

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

You are invited to the 2019 annual and special meeting (the “**Meeting**”) of common shareholders (the “**Shareholders**”) of Q-Gold Resources Ltd. (the “**Corporation**”).

When: July 17, 2019 at 11:00 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, 2018, 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, 2019;
2. **Auditor Appointment.** Appoint UHY McGovern Hurley LLP as auditor of the Corporation;
3. **Elect Directors.** Consider and elect the directors for the ensuing year;
4. **Stock Option Plan.** Consider and approve the Corporation’s rolling stock option plan (the “**Stock Option Plan**”);
5. **By-Law No.1.** Consider and approved By-Law No. 1 as the Company’s general by-law; and
6. **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 UHY McGovern Hurley LLP as auditor of the Corporation, the election of the directors of the Corporation for the ensuing year, the approval of the Stock Option Plan and the adoption of By-Law No. 1.

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 June 11, 2019 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 adjournments(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 11:00 a.m. (EST) on July 15, 2019, 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 19th day of June, 2019

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Fred Leigh"

President and Chief Executive Officer

Q-GOLD RESOURCES LTD.
65 Queen Street West, Suite 800
Toronto, Ontario M5H 2M5

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 11:00 AM (EST) on July 17, 2019, 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 June 19, 2019, 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 11:00 a.m. (EST) on July 15, 2019.

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 June 11, 2019, 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 June 19, 2019, 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	4,874,295	25.1%

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the ordinary 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 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 *Business Corporations Act* (Ontario) 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 ⁽¹⁾	Director of the Company Since	Committee Membership	Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control of Direction is Exercised ⁽²⁾
Fred Leigh Chief Executive Officer and Director Ontario, Canada	Chief Executive Officer and Director of the Company	July 5, 2018	Audit Committee	Nil
Robert C. Bryce Director Quebec, Canada	Private Mining Consultant	November 17, 2011	Audit Committee	4,378,903
Maurice Colson N/A Ontario, Canada	Business consultant	June 7, 2019	Audit Committee	Nil
Tito Gandhi N/A Ontario, Canada	President and Chief Executive Officer of Genesis Casinos Ltd.	N/A	N/A	Nil

(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.

Fred Leigh, the Company's Chairman and CEO, J. Bruce Carruthers II, the Company's Former Chairman and CEO, Deborah Battiston, the Company's CFO, Stephen Woodhead, the Company's former CFO and Eric Gavin, the Company's former 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, 2018. 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 (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Fred Leigh ⁽²⁾ Chief Executive Officer	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
J. Bruce Carruthers II ⁽²⁾ Former Chairman and Chief Executive Officer	2018	15,510	Nil	Nil	Nil	Nil	Nil	Nil	15,510
	2017	15,583	Nil	40,308	Nil	Nil	Nil	Nil	55,891
Deborah Battiston ⁽³⁾ Chief Financial Officer	2018	15,000	Nil	22,200	Nil	Nil	Nil	Nil	37,200
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stephen Woodhead ⁽³⁾ Former Chief Financial Officer	2018	10,000	Nil	18,500	Nil	Nil	Nil	Nil	28,500
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Eric Gavin ⁽³⁾ Former Chief Financial Officer	2018	38,766	Nil	Nil	Nil	Nil	Nil	Nil	38,766
	2017	38,958	Nil	40,308	Nil	Nil	Nil	Nil	79,266

- (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 resigned as Chairman and Chief Executive Officer on July 5, 2018 and Fred Leigh was appointed as Chairman and Chief Executive Officer.
- (3) Eric Gavin resigned as Chief Financial Officer on September 14, 2018 and Deborah Battiston was appointed as Chief Financial Officer. Ms. Battiston resigned as Chief Financial Officer on November 22, 2018 and Mr. Woodhead was appointed as Chief Financial Officer. Mr. Woodhead resigned as Chief Financial Officer on June 1, 2019 and Ms. Battiston was re-appointed as Chief Financial Officer.

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, 2018.

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 ⁽¹⁾ (\$) (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)
Fred Leigh Chief Executive Officer	Nil	Nil	Nil	Nil	Nil	Nil
J. Bruce Carruthers II Former Chairman and Chief Executive Officer	50,000 62,500	\$0.20 \$0.20	June 9, 2021 December 18, 2020	\$2,200 \$2,500	Nil Nil	Nil Nil
Deborah Battiston Chief Financial Officer	150,000	\$0.20	November 22, 2021	\$6,000	Nil	Nil
Stephen Woodhead Former Chief Financial Officer	125,000	\$0.20	November 22, 2021	\$5,000	Nil	Nil
Eric Gavin Former Chief Financial Officer	50,000 62,500	\$0.20 \$0.20	June 9, 2021 December 18, 2020	\$2,200 \$2,500	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 ⁽¹⁾ (\$) (b)	Share-based awards – Value vested during the year (\$) (c)	Non-equity incentive plan compensation – Value earned during the year (\$) (d)
Fred Leigh Chief Executive Officer	Nil	Nil	Nil
J. Bruce Carruthers II Former Chairman and Chief Executive Officer	Nil	Nil	Nil
Deborah Battiston Chief Financial Officer	Nil	Nil	Nil

Name (a)	Option-based awards – Value vested during the year ⁽¹⁾ (\$) (b)	Share-based awards – Value vested during the year (\$) (c)	Non-equity incentive plan compensation – Value earned during the year (\$) (d)
Stephen Woodhead Former Chief Financial Officer	Nil	Nil	Nil
Eric Gavin Former 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

The following describes the respective consulting agreements entered into by the Company and the Named Executive Officers in place as of December 31, 2018:

Stephen Woodhead

1693467 Ontario Inc. entered into an agreement with the Company on November 1, 2018 for the services of Stephen Woodhead as the Chief Financial Officer of the Company. Pursuant to the agreement, Mr. Woodhead receives a base fee of \$5,000 per month. Mr. Woodhead's agreement provides for a severance payment of 12 months' base fees on termination by the Company without cause. The agreement may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any fees. Just cause is defined to include, but is not limited to: (i) dishonesty or fraud; (ii) theft; (iii) breach of fiduciary duties; (iv) being guilty of bribery or attempted bribery; or (v) gross mismanagement.

In the event that there is a change in control of the Company, either Mr. Woodhead or the Company shall have one year from the date of such change in control to elect to have Mr. Woodhead's appointment terminated. In the event that such an election is made, the Company shall, within 30 days of such election, make a lump sum termination payment to Mr. Woodhead that is equivalent to 24 months' base fees plus an amount that is equivalent to all cash bonuses paid to Mr. Woodhead in the 24 months prior to the change in control. Following a change in control, all options granted to Mr. Woodhead shall be dealt with in accordance with the terms of the Option Plan; however all options granted to Mr. Woodhead, but not yet vested, shall vest immediately.

“change in control” reference above is defined as:

the acquisition, directly or indirectly, by any person (person being defined as an individual, a corporation, a partnership, an unincorporated association or organization, a trust, a government or department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual and an associate or affiliate of any thereof as such terms are defined in the Canada Business Corporations Act) or group of (1) shares or rights or options to acquire shares of the Company or securities which are convertible into shares of the Company or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the Company; (2) shares or rights or options to acquire shares of any material subsidiary of the Company or securities which are convertible into shares of the material subsidiary or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the material subsidiary; or (3) more than 50% of the material assets of the Company, including the acquisition of more than 50% of the material assets of any material subsidiary of the Company.

Estimated Total Payments Owing to the Named Executive Officers on a Change in Control or Termination

The following table provides details regarding the estimated total payment owing from the Corporation to Stephen Woodhead in the event of a change of control or on termination without cause, assuming a triggering event occurred on December 31, 2018. Mr. Woodhead resigned as the Chief Financial Officer of the Corporation on June 1, 2019.

Named Executive Officer	Base Salary (\$)	Total Payment Owing to the Named Executive Officer	
		In the Event of a Change of Control (\$)	At Will or Without Cause (\$)
Stephen Woodhead	\$5,000	120,000	60,000

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	Nil	Nil	Nil	Nil	Nil
Andrew Cheatle ⁽¹⁾	Nil	Nil	\$22,200	Nil	Nil	Nil	\$22,200

Randy Bell ⁽²⁾	Nil						
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(1) Mr. Cheadle resigned on June 7, 2019.

(2) Mr. Bell did not stand for re-election at the annual general and special meeting of shareholders held on September 13, 2018.

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 ⁽¹⁾ (\$) (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	2,000	Nil	Nil
	62,500	0.20	December 18, 2020	2,500	Nil	Nil
Andrew Cheadle ¹	150,000	0.20	November 22, 2021	6,000	Nil	Nil
Randy Bell ²	Nil	Nil	Nil	Nil	Nil	Nil

(1) Mr. Cheadle resigned on June 7, 2019.

(2) Mr. Bell did not stand for re-election at the annual general and special meeting of shareholders held on September 13, 2018.

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 ⁽¹⁾ (\$) (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
Andrew Cheatle ⁽²⁾	Nil	Nil	Nil
Randy Bell ⁽³⁾	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.
- (2) Mr. Cheatle resigned on June 7, 2019.
- (3) Mr. Bell did not stand for re-election at the annual general and special meeting of shareholders held on September 13, 2018.

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:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	1,350,000	\$0.20	586,828
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	1,350,000	\$0.20	586,828

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 AND RATIFICATION OF AUDITOR

Management recommends that Shareholders vote to (a) appoint UHY McGovern Hurley LLP ("**UHY**") as auditors for the Company to hold office until the next annual general meeting and to authorize the directors to fix their remuneration and (b) ratify the appointment of UHY on February 6, 2019 to hold office as the auditors of the Company. UHY succeeded BDO Canada LLP (formerly Calvista LLP Professional Accountants) 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 one director who is independent, Maurice Colson. If appointed as director, Tito Gandhi will also be 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, and Robert C. Bryce are 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	Savanna Capital Corp., Copper One Inc., Routemaster Capital Inc., Halo Labs Inc. and QMX Gold Corporation
Robert C. Bryce	Vision Lithium Inc.
Maurice Colson	Magnolia Colombia Ltd., Aberdeen International Inc. and Loncor Resources Inc.
Tito Gandhi	Routemaster Capital Inc.

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. Mr. Gandhi, if elected at the Meeting, is financially literate and will be considered independent.

Audit Committee Members	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Fred Leigh	No	Yes
Robert C. Bryce	No	Yes
Maurice Colson	Yes	Yes

(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 BDO Canada LLP (formerly Calvista LLP Professional Accountants) and by UHY McGovern Hurley LLP 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, 2018	Fees Paid to Auditor in Year Ended December 31, 2017
Audit Fees ⁽¹⁾	\$25,000	\$15,000
Audit-Related Fees ⁽²⁾	Nil	\$2,800
Tax Fees ⁽³⁾	Nil	Nil
All Other Fees	Nil	Nil
Total	\$25,000	\$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

RATIFICATION OF STOCK OPTION PLAN

The TSX-V requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such plan. As a result, Shareholders will be asked at the Meeting to vote on a resolution to ratify the stock option plan (the “**Option Plan**”) for the ensuing year. A copy of the Option Plan is attached at Schedule “B” hereto. The following is a summary of the terms of the Option Plan, which is qualified in its entirety by the provisions of Option Plan.

The Option Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, options to purchase common shares of the Corporation. The 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 June 19, 2019, 1,936,820 common shares are available under the Option Plan.

The number of common shares reserved for issuance to any one person may not exceed 5% of the outstanding common shares of the Corporation. 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 TSX-V. The exercise price per common share set by the Board is subject to minimum pricing restrictions set by the TSX-V.

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 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 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 Corporation, 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 Option Plan.

Shareholders will be asked at the Meeting to approve with or without variation the following resolution (the “**Stock Option Resolution**”):

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Option Plan of the Corporation as described in this Circular, be and is hereby ratified and re-approved, pursuant to which the board of directors of the Corporation may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Corporation and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of grant;
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.”

Management unanimously recommends that Shareholders vote in favour of the Stock Option Resolution.

ADOPTION OF BY-LAWS

On June 19, 2019, the Board approved By-Law No. 1 as the Company's general by-law, conditional upon approval of the Shareholders at the Meeting. A copy of By-Law No. 1 is attached hereto as Schedule "C".

By-Law No. 1 is standard in its form and governs all aspects of the business and affairs of the Corporation, such as the establishment of a quorum for meetings of directors and shareholders, the conduct of such meeting, signing authorities, the appointment of officers, the description of the officers' duties, the establishment of committees of the board, the authority of persons to contract on behalf of Corporation and similar matters. Section 3.04 of By-Law No. 1 directs the manner in which nominations for directors may be made and include provisions requiring, in certain circumstances, advance notice of the nomination of directors. Such advance notice provisions are not included in the current articles of Corporation. The advance notice provisions are designed to ensure that where a shareholders' meeting is called for the election of directors, all shareholders, and in particular, shareholders whose votes are being cast by proxy and who are not able to attend the meeting, receive adequate notice of director nominations in order to be able to make informed decisions as to how to cast their votes on the election of directors.

