

**Q-GOLD RESOURCES LTD.  
NOTICE OF ANNUAL AND SPECIAL MEETING OF COMMON  
SHAREHOLDERS**

You are invited to the 2018 annual and special meeting (the “**Meeting**”) of common shareholders (the “**Shareholders**”) of Q-Gold Resources Ltd. (the “**Corporation**”).

**When:** September 13, 2018 at 10:00 a.m. (EST)

**Where:** 65 Queen Street West, 8th floor, Toronto, Ontario M5H 2M5

The purpose of the Meeting is as follows:

1. **Financial Statements.** Receive and consider the audited consolidated financial statements as at and for the fiscal year ended December 31, 2017, together with the report of the auditor thereon, and the unaudited interim financial statements as at and for the three-month period ended March 31, 2018;
2. **Auditor Appointment.** Appoint Calvista LLP Professional Accountants as auditor of the Corporation;
3. **Elect Directors.** Consider and elect the directors for the ensuing year;
4. **Number of Directors.** Fix the number of directors of the Corporation at three;
5. **Fix the Number of Directors.** Authorize and empower the board of directors to set the number of directors from time to time within the minimum and maximum of directors set forth in the articles of the Company, provided that the total number of directors so set may not exceed one-third of the number of directors elected at the previous annual meeting of Shareholders (the “**Board Resolution**”);
6. **Stock Option Plan.** Consider and approve the Corporation’s rolling stock option plan (the “**Stock Option Plan**”);
7. **Continuance.** Consider and approve the continuance of the Corporation into the Province of Ontario under the *Business Corporations Act* (Ontario) (the “**OBCA**”); and
8. **Other Business.** Consider other business as may properly come before the Meeting or any postponement(s) or adjournment(s) thereof.

The details of all matters proposed to be put before the Shareholders at the Meeting are set forth in the management information circular (the “**Circular**”) accompanying this Notice of Meeting. At the Meeting, Shareholders will be asked to approve each of the foregoing items.

**The board of directors of the Corporation unanimously recommends that the Shareholders vote FOR each of the appointment of Calvista LLP Professional Accountants as auditor of the Corporation, the election of the directors of the Corporation for the ensuing year, the approval of the Stock Option Plan, the approval of the Board Resolution and the continuance of the Corporation into the Province of Ontario under the OBCA.**

Each Common Share will entitle the holder thereof to one (1) vote at the Meeting.

The directors of the Corporation have fixed the close of business on August 7, 2018 as the record date, being the date for the determination of the registered Shareholders entitled to notice and to vote at the Meeting and any adjournment(s) or postponement(s) thereof.

Proxies are being solicited by management of the Corporation. A form of proxy for the Meeting accompanies this notice (the “**Proxy**”). Shareholders who are entitled to vote at the Meeting may vote either in person or by Proxy. Shareholders who are unable to be present in person at the Meeting are requested to complete, execute and deliver the enclosed Proxy to the Corporation’s registrar and transfer agent, TSX Trust Company at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1 by no later than 10:00 a.m. (EST) on September 11, 2018, or if the Meeting is adjourned or postponed, by no later than 48 hours prior to the time of such reconvened meeting (excluding Saturdays, Sundays and holidays). The Chairman of the Meeting may waive or extend the time limit for the deposit of Proxies. Beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary should follow the instructions provided by their broker, custodian, nominee or other intermediary in order to vote their Common Shares.

**DATED** at Toronto, Ontario as of the 16<sup>th</sup> day of August, 2018

BY ORDER OF THE BOARD OF DIRECTORS

*(signed) “Fred Leigh”*

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President and Chief Executive Officer

**Q-GOLD RESOURCES LTD.**  
700-401 West Georgia Street  
Vancouver, BC V6B 5A1

**INFORMATION CIRCULAR**

**Solicitation of Proxies**

This information circular (the "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Q-Gold Resources Ltd. (the "**Company**") for use at the annual general and special meeting of shareholders (the "**Shareholders**") of the Company (the "**Meeting**") to be held at 65 Queen Street West, Suite 815, Toronto, Ontario M5H 2M5, at 10:00 AM (EST) on September 13, 2018, and any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual General and Special Meeting of Shareholders.

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. All costs of this solicitation will be borne by the Company. In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), the Company has made arrangements for intermediaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by those intermediaries and the Company may reimburse the intermediaries for reasonable fees and disbursements incurred by them in so doing.

Notice of the Meeting was provided to the securities commissions in each jurisdiction where the Company is a reporting issuer under applicable securities laws.

In this Information Circular, references to "**the Company**", "**we**" and "**our**" refer to Q-Gold Resources Ltd. "**Common Shares**" means common shares in the authorized share structure of the Company. "**Beneficial Shareholders**" means Shareholders who do not hold Common Shares in their own name and "intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders. Unless otherwise stated, all references to "\$", "CDN \$" or "dollars" are to Canadian dollars and all references to "US \$" are to United States dollars.

**Date of Information Circular**

Information contained in this Information Circular is given as at August 16, 2018, unless otherwise indicated.

**GENERAL PROXY INFORMATION**

**Revocability of Proxies**

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either:

- (a) executing a proxy bearing a later date; or
- (b) executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the shareholder's authorized attorney in writing, or, if the shareholder is a company, under its corporate seal by an officer or attorney duly authorized, and by depositing the Proxy bearing a later date with TSX Trust Company at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, or at the address of the registered office of the Company, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the date that precedes any reconvening thereof, or to the chair of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or

- (c) by the registered shareholder personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

### **Appointment of Proxyholders**

A shareholder entitled to vote at the Meeting may, by means of a proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be Shareholders, to attend and act at the Meeting for the shareholder on the shareholder's behalf.

The individuals named in the accompanying form of proxy (the "**Proxy**") are directors and/or officers of the Company (the "**Management Designees**"). **IF YOU ARE A SHAREHOLDER ENTITLED TO VOTE AT THE MEETING, YOU HAVE THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND ACT FOR YOU AND ON YOUR BEHALF AT THE MEETING OTHER THAN EITHER OF THE MANAGEMENT DESIGNEES. YOU MAY DO SO EITHER BY INSERTING THE NAME OF THAT OTHER PERSON IN THE BLANK SPACE PROVIDED IN THE PROXY OR BY COMPLETING AND DELIVERING ANOTHER SUITABLE FORM OF PROXY.**

A proxy will not be valid unless the completed, signed and dated form of proxy is delivered to the office of TSX Trust Company at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

### **Exercise of Discretion**

The Management Designees named in the Proxy will vote or withhold from voting the shares represented thereby in accordance with the instructions of the shareholder on any ballot that may be called for. The Proxy will confer discretionary authority on the nominees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

**IN RESPECT OF A MATTER FOR WHICH A CHOICE IS NOT SPECIFIED IN THE PROXY, THE MANAGEMENT DESIGNEES WILL VOTE THE COMMON SHARES REPRESENTED BY THE PROXY AT THEIR OWN DISCRETION FOR THE APPROVAL OF SUCH MATTER.**

As of the date of this Information Circular, management of the Company knows of no amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting, each Management Designee intends to vote thereon in accordance with the Management Designee's best judgment.

### **Proxy Voting Options**

If you are a registered shareholder, you may elect to submit a proxy in order to vote whether or not you are able to attend the Meeting in person. In order to vote by mail, you must complete, date and sign the Proxy and return it to the Company's transfer agent, TSX Trust Company at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, at any time up to and including 10:00 a.m. (EST) on September 11, 2018.

### **Advice to Beneficial Holders of Common Shares**

Beneficial Shareholders are advised that only shareholders whose names appear on the records of the Company as the registered holders of common shares or duly appointed proxyholders can be recognized and permitted to vote at the Meeting. Most shareholders of the Company are "non-registered"

shareholders because the common shares they own are not registered in their names but instead are registered in the name of a nominee, such as a brokerage firm through which they purchased the shares, a bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans, or a clearing agency such as The Canadian Depository for Securities Limited (a "**Nominee**"). If you purchased your common shares through a broker, you are likely an unregistered holder. In accordance with securities regulatory policy, the Corporation has distributed copies of the Meeting materials, being the Notice, this Information Circular and the form of proxy, to all Nominees for distribution to Beneficial Shareholders.

NI 54-101 – requires Nominees to forward the Meeting materials to Beneficial Shareholders to seek their voting instructions in advance of the Meeting. Common Shares held by Nominees can only be voted in accordance with the instructions of the Beneficial Shareholder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order to ensure that your common shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided directly to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

If you, as a Beneficial Shareholder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Corporation to forward Meeting materials directly to "non objecting beneficial owners". If the Corporation or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding such securities on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Nominee holding such securities on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions.

All references to Shareholders in this Circular and the accompanying instrument of proxy and Notice are to Shareholders of record unless specifically stated otherwise.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than as disclosed herein.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The board of directors (the "**Board**") of the Company has fixed August 7, 2018, as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

As of August 16, 2018, the Company had outstanding 19,368,209 fully paid and non-assessable Common Shares without par value, each carrying the right to one vote. The Company has no other classes of voting securities.

To the best of the knowledge of the directors and senior officers of the Company, as at the Record Date, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to the Common Shares, except the following:

Name	No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares
Aberdeen International Inc.	2,500,000	12.9%
Sulliden Mining Capital Inc.	2,500,000	12.9%
2437357 Ontario Inc.	2,500,000	12.9%
Robert C. Bryce	4,378,903	22.6%

### VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the ordinary resolutions described herein, and a super majority of 66 2/3% of affirmative votes cast at the Meeting is required to pass the special resolutions described herein. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled all such nominees will be declared elected or appointed by acclamation.

### Recommendation of the Board

The Board unanimously recommends that Shareholders vote in favour of all resolutions.

### ELECTION OF DIRECTORS

Management proposes to fix the number of directors of the Company at three and to nominate the persons listed below for election as directors.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the British Columbia *Business Corporations Act* or the Articles of the Company, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the proxy as nominee to vote the Common Shares represented by proxy for the election of any other person or persons as directors.

The following table sets out the names of the management nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares of the Company which each beneficially owns or over which control or direction is exercised:

Nominee Position with the Company and Province/State and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Director of the Company Since	Committee Membership	Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control of Direction is Exercised <sup>(2)</sup>
Fred Leigh Chief Executive Officer and Director Ontario, Canada	Chief Executive Officer and Director of the Company	July 5, 2018	Audit Committee	Nil
Andrew Cheatle N/A Ontario, Canada	Private Mining Consultant	N/A	N/A	50,000
Robert C. Bryce Director Quebec, Canada	Private Mining Consultant	November 17, 2011	Audit Committee	4,378,903

(1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years unless otherwise indicated.

(2) The number of Common Shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by TSX Trust Company, the registrar and transfer agent of the Company, insider reports filed on SEDI and by the nominees themselves.

Other than as set out below, to the knowledge of the Company, no proposed director is, or has, within the 10 years before the date of this Information Circular, been a director, chief executive officer or chief financial officer of any company that,

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director of the Company has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a security regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for that proposed director.

On May 8, 2013, the British Columbia Securities Commission issued a cease trade order for the Company's delay in filing its annual audited financial statements, and corresponding management discussion and analysis and management certificates (the Annual Filings") for the year ended December 31, 2012. The Annual Filings were subsequently filed and the Order was rescinded on May 8, 2013. The ASC issued an Order due to the delay in the filing by the Company of its interim disclosure documents for the period ended March 31, 2013 and granted a full revocation of the cease trade order on August 21, 2013.

To the knowledge of the Company, no proposed director of the Company was, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including of the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any

proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director has within the last 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

## **COMPENSATION OF EXECUTIVE OFFICERS**

### **Compensation Discussion and Analysis**

The Board as a whole has the responsibility of determining the compensation for the Chief Executive Officer (the "**CEO**") and the Chief Financial Officer (the "**CFO**") and of determining compensation for directors and senior management.

The Company's compensation objectives include the following:

- to assist the Company in attracting and retaining highly-qualified individuals;
- to create among directors, officers, consultants and employees a sense of ownership in the Company and to align their interests with those of the shareholders; and
- to ensure competitive compensation that is also financially affordable for the Company.

### **Compensation**

The compensation program is designed to provide competitive levels of compensation. The Company recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, the Company's NEOs (defined below) may receive compensation that is comprised of three components:

- Salary, wages or contractor payments;
- Stock option grants; and/or
- Bonuses.

The objectives and reasons for this system of compensation are to allow the Company to remain competitive compared to its peers in attracting experienced personnel. The base salary of an NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

The base salary review of each NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary is not evaluated against a formal "peer group". The Board relies on the general experience of its members in setting base salary amounts.

Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, although the level of reward provided by a particular stock option grant is dependent upon the volatile stock market.

Any bonuses paid to the NEOs are allocated on an individual basis related to the review by the Board of the work planned during the year and the work achieved during the year, including work related to mineral exploration, administration, financing, shareholder relations and overall performance. The bonuses are paid to reward work done above the base level of expectations set by the base salary, wages or contractor payments.

## Executive Compensation

In this section “**Named Executive Officer**” or “**NEO**” means the CEO, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose total compensation exceeds \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year end.

J. Bruce Carruthers II, the Company's Former Chairman and CEO and Eric A. Gavin, the Company's CFO are the “**Named Executive Officers**” of the Company for the purposes of the following disclosure. There are no other executive officers of the Company whose total compensation exceeded \$150,000 in the financial year ended December 31, 2017. The compensation paid to the Named Executive Officers for the two most recently completed financial years of the Company is as set out below:

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
<b>J. Bruce Carruthers II</b> <sup>(2)</sup> , Former Chairman and Chief Executive Officer	2017	15,583	Nil	40,308	Nil	Nil	Nil	Nil	55,891
	2016	16,112	Nil	13,576	Nil	Nil	Nil	Nil	29,688
<b>Eric Gavin</b> , Chief Financial Officer	2017	38,958 <sup>(3)</sup>	Nil	40,308	Nil	Nil	Nil	Nil	79,266
	2016	40,281	Nil	13,576	Nil	Nil	Nil	Nil	53,857

- (1) The fair value of the option-based awards was determined on the grant date using the Black-Scholes option pricing model. The Company uses the Black-Scholes option pricing model because it is a widely used and generally accepted method of estimating the fair value of stock options for accounting purposes.
- (2) J. Bruce Carruthers II also serves as a director of the Company and receives compensation for his service as a director and that compensation has been included in the figures provided in this Summary Compensation Table. Amounts, if any, which relates to the director role are disclosed in subsequent footnotes hereunder.
- (3) Salary in the amount of US\$620.00 to Eric Gavin have accrued and remain unpaid.

## Outstanding Share-Based Awards And Option-Based Awards

The following tables provide information regarding all option-based awards held by the Company's Named Executive Officers that were outstanding as at December 31, 2017.

Name (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options <sup>(1)</sup> (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (g)
	<b>J. Bruce Carruthers II</b> Former Chairman and Chief Executive Officer	50,000 62,500	\$0.20 \$0.20	June 9, 2021 December 18, 2020	Nil Nil	Nil Nil
<b>Eric Gavin</b> Chief Financial Officer	50,000 62,500	\$0.20 \$0.20	June 9, 2021 December 18, 2020	Nil Nil	Nil Nil	Nil Nil

(1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year and the exercise or base price of the option.

#### Incentive Plan Awards - value vested or earned during the year

Name (a)	Option-based awards – Value vested during the year <sup>(1)</sup> (\$) (b)	Share-based awards – Value vested during the year (\$) (c)	Non-equity incentive plan compensation – Value earned during the year (\$) (d)
<b>J. Bruce Carruthers II</b> Former Chairman and Chief Executive Officer	Nil	Nil	Nil
<b>Eric Gavin</b> Chief Financial Officer	Nil	Nil	Nil

(1) This amount is the dollar value that would have been realized computed by obtaining the difference between the Market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.

#### **Termination of Employment, Change in Responsibilities and Employment Contracts**

There are no employment contracts between the Company and the Named Executive Officers except as described under the heading "Management Contracts".

There are no compensatory plans, contracts or arrangements between the Company and any Named Executive Officer, where the Named Executive Officer is entitled to receive more than \$50,000 from the Company, including periodic payments or instalments, in the event of:

- (a) the resignation, retirement or any other termination of employment of the Named Executive Officer's employment with the Company;
- (b) a change of control of the Company; or
- (c) a change of the Named Executive Officer's responsibilities following a change in control.

## Pension Arrangements

The Company does not have any pension arrangements in place for the Named Executive Officers.

## COMPENSATION OF DIRECTORS

For a description of the compensation paid to the Company's Named Executive Officer(s) who also act as directors, see "Summary Compensation Table".

Other than as disclosed elsewhere in this Information Circular, no director of the Company who is not a Named Executive Officer has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors except for the granting of stock options; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

The Company may grant incentive stock options to directors of the Company from time to time pursuant to the stock option plan of the Company and in accordance with the policies of the TSX Venture Exchange (the "TSX-V").

The compensation paid to the directors, other than the Named Executive Officers, during the Company's most recently completed financial year is as set out below:

Name (a)	Fees earned (\$) (b)	Share-based awards (\$) (c)	Option-based awards (\$) (d)	Non-equity incentive plan compensation (\$) (e)	Pension value (\$) (f)	All other compensation (\$) (g)	Total (\$) (h)
Robert C. Bryce	Nil	Nil	40,308	Nil	Nil	Nil	40,308
Randy Bell	Nil	Nil	40,308	Nil	Nil	Nil	40,308

## Narrative Discussion

Other than amounts already included in the above table, the Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

The Company has a stock option plan for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options to the Company's directors is to assist the Company in compensating, attracting, retaining and motivating the directors and to closely align the personal interests of the directors to that of the Company's shareholders.

## Incentive Plan Awards - Outstanding Share-Based Awards And Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period, at the end of the most recently completed financial year,

including awards granted before the most recently completed financial year, to each of the Directors who are not Named Executive Officers:

Name (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options <sup>(1)</sup> (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (g)
	Robert C. Bryce	50,000	\$0.20	June 9, 2021	Nil	Nil
	62,500	\$0.20	December 18, 2020	Nil	Nil	Nil
Randy Bell	50,000	\$0.20	June 9, 2021	Nil	Nil	Nil
	62,500	\$0.20	December 18, 2020	Nil	Nil	Nil

#### **Incentive Plan Awards - Value Vested or Earned During The Year**

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Directors who are not Named Executive Officers are as follows:

Name (a)	Option-based awards – Value vested during the year <sup>(1)</sup> (\$) (b)	Share-based awards – Value vested during the year (\$) (c)	Non-equity incentive plan compensation – Value earned during the year (\$) (d)
Robert C. Bryce	Nil	Nil	Nil
Randy Bell	Nil	Nil	Nil

- (1) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.

#### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The only equity compensation plan that the Company has in place is a stock option plan (the "Plan"). The Plan was established to provide an incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the directors of the Company and it provides that options will be issued pursuant to option agreements with directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provides that the number of Common Shares issuable thereunder, less any Common Shares reserved for issuance under share options granted under established or proposed share compensation agreements, may not exceed 10% of the total number of issued and outstanding Common Shares at the date of grant. Under the Plan, options may expire on a date which is no more than five years after the issuance of such option. See "Approval of Stock Option Plan" below for a description of the Company's stock option plan.

The following table sets forth securities of the Company that are authorized for issuance under equity compensation plans as at the end of the Company's most recently completed fiscal year:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders	562,500	\$0.20	1,374,321
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
<b>Total</b>	<b>562,500</b>	<b>\$0.20</b>	<b>1,374,321</b>

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, executive officer, employee or former director, executive officer or employee of the Company was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the Company. None of the proposed nominees for election as a director of the Company, or any associate of any director, executive officer or proposed nominee, was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the Company.

The Company has not provided any guarantees, support agreements, letters of credit or other similar arrangement or understanding for any indebtedness of any of the Company's directors, executive officers, proposed nominees for election as a director, or associates of any of the foregoing individuals as at the date hereof or at any time during the most recently completed financial year of the Company.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

An "informed person" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its shares.

Since the commencement of the Company's most recently completed financial year, no informed person of the Company, nominee for director or any associate or affiliate of an informed person or nominee, had any material interest, direct or indirect, in any transaction, in any transaction or any proposed transaction which has materially affected or would materially affect the Company.

#### **APPOINTMENT OF AUDITOR**

Management recommends that Shareholders vote to appoint Calvista LLP Professional Accountants, of 1705, 1631 - 14th Avenue NW, Calgary, Alberta, T2N 1M7, as auditors for the Company and to authorize the directors to fix their remuneration. Calvista LLP Professional Accountants is the successor firm to DNTW Chartered Accountants, LLP, of Calgary, Alberta who were first appointed as auditors for the Company in October, 2003.

## MANAGEMENT CONTRACTS

All management functions of the Company are performed by persons or companies under the direction of the Chief Executive Officer and the Chief Financial Officer or are provided on behalf of the Company by the directors or executive officers of the Company.

## CORPORATE GOVERNANCE

### General

National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires issuers to disclose the corporate governance practices that they have adopted according to guidance provided pursuant to National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”).

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators (the “**CSA**”) have adopted NP 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers. In addition, the CSA have implemented NI 58-101, which prescribes certain disclosure by reporting issuers of its corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with NI 58-101.

### Board of Directors

The Board currently consists of two directors who are independent, Robert C. Bryce and Randy Bell. If appointed as director, Andrew Cheatle is also considered independent. None of the independent directors has any direct or indirect material relationship with the Company (other than shareholdings if any) which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgment. Fred Leigh, Chairman and Chief Executive Officer, is not independent.

### Directorships

The participation of the directors in other reporting issuers as at the date of this Management Circular is described in the following table:

Name of Director	Names of Other Reporting Issuers of which the Director is a Director
Fred Leigh	Magnolia Colombia Ltd. and Jourdan Resources Inc.
Randy Bell	N/A
Robert C. Bryce	Integra Gold Corp., Knick Exploration Inc., ABE Resources Inc. and Metanor Resources Inc.
Andrew Cheatle	Condor Gold Plc.

### Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company’s properties and on director responsibilities.

Board meetings may also include presentations by the Company’s management and employees to give the directors additional insight into the Company’s business. In addition, management of the Company makes itself available to discussions with all Board members.

### Ethical Business Conduct

The Board has not adopted a formal written code of ethics. The Board believes the Company is able to meet ethical business standards by following the audit committee charter and through the ability of the Board to reference outside professional advisors.

## Nomination of Directors

The Board is responsible for identifying individuals qualified to become new board members and recommending new director nominees for the next annual meeting of shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's strategic objectives, and a willingness to serve.

## Other Board Committees

The Board has no committees other than the Audit Committee.

## Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management, and the strategic direction and processes of the Board and committees.

## Compensation

The Board is responsible for reviewing all overall compensation strategy, objectives and policies; annually reviewing and assessing the performance of the executive officers; setting the compensation of the executive officers; reviewing executive appointments; and considering the adequacy and form of directors' compensation.

## AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 of the Canadian Securities Administrators ("**NI 52-110**") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee (the "**Audit Committee**") and its relationship with its independent auditors, as set forth in the following.

### Charter

The Company has adopted a charter (the "**Charter**") of the Audit Committee of the Board, which is attached as Schedule "A" to this Information Circular.

### Composition

The table below lists the members of the audit committee and their independence and financial literacy:

Audit Committee Members	Independent	Financially Literate
Fred Leigh	No	Yes <sup>(1)</sup>
Robert C. Bryce	Yes <sup>(1)</sup>	Yes <sup>(1)</sup>
Randy Bell	Yes <sup>(1)</sup>	Yes <sup>(1)</sup>

(1) As defined by NI 52-110 of the Canadian securities regulatory authorities.

## Relevant Education and Experience

### *Mr. Fred Leigh*

Mr. Fred Leigh has been involved in the junior resource sector for more than 30 years and has had a significant role as founder, director and/or investor in many public companies. He is also the founder and President of Siwash, a privately held company which, for over 23 years has invested in early stage

opportunities in the resource sector. Mr. Leigh's principal occupation for the last five years has been as President of Siwash. Siwash was an early investor in successful companies such as, Wheaton River Minerals, Hathor Exploration and Blue Pearl Mining.

**Mr. Andrew Cheatle**

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.

**Mr. Robert C. Bryce**

Mr. Bryce has almost 50 years of executive mining experience, including the 7,500 tons/day Selbaie mine, Quebec's largest base metal producer for a quarter century. Mr. Bryce also served as Vice President of Mining for Aur Resources where he led the \$280,000,000 development and start-up of the 4,000 tpd Louvicourt Cu-Zn-Ag-Au mine near Val-d'Or, Quebec. He is a director of several listed junior resource companies and a technical advisor to others. Mr. Bryce is a graduate of the University of Toronto (B.Sc. Mining Engineering 1960) and of Western University (MBA 1964).

**Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

**Pre-Approval Policies and Procedures**

The Audit Committee has adopted policies and procedures for the engagement of non-audit services. The Audit Committee has delegated to its members the authority to pre-approve non-audit services, provided, however, that such pre-approval of non-audit services shall be presented to the Audit Committee at its first scheduled meeting following any such pre-approval.

**Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

**External Auditor Service Fees**

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Calvista LLP Professional Accountants, to the Company to ensure auditor independence. Fees incurred for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2017	Fees Paid to Auditor in Year Ended December 31, 2016
Audit Fees <sup>(1)</sup>	\$15,750	\$15,000
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	Nil	\$2,800
All Other Fees	Nil	Nil

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2017	Fees Paid to Auditor in Year Ended December 31, 2016
Total	\$15,750	\$17,800

- (1) **"Audit Fees"** include fees necessary to perform the annual audit of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) **"Audit-Related Fees"** include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) **"Tax Fees"** include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

### Exemption in Section 6.1 of NI 52-110

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

## PARTICULARS OF MATTERS TO BE ACTED UPON

### FIX THE NUMBER OF DIRECTORS

Shareholders are being asked, and if thought advisable, to approve a special resolution (the **"Board Resolution"**), the form of which is set out below, to empower the directors to fix the number of directors such that the directors may appoint one or more directors between annual meetings to hold office for a term expiring not later than the close of the next annual meeting of Shareholders, provided that the total number of directors so set may not exceed one-third of the number of directors elected at the previous annual meeting of Shareholders.

From time to time, the Board identifies an individual who could make a valuable contribution to the Company as a director. Following the Meeting, the Board wishes to have the ability to invite such an individual to join the Board between Shareholders' meetings, without the need to create a vacancy, as this may restrict the Company's ability to enhance the Board at the earliest opportunity.

By adopting the Board Resolution, it will be possible to more quickly take advantage of opportunities to augment the Board. At the same time, given the limitation on the number of directors who can be added between meetings and the expiry of the term of such directors at the next annual meeting, Shareholders maintain their control over the composition of the Board.

For these reasons, Shareholders are being asked to pass a special resolution to empower the directors to fix the number of directors to be elected within the minimum and maximum number of directors provided for in the articles of the Company following the Meeting. The text of the special resolution is outlined below.

#### *Shareholder Approval*

Shareholders will be asked at the Meeting to approve with or without variation the following resolution:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the directors shall be empowered and authorized to determine the number of directors of the Company from time to time within the minimum and maximum numbers provided for in the Articles of the Company, provided that the number

of directors so set may not exceed one-third of the number of directors elected at the previous annual meeting of shareholders;

2. any one director or officer of the Company be, and such director or officer of the Company is hereby, authorized, instructed and empowered, acting for, in the name of and behalf of the Company, to do or to cause all such other acts and things in the opinion of such director or officer of the Company as may be necessary or desirable in order to fulfill the intent of this foregoing resolution; and
3. notwithstanding that this resolution has been duly passed by the Shareholders, the Board is hereby authorized and empowered, if it decides not to proceed with this resolution, to revoke this resolution in whole or in part at any time prior to it being given effect without further notice to, or approval of, the Shareholders."

**Management unanimously recommends that Shareholders vote in favour of the Board Resolution.**

### **APPROVAL OF STOCK OPTION PLAN**

The Company has recently undertaken a review of its existing stock option plan (the "**Existing Option Plan**"), which received shareholder approval at its last annual general and special meeting held on August 1, 2017. On August 16, 2018 the Board approved the adoption of a new stock option plan (the "**New Option Plan**") which amends and restates the Existing Option Plan, subject to Shareholder approval at the Meeting. The New Option Plan is intended to update the Company's stock option plan to align with developments in industry guidelines and to incorporate other amendments of a house keeping nature. All options issued under the Existing Option Plan will remain outstanding under the New Option Plan. A copy of the New Option Plan is attached at Schedule "B" hereto. The following is a summary of the terms of the New Option Plan, which is qualified in its entirety by the provisions of New Option Plan.

The purpose of the New Option Plan is to provide certain directors, officers and key employees of, and certain other persons who provide services to the Company and any subsidiaries with an opportunity to purchase Common Shares of the Company and benefit from any appreciation in the value of the Company's Common Shares. This will provide an increased incentive for these individuals to contribute to the future success and prosperity of the Company, thus enhancing the value of the Common Shares for the benefit of all the Shareholders and increasing the ability of the Company and its subsidiaries to attract and retain skilled and motivated individuals in the service of the Company. The New Option Plan provides for a floating maximum limit of 10% of the issued and outstanding Common Shares of the Corporation, calculated at the time of each stock option grant. As at August 16, 2018, 1,374,321 Common Shares are available under the New Option Plan.

The number of common shares reserved for issuance to any one person may not exceed 5% of the outstanding Common Shares. The Board determines the price per Common Share and the number of Common Shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the options, subject to the rules of the TSXV. The exercise price per common share set by the Board is subject to minimum pricing restrictions set by the TSXV.

Options may be exercisable for up to ten years from the date of grant; however, the Board has the discretion to grant options that are exercisable for a shorter period. Options granted under the New Option Plan do not require vesting provisions, although the Board may attach a vesting schedule to individual grants as it deems appropriate. Options under the New Option Plan are non-assignable. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant, the option shall be limited to the number of Common Shares purchasable by him immediately prior to the time of his cessation of office or employment and he shall have no right to purchase any other Common Shares. Options must be exercised within 90 days of termination of employment or cessation of position with the Company, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option must be exercised within

one year of termination or cessation, subject to earlier expiry pursuant to the specified expiry date. If any option expires or otherwise terminates after having been granted without having been exercised in full, the number of shares in respect of such expired or terminated option, as the case may be, shall not be deducted from the limit, and will again be available for grant for the purposes of the New Option Plan.

*Shareholder Approval*

Shareholders will be asked at the Meeting to approve with or without variation the following resolution:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. that the New Option Plan of the Company as described in this Information Circular, be and is hereby ratified and approved, pursuant to which the board of directors of the Company may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of grant; and
2. that any director or officer of the Company is hereby authorized and directed to execute and to deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as in the opinion of such director or officer may be necessary or desirable to give effect to this resolution.”

**CONTINUANCE TO THE PROVINCE OF ONTARIO**

Shareholders are being asked to consider and, if thought advisable, to approve a special resolution, the form of which is set out below, to continue the Company to the Province of Ontario (the "**Continuance Resolution**"). The purpose of the continuance is to reduce the Company's administrative burden. If the Shareholders pass the Continuance Resolution by way of a special resolution at the meeting, the Company will apply to the registrar in Province of British Columbia for authorization to continue into the Province of Ontario. Subsequently, the Company will apply the Director under the *Business Corporations Act* (Ontario) for a certificate of continuance. To be effective, the Continuation Resolution must be approved by at least two-thirds of the votes cast by the Shareholders in person or represented at the Meeting by proxy, in accordance with the provisions of Section 308(2) of the *Business Corporations Act* (British Columbia) and the articles of the Company.

*Shareholder Approval*

Shareholders will be asked at the Meeting to approve with or without variation the following resolution:

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the Company is authorized to make an application to the registrar pursuant to Section 308(2) of the *Business Corporations Act* (British Columbia) for its authorization to continue the Company to the Province of Ontario under the *Business Corporations Act* (Ontario) (the "**OBCA**");
2. the Company is authorized to prepare and file with the Director pursuant to Section 180 of the OBCA a certificate of continuance to continue the Company to the Province of Ontario;
3. the Company is hereby authorized to prepare and file articles of continuance (the "**Articles of Continuance**") substantially in the form of the Company's current articles of incorporation, as amended (the "**Articles**") subject to any amendments necessary to comply with the provisions of the OBCA, and upon the issuance of

a certificate of continuance continuing the Corporation under the OBCA, the Articles shall be replaced in their entirety by the Articles of Continuance; and

4. any one director or officer of the Company is authorized and directed on behalf of the Company, to take all necessary steps and proceedings, and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things as may be necessary or desirable to give effect to this special resolution.”

**Management unanimously recommends that Shareholders vote in favour of the Continuance Resolution.**

#### **Other Matters**

As of the date of this Information Circular, management knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

#### **Additional Information**

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

Financial information on the Company is provided in the Company's comparative financial statements and management discussion and analysis of the financial years ended December 31, 2017 and 2016. Copies of the Company's financial statements and management discussion and analysis may be obtained upon request from the Company at 700-401 West Georgia Street, Vancouver, BC V6B 5A1.

#### **APPROVAL AND CERTIFICATION**

The contents of this Information Circular have been approved and this mailing has been authorized by the Directors of the Company.

Where information contained in this Information Circular, rests specifically within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

The foregoing contains no untrue statement of material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Dated at Toronto, Ontario, this 16th day of August, 2018.

*"Fred Leigh"*

Fred Leigh  
Chairman, CEO and Director

## **SCHEDULE A**

### **Q-GOLD RESOURCES LTD. (the "Company")**

#### **AUDIT COMMITTEE CHARTER**

##### **Purpose of the Committee**

The purpose of the Audit Committee (the "Committee") of the Board of the Company is to provide an open avenue of communication between management, the Company's independent auditors and the Board and to assist the Board in its oversight of:

- (a) the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- (b) the Company's compliance with legal and regulatory requirements related to financial reporting; and
- (c) the independence and performance of the Company's independent auditors.

The Committee shall also perform any other activities consistent with this Charter, the Company's Articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chair from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with international financial reporting standards ("IFRS"). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditors' responsibility is to audit the Company's financial statements and provide their opinion, based on their audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with IFRS.

The Committee is responsible for recommending to the Board the independent auditors to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditors. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditors. The independent auditors shall report directly to the Committee.

##### **Authority and Responsibilities**

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.

2. Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditors the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditors the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditors' judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditors without the presence of management.
8. Review with management and the independent auditors significant related party transactions and potential conflicts of interest.
2. Pre-approve all non-audit services to be provided to the Company by the independent auditors.
3. Monitor the independence of the independent auditors by reviewing all relationships between the independent auditors and the Company and all non-audit work performed for the Company by the independent auditors.
4. Establish and review the Company's procedures for the:
  - (a) receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - (b) confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
5. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.
6. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (British Columbia) and the Articles of the Company.

**SCHEDULE B**

**Q-GOLD RESOURCES LTD.**  
(the "Company")

**STOCK OPTION PLAN**

(Please see attached.)

**Q-GOLD RESOURCES LTD.**

**AMENDED AND RESTATED  
STOCK OPTION PLAN**

# Q-GOLD RESOURCES LTD.

## AMENDED AND RESTATED STOCK OPTION PLAN

### ARTICLE I DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** Where used in this Option Plan, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the meanings set forth below:

- (a) "**Administrator**" means, initially, the President or Secretary of the Corporation and thereafter will mean such director or other senior officer or employee of the Corporation or a duly appointed committee thereof as may be designated as Administrator by the Board from time to time.
- (b) "**Affiliate**" has the meaning ascribed to it in Policy 1.1 of the Exchange Corporate Finance Manual, as amended from time to time.
- (c) "**Associate**" has the meaning ascribed to it in Policy 1.1 of the Exchange Corporate Finance Manual, as amended from time to time.
- (d) "**Board**" means the board of directors of the Corporation, or any duly appointed committee thereof to which the board of directors of the Corporation has delegated the power to administer and grant Options under this Option Plan, as constituted from time to time.
- (e) "**Cause**" means, with respect to a particular Employee:
  - (i) "cause" as such term is defined in the written employment agreement between the Corporation and the Employee; or
  - (ii) in the event there is no written employment agreement between the Corporation and the Employee or "cause" is not defined in the written employment agreement between the Corporation and the Employee, the usual meaning of cause under the laws of the Province of Ontario.
- (f) "**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association, or other entity other than an individual.
- (g) "**Consultant**" means a person, other than an Employee or Director of the Corporation, or a Company, who:
  - (i) provides on a bona fide basis, consulting, technical, management or other services to the Corporation or an Affiliate of the Corporation under a written contract;
  - (ii) possesses technical, business, management or other expertise of value to the Corporation or an Affiliate of the Corporation;

- (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation; and
  - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.
- (h) **"Corporation"** means Q-Gold Resources Ltd. and includes any successor corporation thereto.
- (i) **"Directors"** means directors, senior officers and Management Company Employees of the Corporation or an Affiliate of the Corporation to whom stock options may be granted in reliance on a prospectus exemption under applicable Securities Laws.
- (j) **"Discounted Market Price"** has the meaning given to it in Policy 1.1 of the Exchange Corporate Finance Manual.
- (k) **"Disinterested Shareholder Approval"** means approval by a majority of the votes cast by all shareholders of the Corporation at a duly called and held meeting of shareholders of the Corporation, excluding votes attaching to Shares beneficially owned by:
- (i) Insiders to whom Options may be granted under this Option Plan; and
  - (ii) associates of Insiders referred to in Section (l)(i) above.
- (l) **"Effective Date"** means the effective date of this Option Plan being December 22, 2013, as amended, restated or supplemented to the date hereof.
- (m) **"Employee"** means an individual who:
- (i) is considered an employee of the Corporation or a Subsidiary of the Corporation under the Income Tax Act (Canada) (i.e., for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) works full-time for the Corporation or a Subsidiary of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a Subsidiary of the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
  - (iii) works for the Corporation or a Subsidiary of the Corporation on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a Subsidiary of the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.

