

Q-GOLD RESOURCES LTD.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
DATED: OCTOBER 22, 2019

GENERAL

The following Management’s Discussion and Analysis (“MD&A”) provides a review of the financial position and results of operations of Q-Gold Resources Ltd. (“Q-Gold” or the “Company”) and its subsidiaries and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the notes thereto for the three and nine months ended September 30, 2019, the audited consolidated financial statements and notes thereto for the years ended December 31, 2018 and 2017 and the MD&A for the year ended December 31, 2018. This MD&A covers the most recently completed financial period and the subsequent period up to the date of this MD&A. All amounts are expressed in Canadian dollars, unless otherwise noted.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and are in accordance with International Accounting Standards (“IAS”) 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Except as disclosed in the statements, the condensed interim consolidated financial statements follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, for the year ended December 31, 2018, which were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the IASB and International Financial Reporting Interpretation Committee (“IFRIC”) interpretations. Other information contained in this document has been prepared by management and is consistent with the data contained in the unaudited condensed interim consolidated financial statements.

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

This MD&A and the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2019 have been reviewed by the audit committee and approved by the Company’s Board of Directors prior to release.

OVERVIEW

Q-Gold Resources Ltd. (“Q-Gold” or the “Company”) was incorporated under the Business Corporations Act (Alberta) on March 25, 1998 under the name Solana Petroleum Corp. In January 2004, the Company changed its name to Q-Gold Resources Ltd., and in December 2011, continued to British Columbia. In October 2018, the Company continued to Ontario

The registered head office of the Company is located at 65 Queen Street West, Suite 815, Toronto, Ontario, M5H 2M5. The Company’s shares trade on the TSX Venture Exchange (“TSXV”) under the symbol QGR.

Q-Gold is a mineral exploration company focused on exploring its mineral properties near Mine Centre, Ontario and has not yet identified a commercial resource. During the nine months ended September 30, 2019, Q-Gold maintained its precious metals properties, while reviewing prospective alternative opportunities.

Mine Centre, Ontario Properties

The Company has maintained its mineral properties near Mine Centre, Ontario that include the historic Foley gold mine and the McKenzie Gray gold/ silver zone. The Company has not currently confirmed exploration plans for 2019 on its Mine Centre properties.

Crown King, Arizona Properties

The Company previously held 8 Bureau of Land Management (U.S. Department of the Interior) Mineral Claims near Crown King, Arizona and had relinquished these claims for nine months ended September 30, 2019.

RESULTS OF OPERATIONS

As the Company is a mineral exploration company, it did not have any revenues or profits from operations during the three and nine months ended September 30, 2019, or as of the date of this MD&A.

The primary operating activities during the three and nine months ended September 30, 2019 consisted of maintaining the Company's mineral properties, investigating new opportunities and general corporate activities. During the three and nine months ended September 30, 2019, the Company incurred exploration expenditures totaling \$3,741 and \$14,563 (2018: \$20,860 and \$39,489) on its Mine Centre, Ontario Properties and \$Nil and \$Nil (2018: \$5,371 and \$18,513) on its Mineral Creek, Arizona Properties.

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

SELECTED ANNUAL RESULTS

The following table shows financial results from the Company's three most recently completed fiscal years:

	December 31, 2018	December 31, 2017	December 31, 2016
	\$	\$	\$
Net loss attributable to shareholders of the Company	593,734	366,232	552,604
Basic and diluted loss per share	0.04	0.06	0.10
Total assets	496,572	4,321	8,823
Total non-current financial liabilities	-	-	-

The Company's results during the past financial year were driven primarily by the successful closing of a private placement financing in July 2018, maintenance of its mineral property interests in Ontario, Canada and Arizona, USA, and corporate expenditure as management assessed the existing properties and actively evaluates new potential opportunities.

SUMMARY OF QUARTERLY RESULTS

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

Earnings and Cash Flow	2019			2018			2017	
	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.
	\$	\$	\$	\$	\$	\$	\$	\$
Net income (loss)	(129,632)	(186,154)	(139,512)	(388,153)	(119,429)	(62,131)	(24,021)	(308,376)
Income (loss) per share, basic & diluted	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	-	(0.05)
Cash flow from (used in) operating activities	(81,363)	(176,990)	(160,488)	(298,337)	(304,996)	50,230	18,940	(370,884)
Cash flow from (used in) investing activities	-	(22,324)	-	-	-	-	-	-
Cash flow from (used in) financing activities	54,690	-	-	-	1,000,365	(5,610)	(8,386)	282,513
Balance Sheet								
Total Assets	107,300	142,549	318,214	496,572	763,601	59,731	14,792	4,321