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to approve, with or without variation, the By-Law Resolution, the full text of which is reproduced at Schedule "C" to this Circular, authorizing and confirming By-Law No.1.

Shareholders will be asked at the Meeting to approve with or without variation the following resolution (the "**By-Law Resolution**"):

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. By-Law No. 1 be and the same is hereby approved and confirmed as the new general by-law for Q-Gold Resources Ltd. (the "**Company**") to be effective, in accordance with the laws of the Province of Ontario;
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 By-Law 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.

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, 2018 and 2017. Copies of the Company's financial statements and management discussion and analysis may be obtained upon request from the Company at 65 Queen Street West, Suite 800, Toronto, Ontario M5H 2M5.

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 19th day of June, 2019.

"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

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, other than services provided in relation to a Distribution (as defined under applicable Securities Laws);
 - (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).

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 (10th) 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 (90th) 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 (90th) 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 30th 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 (10th) 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 $\frac{1}{4}$ 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 (a) the Exercise Price of the Option is granted at less than the Market Price or (b) such Option was granted to an Insider, 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 or to Insiders 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").

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.

NON-TRANSFERABLE

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):

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

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.

SCHEDULE "A"

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:

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

(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.**

SCHEDULE C

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

BY-LAW NO.1

A by-law relating generally to
the conduct of the affairs of

Q-GOLD RESOURCES LTD.

CONTENTS

1. Interpretation
2. Business of the Corporation
3. Directors
4. Committees
5. Officers
6. Protection of Directors, Officers and Others
7. Shares
8. Dividends and Rights
9. Meetings of Shareholders
10. Notices
11. Electronic Documents
12. Effective Date

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of Q-Gold Resources Ltd. (the "Corporation") as follows:

SECTION ONE

INTERPRETATION

1.01 Definitions

In the by-laws of the Corporation, unless the context otherwise requires:

- (1) "Act" means the Business Corporations Act, R.S.O. 1990 c. B.16 and the regulations under the Act, as from time to time amended, and every statute that may be substituted therefor and, in the case of such substitution, any reference in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes;
- (2) "appoint" includes "elect" and vice versa;
- (3) "articles" means the articles of the Corporation as from time to time amended or restated;
- (4) "board" means the board of directors of the Corporation;

- (5) “by-laws” means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- (6) “meeting of shareholders” includes an annual meeting of shareholders and a special meeting of shareholders; “special meeting of shareholders” includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;
- (7) “non-business day” means Saturday, Sunday and any other day that is a holiday as defined in the Interpretation Act (Ontario);
- (8) “recorded address” means in the case of a shareholder his address as recorded in the securities register; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there is more than one; and in the case of a director, officer, auditor or member of a committee of the board his latest address as recorded in the records of the Corporation;
- (9) “*Securities Transfer Act*” means the *Securities Transfer Act* (Ontario) 2006, c.8. as amended from time to time;
- (10) “signing officer” means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by paragraph 2.03 or by a resolution passed pursuant thereto;
- (11) all terms contained in the by-laws that are not otherwise defined in the by-laws and which are defined in the Act, such as “resident Canadian”, shall have the meanings given to such terms in the Act; and
- (12) the singular shall include the plural and the plural shall include the singular; the masculine shall include the feminine and neuter genders; and the word “person” shall include individuals, bodies corporate, corporations, companies, partnerships, syndicates, trusts, unincorporated organizations and any number or aggregate of persons.

1.02 Conflict with Laws

In the event of any inconsistency between the by-laws and mandatory provisions of the Act or the *Securities Transfer Act*, the provisions of the Act or the *Securities Transfer Act*, as applicable, shall prevail.

SECTION TWO

BUSINESS OF THE CORPORATION

2.01 Corporate Seal

The Corporation may, but need not adopt a corporate seal and if one is adopted it shall be in such form as the directors may by resolution adopt from time to time.

2.02 Financial Year

The financial year of the Corporation shall be as determined by the board from time to time.

2.03 Execution of Instruments

Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed on behalf of the Corporation by any two of the President, Vice-President, Secretary or Treasurer and instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board shall have power from time to time by resolution to appoint any officer or officers or any person or persons or any legal entity on behalf of the Corporation either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The seal of the Corporation, if any, may when required be affixed to contracts, documents and instruments in writing signed as set out above or by any officer or officers, person or persons, appointed as set out above by resolution of the board.

The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, movable or immovable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures, notes or other securities and all paper writings.

The signature or signatures of the Chairman of the Board (if any), the Vice-Chairman of the Board, the President, any Executive Vice-President, or any Vice-President together with any one of the Secretary, the Treasurer, an Assistant Secretary, an Assistant Treasurer or any one of the foregoing officers together with any one director of the Corporation and/or any other officer or officers, person or persons, appointed as aforesaid by resolution of the board may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically or electronically reproduced upon any contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation executed or issued by or on behalf of the Corporation and all contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation on which the signature or signatures of any of the foregoing officers or directors or persons authorized as aforesaid shall be so reproduced pursuant to special authorization by resolution of the board, shall be deemed to have been manually signed by such officers or directors or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the officers or directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation.

2.04 Banking Arrangements

The banking business of the Corporation, or any part thereof, including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof

shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time by resolution prescribe or authorize.

2.05 Custody of Securities

All shares and securities owned by the Corporation shall be lodged (in the name of the Corporation) with a chartered bank or a trust company or in a safety deposit box or, if so authorized by resolution of the board, with such other depositaries or in such other manner as may be determined from time to time by resolution of the board.

All share certificates, bonds, debentures, notes or other obligations or securities belonging to the Corporation may be issued or held in the name of a nominee or nominees of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with the right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfer to be completed and registration to be effected.

2.06 Voting Shares and Securities in other Companies

All of the shares or other securities carrying voting rights of any other body corporate held from time to time by the Corporation may be voted at any and all meetings of shareholders, bondholders, debenture holders or holders of other securities (as the case may be) of such other body corporate and in such manner and by such person or persons as the board shall from time to time by resolution determine. The proper signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the board.

SECTION THREE

DIRECTORS

3.01 Number of Directors and Quorum

The number of directors of the Corporation shall be the number of directors as specified in the articles or, where a minimum and maximum number of directors is provided for in the articles, the number of directors of the Corporation shall be the number of directors determined from time to time by special resolution or, if a special resolution empowers the directors to determine the number, the number of directors determined by resolution of the board. Subject to the Act, the quorum for the transaction of business at any meeting of the board shall be a majority of the number of directors then in office and or such greater number of directors as the board may from time to time by resolution determine.

3.02 Qualification

No person shall be qualified for election as a director if disqualified in accordance with the Act (which would currently include: a person who is less than 18 years of age; a person who has been found under the *Substitute Decisions Act*, 1992 or under the *Mental Health Act* to be incapable of managing property or who has been found to be incapable by a court in Canada or elsewhere; a person who is not an individual; or a person who has the status of a bankrupt). A director need not be a shareholder. The board shall be comprised of the number of Canadian

residents as may be prescribed from time to time by the Act (which is currently a minimum of 25%). If the Corporation is or becomes an offering corporation within the meaning of the Act, at least one-third of the directors of the Corporation shall not be officers or employees of the Corporation or any of its affiliates.

3.03 Election and Term

The election of directors shall take place at the first meeting of shareholders and at each succeeding annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors as specified in the articles or, if a minimum and maximum number of directors is provided for in the articles, the number of directors determined by special resolution or, if the special resolution empowers the directors to determine the number, the number of directors determined by resolution of the board. The voting on the election shall be by show of hands unless a ballot is demanded by any shareholder. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

3.04 Nomination of Directors

Subject only to the Act and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors, (a) by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting, (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act or (c) by any person (a "**Nominating Shareholder**") (i) who, at the close of business on the date of the giving of the notice provided for below in this Section 3.04 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this Section 3.04:

- a) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Corporation at the principal executive offices of the Corporation in accordance with this Section 3.04.
- b) To be timely, a Nominating Shareholder's notice to the secretary of the Corporation must be made (a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

- c) To be in proper written form, a Nominating Shareholder's notice to the secretary of the Corporation must set forth (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and (iv) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and (b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below). The Corporation may require any proposed nominee to furnish such other information, including a written consent to act, as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.
- d) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 3.04; provided, however, that nothing in this Section 3.04 shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- e) For purposes of this Section 3.04, (i) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and (ii) "Applicable Securities Laws" means the applicable *Securities Act* of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- f) Notwithstanding any other provision of the by-laws of the Corporation, notice given to the secretary of the Corporation pursuant to this Section 3.04 may only be given by personal delivery, facsimile transmission or by email (at such email address as

stipulated from time to time by the secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

- g) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Section 3.04.

3.05 Removal of Directors

Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at a meeting specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by a quorum of the directors.

3.06 Vacation of Office

A director ceases to hold office when he dies or, subject to the Act, resigns; he is removed from office by the shareholders in accordance with the Act; he becomes of unsound mind and is so found by a court in Canada or elsewhere or if he acquires the status of a bankrupt.

3.07 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or maximum number of directors or from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy. If the directors then in office fail to call such meeting or if there are no directors then in office, any shareholder may call the meeting.

3.08 Action by the Board

The board shall manage or supervise the management of the business and affairs of the Corporation. Subject to paragraph 3.09, the powers of the board may be exercised at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

3.09 Electronic Participation

Subject to the Act, if all of the directors consent, a director may participate in a meeting of the board or a committee of the board by means of such telephonic, electronic or other

communications facilities as permit all persons participating in the meeting to communicate adequately with each other, and a director participating in a meeting by such means shall be deemed to be present at that meeting. A consent is effective whether given before or after the meeting and may be given with respect to all meetings of the board and committees of the board.

3.10 Place of Meetings

Meetings of the board may be held at any place within or outside Ontario. In any financial year of the Corporation a majority of the meetings of the board need not be held within Canada.

3.11 Calling of Meetings

Subject to the Act, meetings of the board shall be held from time to time on such day and at such time and at such place as the board, the Chairman of the Board (if any), the President, an Executive Vice-President or a Vice-President who is a director or any one director may determine and the Secretary or Assistant Secretary, when directed by the board, the Chairman of the Board (if any), the President, an Executive Vice-President or a Vice-President who is a director or any one director shall convene a meeting of the board.

3.12 Notice of Meeting

Notice of the date, time and place of each meeting of the board shall be given in the manner provided in paragraph 10.01 to each director not less than 48 hours (exclusive of any part of a non-business day) before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified.

A director may in any manner waive notice of or otherwise consent to a meeting of the board.

3.13 First Meeting of New Board

Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

3.14 Adjourned Meeting

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

3.15 Regular Meetings

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of a schedule of regular meetings of the board setting forth the proposed dates, times and places of such regular meetings shall be sent to each director at the commencement of each calendar year, however, each director shall also be provided with a follow-up notice of meeting and agenda prior to each regularly scheduled meeting.

3.16 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: the Chairman of the Board, the President, an Executive Vice-President or a Vice-President. If no such officer is present, the directors present shall choose one of their number to be chairman.

3.17 Votes to Govern

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

3.18 Conflict of Interest

A director or officer who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with the Corporation shall disclose in writing to the Corporation or request to have entered in the minutes of the meetings of the directors the nature and extent of his interest at the time and in the manner provided by the Act. Any such contract or transaction or proposed contract or transaction shall be referred to the board or shareholders for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the board or shareholders, and a director interested in a contract or transaction so referred to the board shall not attend any part of a meeting of the board during which the contract or transaction is discussed and shall not vote on any resolution to approve the same except as permitted by the Act. If no quorum exists for the purpose of voting on a resolution to approve a contract or transaction only because a director is not permitted to be present at the meeting by reason of this section, the remaining directors shall be deemed to constitute a quorum for the purposes of voting on the resolution. Where all of the directors are required to disclose their interests pursuant to this section, the contract or transaction may be approved only by the shareholders.

3.19 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for traveling and other expenses properly incurred by them in attending meetings of the shareholders or of the board or any committee thereof or otherwise in the performance of their duties. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

SECTION FOUR

COMMITTEES

4.01 Committee of Directors

The board may appoint a committee of directors, however designated, and delegate to such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of directors has no authority to exercise.

4.02 Transaction of Business

The powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or outside Ontario.