- (n) "**Exchange**" means the TSX Venture Exchange and, where the context permits, any other exchange on which the Shares are or may be listed from time to time.
- (o) "**Exercise Notice**" means the notice respecting the exercise of an Option, in the form set out in Exhibit "I" of the Option Agreement, duly executed by the Option Holder.
- (p) "**Exercise Period**" means the period during which a particular Option may be exercised and, subject to earlier termination in accordance with the terms hereof, is the period from and including the Grant Date through to and including the Expiry Date.
- (q) "**Exercise Price**" means the price per Share at which Shares may be purchased under an Option duly granted under this Option Plan as determined in accordance with Section 3.5 of this Option Plan and, if applicable, adjusted in accordance with Section 3.8 of this Option Plan.
- (r) "**Expiry Date**" means the date determined in accordance with Section 3.3 of this Option Plan and after which a particular Option cannot be exercised and is deemed to be null and void and of no further force or effect.
- (s) "**Grant Date**" means the date on which the Board grants a particular Option.
- (t) "**Insider**" means:
  - (i) an Insider as defined in Section 1(1) of the Securities Act, other than a person who falls within the definition solely by virtue of being a director or senior officer of a Subsidiary; or
  - (ii) an associate of an Insider, a director or senior officer of a Company that is an Insider or Subsidiary of the Corporation.
- (u) "**Investor Relations Activities**" has the meaning given to it in Policy 1.1 of the Exchange Corporate Finance Manual.
- (v) "**Limit**" shall have the meaning ascribed thereto in Section 3.2 of this Option Plan.
- (w) "**Market Price**" at any date in respect of the Shares shall be the closing price of such Shares on any Exchange (and if listed on more than one Exchange, then the highest of such closing prices) on the last Business Day prior to the Grant Date (or, if such Shares are not then listed and posted for trading on the Exchange, on such stock exchange in Canada on which the Shares are listed and posted for trading as may be selected for such purpose by the Board). In the event that such Shares did not trade on such Business Day, the Market Price shall be the average of the bid and asked prices in respect of such Shares at the close of trading on such date. In the event that such Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion.

- (x) "**Management Company Employees**" means an individual employed by a person providing management services to the Corporation which are required for the on-going successful operation of the business enterprise of the Corporation, but excluding a person engaged in Investor Relations Activities.
- (y) "**OBCA**" means the *Business Corporations Act* (Ontario), as amended from time to time.
- (z) "**Option**" means an option to acquire Shares granted to a Director, Employee or Consultant pursuant to this Option Plan.
- (aa) "**Option Agreement**" means an agreement, in the form substantially similar as that set out in Schedule "A" hereto, evidencing an Option granted under this Option Plan.
- (bb) "**Option Holder**" means a Director, Employee or Consultant or former Director, Employee or Consultant, to whom an Option has been granted and who continues to hold an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (cc) "**Option Plan**" means this stock option plan as may be amended from time to time.
- (dd) "**person**" means a Company or an individual.
- (ee) "**Personal Representative**" means:
  - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who, for any reason, is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (ff) "**Regulatory Authorities**" means all stock exchanges and any other organized trading facilities on which the Corporation's Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation.
- (gg) "**Re-Organization Event**" has the meaning given in Section 3.8 of this Option Plan.
- (hh) "**Securities Act**" means the *Securities Act* (Ontario), as amended, or such other successor legislation as may be enacted, from time to time.
- (ii) "**Securities Laws**" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that govern or are applicable to the Corporation or to which it is subject, including, without limitation, the Securities Act.

- (jj) "**Share**" or "**Shares**" means, as the case may be, one (1) or more common shares without par value in the capital stock of the Corporation as constituted on the Effective Date or, in the event of an adjustment contemplated by Section 3.5 of this Option Plan, such other shares or securities to which an Option Holder may be entitled upon the due exercise of an Option as a result of such adjustment.
- (kk) "**Share Compensation Arrangement**" means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism of the Corporation involving the issuance or potential issuance of Shares to one or more Directors, Employees or Consultants, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise.
- (ll) "**Subsidiary**" means a subsidiary as defined in the OBCA.
- (mm) "**Termination Date**" means:
  - (i) in the case of the resignation of the Option Holder as an Employee of the Corporation, the date that the Option Holder provides notice of his or her resignation as an Employee of the Corporation to the Corporation;
  - (ii) in the case of the termination of the Option Holder as an Employee of the Corporation by the Corporation for any reason other than death, the effective date of termination set out in the Corporation's notice of termination of the Option Holder as an Employee of the Corporation to the Option Holder;
  - (iii) in the case of the termination of the written contract of the Option Holder to provide consulting services or Investor Relations Activities to the Corporation, the effective date of termination set out in any notice provided by one of the parties to the written contract to the other party; or
  - (iv) the effective date of termination of a Director, Employee or Consultant pursuant to an order made by any Regulatory Authority having jurisdiction to so order.

1.2 **Choice of Law.** This Option Plan is established under and the provisions of this Option Plan will be subject to and interpreted and construed in accordance with the laws of the Province of Ontario.

1.3 **Headings.** The headings used herein are for convenience only and are not to affect the interpretation of this Option Plan.

## ARTICLE II PURPOSE AND PARTICIPATION

2.1 **Purpose.** The purpose of this Option Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants, to reward such of those Directors, Employees and Consultants as may be granted Options under this Option Plan by the Board from time to time for their contributions toward the long term goals and success of the Corporation and to enable and encourage such Directors, Employees and Consultants to acquire Shares as long term investments and proprietary interests in the Corporation.

2.2 **Participation.** The Board will, from time to time and in its sole discretion, determine those Directors, Employees, Consultants (and, when applicable, to a Company wholly owned by any such Director, Employee or Consultant), if any, to whom Options are to be granted. The Board may only grant options to an Employee, Consultant or Management Company Employee if such Employee, Consultant or Management Company Employee is a *bona fide* Employee, Consultant or Management Company Employee of the Corporation or a Subsidiary of the Corporation, as the case may be. The Board may, in its sole discretion, grant the majority of the Options to Insiders of the Corporation. However, in no case will the grant of Options under this Option Plan, together with any proposed or previously existing Share Compensation Arrangement, result in (in each case, as determined on the Grant Date):

- (a) the number of Shares reserved for issuance pursuant to stock options granted to Insiders exceeding ten percent (10%) of the Corporation's issued and outstanding Shares (on a non-diluted basis);
- (b) the grant to Insiders, within any twelve-month period, of Options reserving for issuance a number of Shares exceeding in the aggregate ten percent (10%) of the Corporation's issued and outstanding Shares (on a non-diluted basis);
- (c) the grant to any one individual, within any twelve-month period, Options reserving for issuance a number of Shares exceeding in the aggregate five percent (5%) of the Corporation's issued and outstanding Shares (on a non-diluted basis) unless the Corporation obtains the requisite Disinterested Shareholder Approval;
- (d) the grant to all persons engaged by the Corporation to provide Investor Relations Activities, within any twelve-month period, of Options reserving for issuance a number of Shares exceeding in the aggregate two percent (2%) of the Corporation's issued and outstanding Shares (on a non-diluted basis); or
- (e) the grant to any one Consultant, in any twelve-month period, of Options reserving for issuance a number of Shares exceeding in the aggregate two percent (2%) of the Corporation's issued and outstanding Shares (on a non-diluted basis).

Any entitlement to acquire Shares granted pursuant to this Option Plan or any other Share Compensation Agreement prior to the Optionee becoming an Insider shall be excluded for the purposes of calculating the limits set out in Subsection 2.2(a), (b) and (c), above.

2.3 **Notification of Grant.** Following the approval by the Board of the granting of an Option, the Administrator will notify the Option Holder in writing of the award and will enclose with such notice the Option Agreement representing the Option so granted.

2.4 **Copy of Option Plan.** Each Option Holder, concurrently with the notice of the award of the Option, will, upon written request, be provided with a copy of this Option Plan, and a copy of any amendment to this Option Plan will be promptly provided by the Administrator to each Option Holder.

2.5 **Limitation.** This Option Plan does not give any Option Holder that is a Director the right to serve or continue to serve as a Director of the Corporation, does not give any Option Holder that is an Employee the right to be or to continue to be employed by the Corporation and does not give any Option Holder that is a Consultant the right to be or continue to be retained or engaged by the Corporation as a consultant for the Corporation.

2.6 **Filing Requirements.** Each Option Holder, as a pre-condition of any grant of Options under this Option Plan, shall execute and deliver to the Corporation all forms and documents required to be filed with any Regulatory Authority or under Securities Laws including, without limitation:

- (a) if an Option Holder is not an individual, a Certification and Undertaking Required from a Company Granted an Incentive Stock Option (Exchange Form 4F);
- (b) if an Option Holder is a new Insider or is engaged to provide Investor Relations Activities, a Personal Information Form (Exchange Form 2A); and
- (c) any other forms or documents as may be required by the Corporation based on the advice of its counsel.

### **ARTICLE III TERMS AND CONDITIONS OF OPTIONS**

3.1 **Board to Issue Shares.** The Shares to be issued to Option Holders upon the exercise of Options will be previously authorized but unissued Shares in the capital stock of the Corporation.

3.2 **Number of Shares Reserved.** Subject to adjustment as provided for in Section 3.8 of this Option Plan and any subsequent amendment to this Option Plan, the number of Shares reserved for issuance and which will be available for purchase pursuant to Options granted under this Option Plan will not exceed that number (the "**Limit**") which represents ten percent (10%) of the issued and outstanding Shares in the capital of the Corporation as at the date of grant. If any Option granted under this Option Plan is exercised, expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such exercised, expired or terminated Option, as the case may be, will again be available for issuance under and for the purposes of this Option Plan.

3.3 **Term of Option.** Subject to Section 3.4, the Expiry Date of an Option will be the date so fixed by the Board at the time the particular Option is granted, provided that such date will be no later than the tenth (10<sup>th</sup>) anniversary of the Grant Date of such Option.

**3.4 Termination of Option.** Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period will terminate and become null, void and of no effect as of 5:00 p.m. (Toronto time) on the Expiry Date. The Expiry Date of an Option will be the earlier of the date so fixed by the Board at the time the Option is granted and the date established, if applicable, in subsections (a) to (e) below:

(a) Death of Option Holder

In the event that the Option Holder should die while he or she is still a Director (if he or she holds his or her Option as a Director), an Employee (if he or she holds his or her Option as an Employee) or a Consultant (if he or she holds his or her Option as a Consultant), the Expiry Date will be the first anniversary of the Option Holder's date of death.

(b) Ceasing to Hold Office

In the event that the Option Holder holds his or her Option as a Director of the Corporation and such Option Holder ceases to be a Director of the Corporation other than by reason of death, the Expiry Date of the Option will not exceed the ninetieth (90<sup>th</sup>) day following the date the Option Holder ceases to be a Director of the Corporation unless the Option Holder ceases to be a Director of the Corporation as a result of:

- (i) ceasing to meet the qualifications of a director set forth in the OBCA;
- (ii) an ordinary resolution having been passed by the shareholders of the Corporation pursuant to subsection 122 of the OBCA; or
- (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date will be the date the Option Holder ceases to be a Director of the Corporation.

(c) Ceasing to be an Employee or Consultant

In the event that the Option Holder holds his or her Option as an Employee or Consultant of the Corporation and such Option Holder ceases to be an Employee or Consultant of the Corporation other than by reason of death, the Expiry Date of the Option will not exceed the ninetieth (90<sup>th</sup>) day following the Termination Date unless the Option Holder ceases to be:

- (i) an Employee of the Corporation as a result of termination for Cause; or
- (ii) an Employee or Consultant of the Corporation as a result of an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date will be the Termination Date.

(d) Ceasing to be a Consultant Providing Investor Relations Activities

Notwithstanding subsections 3.4(a), (b) and (c) above, in the event that the Option Holder holds his or her Option as a person engaged to provide Investor Relations Activities and such Option Holder ceases to be so engaged other than by reason of death, the Expiry Date of the Option will not exceed the 30<sup>th</sup> day following the Termination Date unless the Option Holder ceases to be so engaged as a result of:

- (i) termination for Cause; or
- (ii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date will be the Termination Date.

(e) Bankruptcy

In the event that an Option Holder commits an act of bankruptcy or any proceeding is commenced against the Option Holder under the *Bankruptcy and Insolvency Act* (Canada) or other applicable bankruptcy or insolvency legislation in force at the time of such bankruptcy or insolvency and such proceeding remains undismissed for a period of thirty (30) days, no Option held by such Option Holder may be exercised following the date on which such Option Holder commits such act of bankruptcy or such proceeding remains undismissed, as the case may be.

Notwithstanding anything contained in this Option Plan, in no case will an Option be exercisable after the tenth (10<sup>th</sup>) anniversary of the Grant Date of the Option.

**3.5 Exercise Price.** The price at which an Option Holder may purchase a Share upon the exercise of an Option (the "**Exercise Price**") will be determined by the Board and set forth in the Option Agreement issued in respect of such Option and, in any event, will not be less than the Discounted Market Price of the Corporation's Shares calculated as of the Grant Date. Notwithstanding anything else contained in this Option Plan, in no case will the Discounted Market Price be less than the minimum prescribed by each of the organized trading facilities as would apply to the Grant Date in question.

**3.6 Additional Terms.** Subject to all applicable Securities Laws of all applicable Regulatory Authorities and the policies of the Exchange, the Board may attach other terms and conditions to the grant of a particular Option, such terms and conditions to be referred to in the Option Agreement at the time of grant. These terms and conditions may include, but are not necessarily limited to, the following:

- (a) providing that an Option expires on a date other than as provided for herein;
- (b) providing that a portion or portions of an Option vest after certain periods of time or upon the occurrence of certain events, or expire after certain periods of time or upon the occurrence of certain events;

- (c) providing that an Option be exercisable immediately, in full, notwithstanding that it has vesting provisions, upon the occurrence of certain events, such as a friendly or hostile take-over bid for the Corporation;
- (d) providing that an Option issued to, held by or exercised by an Option Holder who is a citizen or resident of the United States of America, and otherwise meeting the statutory requirements, be treated as an "**Incentive Stock Option**" as that term is defined for purposes of the United States of America Internal Revenue Code of 1986, as amended; and
- (e) providing that the provisions of Section 4.2 of this Option Plan have been complied with to the Board's satisfaction as a condition to the exercise of an Option.

**3.7 Non-Transferability of Options.** The Options granted hereunder are not assignable, transferable or negotiable (whether by operation of law or otherwise) and may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by Section 4.1 of this Option Plan, exercise the Option within the Exercise Period. Upon any attempt to assign, transfer, negotiate, pledge, hypothecate or otherwise dispose of or transfer an Option contrary to this Section 3.7 of this Option Plan, or upon the levy of any attachment or similar process upon an Option, the Option and all rights, benefits and privileges arising thereunder or therefrom, at the sole discretion and election of the Corporation, shall cease and terminate and be of no further force or affect whatsoever.

**3.8 Adjustments.** If, prior to the complete exercise of an Option, the Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for (collectively, a "**Re-Organization Event**"), an Option, to the extent that it has not been exercised, will be adjusted by the Board in accordance with such Re-Organization Event in the manner the Board deems appropriate. No fractional Shares will be issued upon the exercise of the Options and accordingly, if as a result of the Re-Organization Event, an Option Holder would become entitled to a fractional Share, such Option Holder will have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

**3.9 Vesting requirement for Investor Relation Activities.** Notwithstanding any other provision hereof, Options granted to persons engaged to provide Investor Relations Activities shall vest in stages over a period of twelve (12) months from the Grant Date with no more than ¼ of any such Options granted vesting in any three-month period.

**3.10 Hold Periods.** In addition to any resale restrictions under Securities Laws, any Option granted under this Option Plan and any Shares issued upon the due exercise of any such Option so granted will be subject to a four-month Exchange hold period commencing from the Grant Date of the Option if the Exercise Price of the Option is granted at less than the Market Price, in which case the Option, and the Shares issued upon due exercise of the Option, if applicable, will bear the following legend:

*"Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in*

*Canada or to or for the benefit of a Canadian resident until  
[four months and one day from the Grant Date]."*

3.11 **No Rights as Shareholders.** An Option Holder shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until the date of issuance of a certificate for Shares upon the due exercise of such Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.

#### **ARTICLE IV EXERCISE OF OPTION**

4.1 **Exercise of Option.** An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. Subject to the provisions of this Option Plan, an Option Holder or the Personal Representative of an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. (Toronto time) on the Expiry Date by delivering to the Administrator: (i) an Exercise Notice; (ii) the applicable Option Agreement; (iii) a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option; and (iv) make suitable arrangements with the Corporation, in accordance with Section 4.2, for the receipt by the Corporation of an amount sufficient to satisfy any withholding tax requirements under applicable tax legislation in respect of the exercise of an Option (the "**Withholding Obligations**").