FINANCIAL CONDITION

Net losses for the three and nine months ending September 30, 2019 totaled \$129,362 (\$0.01 per share) and \$455,298 (\$0.02 per share), compared to losses of \$119,429 (\$0.01 per share) and \$205,581 (\$0.02 per share) for the same periods in 2018.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
EXPENSES				
Amortization	\$ -	\$ 804	\$ -	\$ 943
Consultants	80,535	50,226	300,264	79,816
Exploration and evaluation expenditures	3,741	26,231	14,563	58,002
Investor relations and filing fees	15,588	25,223	34,943	36,610
Professional fees	6,250	2,067	34,367	23,082
Office expenses	19,978	1,028	63,439	3,770
Travel	4,453	-	9,630	192
Total expenses	\$ 130,545	\$ 105,579	\$ 457,206	\$ 202,415
Other income (expense)				
Interest income (expenses)	\$ 566	\$ 1,242	\$ 2,872	\$ (836)
Foreign exchange gain (loss)	347	(15,092)	(964)	(2,330)
Total other income (expense)	913	(13,850)	1,908	(3,166)
Net loss and comprehensive loss	\$ (129,632)	\$ (119,429)	\$ (455,298)	\$ (205,581)

Operating expenses were higher in the third quarter and year-to-date of 2019, compared to 2018, as a result of increased activity and change of management following the successful closing of the private placement financing in July 2018. General and administrative expenditures increased in the three and nine months ending September 30, 2019 to \$130,545 and \$457,206 (2018: \$105,579 and \$202,415).

The increase in general and administrative expenses was due to the appointment of additional management consultants, as the Company assesses new opportunities and looks to embark on a new strategic path, as well as higher filing and regulatory fees and general office expenses.

No share-based payments, relating to the vesting of stock options, were recorded during the three or nine

months ended September 30, 2019 or 2018. No stock options were granted in the three and nine months ended September 30, 2019 or 2018. Options granted typically vest immediately.

During the three and nine months ending September 30, 2019 and 2018, expenses incurred by the Company on its mineral properties decreased to \$3,741 and 14,563 (2018: \$26,231 and \$58,002).

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
<u>Mineral Creek Arizona properties</u>				
Labour and consulting	\$ -	\$ 3,750	\$ -	\$ 16,362
Property maintenance	-	1,621.0	-	1,621
Travel	-	-	-	530
Total expenses	\$ -	\$ 5,371	\$ -	\$ 18,513
<u>Q-Gold Ontario properties</u>				
Labour and consulting	\$ -	\$ 3,750	\$ 1,700	\$ 11,250
Land and property taxes	741	9,610	5,363	13,239
Rent for Core shacks	3,000	7,500	7,500	15,000
Total expenses	\$ 3,741	\$ 20,860	\$ 14,563	\$ 39,489
	\$ 3,741	\$ 26,231	\$ 14,563	\$ 58,002

Cash Flows

Operating Activities

Operating activities in the three and nine months ended September 30, 2019 used \$81,363 and \$418,843, compared to \$303,394 and \$234,767 used in the three and nine months ended September 30, 2018. In 2019, this included \$47,974 and \$35,544 generated as a result of changes in non-cash working capital, compared to \$185,627 and \$30,446 used in working capital in 2018.

Investing Activities

Investing activities in the three and nine months ended September 30, 2019 used \$Nil and \$22,324, compared to \$Nil and \$Nil in the three and nine months ended September 30, 2018.

Financing Activities

Financing activities in the three and nine months ended September 30, 2019 generated \$54,690 and \$54,690 compared to \$1,000,364 and \$986,370 generated in the three and nine months ended September 30, 2018.

LIQUIDITY AND CAPITAL RESOURCES

The Company spends available funds on corporate obligations and to maintain its mineral properties with the objective of carrying out exploration to establish ore of commercial tonnage and grade. As the Company is in the exploration stage and generates no revenues, the necessary funds have to be raised through equity or debt financing, most commonly within the Canadian public markets. Factors such as equity market conditions and the results of exploration activities will affect future capital raising. There are no assurances that the Company will continue to be successful in raising additional funds or that equity capital or debt financing will be available to the Company in the future or on satisfactory terms. Additional equity financing may be on terms that are

dilutive, or potentially dilutive, to the Company's shareholders and debt financing, if available, may involve restrictive covenants impacting the Company's ability to raise capital or execute financial and operational plans.

If, at any time, the Company's Board of Directors deems continued exploration at its properties to be unwarranted, based on the results of work done up to that time or for any other reason, the Company may suspend or discontinue exploration of such properties and apply the funds on hand towards the acquisition, exploration or development of new properties or, if required, the general working capital of the Company. The Company does not have any commitments for material capital expenditure in the near or long term. As at September 30, 2019, the Company had no long-term debt and no definitive agreements with respect to long-term borrowings had been entered into by the Company.

The Company's objective is to maintain a strong capital base in order to:

- maintain financial flexibility;
- maintain creditor and investor confidence; and
- sustain the future development of the business.