4.03 Audit Committee

The board may, and shall if the Corporation becomes an offering corporation within the meaning of the Act, elect annually from among its number an audit committee to be composed of not fewer than three directors of whom a majority shall not be officers or employees of the Corporation or its affiliates. The audit committee shall have the powers and duties provided in the Act.

4.04 Advisory Committees

The board may from time to time appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

4.05 Procedure

Unless otherwise determined by the board, each committee shall have power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

SECTION FIVE

OFFICERS

5.01 Appointment

The board may from time to time appoint a Chairman of the Board, a President, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Secretary, a Treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to paragraph 5.02, an officer may but need not be a director and one person may hold more than one office. In case and whenever the same person holds the offices of Secretary and Treasurer, he may but need not be known as the Secretary-Treasurer. All officers shall sign such contracts, documents, or instruments in writing as require their respective signatures. In the case of the absence or inability to act of any officer or for any other reason that the board may deem sufficient, the board may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

5.02 Chairman of the Board

The Chairman of the Board, if appointed, shall be a director and shall, when present, preside at all meetings of the board. Each committee of the board shall appoint a Chairman which shall be a member of the relevant committee of the board and shall, when

present, preside at all meetings of committees of the board. The Chairman of the Board shall be vested with and may exercise such powers and shall perform such other duties as may from time to time be assigned to him by the board. During the absence or disability of the Chairman of the Board, his duties shall be performed and his powers exercised by the President.

5.03 President

The President shall, and unless and until the board designates any other officer of the Corporation to be the Chief Executive Officer of the Corporation, be the Chief Executive Officer and, subject to the authority of the board, shall have general supervision of the business and affairs of the Corporation and such other powers and duties as the board may specify. The President shall be vested with and may exercise all the powers and shall perform all the duties of the Chairman of the Board if none be appointed or if the Chairman of the Board is absent or unable or refuses to act.

5.04 Executive Vice-President or Vice-President

Each Executive Vice-President or Vice-President shall have such powers and duties as the board or the President may specify. The Executive Vice-President or Vice-President or, if more than one, the Executive Vice-President or Vice-President designated from time to time by the board or by the President, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President, provided, however, that an Executive Vice-President or a Vice-President who is not a director shall not preside as chairman at any meeting of the board.

5.05 Secretary or Assistant Secretary

The Secretary or Assistant Secretary shall give or cause to be given as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board may specify.

5.06 Treasurer or Assistant Treasurer

The Treasurer or Assistant Treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions as Treasurer or Assistant Treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the board may specify. Unless and until the board designates any other officer of the Corporation to be the Chief Financial Officer of the Corporation, the Treasurer or Assistant Treasurer shall be the Chief Financial Officer of the Corporation.

5.07 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

5.08 Variation of Powers and Duties

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

5.09 Term of Office

The board, in its discretion, may remove any officer of the Corporation, with or without cause, without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the board shall hold office until his successor is appointed or until the earlier of his resignation or death.

5.10 Terms of Employment and Remuneration

The terms of employment and the remuneration of an officer appointed by the board shall be settled by it from time to time. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be so determined.

5.11 Conflict of Interest

An officer shall disclose his interest in any material contract or transaction or proposed material contract or transaction with the Corporation in accordance with paragraph 3.18.

5.12 Agents and Attorneys

The board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the powers to subdelegate) as may be thought fit.

SECTION SIX

PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

6.01 Submission of Contracts or
Transactions to Shareholders for Approval

The board in its discretion may submit any contract, act or transaction for approval, ratification or confirmation at any meeting of the shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Corporation's articles or any other by-law) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified or confirmed by every shareholder of the Corporation.

6.02 For the Protection of Directors and Officers

In supplement of and not by way of limitation upon any rights conferred upon directors by the provisions of the Act, it is declared that no director shall be disqualified by his office from, or vacate his office by reason of, holding any office or place of profit under the Corporation or under any body corporate in which the Corporation shall be a shareholder or by reason of being otherwise in any way directly or indirectly interested or contracting with the Corporation either as vendor, purchaser or otherwise or being concerned in any contract or arrangement made or proposed to be entered into with the Corporation in which he is in any way directly or indirectly interested either as vendor, purchaser or otherwise nor shall any director be liable to account to the Corporation or any of its shareholders or creditors for any profit arising from any such office or place of profit; and, subject to the provisions of the Act, no contract or arrangement entered into by or on behalf of the Corporation in which any director shall be in any way directly or indirectly interested shall be avoided or voidable and no director shall be liable to account to the Corporation or any of its shareholders or creditors for any profit realized by or from any such contract or arrangement by reason of the fiduciary relationship existing or established thereby. Subject to the provisions of the Act and to paragraph 3.18, no director shall be obliged to make any declaration of interest or refrain from voting in respect of a contract or proposed contract with the Corporation in which such director is in any way directly or indirectly interested.

6.03 Limitation of Liability

Except as otherwise provided in the Act, no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any persons, firm or corporation including any person, firm or corporation with whom or which any moneys, securities or effects shall be lodged or deposited for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to exercise the powers and to discharge the duties of his office honestly, in good faith and in the best interests of the Corporation and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a company which is employed by or performs services for the Corporation, the fact of his being a director or officer of the Corporation shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

6.04 Indemnity

Subject to the limitations contained in the Act, the Corporation shall indemnify a director or officer, a former director or officer, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity, if

- (a) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a director or officer or in a similar capacity at the Corporation's request;
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful; and
- (c) a court or other competent authority has not judged that the individual has committed any fault or omitted to do anything that the individual ought to have done.

The Corporation shall also indemnify such person in such other circumstances as the Act permits or requires. The Corporation may advance monies to a director, officer or other individual for costs, charges and expenses of a proceeding referred to above. The individual shall repay the monies if he or she does not fulfill the conditions set out in paragraphs (a) and (b) above. Nothing in this by-law shall limit the right of any individual entitled to indemnity to claim indemnity apart from the provisions of this by-law.

6.05 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in paragraph 6.04 against such liabilities and in such amounts as the board may from time to time determine and are permitted by the Act.

SECTION SEVEN

SHARES

7.01 Allotment

The board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act. Shares may be issued as uncertificated securities or be represented by share certificates in accordance with the provisions of the Act and the Securities Transfer Act.

7.02 Commissions

The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of such person purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

7.03 Registration of Transfers

All transfers of securities of the Corporation shall be made in accordance with the Act and the *Securities Transfer Act*. Subject to the provisions of the Act and the Securities Transfer Act, no transfer of shares represented by a security certificate (as defined in the Act) shall be registered in a securities register except upon presentation of the certificate representing such shares with an endorsement which complies with the Act and the *Securities Transfer Act* made thereon or delivered therewith duly executed by an appropriate person as provided by the Act and the *Securities Transfer Act*, together with such reasonable assurance that the endorsement is genuine and effective as the board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien referred to in paragraph 7.05.

7.04 Transfer Agents and Registrars

The board may from time to time appoint one or more agents to maintain, in respect of each class of securities of the Corporation issued by it in registered form, a securities register and one or more branch securities registers. Such a person may be designated as transfer agent and registrar according to his functions and one person may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

7.05 Lien for Indebtedness

The Corporation shall have a lien on any share registered in the name of a shareholder or his legal representatives for a debt of that shareholder to the Corporation, provided that if the shares of the Corporation are listed on a stock exchange in or outside Canada, the Corporation shall not have such lien. The Corporation may enforce any lien that it has on shares registered in the name of a shareholder indebted to the Corporation by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law and, pending such enforcement, the Corporation may refuse to register a transfer of the whole or any part of such shares.

7.06 Non-recognition of Trusts

Subject to the provisions of the Act and the Securities Transfer Act, the Corporation may treat as absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

7.07 Share Certificates and Written Evidence of Ownership

Every holder of one or more shares of the Corporation that are certificated securities under the Act shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgement of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities register. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as the board shall from time to time approve. Any share certificate shall be signed in accordance with paragraph 2.03 and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate. Holders of uncertificated securities of the Corporation shall be entitled to receive a written notice or other documentation as provided by the Act.

7.08 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee, not exceeding \$3.00, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

7.09 Joint Shareholders

If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such shares.

7.10 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

SECTION EIGHT

DIVIDENDS AND RIGHTS

8.01 Dividends

Subject to the provisions of the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

8.02 Dividend Cheques

A dividend payable in cash shall be paid either electronically by direct deposit or by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and, if paid by cheque, mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders any cheque issued shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as set out in this section, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

8.03 Non-receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as set out in section 8.02, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

8.04 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than seven days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

8.05 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION NINE

MEETINGS OF SHAREHOLDERS

9.01 Annual Meetings

The annual meeting of shareholders shall be held at such time in each year as the board, the Chairman of the Board (if any) or the President may from time to time determine, in any event no later than the earlier of (i) six months after the end of each of the Corporation's financial years, and (ii) fifteen months after the Corporation's last annual meeting of shareholders, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting.

9.02 Special Meetings

The board, the Chairman of the Board (if any) or the President shall have the power to call a special meeting of shareholders at any time.

9.03 Place of Meetings

Subject to the Corporation's articles, a meeting of shareholders of the Corporation shall be held at such place in or outside of Ontario as the board may determine or, in the absence of such a determination, at the place where the registered office of the Corporation is located. If the Corporation makes available a telephonic, electronic or other communication facility that permits all participants of a shareholders meeting to communicate adequately with each other during the meeting and otherwise complies with the Act, any person entitled to attend such meeting may participate by means of such communication facility in the manner prescribed by the Act, and any person participating in the meeting by such means is deemed to be present at the meeting.

9.04 Notice of Meetings

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in paragraph 10.01 not less than 21 days nor more than 50 days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state or be accompanied by a statement of the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and the text of any special resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

9.05 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to paragraph 9.06, the list of shareholders entitled to receive

notice of the meeting shall be prepared not later than ten days after such record date. If no record date is fixed, the list of shareholders entitled to receive notice of the meeting shall be prepared as of the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting of shareholders for which the list was prepared.

9.06 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 30 days (or pursuant to the time limitations as may be prescribed by the Act from time to time), as a record date for the determination of the shareholders entitled to receive notice of the meeting, provided that notice of any such record date shall be given not less than seven days before such record date by newspaper advertisement in the manner provided in the Act and, if any shares of the Corporation are listed for trading on a stock exchange in Canada, by written notice to each such stock exchange. If no record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

9.07 Meetings Held by Electronic Means

If the directors or shareholders of the Corporation call a meeting of shareholders pursuant to the Act, the directors may determine that the meeting shall be held, in accordance with the Act, entirely by means of a telephonic, electronic or other communications facility that permits all participants to communicate adequately with each other during the meeting.

9.08 Meetings without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act

- (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy waive notice of or otherwise consent to such meeting being held, and
- (b) if the auditor and the directors are present or waive notice of or otherwise consent to such meeting being held, so long as such shareholders, auditor and directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

9.09 Chairman, Secretary and Scrutineers

The Chairman of the Board or any other director or officer of the Corporation, as determined by the board, may act as chairman of any meeting of shareholders. If no such director

or officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the Secretary or Assistant Secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

9.10 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor of the Corporation and others who, although not entitled to vote are entitled or required under any provision of the Act or the articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

9.11 Quorum

Subject to the Act, a quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or proxyholder for an absent shareholder so entitled, holding or representing in the aggregate not less than 10% of the issued shares of the Corporation enjoying voting rights at such meeting.

9.12 Right to Vote

The persons entitled to vote at any meeting of shareholders shall be the persons entitled to vote in accordance with the Act.

9.13 Proxies

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his attorney authorized in writing (or by electronic signature) and shall conform with the requirements of the Act.

9.14 Time for Deposit of Proxies

The board may by resolution specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting or an adjournment thereof by not more than 48 hours exclusive of any part of a non-business day, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, only if it has been received by the Secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

9.15 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others,

vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

9.16 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

9.17 Show of Hands

Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands, which may include such other indication of a vote made by means of the telephonic, electronic or other communication facility, if any, made available by the Corporation for that purpose, unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands, every person who is present, in person or by means of the telephonic, electronic or other communications facility, if any that the Corporation has made available for such purpose, and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question. For the purpose of this section, if at any meeting the Corporation has made available to shareholders the means to vote electronically, any vote made electronically shall be included in tallying any votes by show of hands.

9.18 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a vote by show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

9.19 Adjournment

The chairman at the meeting of shareholders may with the consent of the meeting and subject to such conditions as the meeting may decide, or where otherwise permitted under the provisions of the Act, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

9.20 Resolution in Writing

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditor in accordance with the Act.