4.2 **Withholding Taxes.** Upon the exercise of an Option by an Option Holder, the Corporation shall have the right to require the Option Holder to remit to the Corporation an amount sufficient to satisfy any Withholding Obligations relating thereto under applicable tax legislation. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the amount of the Withholding Obligations (the "**Withholding Amount**") may be accomplished by any of the following methods or by a combination of such methods as determined by the Corporation in its sole discretion:

- (a) the tendering by the Option Holder of cash payment to the Corporation in an amount less than or equal to the Withholding Amount; or
- (b) the withholding by the Corporation from the Shares otherwise due to the Option Holder such number of Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering the Option Agreement, the Option Holder shall be deemed to have consented to such sale and have granted to the Corporation an irrevocable power of attorney to effect the sale of such Shares and to have acknowledged and agreed that the Corporation does not accept responsibility for the price obtained on the sale of such Shares; or
- (c) the withholding by the Corporation from any cash payment otherwise due by the Corporation to the Option Holder, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount;

provided, however, in all cases, that the sum of any cash so paid or withheld and the fair market value of any Shares so withheld is sufficient to satisfy the Withholding Amount.

The provisions of the Option Agreement shall provide that the Option Holder (or their beneficiaries) shall be responsible for all taxes with respect to any Options granted under the Option Plan and an acknowledgement that neither the Board nor the Corporation shall make any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of Options or payments on account of the Withholding Amount made under the Option Plan and none of the Board, the Corporation, nor any of its employees or representatives shall have any liability to an Option Holder (or its beneficiaries) with respect thereto.

**4.3 Issue of Share Certificates.** As soon as practicable following the receipt of the Exercise Notice and satisfaction of the other requirements set forth in Section 4.1 and 4.2, the Administrator will cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Agreement, the Option Holder will surrender the Option Agreement to the Corporation and the Administrator will forward a new Option Agreement to the Option Holder concurrently with delivery of the Share certificate for the balance of Shares available under the Option.

**4.4 Condition of Issue.** The Options and the issue of Shares by the Corporation pursuant to the exercise of Options are subject to the terms and conditions of this Option Plan and compliance with the rules and policies of all applicable Regulatory Authorities to the granting of such Options and to the issuance and distribution of such Shares, and to all applicable Securities Laws. The Option Holder agrees to comply with all such laws, regulations, rules and policies and agrees to furnish to the Corporation any information, reports or undertakings required to comply with and to fully cooperate with the Corporation in complying with such laws, regulations, rules and policies. Notwithstanding any of the provisions contained in this Option Plan or in any Option, the Corporation's obligation to issue Shares to an Option Holder pursuant to the exercise of any Option granted under the Option Plan shall be subject to:

- (a) completion of such registration or other qualification of such Shares or obtaining approval of such Regulatory Authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed;
- (c) the receipt from the Option Holder of such representations, warranties, agreements and undertakings, as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the Securities Laws of any jurisdiction; and
- (d) the satisfaction of any conditions on exercise prescribed pursuant to Section 3.6 and Article 5 of this Option Plan.

## **ARTICLE V ADMINISTRATION**

**5.1 Administration.** This Option Plan will be administered by the Administrator on the instructions of the Board. The Board may make, amend and repeal at any time and from time to time

such regulations not inconsistent with this Option Plan as it may deem necessary or advisable for the proper administration and operation of this Option Plan and such regulations will form part of this Option Plan. The Board may delegate to the Administrator or any director or other senior officer or employee of the Corporation such administrative duties and powers as it may see fit.

**5.2 Board Powers.** The Board shall have the power, where consistent with the general purpose and intent of this Option Plan and subject to the specific provisions of this Option Plan:

- (a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of this Option Plan;
- (b) to interpret and construe this Option Plan and to determine all questions arising out of this Option Plan or any Option, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) to determine the number of Shares reserved for issuance by each Option;
- (d) to determine the Exercise Price of each Option;
- (e) to determine the time or times when Options will be granted and exercisable;
- (f) to determine if the Shares which are issuable on the due exercise of an Option will be subject to any restrictions upon the due exercise of such Option; and
- (g) to prescribe the form of the instruments and certificates relating to the grant, exercise and other terms of Options.

**5.3 Board Discretion.** The Board may, in its discretion, require as conditions to the grant or exercise of any Option that the Option Holder shall have:

- (a) represented, warranted and agreed in form and substance satisfactory to the Corporation that the Option Holder is acquiring and will acquire such Option and the Shares to be issued upon the exercise thereof or, as the case may be, is acquiring such Shares, for his, her or its own account, for investment and not with a view to or in connection with any distribution, that the Option Holder has had access to such information as is necessary to enable him, her or it to evaluate the merits and risks of such investment and that the Option Holder is able to bear the economic risk of holding such Shares for an indefinite period;
- (b) agreed to restrictions on transfer in form and substance satisfactory to the Corporation and to an endorsement on any option agreement or certificate representing the Shares making appropriate reference to such restrictions; and
- (c) agreed to indemnify the Corporation in connection with the foregoing.

**5.4 Board Requirements.** Any Option granted under this Option Plan shall be subject to the requirement that, if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Shares issuable upon due exercise of such Option upon any securities

exchange or under any Securities Laws of any jurisdiction, or the consent or approval of Regulatory Authority, is necessary as a condition of, or in connection with, the grant or exercise of such Option or the issuance or purchase of Shares thereunder, such Option may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.

5.5 **Interpretation.** The interpretation by the Board of any of the provisions of this Option Plan and any determination by it pursuant thereto will be final and conclusive and will not be subject to any dispute by any Option Holder. No member of the Board or any individual acting pursuant to authority delegated by it hereunder will be liable for any action or determination in connection with this Option Plan made or taken in good faith and each member of the Board and each such individual will be entitled to indemnification with respect to any such action or determination in the manner provided for by the Corporation.

## **ARTICLE VI AMENDMENT AND TERMINATION**

6.1 **Prospective Amendment and Termination.** The Board may amend or terminate the Option Plan at any time upon receipt of requisite regulatory approval including, without limitation, the approval of the Exchange, provided, however, that no such amendment may increase the maximum number of Shares that may be optioned under the Option Plan, change the manner of determining the minimum Option Price or, without the consent of the Optionee, alter or impair any of the terms of any Option previously granted to an Optionee under the Option Plan. Any amendments to the terms of an Option shall also require regulatory approval, including without limitation, the approval of the Exchange.

6.2 **Retrospective Amendment.** The Board may from time to time retrospectively amend this Option Plan and, with the consent of the affected Option Holders, retrospectively amend the terms and conditions of any Options that have been previously granted.

6.3 **Sale of Corporation, Extension of Expiration Date, Non-Applicability of Termination of Employment Provisions.** Notwithstanding anything contained to the contrary in this Option Plan or in any resolution of the Board in implementation thereof:

- (a) in the event the Corporation proposes to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned Subsidiary) or to liquidate, dissolve or wind-up, or in the event an offer to purchase or repurchase the Shares of the Corporation or any part thereof shall be made to all or substantially all holders of Shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each Option Holder holding Options under the Option Plan, to permit the exercise of all such Options within the twenty (20) day period next following the date of such notice and to determine that upon the expiration of such twenty (20) day period, all rights of the Option Holders to such Options or to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have further force or effect whatsoever;

- (b) in the event of the sale by the Corporation of all or substantially all of the assets of the Corporation as an entirety or substantially as an entirety so that the Corporation shall cease to operate as an active business, any outstanding Option may be exercised as to all or any part of the Optioned Shares in respect of which the Option Holder would have been entitled to exercise the Option in accordance with the provisions of the Option Plan at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is thirty (30) days following the date of completion of such sale; and (ii) the close of business on the Expiry Date of the Option; but the Option Holder shall not be entitled to exercise the Option with respect to any other Shares;
- (c) subject to the rules of any relevant Regulatory Authority and the written acceptance from the Exchange, the Board may, by resolution, extend the Expiry Date of any Option. The Board shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which Options may be exercised by any other Option Holder; and
- (d) the Board may, by resolution, but subject to requirements of applicable Regulatory Authorities (including the Exchange) and Securities Laws, decide that any of the provisions hereof concerning the effect of termination of the Option Holder's employment shall not apply to any Option Holder for any reason acceptable to the Board.

Notwithstanding the provisions of this Section 6.3, should changes be required to this Option Plan by any Regulatory Authority of any jurisdiction to which the Option Plan or the Corporation now is or hereafter becomes subject, such changes shall be made to the Option Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Option Plan, as amended, shall be filed with the records of the Corporation and shall remain in full force and effect in its amended form as of and from the date of its adoption by the Board.

**6.4 Regulatory Authority Approval.** This Option Plan and any amendments hereto are subject to all necessary approvals of the applicable Regulatory Authorities.

**6.5 Disinterested Shareholder Approval.** Disinterested Shareholder Approval must be obtained for any reduction in the Exercise Price if the Option Holder is an Insider of the Corporation at the time of the proposed reduction. Furthermore, Disinterested Shareholder Approval must be obtained if the number of Shares reserved for issuance under the Option Plan to be granted to Insiders exceeds ten percent (10%) of the issued and outstanding Shares and if the grant of Options to Insiders, within any twelve (12) month period, exceeds ten percent (10%) of the Corporation's issued and outstanding Shares.

**6.6 Agreement.** The Corporation and every Option granted hereunder will be bound by and subject to the terms and conditions of this Option Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Corporation to be bound by the terms and conditions of this Option Plan.

6.7 **Effective Date of Option Plan.** Upon approval by the Board and ratification by the shareholders of the Corporation in accordance with the policies of the Exchange and OBCA, this Option Plan shall be deemed to be effective as of the Effective Date.

6.8 **Governing Law.** This Option Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

SCHEDULE "A"

*Unless permitted under securities legislation, the holders of this security must not trade the security before (four months and one day from the date of grant).*

*If the Option is granted at below Market Price insert the below legend as well.*

*[Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until (four months and one day from the date of grant).]*

*Unless otherwise defined, all capitalized terms used herein will have the meanings specified in the stock option plan adopted by Q-Gold Resources Ltd. effective as of December 22, 2013, as amended, restated or supplemented (the "Option Plan").*

NON-TRANSFERABLE

**OPTION AGREEMENT**

THIS AGREEMENT made as of [•], 20[•] (the "Effective Date").

BETWEEN:

**Q-GOLD RESOURCES LTD.**, a corporation existing under the laws of the Province of [\_\_\_\_\_]

(the "Corporation")

OF THE FIRST PART

- and -

[•],

(the "Optionee")

OF THE SECOND PART

For good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto), the Corporation and the Optionee hereby agree as follows:

1. **Grant of Option**

1.1 The Corporation hereby grants to the Optionee pursuant to the terms of the Option Plan the right and option (the "Option") to purchase all or any part of an aggregate of up to [•] Shares at a purchase price of \$[•] per Share expiring on [•] and on the terms and conditions set forth herein and therein.

2. **Vesting**

2.1 Notwithstanding Section 1 above or any other provision of this Agreement, legal and beneficial title to the Option granted to the Optionee hereunder, in respect of the Shares and all rights, privileges and benefits arising and flowing therefrom or to arise or flow therefrom hereafter, shall vest in the Optionee and the Optionee shall be entitled to exercise said Option to purchase the Shares only in the proportion and on the dates (the "**Vesting Dates**") set out below, provided that the Optionee is a [**Consultant or Employee or Director**] of the Corporation on such Vesting Date (and has been a [**Consultant or Employee or Director**] of the Corporation continuously from the date hereof):

<b>Vesting Date</b>	<b>Number of Shares subject to the Option</b>	<b>Exercise Price</b>
[•]	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]
<b>Total:</b>	[•]	

3. **Exercise of Option**

3.1 Subject to the provisions of this Agreement, including, without limitation, Section 2 above, the Option may be exercised from time to time prior to the Expiry Time (as hereinafter defined) by delivery to the Corporation at its registered office of an executed Exercise Notice (attached hereto as Exhibit "I") addressed to the President of the Corporation specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full, by cash or certified cheque, of the purchase price of the Shares then being purchased. The Optionee must also make suitable arrangements with the Corporation, in accordance with Section 3.2, for the receipt by the Corporation of an amount sufficient to satisfy any withholding tax requirements under applicable tax legislation in respect of the exercise of the Option (the "**Withholding Obligations**"). Subject to any provisions of this Agreement to the contrary, certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice, payment of the purchase price and receipt by the Corporation of an amount sufficient to satisfy any Withholding Obligations in respect of the exercise of the Option.

3.2 Upon the due exercise of an Option by the Optionee, the Corporation shall have the right to require the Optionee to remit to the Corporation an amount sufficient to satisfy any Withholding Obligations relating thereto under applicable tax legislation. Unless otherwise prohibited by the board of directors (the "**Board**") or by applicable law, satisfaction of the amount of the Withholding Obligations (the "**Withholding Amount**") may be accomplished by any of the following methods or by a combination of such methods as determined by the Corporation in its sole discretion:

- (a) the tendering by the Optionee of cash payment to the Corporation in an amount less than or equal to the Withholding Amount; or

- (b) the withholding by the Corporation from the Shares otherwise due to the Optionee such number of Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering this Agreement, the Optionee shall be deemed to have consented to such sale and have granted to the Corporation an irrevocable power of attorney to effect the sale of such Shares and to have acknowledged and agreed that the Corporation does not accept responsibility for the price obtained on the sale of such Shares; or
- (c) the withholding by the Corporation from any cash payment otherwise due by the Corporation to the Optionee, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount;

provided, however, in all cases, that the sum of any cash so paid or withheld and the fair market value of any Shares so withheld is sufficient to satisfy the Withholding Amount.

3.3 The Optionee acknowledges and agrees, that pursuant to the exercise of the Options, the Optionee shall be responsible for all taxes with respect to the exercise of the Options granted hereunder and acknowledges that neither the Board nor the Corporation makes any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of the Options or payments on account of the Withholding Amount made under this Agreement and none of the Board, the Corporation, nor any of its employees or representatives shall have any liability to an Optionee (or its beneficiaries) with respect thereto.

3.4 Notwithstanding any provisions contained in this Agreement, the Corporation's obligation to issue Shares to the Optionee pursuant to the exercise of the Option shall be subject to: (i) receipt of any required shareholder approval; (ii) completion of such registration or other qualification of such Shares or obtaining approval of such governmental or regulatory authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof; (iii) the admission of such Shares to listing on any stock exchange or market on which the Shares may then be listed; (iv) the receipt from the Optionee of such representations, warranties, agreements and undertakings as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdictions; and (v) receipt by the Corporation of the Withholding Amount. Nothing contained in this Agreement shall be deemed to require the Corporation to apply for or obtain any such registration, qualification, approval or listing referred to above. The Optionee hereby acknowledges and agrees that he has had access to such information as is necessary to enable him to evaluate the merits and risks of acquiring Shares pursuant to the exercise of the Option and that he is able to bear the economic risk of holding such Shares for an indefinite period.

#### 4. **No Assignment**

4.1 The Option is personal to the Optionee and non-assignable (whether by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the Option contrary to the provisions of this Agreement, or upon the levy of any attachment or similar process upon the Option, the Option shall, at the election of the Corporation, cease and terminate and be of no further force or effect whatsoever.

5. **Expiration**

5.1 Subject to the terms and conditions set out in this Agreement, including the vesting conditions set out in Section 2 above and the termination provisions set out in Section 6 below, the Optionee shall have the right to exercise the Option with respect to all or any part of the Shares to the extent vested at any time or from time to time after the date hereof and prior to the close of business on [•] (the "**Expiry Time**"). On the Expiry Time, the Option shall forthwith expire and terminate and be of no further force or effect whatsoever with respect to the unexercised balance of the Shares available under the Option, whether vested or not.

6. **Termination of Employment; Death; Bankruptcy**

6.1 Subject to the provisions of this Agreement and this Section 6 and to any express resolution passed with respect to the Option by the Board of Directors of the Corporation (the "**Board**") or by any committee of the Board established by the Board to administer the Option Plan (the "**Committee**"), the Option and all rights to purchase Shares pursuant thereto shall immediately expire, except to the extent vested in which case they shall expire and terminate on the [•] day following the date the Optionee ceases to be a ["**Consultant**" or "**Employee**" or "**Director**"] within the meaning of Section 1.1 of the Option Plan.

6.2 Subject to the provisions of this Agreement and this Section 6, if the Optionee shall die prior to the full exercise of the Option, his Personal Representatives, heirs or legatees may, at any time within [twelve (12)] months after the date of such death, exercise the Option with respect to the unexercised balance of the Shares to the extent vested, subject to the terms of the Option but only to the same extent to which the Optionee could have exercised the Option immediately before the date of such death. In no event, however, shall the Option be exercisable after the Expiry Time.

6.3 In the event that the Optionee commits an act of bankruptcy or any proceeding is commenced against the Optionee under the *Bankruptcy and Insolvency Act* (Canada) or other applicable bankruptcy or insolvency legislation in force at the time of such bankruptcy and such proceeding remains undismissed for a period of [thirty (30)] days, the Option may not be exercised following the date on which the Optionee commits such act of bankruptcy or such proceeding remains undismissed, as the case may be.

7. **Rights as a Shareholder**

7.1 An Optionee shall not have any rights as a shareholder of the Corporation with respect to any of the Shares subject to the Option until the date of issuance of a certificate for such Shares upon the exercise of the Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.

8. **Inconsistency with Option Plan**

8.1 The parties hereto agree that in the event this Agreement is inconsistent with the Option Plan the Option Plan shall prevail.

## 9. Certain Adjustments

9.1 In the event that the Shares are at any time changed or affected as a result of the declaration of a stock dividend thereon or their subdivision or consolidation, the number of Shares reserved for the Option shall be adjusted accordingly by the Board or the Committee to such extent as they deem proper in their discretion. In such event, the number of, and the price payable for, the Shares that are then subject to the Option may also be adjusted by the Board or the Committee to such extent, if any, as they deem proper in their discretion.

9.2 If at any time after the date of this Agreement and prior to the expiration of the term of the Option, the Shares shall be reclassified, reorganized or otherwise changed, otherwise than as specified in Section 8.1 of this Agreement or, subject to the provisions of subsection 10.1(a) of this Agreement, the Corporation shall consolidate, merge or amalgamate with or into another corporation (the corporation resulting or continuing from such consolidation, merger or amalgamation being herein called the "**Successor Corporation**"), the Optionee shall be entitled to receive upon the subsequent exercise of the Option in accordance with the terms of this Agreement and shall accept in lieu of the number of Shares to which he was theretofore entitled upon such exercise but for the same aggregate consideration payable therefor, the aggregate number of shares of the appropriate class and/or other securities of the Corporation or the Successor Corporation (as the case may be) and/or other consideration from the Corporation or the Successor Corporation (as the case may be) that the Optionee would have been entitled to receive as a result of such reclassification, reorganization or other change or, subject to the provisions of subsection 9.1 of this Agreement, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganization or other change or the effective date of such consolidation, merger or amalgamation, as the case may be, he had been the registered holder of the number of Shares to which he was theretofore entitled upon such exercise.