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

Working Capital

The Company has included certain Non-IFRS performance measures, namely working capital, throughout this document. In the gold mining industry, this is a common Non-IFRS performance measures but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. Non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The following table provides a reconciliation of working capital to the Company's eight most recently completed quarters.

As at September 30, 2019, the Company had working capital of \$19,006 compared with \$419,614 as at December 31, 2018, including cash of \$68,257 (December 31, 2018: \$454,734). The Company's primary capital needs are funds for the exploration of its mineral properties, administrative expenses and working capital. The Company will maintain its excess working capital in Canadian dollars, at a large reputable Canadian commercial bank, in high quality short-term deposits or cash.

	2019				2018				2017
	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	
	\$	\$	\$	\$	\$	\$	\$	\$	
Cash	68,257	94,931	294,246	454,734	753,072	56,642	12,023	1,469	
Receivables/Prepays	16,971	25,806	23,968	41,838	10,529	2,285	1,899	1,909	
Loan receivable	22,072	21,812	-	-	-	-	-	-	
Current Liabilities	(88,294)	(48,601)	(38,112)	(76,958)	(89,034)	(266,100)	(153,421)	(110,543)	
Working Capital	19,006	93,948	280,102	419,614	674,567	(207,173)	(139,500)	(107,165)	

OPERATING SEGMENTS

The Company has concluded that it has only one material operating segment (the exploration of its north American mineral licenses) for financial reporting purposes.

OFF-BALANCE SHEET ARRANGEMENTS

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

FINANCIAL COMMITMENTS, CONTINGENCIES AND LITIGATION

Exploration Properties

Arizona Mineral Properties

The Company held mineral claims administered by the United States Department of the Interior, Bureau of Land Management in Arizona. The Company was 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 claim) held by Q-Gold's Arizona subsidiary. The Company has relinquished these claims during the nine months ended September 30, 2019.

Ontario Mineral Properties

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 are not expected to require additional assessment work in 2019.

Management contracts

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments of up to \$180,000 to be made to the officers of the Company upon the occurrence of certain events such as a change of control. As the triggering effect has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements. Minimum management contractual commitments remaining under the agreements are approximately \$166,000 all due within one year.

Environmental

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

RELATED PARTY TRANSACTIONS

The Company shares office space with other companies who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc. to whom the Company pays a fee of \$10,000 per month. As at September 30, 2019, the Company had a payable balance of \$27,855 (December 31, 2018 - \$Nil) to 2227929 Ontario Inc. to cover shared expenses. Fred Leigh, an officer and director of the Company, is a director of 2227929 Ontario Inc.

Compensation of Key Management

Compensation awarded to key management, including the Company’s directors and officers, during the three and nine months ended September 30, 2019 and 2018 was as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Short-term benefits	\$ 22,500	\$ 35,259	\$ 129,167	\$ 64,708
	\$ 22,500	\$ 35,259	\$ 129,167	\$ 64,708

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

Included in accounts payable and accrued liabilities as at September 30, 2019 is approximately \$Nil (December 31, 2018: \$5,108) due to former officers and directors of the Company, or their immediate family. The amounts are unsecured, non-interest bearing and due on demand.

CRITICAL MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of the Company’s condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets and impact decisions as to when exploration and development costs should be capitalized or expensed. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

ACCOUNTING STANDARDS AND INTERPRETATIONS

Accounting changes

During fiscal 2019, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards, including IFRIC 23 and IFRS 16. The new standards and changes did not have any material impact on the Company’s condensed interim consolidated financial statements.

Future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for annual accounting periods beginning on January 1, 2020 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating

or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

RISKS AND UNCERTAINTIES

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

Liquidity Concerns and Financing Risks

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

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

Exploration and Mining Risks

The Company is engaged in mineral exploration, which involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be in part directly related to the cost and success of the Company's exploration programs.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not overcome. Operations will be subject to all the hazards and risks normally incidental to the exploration and development of, and production from, mineral resources, any of which could result in work stoppages; damage to or destruction of property or production facilities; personal injury; environmental damage; monetary losses and legal liability. Hazards such as unusual or unexpected geological formations and other conditions such as formation pressures, flooding, fire, explosions, cave-ins, landslides, inclement or hazardous weather conditions, power outages, labour or transportation disruptions and the inability to obtain suitable machinery, equipment or labour are associated with mineral exploration, development and operation.

Substantial expenditures are required to establish ore reserves through exploration techniques such as drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Even if commercial mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change.

Stage of Development

The Company is in the business of exploring its mineral properties, with the ultimate goal of producing therefrom. None of the Company's properties have commenced commercial production and it has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that the Company will be able to develop any of its properties profitably or that its activities will generate positive cash flow. The

Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants and personnel and purchase of equipment associated with advancing exploration, development and commercial production at the Company's properties. The Company expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will generate any revenues

or achieve profitability. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of management in all aspects of the development and implementation of the Company's business activities.