SECTION TEN

NOTICES

10.01 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the directors shall be sufficiently given if delivered personally to the person to whom it is to be given; delivered to the recorded address of the person; mailed to the person's recorded address by prepaid or ordinary or air mail; sent to the person's recorded address by any means of prepaid transmitted or recorded communication; or an electronic document is provided in accordance with Part Eleven of this by-law.

A notice delivered as set out in this section is deemed to have been given when it is delivered personally or to the recorded address; a notice mailed as set out in this section shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by means of transmitted or recorded communication as set out in this section is deemed to have been dispatched or delivered to the appropriate communication company or agency or its representative for dispatch; and a notice sent by electronic means as set out in this section and Part Eleven shall be deemed to have been given upon receipt of reasonable confirmation of transmission to the designated information system indicated by the person entitled to receive such notice. The corporate secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the directors in accordance with any information believed by him or her to be reliable. The Secretary or Assistant Secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable.

10.02 Signature to Notices

The signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, mechanically reproduced or electronically reproduced in whole or in part.

10.03 Proof of Service

With respect to every notice sent by post it is sufficient to prove that the envelope or wrapper containing the notice or other document was properly addressed as provided in this by-law and put into a post office or into a letter box. With respect to every notice or other document sent as an electronic document it is sufficient to prove that the electronic document was properly

addressed to the designated information system as provided in this by-law and sent by electronic means. A certificate of the Chairman of the Board (if any), the President, an Executive Vice-President, a Vice-President, the Secretary, the Assistant Secretary, the Treasurer or the Assistant Treasurer or of any other officer of the Corporation in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to the facts in relation to the mailing or delivery of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation as the case may be.

10.04 Notice to Joint Shareholders

All notices with respect to shares registered in more than one name shall, if more than one address appears on the records of the Corporation in respect of such joint holdings, be given to all of such joint shareholders at the first address so appearing, and notice so given shall be sufficient notice to the holders of such shares.

10.05 Computation of Time

In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event both the date of giving the notice and the date of the meeting or other event shall be excluded.

10.06 Undelivered Notices

If any notice given to a shareholder pursuant to paragraph 10.01 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

10.07 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise found thereon.

10.08 Deceased Shareholders

Any notice or other document delivered or sent by post or left at the address of any shareholder as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased, and whether or not the Corporation has notice of his decease, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with any person or persons) until some other person be entered in his stead in the records of the Corporation as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his heirs, executors or administrators and on all persons, if any, interested with him in such shares.

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Q-Gold Resources Ltd.

Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Q-Gold Resources Ltd.

Opinion

We have audited the consolidated financial statements of Q-Gold Resources Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of loss and comprehensive loss, consolidated statement changes in shareholders' equity (deficiency) and consolidated statement cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2018.

As part of our audit of the consolidated financial statements of the Company for the year ended December 31, 2018, we also audited the adjustments described in Note 2 that were applied to restate the consolidated financial statements for the year ended December 31, 2017 for the effects of a change in policies. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements of the Company for the year ended December 31, 2017 other than with respect to the adjustments, and accordingly, we do not express any opinion or any other form of assurance on the consolidated financial statements for the year ended December 31, 2017 taken as a whole.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 12, 2019

Q-Gold Resources Ltd.
Consolidated Statements Of Financial Position

(Expressed in Canadian dollars)

As at	December 31, 2018		(Restated - Note 2)
			December 31, 2017
ASSETS			
Current assets			
Cash	\$	454,734	\$ 1,469
Amounts receivable (Note 4)		35,780	1,909
Prepaid expenses (Note 5)		6,058	-
Total current assets		496,572	3,378
Non-current assets			
Property, plant and equipment (Note 6)		-	943
Total Assets	\$	496,572	\$ 4,321
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities (Note 8,11)	\$	76,958	\$ 110,543
Total liabilities		76,958	110,543
Shareholders' equity (deficiency)			
Share capital (Note 9)		16,621,121	15,894,482
Warrants (Note 10)		416,730	157,000
Share based payments (Note 10)		368,599	294,249
Deficit		(16,986,836)	(16,451,953)
Total shareholders' equity (deficiency)		419,614	(106,222)
Total Liabilities and Shareholders' Equity (Deficiency)	\$	496,572	\$ 4,321

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 16)

Approved by the Board of Directors on April 12, 2019

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

"Fred Leigh"
 Fred Leigh, Director

The accompanying notes are an integral part of these consolidated financial statements.

Q-Gold Resources Ltd.
Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Years ended December 31,	
	2018	2017
EXPENSES		
Accounting	\$ 25,000	\$ 17,800
Amortization (Note 6)	943	723
Consultants (Note 11)	160,586	54,541
Exploration and evaluation expenditures - Arizona (Note 7)	22,263	156,970
Exploration and evaluation expenditures - Ontario (Note 7)	59,739	15,150
Investor relations and filing fees	37,637	17,762
Legal fees	4,332	4,569
Office expenses	9,519	8,688
Share based payments (Note 10)	133,200	201,542
Travel	139,490	540
Total expenses	\$ 592,709	\$ 478,285
Other income (expenses)		
Interest income	\$ 1,145	-
Interest expense	(836)	(16,307)
Foreign exchange (loss) gain	(1,334)	19,008
Gain on settlement of debt	-	109,352
Total other income (expenses)	(1,025)	112,053
Net loss and comprehensive loss	\$ (593,734)	\$ (366,232)
Loss per share		
- basic and diluted	\$ (0.04)	\$ (0.06)
Weighted average number of shares		
- basic and diluted	14,299,787	6,384,718

The accompanying notes are an integral part of these consolidated financial statements.

Q-Gold Resources Ltd.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian dollars)

	SHARE CAPITAL		RESERVES			TOTAL
	NUMBER OF SHARES	AMOUNT (\$) (As Restated)	WARRANTS (As Restated)	SHARE BASED PAYMENTS (As Restated)	DEFICIT (As Restated)	
Balance at December 31, 2016	6,368,209	\$ 15,461,631	\$ 126,000	\$ 92,707	\$ (16,211,719)	\$ (531,381)
Shares issued	3,000,000	600,000	-	-	-	600,000
Warrants issued	-	(157,000)	157,000	-	-	-
Warrants expired unexercised	-	-	(126,000)	-	126,000	-
Share based payments	-	-	-	201,542	-	201,542
Share issuance costs	-	(10,150)	-	-	-	(10,150)
Net loss for the year	-	-	-	-	(366,233)	(366,233)
Balance at December 31, 2017	9,368,209	\$ 15,894,481	\$ 157,000	\$ 294,249	\$ (16,451,952)	\$ (106,222)
Private placement shares issued	10,000,000	1,000,000	-	-	-	1,000,000
Warrants issued	-	(263,320)	263,320	-	-	-
Options expired unexercised	-	-	-	(58,850)	58,850	-
Share and warrant issuance costs	-	(10,040)	(3,590)	-	-	(13,630)
Share based payments	-	-	-	133,200	-	133,200
Net loss for the year	-	-	-	-	(593,734)	(593,734)
Balance at December 31, 2018	19,368,209	\$ 16,621,121	\$ 416,730	\$ 368,599	\$ (16,986,836)	\$ 419,614

Q-Gold Resources Ltd.
Consolidated Statements Of Cash Flow
(Expressed in Canadian dollars)

	Years ended December 31,	
	2018	2017
Cash (used in) provided by:		
Operating activities		
Net loss for the year	\$ (593,734)	\$ (366,232)
Adjustments for items not affecting cash		
Amortization of property, plant and equipment (Note 6)	943	723
Gain on debt settlement	-	(109,352)
Share based payments	133,200	201,542
Unrealized foreign exchange (gain)	(644)	(17,948)
	(460,235)	(291,267)
Changes in non-cash working capital (Note 15)	(72,870)	88,246
Net cash (used in) operating activities	\$ (533,105)	\$ (203,021)
Financing activities		
Proceeds from equity financings (Note 9)	1,000,000	210,163
Share issue costs (Note 9)	(13,630)	(10,150)
Net cash provided by financing activities	\$ 986,370	\$ 200,013
Increase (decrease) in cash during the year	453,265	(3,008)
Cash, beginning of year	1,469	4,477
Cash, end of year	\$ 454,734	\$ 1,469
Supplemental Disclosure		
Interest paid	\$ 836	\$ 63,288
Shares issued for debt settlement (Note 9)	\$ 63,540	\$ 389,837

The accompanying notes are an integral part of these consolidated financial statements.

Q-Gold Resources Ltd.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Q-Gold Resources Ltd. ("Q-Gold" or the "Company") was originally incorporated with 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. Effective October 3, 2018, the Company continued into Ontario from the jurisdiction of British Columbia. The Company's registered office is located at 65 Queen Street West, Suite 815, Toronto, Ontario, M5H 2M5.

Q-Gold is a mineral exploration company focused on exploring its mineral properties and has not yet identified a commercial Mineral 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.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration and evaluation programs will result in profitable mining operations. The recoverability of the carrying value of mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

Going Concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations, and do not include any adjustments to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at December 31, 2018, Q-Gold has a working capital of \$419,614 (December 31, 2017 – a deficiency of \$107,165), and a deficit of \$16,986,836 (December 31, 2017 - \$16,451,953). The continuation of Q-Gold as a going concern is dependent upon the ability of the Company to obtain the necessary equity financing to continue operations, the successful results of mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom or realize proceeds from their sale. Q-Gold may periodically have to raise additional capital to fund projects and continue operations and while it has been successful in doing so in the past, there can be no assurance the Company 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.

Q-Gold Resources Ltd.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise noted below. The accounting policies have been applied consistently by all groups entities.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. Except as discussed under changes in accounting policies (Note 2), the Company has consistently applied the accounting policies used in the preparation of these consolidated financial statements throughout all periods presented.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 12, 2019.

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are stated at their fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Foreign currency transactions

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The Canadian dollar has been determined as the functional currency of the Company and all subsidiaries and it is the currency in which funds from financing activities (i.e. issuing debt and equity instruments) are generated and because the activities of the foreign operation are carried out as an extension of the reporting entity, rather than being carried out with a significant degree of autonomy. Foreign currency transactions are translated into the functional currency of the entity in which they occur using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than functional currency at period-end exchange rates are recognized in the consolidated statement of loss.

Q-Gold Resources Ltd.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment

Equipment is carried at cost, less accumulated depreciation and impairment losses. Equipment is depreciated at 30% over its estimated useful life using the declining balance method. As at December 31, 2018, all equipment was fully depreciated.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews and evaluates the recoverable amount of its property and equipment and when events or changes in circumstances indicate that the carrying amounts of related assets or groups of assets might not be recoverable.

For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset). Any resulting write-down of the excess of carrying value over the recoverable amount is charged to the consolidated statement of loss.

Exploration and evaluation expenditures

Exploration and evaluation expenditures comprise costs of the initial search for mineral deposits and performing a detailed assessment of deposits that have been identified as having economic potential. Exploration and evaluation costs are expensed as incurred and included in the consolidated statement of loss and until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mine development assets. Exploration and evaluation costs include an allocation of administration and salary costs as determined by management.

Financial instruments

Financial assets and liabilities

Accounting policy under IFRS 9 applicable from January 1, 2018

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Q-Gold Resources Ltd.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets and liabilities (continued)

Accounting policy under IFRS 9 applicable from January 1, 2018 (continued)

Financial assets (continued)

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statements of loss. The Company’s cash and amounts receivable are recorded at amortized cost.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of loss when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company’s only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets and liabilities (continued)

Accounting policy under IFRS 9 applicable from January 1, 2018 (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statement of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of loss.

Accounting policy under IAS 39 applicable prior to January 1, 2018

The accounting policy under IAS 39 for the comparative information presented in respect of financial assets and liabilities is as follows:

Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition.

The Company's financial assets include cash and amounts receivable. Initially they are recognized at fair value, and subsequently measured at amortized cost using the effective interest method. Amortized cost approximates fair value due to the short-term maturity of these assets. They are included in current assets, except for maturities greater than twelve months after the year-end.

Regular purchases and sales of financial assets are recognized on the date on which the Company commits to purchase or sell assets.

Financial assets are derecognized when the rights to receive cash flows from investments cease and the Company has transferred substantially all risks and rewards of ownership.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets and liabilities (continued)

Accounting policy under IAS 39 applicable prior to January 1, 2018 (continued)

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities include accounts payable and accrued liabilities. Initially they are recognized at fair value, and subsequently measured at amortized cost using the effective interest method. The fair values of accounts payable and accrued liabilities approximate their recorded amounts because of their short-term nature.

Impairment of financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date for impairment if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise or indicators that a debtor or issuer will enter bankruptcy.

An impairment loss in respect of a 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 asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Cash

Cash comprised of cash on hand and deposits. Deposits are held in Canadian chartered banks or in financial institutions controlled by a Canadian chartered bank.