## 10. Amendments to the Option

10.1 Notwithstanding anything to the contrary contained in this Agreement:

- (a) in the event the Corporation proposes to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned Subsidiary) or to liquidate, dissolve or wind-up, or in the event an offer to purchase or repurchase the Shares or any part thereof shall be made to all or substantially all holders of the Shares, the Corporation shall have the right, upon written notice thereof to the Optionee, to permit the exercise of the Option within the **[twenty (20) day]** period next following the date of such notice and to determine that upon the expiration of such **[twenty (20) day]** period, all rights of the Optionee to the Option or to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have further force or effect whatsoever;
- (b) in the event of the sale by the Corporation of all or substantially all of the assets of the Corporation as an entirety or substantially as an entirety so that the Corporation shall cease to operate as an active business, the Option may be exercised as to all or any part of the Shares subject to the Option in respect of which the Optionee would have been entitled to exercise the Option in accordance with the provisions of this Agreement at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is **[thirty (30)]**

days following the date of completion of such sale; and (ii) the close of business on the expiration date of the Option; but the Optionee shall not be entitled to exercise the Option with respect to any other Shares; and

- (c) subject to the rules of any relevant stock exchange or other regulatory authority, the Board may, by resolution, advance the date on which any Option may be exercised or extend the expiration date of the Option.
- (d) The Optionee hereby acknowledges and agrees that the Board may at any time by resolution terminate the Option Plan. In such event, the Option if vested and outstanding may be exercised by the Optionee after the date on which the Corporation shall have notified the Optionee of the termination of the Option Plan, but only to the same extent as the Optionee could have exercised the Option immediately prior to the date of such notification.

## 11. Notice

11.1 All communications and payments provided for under this Agreement shall be in writing and shall be deemed to be given when delivered in person or deposited in the mail, first class, certified or registered, return receipt requested, with proper postage prepaid and,

- (a) if to the Optionee, addressed to:

[•]

Phone No.: [•]

Fax No.: [•]

- (b) if to the Corporation, addressed to:

Q-Gold Resources Ltd.

[address]

Attention: Corporate Secretary

Phone No.: [•]

Fax No.: [•]

Time of Essence

11.2 Time shall be of the essence of this Agreement and each and every part hereof.

12. **Binding Effect**

12.1 This Agreement shall enure to the benefit of and be binding upon the parties hereto, the successors of the Corporation and the executor, administrator, heirs and personal representatives of the Optionee. This Agreement shall not be assignable by the Optionee.

13. **Headings**

13.1 The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

14. **Amendment**

14.1 This Agreement may be amended only by a written instrument signed by each of the parties hereto.

15. **Governing Law**

15.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

16. **Duplicate Originals**

16.1 It is hereby acknowledged by the parties hereto that this Agreement has been signed in duplicate only, one (1) original executed copy delivered to the Optionee and one (1) delivered to the Corporation.

17. **Paramountcy**

17.1 To the extent there is any inconsistency or ambiguity between this Agreement and any other employment or consulting agreement, the terms of this Agreement shall govern to the extent of such inconsistency or ambiguity.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement on the date first above written.

**SIGNED, SEALED & DELIVERED**  
in the presence of

)  
)  
)  
)  
)  
)  
)  
)  
)  
)  
)

**Q-GOLD RESOURCES LTD.**

Per: \_\_\_\_\_

Name:

Title:

\_\_\_\_\_  
Witness:

\_\_\_\_\_

EXHIBIT "I"

**EXERCISE NOTICE**

TO: **Q-GOLD RESOURCES LTD.**

AND TO: **THE BOARD OF DIRECTORS THEREOF**

*Unless otherwise defined herein, all capitalized terms will have the meanings specified in the stock option plan adopted by Q-Gold Resources Ltd. effective as of December 22, 2013, as amended, restated or supplemented.*

The undersigned holder of the Options evidenced by the Option Agreement hereby subscribes for \_\_\_\_\_ Shares of the Corporation pursuant to such Options exercisable at an aggregate exercise price of Cdn\$\_\_\_\_\_ until the Expiry Time (or such other price as is determined pursuant to the Option Agreement) on the terms specified in such Option Agreement and enclosed herewith a certified cheque, bank draft or money order payable to the order of the Corporation in payment therefor.

The undersigned hereby irrevocably directs that the said Shares be issued in the name of the undersigned and delivered as follows:

<b>Name(s) in Full</b>	<b>Address(es)</b>	<b>SIN Number (if applicable)</b>	<b>Number(s) of Common Shares</b>	<b>Taxpayer Identification Number (if applicable)</b>
_____	_____	_____	_____	_____

(Please print full name in which Share certificates are to be issued. If any Shares are to be issued to a person or persons other than the holder, the holder must pay to the Corporation all exigible transfer taxes or other government charges.)

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature Guaranteed

\_\_\_\_\_  
Signature of Subscriber

\_\_\_\_\_  
Name of Subscriber

\_\_\_\_\_  
Address of Subscriber

- Please check if the Share certificates are to be delivered at the office where this Exercise Notice is surrendered, failing which the certificates will be mailed.**
- Certificates will be delivered or mailed only after the transfer books of the Corporation have been opened for five (5) business days after the due surrender of the Exercise Notice as aforesaid.**

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# **Q-GOLD RESOURCES LTD.**

## **Consolidated Annual Financial Statements**

**December 31, 2017 and 2016**

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## INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of Q-Gold Resources Ltd.

We have audited the accompanying consolidated financial statements of Q-Gold Resources Ltd., which comprise the statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2017 and December 31, 2016, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Q-Gold Resources Ltd as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes the conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

*Calvista LLP*

Calgary, Alberta, Canada

Chartered Professional Accountants

April 30, 2018

## **MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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The consolidated financial statements of Q-Gold Resources Ltd. have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”).

Management maintains systems of internal control designed to provide reasonable assurance that the assets are safeguarded and financial information is accurate and reliable. All transactions are authorized and duly recorded, and financial records are properly maintained to facilitate financial statements in a timely manner. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors has reviewed the financial statements with management and the external auditors. Calvista LLP, an independent firm of chartered accountants, appointed as external auditors by the shareholders, have audited the consolidated financial statements and their report is included herein.

**“J. Bruce Carruthers II”**

J. Bruce Carruthers II  
Chief Executive Officer

**“Eric A. Gavin”**

Eric A. Gavin  
Chief Financial Officer

April 30, 2018

## Q-GOLD RESOURCES LTD.

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### STATEMENT OF FINANCIAL POSITION

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	December 31, 2017	December 31, 2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 411	\$ 4,477
Accounts receivable	1,909	2,680
	<u>3,378</u>	<u>7,157</u>
<b>Property Plant and Equipment (Note 6)</b>	943	1,666
	<u>\$ 4,321</u>	<u>\$ 8,823</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 107,596	\$ 334,926
Share subscriptions payable (Note 8)	2,948	18,500
Promissory notes payable (Note 7)	-	186,778
	<u>110,543</u>	<u>540,204</u>
<b>Total Liabilities</b>	<b>\$ 110,543</b>	<b>\$ 540,204</b>
<b>Share capital (Issued 25,473,119 shares) (Note 8)</b>	\$ 16,177,482	\$ 15,587,631
<b>Reserve for warrants (Note 8)</b>	1,030,238	1,030,238
<b>Reserve for share based payments (Note 8)</b>	2,050,450	1,848,908
<b>Deficit</b>	(19,364,391)	(18,998,158)
	<u>(106,221)</u>	<u>(531,381)</u>
	<u>\$ 4,321</u>	<u>\$ 8,823</u>

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The accompanying notes are an integral part of the consolidated financial statements

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**APPROVED ON BEHALF OF THE BOARD:**

"Robert C. Bryce"  
Robert C. Bryce, Director

"J. Bruce Carruthers II"  
J. Bruce Carruthers II, Director

## Q-GOLD RESOURCES LTD.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Twelve Months Ended December 31,	
	2017	2016
<b>REVENUE</b>		
Interest income	\$ -	\$ 36
Other income	-	-
	<u>-</u>	<u>36</u>
<b>EXPENSE</b>		
Accounting	\$ 17,800	\$ 13,229
Amortization	Note 6 723	991
Arizona mineral exploration properties (Note 5)	Note 12 156,970	330,295
Compliance agency fees	Note 12 17,508	14,782
Consultants	-	-
Interest	16,307	26,862
Legal fees	4,000	3,557
Office (Note 4)	63,228	65,670
Ontario mineral exploration properties (Note 5)	15,150	20,757
Promotion and investor relations	254	9,485
Share based compensation (Note 8)	201,542	67,880
Taxes	569	537
Travel	540	1,270
	<u>494,592</u>	<u>555,315</u>
<b>NET LOSS FROM OPERATIONS</b>	(494,592)	(555,279)
<b>OTHER INCOME</b>		
Gain on settlement of debt	109,352	-
	<u>109,352</u>	<u>-</u>
<b>NET LOSS FOR THE YEAR</b>	<b>(385,240)</b>	<b>(555,279)</b>
Foreign exchange gain (loss)	19,008	2,675
<b>COMPREHENSIVE LOSS AND OTHER COMPREHENSIVE LOSS</b>	(366,232)	(552,604)
<b>DEFICIT, BEGINNING OF PERIOD</b>	<u>(18,998,159)</u>	<u>(18,445,555)</u>
<b>DEFICIT, END OF PERIOD</b>	<u>\$ (19,364,391)</u>	<u>\$ (18,998,159)</u>
<b>Basic and diluted loss per share</b>	\$ (0.02)	\$ (0.03)
<b>Weighted average number of shares</b>	22,064,863	21,966,233

The accompanying notes are an integral part of the consolidated financial statements

## Q-GOLD RESOURCES LTD.

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL		RESERVES		SHARE BASED PAYMENTS	ACCUMULATED DEFICIT (As Restated)	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
	NUMBER OF SHARES	AMOUNT (\$)	WARRANTS	SHARES				
<b>Balance at January 1, 2016</b>	<b>17,473,119</b>	<b>\$ 15,201,831</b>	<b>\$ 1,030,238</b>	<b>\$ 1,781,028</b>	<b>\$ (18,442,749)</b>	<b>\$ (2,805)</b>	<b>\$ (432,457)</b>	
Shares issued during the period	8,000,000	400,000	-	-	-	-	400,000	
Warrants issued during the period	-	-	-	-	-	-	-	
Stock based compensation	-	-	-	67,880	-	-	67,880	
Share issuance costs	-	(14,200)	-	-	-	-	(14,200)	
Total comprehensive loss for the period	-	-	-	-	(555,279)	2,675	(552,604)	
<b>Balance at December 31, 2016</b>	<b>25,473,119</b>	<b>\$ 15,587,631</b>	<b>\$ 1,030,238</b>	<b>\$ 1,848,908</b>	<b>\$ (18,998,028)</b>	<b>\$ (130)</b>	<b>\$ (531,381)</b>	
Shares issued during the period	12,000,000	600,000	-	-	-	-	600,000	
Warrants issued during the period	-	-	-	-	-	-	-	
Stock based compensation	-	-	-	201,542	-	-	201,542	
Share issuance costs	-	(10,149)	-	-	-	-	(10,149)	
Total comprehensive loss for the period	-	-	-	-	(385,240)	19,008	(366,232)	
<b>Balance at December 31, 2017</b>	<b>37,473,119</b>	<b>\$ 16,177,482</b>	<b>\$ 1,030,238</b>	<b>\$ 2,050,450</b>	<b>\$ (19,383,268)</b>	<b>\$ 18,877</b>	<b>\$ (106,222)</b>	

The accompanying notes are an integral part of the consolidated financial statements

## Q-GOLD RESOURCES LTD.

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Twelve Months Ended December 31,	
	2017	2016
<b>Cash was provided by (used for)</b>		
<b>Operating activities</b>		
Net income (loss) for the period	\$ (366,232)	\$ (552,604)
Adjustments for items not affecting cash		
Amortization of property, plant and equipment	723	991
Interest accrued	-	18,555
Share based compensation	201,542	67,880
Unrealized foreign exchange	(19,008)	(2,675)
Gain on settlement of debt	(109,352)	-
<b>Working capital used by operating activities</b>	<b>(292,327)</b>	<b>(467,853)</b>
Changes in non-cash operating working capital (Note 11)	88,247	28,372
<b>Cash used by Operations</b>	<b>(204,080)</b>	<b>(439,481)</b>
<b>Financing activities</b>		
Net proceeds from equity financings (Note 8)	200,015	385,800
	<b>200,015</b>	<b>385,800</b>
<b>Change in cash (Decrease)</b>	<b>(4,065)</b>	<b>(53,681)</b>
<b>Cash, beginning of period</b>	<b>4,477</b>	<b>58,158</b>
<b>Cash, end of period</b>	<b>\$ 411</b>	<b>\$ 4,477</b>
<b>Supplemental Disclosure</b>		
Taxes paid	\$ -	\$ -
Interest paid	\$ 63,288	\$ 7,272

The accompanying notes are an integral part of the consolidated financial statements

**December 31, 2017**

## **1. CORPORATE INFORMATION**

Q-Gold Resources Ltd. ("Q-Gold" or the "Company") was originally incorporated under the name 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 its restructuring, Q-Gold changed its name on January 21, 2004 to Q-Gold Resources Ltd. The Company continued into British Columbia from the jurisdiction of Alberta, effective December 30, 2011. The Company's registered office is located at 700 - 401 West Georgia Street, Vancouver, British Columbia, CANADA, V6B 5A1, and its records office is located c/o Mineral Creek Resources Inc., 809 West Riordan Road, Suite 100-391, Flagstaff, Arizona, USA, 86001.

Q-Gold is a mineral exploration company focused on exploring and developing mineral properties in Canada and the United States. Q-Gold is in the process of exploring its properties and has not yet identified a commercial resource. The recoverability of costs incurred on properties is dependent upon the discovery of an economically recoverable resource and Q-Gold obtaining the necessary financing to complete exploration, development and construction of processing facilities, obtaining government approvals and attaining future profitable production of the mineral resources.

## **2. BASIS OF PRESENTATION**

### **Statement of compliance**

The consolidated financial statements have been prepared by management and reported in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies set out below were consistently applied to all the periods presented unless otherwise noted.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 30, 2018.

### **Going Concern**

These consolidated financial statements do not include any adjustments to the recoverability of assets and classification of liabilities that might be necessary should Q-Gold be unable to continue as a going concern. Several adverse conditions cast substantial doubt on the validity of this assumption. As at December 31, 2017, Q-Gold has a working capital deficit of \$107,165 (December 31, 2016 - \$ 533,047), and a retained deficit of \$19,364,390 (December 31, 2016 - \$18,998,158). The continuation of Q-Gold as a going concern is dependent upon the ability of Q-Gold to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its mineral properties, confirmation of Q-Gold's interests in the underlying properties and the attainment of profitable operations or realize proceeds from their sale. Q-Gold may periodically have to raise additional funds to fund projects and continue operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Management believes Q-Gold will obtain the funding required to maintain current levels of operations and continue as a going concern for the following year.

**December 31, 2017**

**2. BASIS OF PRESENTATION** (continued)

**Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

**Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments and share based payment transactions that are measured at fair value.

**Use of estimates**

The preparation of financial statements, in accordance with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from estimates.

Significant accounts that require estimates as the basis for determining the stated amounts include equipment and amounts recorded for amortization, impairment of mineral properties, share based compensation, fair value of brokers warrants, valuation allowance against future income tax assets and foreign currency transactions.

**Prior period adjustment**

During 2014 the Company entered into a settlement agreement whereby they issued a promissory note in the sum of \$100,000 in full and satisfaction of the current debt which resulted in the reduction of the debt of \$83,610. Subsequent to signing the settlement agreement the Company did not record the debt reduction in the accounting records until 2016 and has recorded it as a prior period adjustment.

The effects of the adjustment on the 2015 comparative balances are a \$83,610 reduction of the deficit, a reduction in accounts payable of \$161,610 and an increase in promissory notes payable of \$78,000. There were no changes to income taxes or the loss per share.

**December 31, 2017**

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been applied consistently by the Company's entities.

#### **a) Consolidation**

These consolidated financial statements include the accounts of the Q-Gold Resources Ltd. and its wholly owned subsidiaries, Q-Gold (Ontario) Ltd., and Mineral Creek Resources Inc.

Q-Gold (Ontario) Ltd. was incorporated for the purpose of holding title to Q-Gold's mineral properties in Ontario. Mineral Creek Resources Inc. was incorporated for the purpose of holding title to Q-Gold's mineral properties in Arizona.

#### **b) Equipment**

Equipment is recorded at cost and is amortized over its estimated useful life using the declining balance method on a quarterly basis using the following annual rates:

Automotive	30%
Computer equipment	30%
Field equipment	30%
Office equipment	30%

Amortization is calculated on additions in the quarter that they were purchased.

#### **c) Mineral properties**

Exploration costs and mineral properties maintenance costs incurred to the date of establishing that a property has reserves, which have the potential of being economically recoverable, are charged against earnings. Further costs are deferred once economically recoverable reserves have been determined and, upon reaching commercial production, amortized over periods not exceeding the life of the producing mine and property. Properties acquired under joint venture agreement are charged against earnings.

Properties that are sold under joint venture agreement are a reduction of costs incurred on properties.

#### **d) Asset retirement obligation**

Q-Gold recognizes an estimate of the liability associated with an asset retirement obligation (ARO) in the consolidated financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. As at December 31, 2017 and 2016, Q-Gold has determined that it has no material AROs.

**December 31, 2017**

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(e) Income taxes**

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **f) Flow-through shares**

The resource expenditure deductions for income tax purposes related to Q-Gold's Canadian exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. Under IFRS, the amount initially recorded in share capital is limited to the amount of common shares that would have been issued on that date and the difference between the actual proceeds and the amount recorded in share capital is set up as a deferred price premium on flow-through shares. When the expenditures are incurred, the related deferred price premium on flow-through shares is reversed and the related tax affect is recorded to the future tax liability. The difference between the deferred tax benefits and the original liability recorded is recognized as a deferred tax expense in the consolidated statement of comprehensive loss.

#### **g) Foreign currency translation**

The reporting currency of Q-Gold is the Canadian dollar. Amounts recorded in foreign currency are translated into Canadian dollars as follows:

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

- (i) Monetary assets and liabilities, at the exchange rate in effect at the balance sheet date;
- (ii) Non-monetary assets, at historical exchange rates; and
- (iii) Revenue and expenses, at the rate of exchange on the date of the transaction.

