the Company to explore and evaluate its mineral properties and the future profitability of the Company are directly related to the price of gold and other metals. Gold and other metal prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rates of inflation, the world supply of gold and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of gold has fluctuated widely in recent years and future price declines could cause commercial production to be impracticable, thereby having a materially adverse effect on the Company's business, financial condition and result of operations. The Company monitors gold prices to determine the appropriate course of action to be taken.

Uninsurable Risks

The Company maintains insurance to cover normal business risks. The Company may, however, become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position. In the course of exploration of, and development and production from, mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, land movements, earth work failures, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company has currently decided not to take out insurance against such risks due to high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Reliance on Key Individuals and Outside Parties

The Company's success depends upon the personal efforts and commitment of key members of its existing management. It is expected that the contribution of these individuals will be a significant factor in the Company's growth and success. The loss of the services of these members of management and certain key employees could have a material adverse effect on the Company. The Company also relies upon consultants, engineers and others for exploration, development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, and to develop metallurgical processes to extract the metal from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Competition

The mineral industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial and technical resources for the acquisition of mineral concessions, claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees, or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

Litigation

Legal proceedings, with and without merit, may arise from time to time in the course of the Company's business.

Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. The process of defending such claims could take away from management time and effort. Due to the inherent uncertainty of the litigation process, the resolution of any legal proceeding to which the Company or one or more of its subsidiaries may become subject, could have a material effect on the Company's financial position, results of operations, or mining and project development activities.

Corruption and Bribery Laws

The Company's operations are governed by, and involve interactions with, many levels of government in various countries. The Company is required to comply with anti-corruption and anti-bribery laws, including the *Criminal Code* (Canada), and the *Canadian Corruption of Foreign Public Officials Act*, as well as similar laws in the countries in which the Company conducts its business. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment for companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third party agents. Although the Company has adopted steps to mitigate such risks, such measures may not always be effective in ensuring that the Company, its employees, contractors or third party agents will comply strictly with such laws. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions being imposed, resulting in a material adverse effect on the Company's reputation and results of its operations.

Foreign Mining Tax Regimes

Mining and corporate tax regimes in foreign jurisdictions are subject to differing interpretations and are subject to constant change. The Company's interpretation of taxation law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, transactions may be challenged by tax authorities and the Company's operations may be reassessed, which could result in significant additional taxes, penalties and interest. In addition, future changes to mining tax regimes in foreign jurisdictions could result in significant additional taxes payable by the Company, which would have a negative impact on its financial results.

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 of the date of this MD&A, common shares totaling 19,368,280 were issued and outstanding. No Preferred Shares were issued as of the date of this MD&A.

As of the date of this MD&A, the Company has 562,500 stock options outstanding to directors, officers, employees and consultants of the Company with an exercise price of \$0.20 per share, and expiring between December 18, 2020 and June 9, 2021. As of the date of this MD&A, there are share purchase warrants outstanding, as a result of completed financings, allowing for the purchase of an additional 13,000,000 common shares of the Company, at an exercise price ranging from \$0.15 to \$0.30, expiring between December 27, 2019 and July 5, 2020.

At Q-Gold's Annual and Special Meeting of the Shareholders, held on July 31, 2017, the shareholders of the Company approved a share consolidation of one new share for every four existing shares and the repricing of the outstanding stock options at an exercise price of \$0.20 per share (post consolidation). The share consolidation was effected on January 16, 2018, resulting in 9,368,280 shares issued and outstanding at that time. On July 5, 2018, the Company announce the completion of a private placement financing, which resulted in the issuance of 10,000,000 common shares and 10,000,000 common share purchase warrants at \$0.15, with an expiration date of July 4, 2020.

ADDITIONAL INFORMATION

Additional Information on Q-Gold, including press releases, interim 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, has been filed electronically through the System for Document Analysis and Retrieval and is available online under its profile at www.sedar.com

FORWARD LOOKING STATEMENTS

Certain statements in the MD&A constitute forward-looking statements. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements involve a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or developments to differ materially from those contained in or implied by such statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. In particular, the Company cautions that the completion of the proposed acquisitions cannot be predicted with certainty, and that there can be no assurance at this time that the proposed acquisitions will be completed in the manner noted or at all. These forward looking statements reflect management's current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, as well as other factors beyond the Company's control. The Company does not undertake to update any forward looking information, except in accordance with applicable securities laws.