Prepaid expenses

Prepaid expenses represent payments made or obligations incurred in advance of the receipt of goods or rendering of services. Prepaid expenses are typically included in other current assets on the consolidated statement of financial position.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

General

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statement of operations, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of loss.

As at December 31, 2018 and 2017, the Company determined that it has no material rehabilitation obligations related to its assets.

Revenue recognition

Revenue from interest income is recognized when received.

Operating segments

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

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued)

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

Basic loss per share is calculated by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding for the year. In the event of the Company reporting net profit, the diluted loss per share will be similar to basic loss per share, except that the denominator will be increased to include the number of additional shares that would have been outstanding if the dilutive potential common shares in connection with the issued share options and warrants had been issued using the treasury stock method. The Company's options and warrants were anti-dilutive for the years ended December 31, 2018 and 2017.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value of share-based payments is determined using the Black-Scholes option pricing model. The expense is recognized over the period during which the options vest based on the estimate of equity instruments expected to vest. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. Unexercised expired stock options are transferred to deficit.

Warrants

Warrants are recognized at fair value on the date of grant and are measured using the Black-Scholes option pricing model. Upon exercise of warrants, consideration paid by the warrant holder together with the amount previously recognized in warrants is recorded as an increase to share capital. Unexercised expired warrants are transferred to deficit.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingencies

In assessing loss contingencies related to legal proceedings that are pending or unasserted claims that may result in such proceedings, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims and the amount of relief sought or expected to be sought.

If the assessment of a contingency suggests that a loss is probable, the amount can be reliably estimated, and there is a present obligation as a result of a past event, then a loss is recorded. The details of a contingent loss are disclosed unless the possibility of any outflow in settlement is remote. Legal fees incurred with pending legal proceedings are expensed as incurred.

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 in the consolidated statement of loss. The Company indemnified the subscribers of current and previous flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. The Company had no flow-through shares as at December 31, 2018 and 2017.

Changes in accounting policies

Share-based payments and warrants

During the year ended December 31, 2018, the Company elected to change its accounting policy for the treatment of share-based payments and warrants whereby amounts recorded for expired unexercised share options and warrants are transferred to deficit on expiry. The value of unexercised and outstanding warrants and options will continue to be recorded in the warrant reserve and share based payment reserve accounts, respectively. The Company believes that this presentation provides more relevant financial information. Previously, the Company's policy was to record the value of expired options and warrants within share based payment reserve along with the value of outstanding share options.

The Company also changed its policy in connection with the approach to valuing warrants issued as part of a unit in an equity financing. Previously, the Company recorded the value to be \$nil, as a result of using a residual method to allocation the proceeds from a unit financing to shares and warrants. The Company has retroactively applied a method of allocating the proceeds to the shares and warrants based on a fair value approach.

A summary of changes to the comparative figures to reflect the retrospective changes in accounting policy is as follows:

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

Share-based payments and warrants (continued)

Consolidated statements of financial position:

- No changes in assets, liabilities, or total shareholders' equity (deficiency).
- Changes within shareholders' equity (deficiency) as follows:

	2017 (as originally reported)	Adjustment	2017 (as restated)
	\$	\$	\$
Share capital	16,177,482	(283,000)	15,894,482
Warrants	1,030,238	(873,238)	157,000
Share based payments	2,050,450	(1,756,201)	294,249
Deficit	(19,364,391)	2,912,438	(16,451,953)
Total shareholders' equity (deficiency)	(106,221)	(1)	(106,222)

	2016 (as originally reported)	Adjustment	2016 (as restated)
	\$	\$	\$
Share capital	15,587,631	(126,000)	15,461,631
Warrants	1,030,238	(904,238)	126,000
Share based payments	1,848,908	(1,756,201)	92,707
Deficit	(18,998,158)	2,786,439	(16,211,719)
Total shareholders' equity (deficiency)	(531,381)	-	(531,381)

- No changes in the consolidated statements of loss and comprehensive loss.
- No changes in the consolidated statements of cash flows.

Accounting changes

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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

Accounting changes (continued)

IFRS 9, Financial Instruments

IFRS 9 replaces International Accounting Standard (“IAS”) 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss (“FVPL”) or through other comprehensive income (“FVOCI”); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company’s financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the year ended December 31, 2017 was accounted for in accordance with the Company’s previous accounting policy under IAS 39. Significant accounting policies which outline the current and previous accounting policies pertaining to financial instruments.

New and 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, 2019 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

Future accounting changes (continued)

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

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company does not expect the adoption of IFRS 16 to have a significant impact on its consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

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3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (CONTINUED)

Critical judgment in applying accounting policies:

- Assets' carrying values and impairment charges

Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular year. Management exercises its judgment in determining when such events or changes in circumstances have arisen and where such circumstances evidence a significant or prolonged decline of fair value on assets indicating impairment.

- Control of subsidiaries

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

- Determination of functional currency

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

Key sources of estimation uncertainty:

- Assets' carrying values and impairment charges

The determination of carrying values and impairment charges and their individual assumptions require that management make an estimate based on the best available information at each reporting period. Under situations where management has determined indicators of impairment are present, an impairment assessment will be performed by management whereupon management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets.

- Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

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3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (CONTINUED)

Key sources of estimation uncertainty: (continued)

- Income, value added, withholding and other taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- Share based payment transactions and warrants

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

- Contingencies

Refer to Notes 1 and 16.

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4. AMOUNTS RECEIVABLE

	December 31, 2018		December 31, 2017	
Sales taxes receivable	\$	35,437	\$	1,909
Other		343		-
	\$	35,780	\$	1,909

5. PREPAID EXPENSES

	December 31, 2018		December 31, 2017	
Insurance	\$	6,058	\$	-
	\$	6,058	\$	-

6. PROPERTY PLANT AND EQUIPMENT

Reconciliation of the carrying amounts for the years ended December 31, 2018 and 2017 are as follows:

Cost	Automotive		Computer equipment		Field equipment		Office equipment		Total
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
Net additions (disposal) in 2018		(11,773)		(9,101)		(73,828)		(5,193)	(99,895)
Balance, December 31, 2018	\$	-	\$	-	\$	-	\$	-	\$ -

Accumulated amortization

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		5,193	98,952
Amortization in 2018		-		-		943		-	943
Assets scrapped		(11,773)		(9,101)		(73,828)		(5,193)	(99,895)
Balance, December 31, 2018	\$	-	\$	-	\$	-	\$	-	\$ -

Net book value

Net book value, December 31, 2017	\$	-	\$	-	\$	943	\$	-	\$ 943
Net book value, December 31, 2018	\$	-	\$	-	\$	-	\$	-	\$ -

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7. EXPLORATION AND EVALUATION EXPENDITURES

The Company maintains certain mineral claims near Mine Centre, Ontario that include the historic Foley gold mine and the McKenzie Gray gold/silver zone. The Company also holds certain Bureau of Land Management (U.S. Department of the Interior) Mineral Claims near Crown King, Arizona. See Note 16.

	Years ended December 31,	
	2018	2017
<u>Mineral Creek Arizona properties</u>		
Labour and consulting	\$ 20,112	\$ 34,044
Assays and mapping	-	965
Drilling	-	58,437
Field expenses	-	39,331
Property maintenance	1,621	3,404
Option payment	-	13,074
Travel and accommodation	530	7,118
Truck rental	-	597
	\$ 22,263	\$ 156,970
<u>Q-Gold Ontario properties</u>		
Labour and consulting	\$ 15,000	\$ 15,150
Land and property taxes	19,489	-
Rent for Core shacks	25,250	-
	\$ 59,739	\$ 15,150
Total Exploration and Evaluation Expenditures	\$ 82,002	\$ 172,120

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2018	December 31, 2017
Trade payables	\$ 51,853	\$ 70,428
Accruals	25,105	15,000
Interest payable	-	22,168
Share subscription payable	-	2,947
	\$ 76,958	\$ 110,543

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9. SHARE CAPITAL

a) Authorized

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

On January 16, 2018, the Company's shares were consolidated on a 1 new share for every 4 old share basis. All common shares, options, warrants and per share amounts have been restated to give retroactive effect to the share consolidation.

b) Issued and outstanding common shares

Reconciliation of the number and value of common shares for the periods ended December 31, 2018 and 2017 were as follows. All issued shares are fully paid.

	Number of Common Shares		Amount
Balance, December 31, 2016	6,368,209	\$	15,461,631
Shares issued during 2017	3,000,000		600,000
Value allocation on warrants issued	-		(157,000)
Share issue costs	-		(10,150)
Balance, December 31, 2017	9,368,209	\$	15,894,481
Private placement - units	10,000,000		1,000,000
Value allocation on warrants issued	-		(263,320)
Share issue costs	-		(10,040)
Balance, December 31, 2018	19,368,209	\$	16,621,121

On July 5, 2018, the Company completed a private placement offering for gross proceeds of \$1,000,000. The offering consisted of: 10,000,000 Units at a price of \$0.10 per Unit. Each Unit consists of one common share of the Company and one common share purchase warrant, entitling the holder to acquire one additional common share at an exercise price of \$0.15 for a period of 24 months from issuance. The issue date fair value of the warrants was estimated at \$263,230 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 99.6%; risk-free interest rate 1.91% and an expected life of 2 years. The Company paid finder fees and other share and warrant issue costs totaled \$13,630. The units were subscribed to in cash for \$936,460 as well as debt settlement of \$63,540.

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9. SHARE CAPITAL (CONTINUED)

b) Issued and outstanding common shares (continued)

On December 27, 2017, the Company completed a non-brokered private placement for gross proceeds of \$600,000, issuing 3,000,000 units at \$0.20 cents per unit. Each unit consisting of one common share and one common share purchase warrant, entitling the holder to acquire one common share of the Company at a price of \$0.30 on or before December 27, 2019. The issue date fair value of the warrants was estimated at \$182,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk free interest rate of 1.0% and an expected life of 2 years. The units were subscribed in cash of \$210,163 as well as debt settlement of \$389,837 relating to certain liabilities.

10. RESERVES

Options and share purchase warrant transactions for the years ended December 31, 2018 and 2017 are summarized as follows:

	Options			Warrants		
	Number of Options	Weighted average exercise prices	Value of options	Number of warrants	Weighted average exercise prices	Value of warrants
December 31, 2016 (Note 2)	562,500	\$ 0.40	\$ 92,707	2,700,000	\$ 0.40	\$ 126,000
Granted	-	-	-	3,000,000	0.30	157,000
Expired	-	-	-	(2,700,000)	(0.40)	(126,000)
Revaluation of options	-	0.20	201,542	-	-	-
December 31, 2017 (Note 2)	562,500	\$ 0.20	\$ 294,249	3,000,000	\$ 0.30	\$ 157,000
Granted	900,000	0.20	133,200	10,000,000	\$ 0.15	\$ 263,320
Expired	(112,500)	(0.20)	(58,850)	-	-	-
Warrant issue costs	-	-	-	-	-	(3,590)
December 31, 2018	1,350,000	\$ 0.20	\$ 368,599	13,000,000	\$ 0.18	\$ 416,730

a) 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 shall not be less than 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 November 22, 2018, the Company granted 900,000 stock options to certain directors, officers and consultants of the Company. The options vested immediately on the date of grant and are exercisable at a price of \$0.20 per option for a period of three years from the date of grant. The fair value of these options was estimated on the date of the grant using the Black-Scholes option pricing model at \$133,200, with the following assumptions: expected volatility 141%, expected dividend yield of 0%, risk-free interest rate of 2.25% and expected life of 3 years.

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10. RESERVES (CONTINUED)

a) Stock options (continued)

There were no options granted during fiscal 2017. At a shareholders' meeting on July 31, 2017, approval was obtained and the exercise price of the 562,500 outstanding stock options at the time were re-priced to \$0.20 each (from \$0.40). The stock based payment recognized under the fair value method for the options granted in 2015 was \$24,827 and \$67,880 for those issued in 2016. As a result of the repricing, the Company recognized an additional fair value of \$135,853 and \$65,689 respectively for these options.

Q-Gold uses the Black-Scholes option pricing model to value stock options. The weighted average contractual years remaining on its outstanding options, as of December 31, 2018, was 2.66 years (December 31, 2017 – 3.5 years).