Gains and losses arising from the translation of foreign currency are included in net loss for the year.

**h) Loss per share**

Basic loss per share is calculated by dividing net loss available to the shareholders by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated to reflect the dilutive effect of exercising outstanding stock.

**i) Share-based compensation**

Q-Gold accounts for share based compensation using the fair value based method with respect to all share based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, share based payments are recorded as an expense over the vesting period or when the awards or rights are granted with a corresponding increase to reserve for share based payments. When stock options are exercised, the corresponding fair value is transferred from reserve for share based payment to share capital.

**j) Warrants**

Q-Gold has adopted the residual value approach in accounting for the value assigned to the common shares and the warrants, which it has made available in a number of private placement financings.

**k) Financial instruments**

(i) *Non-derivative financial assets*

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit and loss (FVTPL)) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

**December 31, 2017**

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise accounts receivable.

Cash and cash equivalents are classified as loan and receivable assets and are accounted for at amortized cost. The fair value of cash and cash equivalents approximate their fair value. Cash equivalents are comprised of cash balances and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(ii) *Non-derivative financial liabilities*

The Company has the following non-derivative financial liabilities: accounts payable, share subscriptions payable and notes payable. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

#### **I) Impairment**

For the purposes of testing impairment, assets are grouped at the lowest levels for which there are largely independent cash in-flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of the fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of the cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

(i) *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

(ii) *Non-financial assets*

Non-financial assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is estimated.

#### **m) Revenue recognition**

Revenue from interest income is recognized when received. Although the Company does not currently have any revenues from the production and sale of precious metals, it has adopted the policy that revenues will be recognized when title passes to the buyer, which will generally coincide with the delivery and acceptance of goods and the ability to collect is reasonably assured.

#### **n) Accounting standards issued but not yet applied**

The Company has assessed the impact of the following standards and amendments and has determined that the adoption of the standards is not expected to have any material impact to the Company. The standards are to be adopted by required compliance date unless otherwise noted with earlier adoption permitted. A brief description of each new standard is listed below:

##### **Revenue from Contracts with Customers:**

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*. It replaces the existing revenue recognition guidance and provides a single, principles based five-step model to be applied to all contracts with customers. Retrospective application of this standard is effective for fiscal years beginning on or after January 1, 2018, with earlier application permitted. The Company will be adopting this standard on January 1, 2018. The Company has reviewed IFRS 15 and concluded that the adoption will not have any impact on its net income or financial position. However the standard will require expanded disclosures in the notes of the Company's consolidated financial statements.

##### **Financial Instruments: Recognition and Measurement:**

In July 2014, IFRS 9 *Financial Instruments* was issued as a complete standard, including the requirements previously issued related to classification and measurement of financial assets and liabilities, and additional amendments to introduce a new expected loss impairment model for financial assets including credit losses. Retrospective application of this standard with certain exemptions is effective for fiscal years beginning on or after January 1, 2018, with earlier application permitted. The Company is currently assessing the impact of this standard. The Company will be adopting this standard on January 1, 2018. The Company has reviewed IFRS 9 and concluded that the adoption will not have any impact on its net income or financial position.

**December 31, 2017**

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Leases:**

In January 2016, the IASB has issued a new standard IFRS 16 "Leases", which replaces IAS 17, "Leases". For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying IFRS 15 "Revenue from Contracts with Customers". The Company is currently evaluating the impact of this standard.

### **4. RELATED PARTY TRANSACTIONS**

During the twelve months ended December 31, 2017, pursuant to compensation agreements with related parties, Q-Gold paid the following fees:

- a) Q-Gold paid its Chief Executive Officer USD \$ 12,000 (2016 – US\$ 12,000).
- b) Q-Gold paid its Chief Financial Officer USD \$ 30,000 (2016 - US\$ 30,000).

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, 2017, \$ 45,878 (December 31, 2016 – \$ 284,280) in the total liabilities are due to officers, directors and family members of directors of the Company.

### **5. MINERAL PROPERTIES AND COMMITMENTS**

#### **a) Arizona Mineral Properties**

The Company currently holds 8 mineral claims administered by the United States Department of the Interior, Bureau of Land Management in Yavapai County, near Crown King, Arizona. The Company currently holds 8 BLM mineral claims and an option on the 5 Peck and Oriental silver mines.

#### **b) Ontario Mineral Properties**

On September 24, 2009, Q-Gold entered into an option and joint venture agreement with Upper Canyon Minerals ("UCM"). This joint venture was terminated on December 9, 2010. Pursuant to the provisions of the termination agreement, Q-Gold granted UCM a 7% "carried interest" to production. Upon presentation of a feasibility study by Q-Gold, UCM will have the option to obtain a 7% participating interest in any development project on the Nipigon and Golden Star tracts, formerly contained in the joint venture. Thus, Q-Gold's current interest in the two properties is 93%.

**Q-GOLD RESOURCES LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2017**

**6. PROPERTY PLANT AND EQUIPMENT**

	<b>Automotive</b>	<b>Computer equipment</b>	<b>Field equipment</b>	<b>Office equipment</b>	<b>Total</b>
<b>Cost</b>					
January 1, 2016	\$ 11,773	\$ 9,101	\$ 73,828	\$ 5,193	\$ 99,895
Additions (disposal) in 2016	---	---	---	---	---
Balance, December 31, 2016	11,773	9,101	73,828	5,193	99,895
Net additions (disposal) in 2017	--	--	--	--	--
Balance, December 31, 2017	11,773	9,101	73,828	5,193	99,895
<b>Accumulated amortization</b>					
January 1, 2016	11,773	9,101	71,258	5,106	97,238
Amortization in 2016	---	---	975	16	991
Balance, December 31, 2016	11,773	9,101	72,233	5,122	98,229
Amortization in 2017	--	--	652	71	723
Balance, December 31, 2017	11,773	9,101	72,885	5,293	98,952
Net book value, December 31, 2016	--	--	1,595	71	1,666
Net book value, December 31, 2017	\$ --	\$ --	\$ 943	\$ --	\$ 943

**7. PROMISSORY NOTES PAYABLE**

	<b><u>2017</u></b>	<b><u>2016</u></b>
2012 Promissory note bearing interest at 20% is unsecured and due December 31, 2017	Nil	\$20,000
2012 Promissory note bearing interest at 5% is unsecured and due December 31, 2017	Nil	25,000
2012 Promissory notes of USD \$47,500 US, bearing interest at 20% are unsecured and due December 31, 2017	Nil	63,778
2014 Promissory note bearing interest at prime plus 2.5% is unsecured and was due August 29, 2014	Nil	78,000
Total	Nil	\$ 186,778

**Q-GOLD RESOURCES LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2017**

During the year a balance of \$108,778 was converted into share capital by the holders of the notes and remaining balance of \$78,000 was forgiven by the creditors. This has been accounted for in the consolidated statement of comprehensive loss.

**8. SHARE CAPITAL**

**a) Authorized**

Unlimited number of first preferred shares  
Unlimited number of second preferred shares  
Unlimited number of common shares

The first and second preferred shares may each be issued in one or more series and the directors are authorized to fix, before issuance, the number of shares in and the designation, rights, privileges, restrictions and conditions attaching to the shares of each series.

**b) Issued and outstanding common shares**

	<b>Number of Shares</b>	<b>Amount \$</b>
<b>Balance as at January 1, 2016</b>	17,473,119	15,201,831
Shares issued during 2016	8,000,000	400,000
Share issue costs	---	(14,200)
<b>Balance as at December 31, 2016</b>	25,473,119	15,587,631
Shares issued during the period	12,000,000	600,000
Share issue costs	---	(10,149)
<b>Balance as at December 31, 2017</b>	<b>37,473,119</b>	<b>16,177,482</b>

On June 9, 2016, the Company announced it had completed a non-brokered private placement for gross proceeds of \$400,000. Pursuant to the terms of the private placement, the Company received subscriptions for 8,000,000 units at five cents each ("Units"). Each Unit consisting of one common share and one common share purchase warrant of the Company, entitling the holder to acquire one common share of the Company at a price of \$0.07 on or before December 9, 2017.

**c) Stock options**

Q-Gold has established a stock option plan for the benefit of directors, officers, employees and consultants of Q-Gold. The exercise price of each option equals the market price of Q-Gold's stock as calculated on the date of the grant. The options can be granted for a maximum term of five years and certain options to employees and consultants vest over periods of time, determined by the board of directors. On December 18, 2015, the Board of Directors granted options allowing three Directors, one Officer and one Consultant to the Company to acquire a total of 1,250,000

**Q-GOLD RESOURCES LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**December 31, 2017**

common shares at an exercise price of \$0.10, within 5 years. On June 9, 2016, the Board of Directors granted options allowing three Directors, one Officer and one Consultant to the Company to acquire a total of 1,000,000 common shares at an exercise price of \$0.10, within 5 years. At a shareholders' meeting on July 31, 2017, approval was obtained and the exercise price of the outstanding stock options were re-priced to \$0.05 each. The stock based compensation recognized under the fair value method for the options granted in 2015 was \$24,827 and \$67,880 for those issued in 2016. As at December 31, 2017, 2,250,000 options were outstanding (2016 – 2,250,000) under the following terms, which include an expected volatility rate of 130% and a risk free interest rate of 3%:

<b>Number of Shares</b>	<b>Option price \$</b>	<b>Grant date</b>	<b>Expiry date</b>
1,250,000	0.05	December 18, 2015	December 18, 2020
1,000,000	0.05	June 9, 2016	June 9, 2021

Q-Gold uses the Black-Scholes valuation of stock options. The weighted average contractual years remaining on these options, as of December 31, 2017, is 3.5 years (December 31, 2016 – 5 years).

**Q-GOLD RESOURCES LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**8. SHARE CAPITAL** (continued)

On December 27, 2017, the Company announced it had completed a non-brokered private placement for gross proceeds of \$600,000. Pursuant to the terms of the private placement, the Company received subscriptions for 12,000,000 units at five cents each ("Units"). Each Unit consists of one common share and one common share purchase warrant of the Company.

The shares were subscribed in cash as well as certain liabilities were converted in to share capital as well. A breakdown of the shares issued in cash and issued as settlement of liabilities is provided below:

Description	Amount
Cash	210,163
Settlement of accounts payable	265,049
Settlement of promissory notes	108,788
Settlement of share subscriptions	16,000
	<u>600,000</u>

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance January 1, 2016	1,251,875	\$0.11
Options Granted – 2016	1,000,000	0.10
Options Expired – 2016	(1,875)	3.84
<u>Balance December 31, 2016</u>	<u>2,250,000</u>	<u>\$0.10</u>
Balance December 31, 2017	<u>2,250,000</u>	<u>\$0.05</u>

The change in the exercise price resulted in an increase in fair value of these options by \$201,542 which has been accounted for in the consolidated statement of comprehensive loss.

**Q-GOLD RESOURCES LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2017**

**8. SHARE CAPITAL** (continued)

**d) Warrants**

Warrants are issued within units of private placements as an incentive to the investor. Using the residual value method, no value was allocated to these warrants within the units. As a result of a financing completed in 2017 there are warrants outstanding as of December 31, 2017, allowing the purchase of an additional 12,000,000 common shares of Q-Gold under the following terms:

<b>Number of Warrants</b>	<b>Exercise Price \$</b>	<b>Expiry date</b>
12,000,000	0.075	December 27, 2019

The following is a continuity schedule of warrants from January 1, 2016 to December 31, 2017:

	Number of Warrants
Balance January 1, 2016	9,347,134
Granted – 2016	8,000,000
Expired – 2016	(6,547,134)
Balance December 31, 2016	10,800,000
Granted – 2017	12,000,000
Expired – 2017	(10,800,000)
Balance September 30, 2017	12,000,000

**e) Share based payments**

The following is a continuity of the share based payments from January 1, 2016 to December 31, 2017:

<b>Balance January 1, 2016</b>	<b>\$ 1,781,028</b>
Stock-based compensation – 2016	67,880
Exercise of options – 2016	--
<b>Balance December 31, 2016</b>	<b>1,848,908</b>
Stock-based compensation – 2017	201,542
Exercise of options – 2017	--
<b>Balance December 31, 2017</b>	<b>\$ 2,050,450</b>

**December 31, 2017**

## **9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS**

Q-Gold is exposed to a number of different risks arising from normal course business exposures, as well as Q-Gold's use of financial instruments. These risk factors include liquidity risk and credit risk.

### **a) Liquidity Risk**

Liquidity risk is the risk that Q-Gold will encounter difficulty in meeting its obligations associated with financial liabilities. Q-Gold does not have sufficient working capital to maintain its operations for the next 12 months. Q-Gold may also issue debt, equity, sell assets or use some form of venture financing to access additional capital. As Q-Gold is in the development stage of growth it has no production upon which it could rely on to fund its operations for the exploration of its opportunities.

Financial liabilities consist of accounts payable which are current and will be settled within one year. As of December 31, 2017, \$ 70,960 (December 31, 2016 -\$ 287,758) in accounts payable were aged over ninety days, with \$ 3,241 (December 31, 2016 - \$19,310) being aged between 31-90 days and the remaining \$33,395 (December 31, 2016 -\$27,858) being aged less than 30 days.

### **b) Credit Risk**

Credit risk is the risk that counterparty will fail to pay amounts owing or fail to perform an obligation causing a financial loss. Not having a producing asset generating sales and accounts receivable, Q-Gold's credit risk is considered limited as there is no exposure to a single customer or counterparty. Q-Gold continues to monitor and is subject to, normal mining industry credit risks.

### **c) Market Risk**

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns. 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.

### **d) Currency Risk**

Q-Gold's operations are in Canada and the United States. The international nature of Q-Gold's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The operating results and the financial position of Q-Gold are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of Q-Gold and may also affect the value of Q-Gold's assets and liabilities.

Q-Gold has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

**December 31, 2017**

**9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS** (continued)

**e) Interest Rate Risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that Q-Gold will realize a loss as a result of a decline in the fair value of cash is limited because of their short-term investment nature. A variable rate of interest is earned on cash; changes in market interest rates at the year-end would not have a material impact on Q-Gold's consolidated financial statements.

**10. CAPITAL DISCLOSURES**

Q-Gold's capital structure consists of shareholders' equity and debt. The primary capital management objectives are to maintain a flexible capital structure which optimizes the costs of capital at acceptable risk to facilitate ongoing development and to maintain a strong capital base so as to maintain investor confidence and provide an appropriate return to its shareholders. Q-Gold has the ability to adjust its capital structure by issuing new equity and adjusting its mineral exploration program to the extent the mineral exploration expenditures are not committed to.

As at December 31, 2017, Q-Gold had working capital deficit of \$ 107,165 (December 31, 2016 - \$533,047) and long term debt of \$Nil (December 31, 2016 - \$ Nil). Q-Gold currently has no external restrictions.

During 2017, the Company reached a settlement agreement with a creditor whereby the Company paid \$16,000 to the creditor, who in return forgave the remaining \$67,850 of the total principal and interest owing at the time equal to \$83,850.

**11. CHANGE IN NON OPERATING WORKING CAPITAL**

Change in non-operating working capital consists of the following:

	<b>December 31 2017</b>	<b>December 31 2016</b>
Accounts receivable	\$ 265	\$ 435
Accounts payable	103,706	15,437
Share subscriptions repayable	(15,728)	12,500
	<u>\$ 88,243</u>	<u>\$ 28,372</u>

**Q-GOLD RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2017**

**12. SEGMENTED INFORMATION**

Q-Gold's operations comprise two reporting operating segments engaged in mineral exploration in Canada and the United States. As the operations comprise two operating segments, amounts disclosed in the consolidated financial statements relating to the loss for the year also represent the consolidated segment amounts.

At December 31, 2017 and 2016, the Company's mineral exploration expenditures and interests were located in:

	<b>Twelve Months Ending December 31, 2017</b>	<b>Nine Months Ending December 31, 2016</b>
Canada	15,150	\$ 20,757
United States of America	156,970	330,295
<b>Total</b>	<b>\$ 172,120</b>	<b>\$ 351,052</b>

At December 31, 2017, Q-Gold's mineral properties are all located in Canada and the United States.

**13. COMMITMENTS**

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) 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.

**14. SUBSEQUENT EVENTS**

On January 16, 2018, the Company's shares were consolidated on a 1 new share for every 4 share basis. As a result of this share consolidation the Company's issued and outstanding shares were reduced to 9,368,209.

# **Q-GOLD RESOURCES LTD.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017  
DATED APRIL 30, 2018**

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### **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, 2017 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, 2017, 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 in Yavapai County, Arizona. The Company's Mine Centre, Ontario gold and silver properties consisted of property maintenance operations only.

In December of 2017, the Company announced it had completed a private placement financing of 12,000,000 units for \$600,000 in gross proceeds (see press release of December 29, 2017). Funds received from this financing were used to reduce accounts payable and debt on the Company's balance sheet, finance the exploration drilling program at Crown King and for general corporate purposes.

During the 4<sup>th</sup> Quarter of 2017, the Company initiated a drilling program to test a geophysical anomaly, located on the Peck patented mining claim. This historic silver mining complex is contained within the prolific ore-bearing Central Arizona Volcanic Belt ("CAVB"). Based on results of this exploration program, the Company terminated its option agreement on the Peck Mine Complex.

On July 31, 2017, the Company received shareholder approval to consolidate its capital on a 1 new common share for every 4 old common shares of the Company. This consolidation was effected on January 16, 2018, resulting in 9,368,209 common shares issued and outstanding as of the date of this MD&A.

***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 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.

Depending on the availability of exploration funds, the Company hopes to drill additional gold prospects within the Golden Star and Foley historic producing mine complexes during 2018.

***Crown King, Arizona Properties***

During November 2018, Q-Gold completed a three-hole diamond drill program totaling 500 feet on Vein #2 of the Peck Silver Mine Complex. Samples were sent to ALS USA, Inc. for analysis. Based on results of these assays, which reported only minor quantities of silver minerals of no commercial value, the Company has terminated its option on the Peck Mine Complex.

**RESULTS OF OPERATIONS**

As the Company is currently a mineral exploration company, it did not have any revenues or profits from operations during 2017, 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 2017 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 \$156,970 (2016 – \$330,295) on its Arizona Properties and \$15,150 (2016 - \$20,757) on its Mine Centre Properties.

Subject to the Company's ability to raise additional funds in 2018, the Company intends to conduct exploratory diamond drilling programs on the Foley and Golden Star Mine Complexes in Ontario.