Markets for Securities

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

Mineral Resource and Mineral Reserve Estimates

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

Regulatory Requirements, Permits and Licenses

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

Title to Properties

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

loss or reduction of the Company's interest in the properties.

Environmental Regulations

The Company's activities are subject to environmental protection and employee health and safety regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation

is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessment of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations, and there is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Commodity Prices

The ability of the Company to explore and evaluate its mineral properties and the future profitability of the Company are directly related to the price of gold and other metals. Gold and other metal prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rates of inflation, the world supply of gold and the stability of exchange rates can all cause significant fluctuations in prices.

Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of gold has fluctuated widely in recent years and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations. The Company monitors metal prices to determine the appropriate course of action to be taken.

Uninsurable Risks

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

Reliance on Key Individuals and Outside Parties

The Company's success depends upon the personal efforts and commitment of key members of management. It is expected that the contribution of these individuals will be a significant factor in the Company's growth and success. The loss of the services of these members of management and certain key employees could have a material adverse effect on the Company. The Company will also rely upon consultants, engineers and others for exploration, development, construction and operating expertise. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Competition

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

Conflicts of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Litigation

Legal proceedings, with and without merit, may arise from time to time in the course of the Company's business. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. The process of defending such claims could take away from management time and effort. Due to the inherent uncertainty of the litigation process, the resolution of any legal proceeding to which the Company or one or more of its subsidiaries may become subject, could have a material effect on the Company's financial position, results of operations or project development activities.

Corruption and Bribery Laws

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

If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions being imposed, resulting in a material adverse effect on the Company's reputation and results of its operations.

Foreign Mining Tax Regimes

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

OUTSTANDING SHARE DATA

The Company's authorized capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares. As of the date of this MD&A, common shares totaling 19,732,809 were issued and outstanding. No Preferred Shares were issued as of the date of this MD&A.

As of the date of this MD&A, the Company has 862,500 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 November 22, 2021.

As of the date of this MD&A, there are share purchase warrants outstanding as a result of completed financings allowing for the purchase of an additional 12,635,400 common shares of the Company, at exercise price ranging from \$0.15 to \$0.30, expiring between December 27, 2019 and July 5, 2020.

ADDITIONAL INFORMATION

Additional Information concerning Q-Gold, including press releases, interim and annual financial statements, an Annual Information Form, an Information Circular and the NI 43-101 Qualifying Report on the Company's Mine Centre Properties, has been filed electronically through the System for Document Analysis and Retrieval and is available online under its profile at www.sedar.com

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in the MD&A constitute forward-looking statements. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions for the future. Such statements involve a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or developments to differ materially from those contained in or implied by such statements.

No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits may accrue to the Company.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date such statements were made. In particular, the Company cautions that the completion of proposed acquisitions cannot be predicted with certainty and that there can be no assurance at this time that any proposed acquisitions will be completed in the manner expected or at all. These forward looking statements reflect management's current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect. A number of risks and uncertainties could cause actual results to differ materially from those expressed or implied by the forward-looking statements, as well as other factors beyond the Company's control.

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements under Canadian securities legislation. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "budget", "forecast", "schedule", "continue", "estimate", "expect", "project", "predict", "potential", "target", "intend", "believe" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, "occur" or "be achieved". Such statements and assumptions also include those relating to guidance; proposed acquisitions; strategy; development potential and timetable for the Company's properties;

the Company's ability to raise additional financing; results of operations and financial condition; commodity prices; mineralization projections; the timing and amount of estimated future exploration and development; the success of exploration activities; mining or processing issues; currency exchange rates; government regulation and permitting of mining operations; reliance on qualified personnel; competition; dependence on outside parties; and environmental risks. Forward-looking statements are based on the opinions and estimates of management and certain qualified persons as of the date such statements are made.

By their nature, forward-looking statements are subject to numerous known and unknown risks and uncertainties that could significantly affect anticipated results or the level of activity, performance or achievements in the future and, accordingly, actual results may differ materially from those expressed or implied by such forward-looking statements. The Company is exposed to numerous operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect anticipated future results, including but not limited to risks related to: uncertainties inherent in estimating mineral resources and mineral reserves; lack of revenues; revocation of government approvals; corruption and uncertainty with court systems and the rule of law; availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future mineral prices; failure of equipment or processes to operate as anticipated; accidents, labour or community disputes; other risks of the mining industry; and other risk factors, including without limitation the risk factors described herein. Estimates regarding the anticipated timing, amount and cost of exploration activities are based on previous industry experience and regional political and economic stability. Capital and operating cost estimates are based on research of the Company or its consultants. Although management has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.