As at December 31, 2018, the Company had stock options outstanding and exercisable as follows:

Grant date	Expiry date	Number Outstanding	Number Exercisable	Exercise Price	Grant date Fair Value
December 18, 2015	December 18, 2020	250,000	250,000	\$0.20	\$ 128,544
June 9, 2016	June 9, 2021	200,000	200,000	\$0.20	\$ 106,855
November 22, 2018	November 22, 2021	900,000	900,000	\$0.20	\$ 133,200
		1,350,000	1,350,000		\$ 368,599

b) Warrants

The Company also changed its policy in connection with the approach to valuing warrants issued as part of a unit in an equity financing. Previously, the Company recorded the value to be \$nil, as a result of using a residual method to allocation the proceeds from a unit financing to shares and warrants. The Company has retroactively applied a method of allocating the proceeds to the shares and warrants based on a fair value approach. As a result, upon the issue of 10,000,000 warrants in terms of the private placement on July 5, 2018, fair value of \$263,320 was attributed to warrants.

As at December 31, 2018, the Company has share purchase warrants outstanding as follows:

Grant date	Expiry date	Number Outstanding	Number Exercisable	Exercise Price	Grant date Fair Value
December 27, 2017	December 27, 2019	3,000,000	3,000,000	\$0.30	\$ 157,000
July 5, 2018	July 5, 2020	10,000,000	10,000,000	\$0.15	\$ 263,320
		13,000,000	13,000,000		\$ 420,320

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11. RELATED PARTY TRANSACTIONS

Compensation of Key Management

Key management includes the Company's directors and officers. Compensation awarded to key management included:

	Years ended December 31,	
	2018	2017
Short-term benefits	\$ 101,072	\$ 54,541
Share-based payments	59,200	161,233
	<u>\$ 160,272</u>	<u>\$ 215,774</u>

Included in accounts payable and accrued liabilities as at December 31, 2018 is approximately \$5,108 (December 31, 2017 - \$45,878) due to officers, directors and family members of directors of the Company. These amounts are unsecured, non interest bearing and due on demand.

Of the total private placement financing completed in July 2018, 434,760 units were subscribed by directors, officers, or former directors and officers of the Company, or their immediate family.

Of the total options granted on November 22, 2018, 400,000 options were granted to directors and officers of the Company.

12. FINANCIAL INSTRUMENTS

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

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

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. The Company has no financial instruments recorded at fair value.

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12. FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and financial liabilities as at December 31, 2018 and 2017 were as follows:

	Amortized cost (2017 loans and receivables)	Amortized cost (2017 other liabilities)	TOTAL
<u>At December 31, 2018</u>			
Financial assets:			
Cash	\$ 454,734	\$ -	\$ 454,734
Amounts receivable	\$ 343	\$ -	\$ 343
Financial liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 76,958	\$ 76,958
<u>At December 31, 2017</u>			
Financial assets:			
Cash	\$ 1,469	\$ -	\$ 1,469
Financial liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 110,543	\$ 110,543

13. FINANCIAL RISK FACTORS

Q-Gold is exposed to a number of different risks arising from normal course business exposures, as well as the Company'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. The Company's ability to continue as a going concern is dependent on the Board and Management's ability to raise the required capital through future equity sales or debt issues. As Q-Gold is in the exploration stage, it has no production upon which it could rely to fund its operations or the exploration of its properties.

Financial liabilities consist of accounts payable which are current and will be settled within one year. As of December 31, 2018, \$4,110 (December 31, 2017 - \$73,907) in accounts payable were aged over ninety days, with \$49 (December 31, 2017 - \$3,241) being aged between 31-90 days and the remaining \$72,799 (December 31, 2017 - \$33,395) being aged less than 30 days.

b) Credit risk

Credit risk is the risk that a 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. With respect to credit risk arising from financial assets of the Company, which comprises cash and minimal receivables, the Company's maximum exposure equals the carrying amount of these instruments. Cash is held with high credit quality financial institutes and credit risk is considered minimal. The Company continues to monitor and is subject to, normal mining industry credit risks.

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13. FINANCIAL RISK FACTORS (CONTINUED)

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 relative to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of its assets and liabilities. The Company has sought to minimize this risk by keeping its cash reserves in Canadian dollars and only purchasing US dollars as needed. Q-Gold has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

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 the Company's consolidated financial statements.

14. CAPITAL DISCLOSURES

Q-Gold's capital structure consists of shareholders' equity and current liabilities. The primary capital management objectives are to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk to facilitate ongoing exploration 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, 2018, Q-Gold had working capital of \$419,614 (December 31, 2017 – deficiency of \$107,165) and no long-term debt. The Company currently is not subject to external restrictions.

No other capital requirements are imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

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15. CHANGE IN WORKING CAPITAL

Change in working capital consists of the following:

	December 31, 2018	December 31, 2017
Accounts receivable	\$ (32,677)	\$ 265
Prepaid	(6,058)	-
Accounts payable	(31,188)	103,709
Share subscriptions repayable	(2,947)	(15,728)
	<u>\$ (72,870)</u>	<u>\$ 88,246</u>

16. COMMITMENTS AND CONTINGENCIES

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 consolidated financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately \$144,462, all due within one year.

Exploration properties

Arizona Mineral Properties

The Company currently holds mineral claims administered by the United States Department of the Interior, Bureau of Land Management in Arizona.

The Company 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 claim) held by Q-Gold's Arizona subsidiary. The payments for 2018 have been made.

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.

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 generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations

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17. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2017 - 26.5%) were as follows:

	2018	2017
	\$	\$
Combined Canadian statutory income tax rate	26.50%	26.50%
(Loss) before income taxes	(593,734)	(366,232)
Expected income tax recovery based on statutory rate	(157,000)	(97,000)
Adjustment to expected income tax benefit:		
Share based payments	35,000	53,000
Other	122,000	44,000
Deferred income tax provision (recovery)	-	-

b) Deferred Income Tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2018	2017
	\$	\$
Exploration and evaluation	155,000	96,000
Share issue costs	20,000	20,000
Equipment	26,000	26,000
Non-capital loss carry-forward	3,494,000	3,148,000
Total	3,695,000	3,290,000

The Company also expects to have losses in the US subsidiary that have not been recognized.

Deferred tax assets have not been recognized in respect of these temporary differences as it is not probable that future taxable profit will be available against which the Company can utilize the assets.

c) Losses Carried Forward

As at December 31, 2018, the Company had estimated non-capital losses for Canadian income tax purposes of approximately \$3,494,000 (2017 - \$3,148,000) available to use against future taxable income. The non-capital losses expire between 2026 and 2038.

Q-GOLD RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2018

DATED: APRIL 12, 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. and its subsidiaries ("Q-Gold" or the "Company") and should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended December 31, 2018 and 2017. This MD&A covers the most recently completed financial period and the subsequent period up to the date of this MD&A. All amounts are expressed in Canadian dollars, unless otherwise noted.

The accompanying audited consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations.

The Company's audited 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 audited consolidated financial statements for the years ended December 31, 2018 and 2017 have been reviewed by the audit committee and approved by the Company's Board of Directors prior to release.

Qualified Person

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

OVERVIEW

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

Q-Gold is a mineral exploration company focused on exploring its mineral properties near Mine Centre, Ontario and has not yet identified a commercial mineral resource. During the year ended December 31, 2018, Q-Gold maintained its precious metals properties, closed a private placement financing and reviewed 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 (5,267 ounces of gold produced from 1898 to 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 two historic gold mines and over 100 gold veins of various widths, many of which remain to be fully-explored. A second historic mine on Q-Gold’s properties, the “Golden Star”, produced 10,700 ounces of gold in the late 1890’s before surface facilities were destroyed by fire. The Company has not currently confirmed exploration plans for 2019 on its Mine Centre properties.

Crown King, Arizona Properties

The Company also holds 8 Bureau of Land Management (U.S. Department of the Interior) Mineral Claims near Crown King, Arizona, but anticipates relinquishing them shortly.

RESULTS OF OPERATIONS

As the Company is a mineral exploration company, it did not have any revenues or profits from operations during the year ended December 31, 2018, or as of the date of this MD&A.

The primary operating activities during the year ended December 31, 2018 consisted of maintaining the Company’s mineral properties, investigating new opportunities and general corporate activities. During the year ended December 31, 2018, the Company incurred expenditures totaling \$22,263 (2017: \$156,970) on its Mineral Creek, Arizona Properties and \$59,739 (2017: \$15,150) on its Mine Centre, Ontario 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.

The limited availability of funds was the primary driver in fiscal 2017.

SUMMARY OF QUARTERLY RESULTS

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

	2018				2017			
	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.
Earnings and Cash Flow								
Net income (loss) attributable to shareholders of the Company	(388,153)	(119,429)	(62,131)	(24,021)	(308,376)	(53,383)	22,877	(27,350)
Income (loss) per share, basic & diluted	(0.02)	(0.01)	(0.01)	(0.01)	(0.05)	(0.01)	0.00	(0.00)
Cash flow from (used in) operating activities	(298,337)	(304,996)	50,230	19,999	(370,884)	128,845	13,049	24,910
Cash flow from (used in) investing activities	-	-	-	-	-	-	-	-
Cash flow from (used in) financing activities	-	1,000,365	(5,610)	(8,386)	282,513	(43,818)	(24,260)	(14,420)
Balance Sheet								
Total Assets	496,572	763,601	59,731	14,792	4,321	92,218	6,403	16,561

FINANCIAL CONDITION

Net losses for the three and twelve months ending December 31, 2018 totaled \$388,153 (\$0.02 per share) and \$593,734 (\$0.04 per share), compared to losses of \$308,376 (\$0.05 per share) and \$366,232 (\$0.07 per share) for the same periods in 2017.

	Three months ended December 31,		Twelve months ended December 31,	
	2018	2017	2018	2017
EXPENSES				
Accounting	10,000	-	25,000	17,800
Amortization	-	157	943	723
Consultants	80,770	13,358	160,586	54,541
Exploration and evaluation - Arizona	3,750	96,778	22,263	156,970
Exploration and evaluation - Ontario	20,250	3,738	59,739	15,150
Investor relations and filing fees	1,027	1,130	37,637	17,762
Legal fees	(3,750)	367	4,332	4,569
Office	5,749	1,940	9,519	8,688
Share based compensation	133,200	201,542	133,200	201,542
Travel	139,298	302	139,490	540
Total expenses	390,294	319,312	592,709	478,285
Other (expense) income				
Interest income	1,145	1	1,145	-
Interest expense	-	(835)	(836)	(16,307)
Foreign exchange (loss) gain	996	(29,725)	(1,334)	19,008
Gain on settlement of debt	-	41,502	-	109,352
	2,141	10,943	(1,025)	112,053
Net loss and comprehensive loss	(388,153)	(308,369)	(593,734)	(366,232)

Operating expenses were higher in 2018, compared to 2017, as a result of increased activity following the successful closing of the private placement financing in July 2018. General and administrative expenditures increased in the three and twelve months ending December 31, 2018 to \$364,153 (2017: \$207,853) and \$511,732 (2017: \$194,112) respectively.

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 associated administrative expenses. Legal fees and office expenses are net of recoveries, where the payment of previously accrued expenses did not result.

Share-based payments of \$133,200 were recorded in the statement of operations and comprehensive loss during the three and twelve months ended December 31, 2018 (2017: \$201,542). Share-based compensation relates to the vesting of stock options. During the year ended December 31, 2018, 900,000 stock options were granted in a single option grant in November 2018, compared to nil in the comparable period in the prior year. Options granted typically vest immediately. Share-based payments in 2017 related to the revaluation of options.

In the three and twelve months ending December 31, 2018, expenses incurred by the Company on its mineral properties decreased to \$24,000 (2017: \$100,516) and \$82,002 (2017: \$172,120) respectively.

	Three months ended December 31,		Twelve months ended December 31,	
	2018	2017	2018	2017
Mineral Creek, Arizona				
Labour and consulting	3,750	13,380	20,112	34,044
Assays and mapping	-	431	-	965
Drilling	-	58,437	-	58,437
Field expenses	-	18,872	-	39,331
Property maintenance	-	162	1,621	3,404
Option payment	-	-	-	13,074
Travel and accommodation	-	5,496	530	7,118
Truck rental	-	-	-	597
Total expenses	3,750	96,778	22,263	156,970
Mine Centre, Ontario				
Labour and consulting	3,750	3,900	15,000	15,150
Land and property taxes	6,250	(162)	19,489	-
Rent for core storage	10,250	-	25,250	-
	20,250	3,738	59,739	15,150

Cash Flows

Operating Activities

Operating activities in the year ended December 31, 2018 used \$533,105, compared to \$204,081 in the year ended December 31, 2017. In 2018, this included \$72,870 used as a result of changes in non-cash working capital, compared to \$88,246 cash provided by working capital in 2017.

Investing Activities

There were no investing activities in either 2018 or 2017.