**SELECTED ANNUAL INFORMATION**

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Income</b>	\$ 0	\$ 36	\$ 42
<b>Income (Loss) from operations</b>	(494,592)	(555,279)	(248,188)
<b>Income (Loss) per Share</b>	(0.01)	(0.01)	(0.01)
<b>Income (Loss) per diluted share</b>	(0.01)	(0.01)	(0.01)
<b>Net Income (Loss) for the Year</b>	(366,232)	(552,604)	(198,377)
<b>Income (Loss) per Share</b>	(0.02)	(0.01)	(0.01)
<b>Total Assets</b>	4,321	8,823	63,930
<b>Total long-term liabilities</b>	Nil	Nil	93,420
<b>Cash dividends</b>	Nil	Nil	Nil

The Net Loss for 2017 was less than the previous period as a result of the Company's limited ability to funds, which resulted in decreased exploration activities in Arizona during 2017. Exploration expenditures are expensed and charged against earnings until economically recoverable reserves are established.

Assets reported at the end of 2017 were less than previous years as result of the Company's limited ability to funds, resulting in its cash balance being less than in 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\$):

	2017				2016			
	4 <sup>th</sup> Qtr.	3 <sup>rd</sup> Qtr.	2 <sup>nd</sup> Qtr.	1 <sup>st</sup> Qtr.	4 <sup>th</sup> Qtr.	3 <sup>rd</sup> Qtr.	2 <sup>nd</sup> Qtr.	1 <sup>st</sup> Qtr.
<b>Revenue</b>	Nil	1	Nil	Nil	4	11	11	10
<b>Income (Loss) from operations</b>	(116,751)	(68,238)	(61,224)	(44,982)	(147,254)	(87,045)	(280,043)	(40,937)
<b>Income (Loss) per Share</b>	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
<b>Income (Loss) per diluted share</b>	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
<b>Net Income (Loss) before Taxes</b>	(92,058)	(53,383)	22,877	(27,354)	(143,118)	(95,303)	(283,151)	(31,032)
<b>Net Income (Loss) per Share</b>	(0.01)	(0.01)	0.01	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)
<b>Net Income (Loss) per diluted share</b>	(0.01)	(0.01)	0.01	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

**FINANCIAL CONDITION**

For the year ended December 31, 2017, Q-Gold reported a net loss from operations of \$ 385,240 (\$0.02 per share) versus a loss of \$555,279 (\$0.03 per share) in the same period of 2016. 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 2018 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, 2017, the Corporation had a working capital deficit of \$107,165 (2016 - \$531,380). The Company's monthly overhead is approximately \$10,078 (2016 - \$11,365), 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 2018 costs of maintaining the Arizona and Ontario Properties in good standing are Nil.

The Company is hopeful that the financial markets where it raises money to fund its operations will improve during 2018, 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, 2017 and as of the date of this MD&A.

**ADDITIONAL DISCLOSURES**

For the year ending December 31, 2017, the Corporation incurred expenses on its mineral properties totaling \$172,120 (2016 - \$351,052). General and Administrative Expenditures for the year totaled \$120,931 (2016 - \$ 136,383).

**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 the share consolidation completed in January 2018 and private placement equity financings, a total of 9,368,209 Common Shares were issued and outstanding and 12,930,780 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 562,500 stock options outstanding to Directors, Officers, Employees and Consultants of the Company with an exercise price of \$0.05 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 3,000,000 common shares of the Company, with an exercise price of \$0.30 and an expiry date of December 27, 2019.

**RELATED PARTY TRANSACTIONS**

During 2017, Q-Gold paid its Chief Financial Officer US\$30,000 (2016 - US\$30,000), all of which was deferred. During this same period, Q-Gold paid its Chief Executive Officer US\$12,000 (2016 – 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, 2017, \$45,878 (2016 – \$284,280) 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](http://www.sedar.com)

**Q-GOLD RESOURCES LTD.**

**Consolidated Financial Statements  
(Unaudited – Prepared by Management)**

**For the three months ended March 31, 2018**  
[Expressed in Canadian Dollars]

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Corporation have been prepared by management and approved by the Board of Directors of the Corporation.

The Corporation's independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

## Q-GOLD RESOURCES LTD.

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### STATEMENT OF FINANCIAL POSITION

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	March 31 2018	December 31, 2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 12,023	\$ 1,469
Accounts receivable	1,899	1,909
	<hr/> 13,921	<hr/> 3,378
<b>Property Plant and Equipment (Note 6)</b>	871	943
	<hr/> <b>\$ 14,792</b>	<hr/> <b>\$ 4,321</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 130,034	\$ 107,596
Share subscriptions payable (Note 8)	23,387	2,948
	<hr/> 153,421	<hr/> 110,543
<b>Long-term liabilities</b>		
Long-term portion of notes payable (Note 8)	\$ -	\$ -
<b>Total Liabilities</b>	<hr/> <b>\$ 153,421</b>	<hr/> <b>\$ 110,543</b>
<b>Share capital (Issued 25,473,119 shares) (Note 8)</b>	\$ 16,169,096	\$ 16,177,482
<b>Reserve for warrants (Note 8)</b>	1,030,238	1,030,238
<b>Reserve for share based payments (Note 8)</b>	2,050,450	2,050,450
<b>Deficit</b>	(19,388,412)	(19,364,391)
	<hr/> (138,628)	<hr/> (106,222)
	<hr/> <b>\$ 14,792</b>	<hr/> <b>\$ 4,321</b>

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The accompanying notes are an integral part of the consolidated financial statements

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#### APPROVED ON BEHALF OF THE BOARD:

"Robert C. Bryce"  
Robert C. Bryce, Director

"J. Bruce Carruthers II"  
J. Bruce Carruthers II, Director

## Q-GOLD RESOURCES LTD.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Three Months Ended March 31,	
	2018	2017
<b>REVENUE</b>		
Interest income	\$ -	\$ -
Other income	-	-
	<u>-</u>	<u>-</u>
<b>EXPENSE</b>		
Accounting	\$ 3,186	\$ -
Amortization	72	127
Arizona mineral exploration properties (Note 5)	8,975	13,870
Compliance agency fees	5,502	6,450
Consultants	-	-
Interest	55	4,457
Legal fees	50	204
Office (Note 4)	14,799	15,868
Ontario mineral exploration properties (Note 5)	4,824	3,750
Promotion and investor relations	78	82
Share based compensation (Note 8)	-	-
Taxes	215	176
Travel	101	-
	<u>37,856</u>	<u>44,982</u>
<b>NET LOSS FROM OPERATIONS</b>	(37,855)	(44,982)
<b>OTHER INCOME (expense)</b>		
Foreign exchange gain	-	-
Gain on settlement of debt	-	-
	<u>-</u>	<u>-</u>
<b>COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>(37,854)</b>	<b>(44,982)</b>
Foreign exchange gain (loss)	13,833	17,628
	<u>(24,021)</u>	<u>(27,354)</u>
<b>COMPREHENSIVE LOSS AND OTHER COMPREHENSIVE LOSS</b>	(24,021)	(27,354)
<b>DEFICIT, BEGINNING OF PERIOD</b>	<u>(19,364,391)</u>	<u>(18,998,158)</u>
<b>DEFICIT, END OF PERIOD</b>	\$ (19,388,412)	\$ (19,025,512)
<b>Basic loss per share</b>	\$ (0.00)	\$ (0.00)
<b>Weighted average number of shares</b>	14,158,878	25,473,119

The accompanying notes are an integral part of the consolidated financial statements

## Q-GOLD RESOURCES LTD.

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL		RESERVES			ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
	NUMBER OF SHARES	AMOUNT (\$)	WARRANTS	SHARE BASED PAYMENTS	ACCUMULATED DEFICIT (As Restated)		
<b>Balance at January 1, 2017</b>	<b>25,473,119</b>	<b>\$ 15,587,631</b>	<b>\$ 1,030,238</b>	<b>\$ 1,848,908</b>	<b>\$ (18,998,028)</b>	<b>\$ (130)</b>	<b>\$ (531,381)</b>
Shares issued during the period	12,000,000	600,000	-	-	-	-	600,000
Warrants issued during the period	-	-	-	-	-	-	-
Stock based compensation	-	-	-	201,542	-	-	201,542
Share issuance costs	-	(10,149)	-	-	-	-	(10,149)
Total comprehensive loss for the period	-	-	-	-	(385,240)	19,008	(366,232)
<b>Balance at December 31, 2017</b>	<b>37,473,119</b>	<b>16,177,482</b>	<b>1,030,238</b>	<b>2,050,450</b>	<b>(19,383,268)</b>	<b>18,878</b>	<b>(106,220)</b>
Shares issued during the period	(28,104,839)	-	-	-	-	-	-
Warrants issued during the period	-	-	-	-	-	-	-
Stock based compensation	-	-	-	-	-	-	-
Share issuance costs	-	(8,386)	-	-	-	-	(8,386)
Total comprehensive loss for the period	-	-	-	-	(37,854)	13,833	(24,021)
<b>Balance at March 31, 2018</b>	<b>9,368,280</b>	<b>\$ 16,169,096</b>	<b>\$ 1,030,238</b>	<b>\$ 2,050,450</b>	<b>\$ (19,421,122)</b>	<b>\$ 32,711</b>	<b>\$ (138,627)</b>

The accompanying notes are an integral part of the consolidated financial statements

## Q-GOLD RESOURCES LTD.

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### CONSOLIDATED STATEMENT OF CASH FLOWS

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	Three Months Ended March 31,	
	2018	2017
<b>Cash was provided by (used for)</b>		
<b><i>Operating activities</i></b>		
Net income (loss) for the period	\$ (37,854)	\$ (27,354)
Adjustments for items not affecting cash		
Amortization of property, plant and equipment	72	127
Unrealized foreign exchange gain	14,894	-
<b>Working capital used by operating activities</b>	<b>(22,888)</b>	<b>(27,227)</b>
Changes in non-cash operating working capital (Note 11)	42,887	52,137
<b>Cash used by Operations</b>	<b>19,999</b>	<b>24,910</b>
<b><i>Financing activities</i></b>		
Net proceeds from equity financings (Note 8)	(8,386)	(14,420)
	<b>(8,386)</b>	<b>(14,420)</b>
<b>Change in cash (Decrease)</b>	11,613	10,490
<b>Cash, beginning of period</b>	411	4,477
<b>Cash, end of period</b>	<b>\$ 12,023</b>	<b>\$ 14,968</b>
<b>Supplemental Disclosure</b>		
Taxes paid	\$ -	\$ 176
Interest paid	\$ 55	\$ 4,457

The accompanying notes are an integral part of the consolidated financial statements

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**March 31, 2018**

## **1. CORPORATE INFORMATION**

Q-Gold Resources Ltd. ("Q-Gold" or the "Company") was originally incorporated under the name 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 its restructuring, Q-Gold changed its name on January 21, 2004 to Q-Gold Resources Ltd. The Company continued into British Columbia from the jurisdiction of Alberta, effective December 30, 2011. The Company's registered office is located at 700 - 401 West Georgia Street, Vancouver, British Columbia, CANADA, V6B 5A1, and its records office is located c/o Mineral Creek Resources Inc., 809 West Riordan Road, Suite 100-391, Flagstaff, Arizona, USA, 86001.

Q-Gold is a mineral exploration company focused on exploring and developing mineral properties in Canada and the United States. Q-Gold is in the process of exploring its properties and has not yet identified a commercial resource. The recoverability of costs incurred on properties is dependent upon the discovery of an economically recoverable resource and Q-Gold obtaining the necessary financing to complete exploration, development and construction of processing facilities, obtaining government approvals and attaining future profitable production of the mineral resources.

## **2. BASIS OF PRESENTATION**

### **Statement of compliance**

The consolidated financial statements have been prepared by management and reported in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies set out below were consistently applied to all the periods presented unless otherwise noted.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 25, 2018.

### **Going Concern**

These consolidated financial statements do not include any adjustments to the recoverability of assets and classification of liabilities that might be necessary should Q-Gold be unable to continue as a going concern. Several adverse conditions cast substantial doubt on the validity of this assumption. As at March 31, 2018, Q-Gold has a working capital deficit of \$ 139,500 (December 31, 2017 - \$ 107,165), and a retained deficit of \$ 19,388,395 (December 31, 2017 - \$19,364,391). The continuation of Q-Gold as a going concern is dependent upon the ability of Q-Gold to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its mineral properties, confirmation of Q-Gold's interests in the underlying properties and the attainment of profitable operations or realize proceeds from their sale. Q-Gold may periodically have to raise additional funds to fund projects and continue operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Management believes Q-Gold will obtain the funding required to maintain current levels of operations and continue as a going concern for the following year.

**March 31, 2018**

**2. BASIS OF PRESENTATION** (continued)

**Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

**Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments and share based payment transactions that are measured at fair value.

**Use of estimates**

The preparation of financial statements, in accordance with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from estimates.

Significant accounts that require estimates as the basis for determining the stated amounts include equipment and amounts recorded for amortization, impairment of mineral properties, share based compensation, fair value of brokers warrants, valuation allowance against future income tax assets and foreign currency transactions.

**Prior period adjustment**

During 2014 the Company entered into a settlement agreement whereby they issued a promissory note in the sum of \$100,000 in full and satisfaction of the current debt which resulted in the reduction of the debt of \$83,610. Subsequent to signing the settlement agreement the Company did not record the debt reduction in the accounting records until 2016 and has recorded it as a prior period adjustment.

The effects of the adjustment on the 2015 comparative balances are a \$83,610 reduction of the deficit, a reduction in accounts payable of \$161,610 and an increase in promissory notes payable of \$78,000. There were no changes to income taxes or the loss per share.

**March 31, 2018**

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been applied consistently by the Company's entities.

#### **a) Consolidation**

These consolidated financial statements include the accounts of the Q-Gold Resources Ltd. and its wholly owned subsidiaries, Q-Gold (Ontario) Ltd., and Mineral Creek Resources Inc.

Q-Gold (Ontario) Ltd. was incorporated for the purpose of holding title to Q-Gold's mineral properties in Ontario. Mineral Creek Resources Inc. was incorporated for the purpose of holding title to Q-Gold's mineral properties in Arizona.

#### **b) Equipment**

Equipment is recorded at cost and is amortized over its estimated useful life using the declining balance method on a quarterly basis using the following annual rates:

Automotive	30%
Computer equipment	30%
Field equipment	30%
Office equipment	30%

Amortization is calculated on additions in the quarter that they were purchased.

#### **c) Mineral properties**

Exploration costs and mineral properties maintenance costs incurred to the date of establishing that a property has reserves, which have the potential of being economically recoverable, are charged against earnings. Further costs are deferred once economically recoverable reserves have been determined and, upon reaching commercial production, amortized over periods not exceeding the life of the producing mine and property. Properties acquired under joint venture agreement are charged against earnings.

Properties that are sold under joint venture agreement are a reduction of costs incurred on properties.

#### **d) Asset retirement obligation**

Q-Gold recognizes an estimate of the liability associated with an asset retirement obligation (ARO) in the consolidated financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. As at December 31, 2016, Q-Gold has determined that it has no material AROs.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Income taxes**

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**f) Flow-through shares**

The resource expenditure deductions for income tax purposes related to Q-Gold's Canadian exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. Under IFRS, the amount initially recorded in share capital is limited to the amount of common shares that would have been issued on that date and the difference between the actual proceeds and the amount recorded in share capital is set up as a deferred price premium on flow-through shares. When the expenditures are incurred, the related deferred price premium on flow-through shares is reversed and the related tax affect is recorded to the future tax liability. The difference between the deferred tax benefits and the original liability recorded is recognized as a deferred tax expense in the consolidated statement of comprehensive loss.

**g) Foreign currency translation**

The reporting currency of Q-Gold is the Canadian dollar. Amounts recorded in foreign currency are translated into Canadian dollars as follows:

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

- (i) Monetary assets and liabilities, at the exchange rate in effect at the balance sheet date;
- (ii) Non-monetary assets, at historical exchange rates; and
- (iii) Revenue and expenses, at the rate of exchange on the date of the transaction.

Gains and losses arising from the translation of foreign currency are included in net loss for the year.

**h) Loss per share**

Basic loss per share is calculated by dividing net loss available to the shareholders by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated to reflect the dilutive effect of exercising outstanding stock options by application of the treasury stock method.

**i) Share-based compensation**

Q-Gold accounts for share based compensation using the fair value based method with respect to all share based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, share based payments are recorded as an expense over the vesting period or when the awards or rights are granted with a corresponding increase to reserve for share based payments. When stock options are exercised, the corresponding fair value is transferred from reserve for share based payment to share capital.

**j) Warrants**

Q-Gold has adopted the residual value approach in accounting for the value assigned to the common shares and the warrants, which it has made available in a number of private placement financings.

**k) Financial instruments**

- (i) *Non-derivative financial assets*

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit and loss (FVTPL)) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise accounts receivable.

Cash and cash equivalents are classified as FVTPL and are accounted for at fair value. Cash equivalents are comprised of cash balances and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(ii) *Non-derivative financial liabilities*

The Company has the following non-derivative financial liabilities: accounts payable, share subscriptions payable and notes payable. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

#### **I) Impairment**

For the purposes of testing impairment, assets are grouped at the lowest levels for which there are largely independent cash in-flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of the fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of the cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

(i) *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

(ii) *Non-financial assets*

Non-financial assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is estimated.

**m) Revenue recognition**

Revenue from interest income is recognized when received. Although the Company does not currently have any revenues from the production and sale of precious metals, it has adopted the policy that revenues will be recognized when title passes to the buyer, which will generally coincide with the delivery and acceptance of goods and the ability to collect is reasonably assured.

**n) Accounting standards issued but not yet applied**

The Company has assessed the impact of the following standards and amendments and has determined that the adoption of the standards is not expected to have any material impact to the Company. The standards are to be adopted by required compliance date unless otherwise noted with earlier adoption permitted. A brief description of each new standard is listed below:

**Revenue from Contracts with Customers:**

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*. It replaces the existing revenue recognition guidance and provides a single, principles based five-step model to be applied to all contracts with customers. Retrospective application of this standard is effective for fiscal years beginning on or after January 1, 2018, with earlier application permitted. The Company is currently assessing the impact of this standard.

**Financial Instruments: Recognition and Measurement:**

In July 2014, IFRS 9 *Financial Instruments* was issued as a complete standard, including the requirements previously issued related to classification and measurement of financial assets and liabilities, and additional amendments to introduce a new expected loss impairment model for financial assets including credit losses. Retrospective application of this standard with certain exemptions is effective for fiscal years beginning on or after January 1, 2018, with earlier application permitted. The Company is currently assessing the impact of this standard.