Financing Activities

On July 5, 2018, the Company closed a non-brokered private placement financing for gross proceeds of \$1,000,000, consisting of 10,000,000 units at a price of \$0.10 per unit, each unit consisting of one common share of the Company and one common share purchase warrant entitling the holder to acquire one additional common share at an exercise price of \$0.15 for a period of 24 months from issuance. The Company paid finder fees of \$7,200 related to the Offering plus other share and warrant issue costs of \$6,430.

LIQUIDITY AND CAPITAL RESOURCES

The Company spends its available funds on its corporate, general and administrative obligations and to maintain its mineral projects with the objective of carrying out exploration activities 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, which may substantially impact on future activities. There are no assurances that the Company will continue to be successful in raising additional funds or that other forms of equity capital or debt financing will be available to the Company in the future or on satisfactory terms. Any additional equity financing may be on terms that are dilutive, or potentially dilutive, to the Company's shareholders and debt financing, if available, may involve restrictive covenants with respect to the Company's ability to pay dividends, raise additional capital or execute various other financial and operational plans.

If, at any time, the Company's Board of Directors deems continued exploration at its properties to be unwarranted, based on the results 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 December 31, 2018, the Company had no long-term debt and no definitive agreements with respect to long-term borrowings had been entered into by the Company.

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

As at December 31, 2018, the Company had working capital of \$419,614 compared with a working capital deficiency of \$(107,165) as at December 31, 2017, including cash of \$454,734 (2017: \$1,469). 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.

	2018				2017			
	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.
Cash	454,734	753,072	56,642	12,023	1,469	88,784	3,756	14,968
Receivables	41,838	10,529	2,285	1,899	1,909	2,334	1,353	55
Current Liabilities	(76,958)	(89,034)	(266,100)	(153,421)	(110,543)	(696,659)	(551,465)	(575,296)
Working Capital	419,614	674,567	(207,173)	(139,500)	(107,165)	(605,541)	(546,357)	(560,274)

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.

ADDITIONAL DISCLOSURES

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

Mr. Cheatle has over 25 years of minerals industry experience as a professional geologist and mining executive, with former roles including President and CEO of Unigold Inc., and as the Executive Director of the Prospectors and Developers Association of Canada (PDAC). His career has spanned both major mining companies (Anglo American Corporation, Goldcorp) and the junior mining sector. He is also currently a Non-Executive Director of Condor Gold plc. and a Director of the Canada - Africa Chamber of Business. He is a graduate of the Royal School of Mines, Imperial College, London and holds an MBA.

On September 14, 2018, the Company appointed Kenny Choi as the Corporate Secretary. Mr. Choi is a corporate lawyer who works as a legal consultant to various TSX and TSX Venture listed companies in the mining and technology industries. He was previously an associate at a large Toronto corporate law firm, where he worked on a variety of corporate and commercial transactions. Mr. Choi studied at Western University, where he obtained a Juris Doctor from the Faculty of Law and an Honours Business Administration degree from the Ivey Business School.

On November 22, 2018, the Company appointed Stephen Woodhead as the Chief Financial Officer. Mr. Woodhead is a graduate of the University of Cape Town and a member of the South African Institute of Chartered Accountants. Mr. Woodhead has over 25 years of experience having worked for Trans Hex Group, a South African diamond producer. From 2003, until it was acquired by Yamana Gold in 2006, Mr. Woodhead was the Chief Financial Officer of Desert Sun Mining, developer of the Jacobina gold mine in Brazil, and in 2011 and 2012 was Chief Financial officer of Crocodile Gold Corp. Mr. Woodhead has also acted as Director, Chief Financial Officer or Vice President, Finance of various other Canadian public companies.

FINANCIAL COMMITMENTS, CONTINGENCIES AND LITIGATION

Exploration Properties

Arizona Mineral Properties

The Company currently holds mineral claims administered by the United States Department of the Interior, Bureau of Land Management in Arizona. The Company 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 claim) held by Q-Gold's Arizona subsidiary. The payments for 2018 have been made.

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 audited consolidated financial statements. Minimum management contractual commitments remaining under the agreements are approximately \$144,562, 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

Compensation of Key Management

Compensation awarded to key management, including the Company's directors and officers, during the years ended December 31, 2018 and 2017 was as follows:

	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
			\$	\$
Consulting fees	36,364	13,359	101,072	54,541
Share-based payments	59,200	161,233	59,200	161,233
	95,564	174,592	160,272	215,774

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 December 31, 2018 is approximately \$5,108 (2017: \$45,878) due to officers and directors of the Company, or their immediate family. The amounts are unsecured, non-interest bearing and due on demand.

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

On November 22, 2018, the Company granted a total of 900,000 stock options, including 400,000 to certain officers and directors of the Company pursuant to the Company's stock option plan. The stock options vest immediately and may be exercised at a price of \$0.20 per option for a period of three years from the date of grant.

CRITICAL MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES

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

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

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

Critical judgments in applying accounting policies:

- ***Control of subsidiaries***

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

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

- ***Determination of functional currency***

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

Key sources of estimation uncertainty:

- *Share-based payment transactions and warrants*

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

- *Estimation of decommissioning and restoration costs and the timing of expenditure*

The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- *Income, value added, withholding and other taxes*

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments are comprised of cash, amounts receivable and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates their fair value due to the short-term nature of these instruments. The Company has no financial instruments recorded at fair value. In that the Company incurs expenditures in both Canadian and U.S. dollars, whereas it obtains capital predominantly in Canadian dollars, the Company is exposed to some currency risk. However, the Company believes this risk to be minimal and therefore the Company is not exposed to any significant price, credit or liquidity risk.

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

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

Financial assets and financial liabilities as at December 31, 2018 and 2017 were as follows:

	Amortized cost (2017: loans and receivables)	Amortized cost (2017: other liabilities)	TOTAL
<i>At December 31, 2018</i>	\$	\$	\$
Financial assets:			
Cash	454,734	-	454,734
Amounts receivable	343	-	343
Financial liabilities:			
Accounts payable and accrued liabilities	-	76,958	76,958
<hr/>			
<i>At December 31, 2017</i>	\$	\$	\$
Financial assets:			
Cash	1,469	-	1,469
Financial liabilities:			
Accounts payable and accrued liabilities	-	110,543	110,543

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are liquidity risk, credit risk and market risk. The Company has minimal interest rate risk as there are no outstanding variable-rate borrowings, and the Company finances its operations primarily through share offerings. Management mandates and agrees policies for managing each of these risks.

Liquidity risk

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

As at December 31, 2018, the Company had a cash balance of \$454,734 (2017: \$1,469) and amounts receivable, other than sales taxes receivable, of \$343 (2017: \$-), available to fund financial liabilities that consisted of accounts payable and accrued liabilities of \$76,958 (2017: \$110,543), based on contractual undiscounted payments. During the year ended December 31, 2018, the Company raised \$986,370 (2017: \$200,013), net, through private placement financings.

Credit risk

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

Commodity price risk

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

Currency risk

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

ACCOUNTING STANDARDS AND INTERPRETATIONS

Share-based payments and warrants

During the year ended December 31, 2018, the Company elected to change its accounting policy for the treatment of share-based payments and warrants whereby amounts recorded for expired unexercised share options and warrants are transferred to deficit on expiry. The value of unexercised and outstanding warrants and options will continue to be recorded in the warrant reserve and share based payment reserve accounts, respectively. The Company believes that this presentation provides more relevant financial information. Previously, the Company's policy was to record the value of expired options and warrants within share based payment reserve along with the value of outstanding share options. The Company also changed its policy in connection with the approach to valuing warrants issued as part of a unit in an equity financing. Previously, the Company recorded the value to be \$nil, as a result of using a residual method to allocation the proceeds from a unit financing to shares and warrants. The Company has retroactively applied a method of allocating the proceeds to the shares and warrants based on a fair value approach.

Accounting changes

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

IFRS 9, Financial Instruments

IFRS 9 replaces International Accounting Standard (“IAS”) 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss (“FVPL”) or through other comprehensive income (“FVOCI”); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company’s financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the year ended December 31, 2017 was accounted for in accordance with the Company’s previous accounting policy under IAS 39. Significant accounting policies which outline the current and previous accounting policies pertaining to financial instruments.

New and 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, 2019 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.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied. The Company does not expect the adoption of IFRS 16 to have a significant impact on its financial statements.

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

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

As of the date of this MD&A, the Company has 1,012,500 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 13,000,000 common shares of the Company, at exercise price ranging from \$0.15 to \$0.30, expiring between December 27, 2019 and July 5, 2020.

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

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Q-Gold Resources Ltd.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

Q-Gold Resources Ltd.
Condensed Interim Consolidated Statements Of Financial Position

(Expressed in Canadian dollars - unaudited)

As at	March 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash	\$ 294,246	454,734
Amounts receivable (Note 4)	19,641	35,780
Prepaid expenses (Note 5)	4,327	6,058
Total current assets	318,214	496,572
Total Assets	\$ 318,214	\$ 496,572
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 7,10)	\$ 38,112	76,958
Total Liabilities	38,112	76,958
Shareholders' equity		
Share capital (Note 8)	16,621,121	16,621,121
Warrants (Note 9)	416,730	416,730
Share based payment (Note 9)	192,050	368,599
Deficit	(16,949,799)	(16,986,836)
Total shareholders' equity	280,102	419,614
Total Liabilities and Shareholders' Equity	\$ 318,214	\$ 496,572

Nature of operation and going concern (Note 1)

Commitments and contingencies (Note 15)

Approved by the Board of Directors on May 10, 2019

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

"Fred Leigh"
 Fred Leigh, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Q-Gold Resources Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars - unaudited)

	Three months ended March 31,	
	2019	2018
EXPENSES		
Amortization	\$ -	\$ 72
Consultants (Note 10)	97,212	13,279
Exploration and evaluation expenditures - Arizona (Note 6)	-	8,975
Exploration and evaluation expenditures - Ontario (Note 6)	5,313	4,824
Investor relations and filing fees	9,845	5,577
Professional fees	5,000	3,451
Office expenses	22,894	1,520
Travel	-	101
Total expenses	\$ 140,264	\$ 37,799
Other income (expense)		
Interest income	\$ 1,441	\$ -
Interest expense	(6)	(55)
Foreign exchange (loss) gain	(683)	13,833
	752	13,778
Net loss and comprehensive loss	\$ (139,512)	\$ (24,021)
Loss per share		
- basic and diluted	\$ (0.01)	\$ (0.00)
Weighted average number of shares		
- basic and diluted	19,368,209	9,368,209

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Q-Gold Resources Ltd.
Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)

(Expressed in Canadian dollars - unaudited)

	SHARE CAPITAL		RESERVES		DEFICIT	TOTAL
	NUMBER OF SHARES	AMOUNT (\$)	WARRANTS	SHARE BASED PAYMENTS		
Balance at December 31, 2017	9,368,209	\$ 15,894,481	\$ 157,000	\$ 294,249	\$ (16,451,952)	\$ (106,222)
Share issuance costs	-	(8,386)	-	-	-	(8,386)
Net loss for the period	-	-	-	-	(24,021)	(24,021)
Balance at March 31, 2018	9,368,209	\$ 15,886,095	\$ 157,000	\$ 294,249	\$ (16,475,973)	\$ (138,629)
Balance at December 31, 2018	19,368,209	16,621,121	416,730	368,599	(16,986,836)	419,614
Options expired unexercised	-	-	-	(176,549)	176,549	-
Net loss for the period	-	-	-	-	(139,512)	(139,512)
Balance at March 31, 2019	19,368,209	\$ 16,621,121	\$ 416,730	\$ 192,050	\$ (16,949,799)	\$ 280,102

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Q-Gold Resources Ltd.
Condensed Interim Consolidated Statements Of Cash Flow
(Expressed in Canadian dollars - unaudited)

	Three months ended March 31,	
	2019	2018
Cash (used in) provided by:		
<i>Operating activities</i>		
Net (loss) for the period	\$ (139,512)	\$ (24,021)
Adjustments for items not affecting cash		
Amortization of equipment	-	72
Unrealized foreign exchange loss	16	-
	(139,496)	(23,949)
Changes in non-cash working capital (Note 14)	(20,992)	42,889
Net cash (used in) provided by operating activities	\$ (160,488)	\$ 18,940
<i>Financing activities</i>		
Share issued costs	-	(8,386)
Net cash (used in) financing activities	\$ -	\$ (8,386)
(Decrease) increase in cash during the period	(160,488)	10,554
Cash, beginning of period	454,734	1,469
Cash, end of period	\$ 294,246	\$ 12,023
Supplemental Disclosure		
Interest paid	\$ 6	\$ 55

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars - unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Q-Gold Resources Ltd. ("Q-Gold" or the "Company") was originally incorporated with the name Solana Petroleum Corp. under the Business Corporations Act (Alberta) on March 25, 1998. The Company changed its name on January 21, 2004 to Q-Gold Resources Ltd and continued into British Columbia from the jurisdiction of Alberta, effective December 30, 2011. Effective October 3, 2018, the Company continued into Ontario from the jurisdiction of British Columbia. The Company's registered office is located at 65 Queen Street West, Suite 815, Toronto, Ontario, M5H 2M5.