**March 31, 2018**

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Leases:**

In January 2016, the IASB has issued a new standard IFRS 16 "Leases", which replaces IAS 17, "Leases". For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying IFRS 15 "Revenue from Contracts with Customers". The Company is currently evaluating the impact of this standard.

### **4. RELATED PARTY TRANSACTIONS**

During the three months ended March 31, 2018, pursuant to compensation agreements with related parties, Q-Gold paid the following fees:

- a) Q-Gold paid its Chief Executive Officer USD \$ 3,000 (2016 – US\$ 3,000), all of which was deferred.
- b) Q-Gold paid its Chief Financial Officer USD \$ 7,500 (2016 - US\$ 7,500) , 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 March 31, 2018, \$ 92,077 (December 31, 2017 – \$ 45,878) in the total liabilities are due to officers, directors and family members of directors of the Company.

### **5. MINERAL PROPERTIES AND COMMITMENTS**

#### **a) Arizona Mineral Properties**

The Company currently holds 8 mineral claims administered by the United States Department of the Interior, Bureau of Land Management in Yavapai County, near Crown King, Arizona. The Company currently holds 8 BLM mineral claims and an option on the 5 Peck and Oriental silver mines.

#### **b) Ontario Mineral Properties**

On September 24, 2009, Q-Gold entered into an option and joint venture agreement with Upper Canyon Minerals ("UCM"). This joint venture was terminated on December 9, 2010. Pursuant to the provisions of the termination agreement, Q-Gold granted UCM a 7% "carried interest" to production. Upon presentation of a feasibility study by Q-Gold, UCM will have the option to obtain a 7% participating interest in any development project on the Nipigon and Golden Star tracts, formerly contained in the joint venture. Thus, Q-Gold's current interest in the two properties is 93%.

**Q-GOLD RESOURCES LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2018**

**6. PROPERTY PLANT AND EQUIPMENT**

	<b>Automotive</b>	<b>Computer equipment</b>	<b>Field equipment</b>	<b>Office equipment</b>	<b>Total</b>
<b>Cost</b>					
January 1, 2017	\$ 11,773	\$ 9,101	\$ 73,828	\$ 5,193	\$ 99,895
Additions (disposal) in 2017	---	---	---	---	---
Balance, December 31, 2017	11,773	9,101	73,828	5,193	99,895
Net additions (disposal) in 2018	--	--	--	--	--
Balance, March 31, 2018	11,773	9,101	73,828	5,193	99,895
<b>Accumulated amortization</b>					
January 1, 2017	11,773	9,101	72,233	5,106	98,229
Amortization in 2017	---	---	652	71	723
Balance, December 31, 2017	11,773	9,101	72,855	5,193	98,229
Amortization in 2018	--	--	72	--	72
Balance, March 31, 2018	11,773	9,101	72,888	5,293	98,955
Net book value, December 31, 2017	--	--	\$ 943	\$ --	\$ 943
Net book value, March 31, 2018	\$ --	\$ --	\$ 871	\$ --	\$ 871

**7. PROMISSORY NOTES PAYABLE**

	<b><u>2018</u></b>	<b><u>2017</u></b>
2012 Promissory note bearing interest at 20% is unsecured and due December 31, 2017	Nil	Nil
2012 Promissory note bearing interest at 5% is unsecured and due December 31, 2017	Nil	Nil
2012 Promissory notes of USD \$47,500 US, bearing interest at 20% are unsecured and due December 31, 2017	Nil	Nil
2014 Promissory note bearing interest at prime plus 2.5% is unsecured and was due August 29, 2014	Nil	Nil
Total	Nil	Nil

**March 31, 2018**

**8. SHARE CAPITAL**

**a) Authorized**

Unlimited number of first preferred shares  
 Unlimited number of second preferred shares  
 Unlimited number of common shares

The first and second preferred shares may each be issued in one or more series and the directors are authorized to fix, before issuance, the number of shares in and the designation, rights, privileges, restrictions and conditions attaching to the shares of each series.

**b) Issued and outstanding common shares**

	<b>Number of Shares</b>	<b>Amount \$</b>
<b>Balance as at January 1, 2017</b>	25,473,119	15,587,631
Shares issued during 2017	12,000,000	600,000
Share issue costs	---	(10,149)
<b>Balance as at December 31, 2017</b>	37,473,119	16,177,482
Shares issued during the period	---	---
Share Consolidation	(28,104,839)	---
Share issue costs	---	(8,386)
<b>Balance as at March 31, 2018</b>	<b>9,368,280</b>	<b>16,169,096</b>

On December 27, 2017, the Company announced it had completed a non-brokered private placement for gross proceeds of \$600,000. Pursuant to the terms of the private placement, the Company received subscriptions for 12,000,000 units at five cents each ("Units"). Each Unit consisting of one common share and one common share purchase warrant of the Company, entitling the holder to acquire one common share of the Company at a price of \$0.075 on or before December 27, 2019.

On January 16, 2018, the Company's shares were consolidated on a 1 new share for every 4 old share basis.

**8. SHARE CAPITAL** (continued)

**c) Stock options**

Q-Gold has established a stock option plan for the benefit of directors, officers, employees and consultants of Q-Gold. The exercise price of each option equals the market price of Q-Gold's stock as calculated on the date of the grant. The options can be granted for a maximum term of five years and certain options to employees and consultants vest over periods of time, determined by the board of directors. On December 18, 2015, the Board of Directors granted options allowing three Directors, one Officer and one Consultant to the Company to acquire a total of 1,250,000 common shares at an exercise price of \$0.10, within 5 years. On June 9, 2016, the Board of Directors granted options allowing three Directors, one Officer and one Consultant to the Company to acquire a total of 1,000,000 common shares at an exercise price of \$0.10, within 5 years. At a shareholders' meeting on July 31, 2017, approval was obtained and the exercise price of the outstanding stock options were re-priced to \$0.05 each. The stock based compensation recognized under the fair value method for the options granted in 2015 was \$24,827 and \$67,880 for those issued in 2016. On January 16, 2018, the Company's shares were consolidated on a 1 new share for every 4 old share basis. The stock options as at March 31, 2018, 562,500 options were outstanding (2017 – 2,250,000) under the following terms, which include an expected volatility rate of 130% and a risk free interest rate of 3%:

Number of Shares	Option price \$	Grant date	Expiry date
312,500	0.20	December 18, 2015	December 18, 2020
250,000	0.20	June 9, 2016	June 9, 2021

Q-Gold uses the Black-Scholes valuation of stock options. The weighted average contractual years remaining on these options, as of March 31, 2018, is 3.25 years (March 31, 2017 – 4 years).

**Q-GOLD RESOURCES LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2018**

**8. SHARE CAPITAL (continued)**

Stock option transactions and the number of stock options outstanding are summarized as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance January 1, 2017	2,250,000	\$0.10
Options Granted – 2017	---	---
Options Exercised – 2017	---	---
Options Cancelled – 2017	---	---
Options Expired – 2017	---	---
Repricing of Stock Options July 31, 2017	---	(0.05)
Balance December 31, 2017	2,250,000	\$0.05
Options Granted – 2018	---	---
Options Exercised – 2018	--	--
Options Cancelled – 2018	--	--
Options Expired – 2018	---	---
Adjustment for Share Consolidation	(1,687,500)	---
Balance March 31, 2018	<u>562,500</u>	<u>\$0.05</u>

**d) Warrants**

Warrants are issued within units of private placements as an incentive to the investor. Using the residual value method, no value was allocated to these warrants within the units. As a result of a financing completed in 2017 there are warrants outstanding as of March 31, 2018, allowing the purchase of an additional 3,000,000 common shares (after share consolidation) of Q-Gold under the following terms:

<u>Number of Warrants</u>	<u>Exercise Price \$</u>	<u>Expiry date</u>
3,000,000	0.30	December 27, 2019

**Q-GOLD RESOURCES LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2018**

**8. SHARE CAPITAL** (continued)

The following is a continuity schedule of warrants from January 1, 2017 to March 31, 2018:

	Number of Warrants
Balance January 1, 2017	10,800,000
Granted – 2017	12,000,000
Expired – 2017	(10,800,000)
Balance December 31, 2017	12,000,000
Granted – 2018	----
Expired – 2018	----
Share Consolidation (1:4)	(9,000,000)
Balance March 31, 2018	3,000,000

**e) Share based payments**

The following is a continuity of the share-based payments from January 1, 2017 to March 31, 2018:

<b>Balance January 1, 2017</b>	<b>\$ 1,848,908</b>
Stock-based compensation – 2017	201,542
Exercise of options – 2017	--
<b>Balance December 31, 2017</b>	<b>2,050,450</b>
Stock-based compensation – 2018	--
Exercise of options – 2018	--
<b>Balance March 31, 2018</b>	<b>\$ 2,050,450</b>

**March 31, 2018**

## **9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS**

Q-Gold is exposed to a number of different risks arising from normal course business exposures, as well as Q-Gold's use of financial instruments. These risk factors include liquidity risk and credit risk.

### **a) Liquidity Risk**

Liquidity risk is the risk that Q-Gold will encounter difficulty in meeting its obligations associated with financial liabilities. Q-Gold does not have sufficient working capital to maintain its operations for the next 12 months. Q-Gold may also issue debt, equity, sell assets or use some form of venture financing to access additional capital. As Q-Gold is in the development stage of growth it has no production upon which it could rely on to fund its operations for the exploration of its opportunities.

Financial liabilities consist of accounts payable which are current and will be settled within one year. As of March 31, 2018, \$ 85,758 (December 31, 2017 -\$ 67,618) in accounts payable were aged over ninety days, with \$33,825 (December 31, 2017 - \$1,349) being aged between 31-90 days and the remaining \$ 10,451 (December 31, 2017 -\$24,624) being aged less than 30 days.

### **b) Credit Risk**

Credit risk is the risk that counterparty will fail to pay amounts owing or fail to perform an obligation causing a financial loss. Not having a producing asset generating sales and accounts receivable, Q-Gold's credit risk is considered limited as there is no exposure to a single customer or counterparty. Q-Gold continues to monitor and is subject to, normal mining industry credit risks.

### **c) Market Risk**

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns. 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.

### **d) Currency Risk**

Q-Gold's operations are in Canada and the United States. The international nature of Q-Gold's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The operating results and the financial position of Q-Gold are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of Q-Gold and may also affect the value of Q-Gold's assets and liabilities.

Q-Gold has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

**March 31, 2018**

**9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (continued)**

**e) Interest Rate Risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that Q-Gold will realize a loss as a result of a decline in the fair value of cash is limited because of their short-term investment nature. A variable rate of interest is earned on cash; changes in market interest rates at the year-end would not have a material impact on Q-Gold's consolidated financial statements.

**10. CAPITAL DISCLOSURES**

Q-Gold's capital structure consists of shareholders' equity and debt. The primary capital management objectives are to maintain a flexible capital structure which optimizes the costs of capital at acceptable risk to facilitate ongoing development and to maintain a strong capital base so as to maintain investor confidence and provide an appropriate return to its shareholders. Q-Gold has the ability to adjust its capital structure by issuing new equity and adjusting its mineral exploration program to the extent the mineral exploration expenditures are not committed to.

As at March 31, 2018, Q-Gold had working capital deficit of \$ 139,500 (December 31, 2017 - \$107,165) and long-term debt of \$Nil (December 31, 2017 - \$ Nil). Q-Gold currently has no external restrictions.

During 2017, the Company reached a settlement agreement with a creditor whereby the Company paid \$16,000 to the creditor, who in return forgave the remaining \$67,850 of the total principal and interest owing at the time equal to \$83,850.

**11. CHANGE IN NON OPERATING WORKING CAPITAL**

Change in non-operating working capital consists of the following:

	<b>March 31 2018</b>	<b>March 31 2017</b>
Accounts receivable	\$ 10	\$ 2,625
Accounts payable	22,439	23,513
Share subscriptions repayable	20,438	26,000
	\$ 42,887	\$ 52,137

**Q-GOLD RESOURCES LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2018**

**12. SEGMENTED INFORMATION**

Q-Gold's operations comprise two reporting operating segments engaged in mineral exploration in Canada and the United States. As the operations comprise two operating segments, amounts disclosed in the consolidated financial statements relating to the loss for the year also represent the consolidated segment amounts.

At March 31, 2018 and 2017, the Company's mineral exploration expenditures and interests were located in:

	<b>Three Months Ending March 31, 2018</b>	<b>Three Months Ending March 31, 2017</b>
Canada	4,824	3,750
United States of America	8,975	13,870
<b>Total</b>	<b>\$ 13,799</b>	<b>\$ 17,620</b>

At March 31, 2018, Q-Gold's mineral properties are all located in Canada and the United States.

**13. COMMITMENTS**

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) 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.

# **Q-GOLD RESOURCES LTD.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INTERIM REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2018**

**DATED May 25, 2018**

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### **GENERAL**

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Consolidated Financial Statements for the three months ended March 31, 2018 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 accompanying interim Financial Statements have been prepared by management and are in accordance with International Financial Report Standards ("IFRS"), see note 2 of the Financial Statements, and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that that the Financial Statements fairly present, in all material respects, the financial condition, result of operations and cash flows, of the Company as the date hereof.

### **OVERALL PERFORMANCE**

During the three months ending March 31, 2018, 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 period included an exploratory drilling program on its Crown King properties in Yavapai County, Arizona. The Company's Mine Centre, Ontario gold and silver properties consisted of property maintenance operations only.

Both camps were historical producers of gold (and silver at Crown King) during the 19<sup>th</sup> 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.

***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 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.

Depending on the availability of exploration funds, the Company hopes to drill additional gold prospects within the Golden Star and Foley historic producing mine complexes during 2018.

***Crown King, Arizona Properties***

During November 2018, Q-Gold completed a three-hole diamond drill program totaling 500 feet on Vein #2 of the Peck Silver Mine Complex. Samples were sent to ALS USA, Inc. for analysis. Based on results of these assays, which reported only minor quantities of silver minerals of no commercial value, the Company has terminated its option on the Peck Mine Complex.

**RESULTS OF OPERATIONS**

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

The primary operational activities for the Company during the 1<sup>st</sup> Quarter of 2018 consisted of property maintenance on its properties (see Overall Performance section, above). During the three months ending March 31, 2018, the Company incurred expenditures totaling \$8,975 (2017 – \$13,870) on its Arizona Properties and \$4,824 (2017 - \$3,750) on its Mine Centre Properties.

Results from exploration activities, coupled with the price of gold and silver and the availability of exploration financing from Canadian sources, 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.

### **SUMMARY OF QUARTERLY RESULTS**

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

	2018	2017				2016		
	1 <sup>st</sup> Qtr.	4 <sup>th</sup> Qtr.	3 <sup>rd</sup> Qtr.	2 <sup>nd</sup> Qtr.	1 <sup>st</sup> Qtr.	4 <sup>th</sup> Qtr.	3 <sup>rd</sup> Qtr.	2 <sup>nd</sup> Qtr.
<b>Revenue</b>	Nil	Nil	1	Nil	Nil	4	11	11
<b>Income (Loss) from operations</b>	(37,855)	(210,795)	(68,238)	(61,224)	(44,982)	(147,254)	(87,045)	(280,043)
<b>Income (Loss) per Share</b>	(0.00)	(0.02)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)
<b>Income (Loss) per diluted share</b>	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)
<b>Net Income (Loss) before Taxes</b>	(24,021)	(308,371)	(53,383)	22,877	(27,354)	(143,118)	(95,303)	(283,151)
<b>Net Income (Loss) per Share</b>	(0.00)	(0.02)	(0.01)	0.01	(0.00)	(0.01)	(0.01)	(0.02)
<b>Net Income (Loss) per diluted share</b>	(0.00)	(0.01)	(0.01)	0.01	(0.00)	(0.01)	(0.01)	(0.01)

The reported loss in the 1<sup>st</sup> Quarter of 2018 was in line with reported loss during the same period of 2016, because of the limited cash available to the Company during both periods, which restricted the Company's ability to fund exploration activities on its mineral properties, which are expensed and charged against earnings.

### **FINANCIAL CONDITION**

Losses for the three months ending March 31, 2018 (prior to extraordinary items) totaled \$24,021 (\$0.00 per share), which was similar to the losses of \$27,354 (\$0.00 per share) for the same period in 2016. The reported income (after extraordinary items) during the 2<sup>nd</sup> Quarter, totaling \$22,877, resulted from a debt settlement agreement the Company was able to reach with a creditor (see Note 10 to the Financial Statements).

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 current 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 March 31, 2018, the Corporation had a working capital deficit of \$ 139,500 (December 31, 2017 - \$107,165). The Company's monthly overhead during the 1<sup>st</sup> Quarter of 2018 was approximately

\$8,019 (2017 - \$9,121). The 2018 costs of maintaining the Arizona Properties and the Mine Centre Properties in good standing are US\$ 1,240 and Nil, respectively.

The Company is hopeful that it will be able to successfully raise the necessary capital to fund exploratory operations, maintain its principal properties and to fund general and administrative expenses during 2018. 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 March 31, 2018, and as of the date of this MD&A.

#### **ADDITIONAL DISCLOSURES**

For the three months ending March 31, 2018, the Corporation incurred expenses on its mineral properties totaling \$13,798 (2017 - \$ 17,620). General and Administrative Expenditures for the period totaled \$ 24,058 (2017 - \$ 27,363).

#### **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 9,368,280 were issued and outstanding and 12,930,780 on a fully-diluted basis. 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 purchase warrants and Agent's Options outstanding, as a result of completed financings, allowing for the purchase of an additional 3,000,000 common shares of the Company, at an exercise price of \$0.30, expiring December 27, 2019.

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 up to 1 new share for every 4 existing shares and the repricing of the outstanding stock options at an exercise price of \$0.05 per share. The share consolidation was effected on January 16, 2018, resulting in 9,368,280 shares issued and outstanding.

#### **RELATED PARTY TRANSACTIONS**

The Company has two employment contracts, one with J. Bruce Carruthers II, Chief Executive Officer, whereby Mr. Carruthers is paid US\$ 1,000 per month, the other with Eric A. Gavin, Chief Financial Officer, whereby Mr. Gavin is paid US\$ 2,500 per month.

### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial instruments are comprised of cash, accounts receivable, marketable securities, accounts payable and accrued liabilities, promissory notes payable and long-term debt, see Note 2 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, the Company believes this risk to be minimal and therefore, the Company 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](http://www.sedar.com)