Q-Gold is a mineral exploration company focused on exploring its mineral properties and has not yet identified a commercial Mineral 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.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration and evaluation programs will result in profitable mining operations. The recoverability of the carrying value of mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

Going Concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations, and do not include any adjustments to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at March 31, 2019, Q-Gold has a working capital of \$280,102 (December 31, 2018 – \$419,614), and a deficit of \$16,949,799 (December 31, 2018 - \$16,986,836). The continuation of Q-Gold as a going concern is dependent upon the ability of the Company to obtain the necessary equity financing to continue operations, the successful results of mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom or realize proceeds from their sale. Q-Gold may periodically have to raise additional capital to fund projects and continue operations and while it has been successful in doing so in the past, there can be no assurance the Company 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.

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars - unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements unless otherwise noted below. The accounting policies have been applied consistently by all groups entities.

Statement of compliance

These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”), and have been prepared in accordance with accounting policies based on the International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. The policies set out in the Company’s annual consolidated financial statements for the year ended December 31, 2018 were consistently applied to all the periods presented unless otherwise noted below.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 10, 2019.

Basis of preparation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are stated at their fair values. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Consolidation

These condensed interim 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.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Changes in accounting policies

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.

Q-Gold Resources Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars - unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

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.

3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

Critical judgment in applying accounting policies:

- Assets' carrying values and impairment charges

Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular year. Management exercises its judgment in determining when such events or changes in circumstances have arisen and where such circumstances evidence a significant or prolonged decline of fair value on assets indicating impairment.

- Control of subsidiaries

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

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars - unaudited)

3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (CONTINUED)

Critical judgment in applying accounting policies: (continued)

- Determination of functional currency

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

Key sources of estimation uncertainty:

- Assets' carrying values and impairment charges

The determination of carrying values and impairment charges and their individual assumptions require that management make an estimate based on the best available information at each reporting period. Under situations where management has determined indicators of impairment are present, an impairment assessment will be performed by management whereupon management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets.

- Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Share based payment transactions and warrants

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

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars - unaudited)

3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (CONTINUED)

Key sources of estimation uncertainty: (continued)

- Income, value added, withholding and other taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- Contingencies

Refer to Notes 1 and 15.

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars - unaudited)

4. AMOUNTS RECEIVABLE

	March 31, 2019		December 31, 2018	
Sales taxes receivable	\$	19,641	\$	35,437
Other		-		343
	\$	19,641	\$	35,780

5. PREPAID EXPENSES

	March 31, 2019		December 31, 2018	
Insurance	\$	4,327	\$	6,058
	\$	4,327	\$	6,058

6. EXPLORATION AND EVALUATION EXPENDITURES

The Company maintains certain mineral claims near Mine Centre, Ontario that include the historic Foley gold mine and the McKenzie Gray gold/silver zone. The Company also holds certain Bureau of Land Management (U.S. Department of the Interior) Mineral Claims near Crown King, Arizona. See Note 15.

	Three months ended March 31,			
	2019		2018	
<u>Mineral Creek Arizona properties</u>				
Labour and consulting	\$	-	\$	8,806
Travel		-		169
	\$	-	\$	8,975
<u>Q-Gold Ontario properties</u>				
Labour and consulting	\$	1,700	\$	3,750
Land and property taxes		1,363		1,074
Rent for Core shacks		2,250		-
	\$	5,313	\$	4,824
Total Exploration and Evaluation Expenditures	\$	5,313	\$	13,799

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars - unaudited)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2019	December 31, 2018
Trade payables	\$ 7,322	\$ 51,853
Accruals	30,790	25,105
	\$ 38,112	\$ 76,958

8. SHARE CAPITAL

a) Authorized

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

On January 16, 2018, the Company's shares were consolidated on a 1 new share for every 4 old share basis. All common shares, options, warrants and per share amounts have been restated to give retroactive effect to the share consolidation.

b) Issued and outstanding common shares

Reconciliation of the number and value of common shares for the periods ended March 31, 2019 and December 31, 2018 were as follows. All issued shares are fully paid.

	Number of Common shares	Amount
Balance, December 31, 2017	9,368,209	\$ 15,894,481
Private placement - units	10,000,000	1,000,000
Value allocation on warrants issued	-	(263,320)
Share issue costs	-	(10,040)
Balance, December 31, 2018 and March 31, 2019	19,368,209	\$ 16,621,121

On July 5, 2018, the Company completed a private placement offering for gross proceeds of \$1,000,000. The offering consisted of: 10,000,000 Units at a price of \$0.10 per Unit. Each Unit consists of one common share of the Company and one common share purchase warrant, entitling the holder to acquire one additional common share at an exercise price of \$0.15 for a period of 24 months from issuance. The issue date fair value of the warrants was estimated at \$263,230 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 99.6%; risk-free interest rate 1.91% and an expected life of 2 years. The Company paid finder fees and other share and warrant issue costs totaled \$13,630. The units were subscribed to in cash for \$936,460 as well as debt settlement of \$63,540.

Q-Gold Resources Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars - unaudited)

9. RESERVES

Options and share purchase warrant transactions for the periods ended March 31, 2019 and December 31, 2018 are summarized as follows:

	Options			Warrants		
	Number of Options	Weighted average exercise prices	Value of options	Number of warrants	Weighted average exercise prices	Value of warrants
December 31, 2017	562,500	\$ 0.20	\$ 294,249	3,000,000	\$ 0.30	\$ 157,000
Granted	900,000	0.20	133,200	10,000,000	0.15	263,320
Expired	(112,500)	(0.20)	(58,850)	-	-	-
Warrant issue costs	-	-	-	-	-	(3,590)
December 31, 2018	1,350,000	\$ 0.20	\$ 368,599	13,000,000	\$ 0.18	\$ 416,730
Expired	(337,500)	(0.20)	(176,549)	-	-	-
March 31, 2019	1,012,500	\$ 0.20	\$ 192,050	13,000,000	\$ 0.18	\$ 416,730

a) 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 shall not be less than 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.

There were no options granted during the three months ended March 31, 2019 and 2018. During the three months ended March 31, 2019, 337,500 options expired unexercised. The weighted average contractual years remaining on the outstanding options, as of March 31, 2019, was 2.57 years (2018 – 3.25 years).

As at March 31, 2019, the Company had stock options outstanding and exercisable as follows:

Grant date	Expiry date	Number Outstanding	Number Exercisable	Exercise Price	Grant date Fair Value
December 18, 2015	December 18, 2020	62,500	62,500	\$0.20	\$ 32,136
June 9, 2016	June 9, 2021	50,000	50,000	\$0.20	\$ 26,714
November 22, 2018	November 22, 2021	900,000	900,000	\$0.20	\$ 133,200
		1,012,500	1,012,500		\$ 192,050

Q-Gold Resources Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars - unaudited)

9. RESERVES (CONTINUED)

b) Warrants

As at March 31, 2018, the Company has share purchase warrants outstanding as follows:

Grant date	Expiry date	Number Outstanding	Number Exercisable	Exercise Price	Grant date Fair Value
December 27, 2017	December 27, 2019	3,000,000	3,000,000	\$0.30	\$ 157,000
July 5, 2018	July 5, 2020	10,000,000	10,000,000	\$0.15	\$ 263,320
		13,000,000	13,000,000		\$ 420,320

10. RELATED PARTY TRANSACTIONS

Compensation of Key Management

Key management includes the Company's directors and officers. Compensation awarded to key management included:

	Three months ended March 31,	
	2019	2018
Short-term benefits	\$ 43,333	\$ 13,279
	\$ 43,333	\$ 13,279

Included in accounts payable and accrued liabilities as at March 31, 2019 is approximately \$5,612 (December 31, 2018 - \$5,108) due to former director and officers of the Company. These amounts are unsecured, non interest bearing and due on demand.

11. FINANCIAL INSTRUMENTS

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

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

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. The Company has no financial instruments recorded at fair value.

Q-Gold Resources Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars - unaudited)

11. FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and financial liabilities as at March 31, 2019 and December 31, 2018 were as follows:

	Amortized cost	Amortized cost	TOTAL
<u>At March 31, 2019</u>			
Financial assets:			
Cash	\$ 294,246	\$ -	\$ 294,246
Amounts receivable	\$ -	\$ -	\$ -
Financial liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 38,112	\$ 38,112
<u>At December 31, 2018</u>			
Financial assets:			
Cash	\$ 454,734	\$ -	\$ 454,734
Amounts receivable	\$ 343	\$ -	\$ 343
Financial liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 76,958	\$ 76,958

12. FINANCIAL RISK FACTORS

Q-Gold is exposed to a number of different risks arising from normal course business exposures, as well as the Company'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. The Company's ability to continue as a going concern is dependent on the Board and Management's ability to raise the required capital through future equity sales or debt issues. As Q-Gold is in the exploration stage, it has no production upon which it could rely to fund its operations or the exploration of its properties.

Financial liabilities consist of accounts payable, which are current and will be settled within one year. As of March 31, 2019, \$5,003 (December 31, 2018 - \$4,110) in accounts payable were aged over ninety days, with \$609 (December 31, 2018 - \$49) being aged between 31-90 days and the remaining \$32,500 (December 31, 2018 - \$72,799) being aged less than 30 days.

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars - unaudited)

12. FINANCIAL RISK FACTORS (CONTINUED)

b) Credit risk

Credit risk is the risk that a 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. With respect to credit risk arising from financial assets of the Company, which comprises cash and minimal receivables, the Company's maximum exposure equals the carrying amount of these instruments. Cash is held with high credit quality financial institutes and credit risk is considered minimal. The Company 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 relative to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of its assets and liabilities. The Company has sought to minimize this risk by keeping its cash reserves in Canadian dollars and only purchasing US dollars as needed. Q-Gold has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

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 the Company's condensed interim consolidated financial statements.

13. CAPITAL DISCLOSURES

Q-Gold's capital structure consists of shareholders' equity and current liabilities. The primary capital management objectives are to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk to facilitate ongoing exploration 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, 2019, Q-Gold had working capital of \$280,102 (December 31, 2018 – \$419,614) and no long-term debt.

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars - unaudited)

13. CAPITAL DISCLOSURES (CONTINUED)

No other capital requirements are imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

14. CHANGE IN WORKING CAPITAL

Change in working capital consists of the following:

	March 31, 2019	March 31, 2018
Accounts receivable	\$ 16,139	\$ 10
Prepaid	1,731	-
Accounts payable	(38,862)	42,879
	\$ (20,992)	\$ 42,889

15. COMMITMENTS AND CONTINGENCIES

Management contracts

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments of up to \$180,000 to be made to the officers of the Company upon the occurrence of certain events such as a change of control. As the triggering effect has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately \$195,939, all due within one year.

Exploration properties

Arizona Mineral Properties

The Company currently holds mineral claims administered by the United States Department of the Interior, Bureau of Land Management in Arizona.

The Company 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 claim) held by Q-Gold's Arizona subsidiary.

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.

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 generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Q-GOLD RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2019

DATED: MAY 10, 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. and its subsidiaries ("Q-Gold" or the "Company") and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the notes thereto for the three months ended March 31, 2019, the audited consolidated financial statements and notes thereto for the years ended December 31, 2018 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 months ended March 31, 2019 have been reviewed by the audit committee and approved by the Company's Board of Directors prior to release.

Qualified Person

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

OVERVIEW

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

Q-Gold is a mineral exploration company focused on exploring its mineral properties near Mine Centre, Ontario and has not yet identified a commercial resource. During the three months ended March 31, 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 (5,267 ounces of gold produced from 1898 to 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 two historic gold mines and over 100 gold veins of various widths, many of which remain to be fully-explored. A second historic mine on Q-Gold’s properties, the “Golden Star”, produced 10,700 ounces of gold in the late 1890’s before surface facilities were destroyed by fire. The Company has not currently confirmed exploration plans for 2019 on its Mine Centre properties.

Crown King, Arizona Properties

The Company also holds 8 Bureau of Land Management (U.S. Department of the Interior) Mineral Claims near Crown King, Arizona, but anticipates relinquishing them shortly.

RESULTS OF OPERATIONS

As the Company is a mineral exploration company, it did not have any revenues or profits from operations during the three months ended March 31, 2019, or as of the date of this MD&A.

The primary operating activities during the three months ended March 31, 2019 consisted of maintaining the Company’s mineral properties, investigating new opportunities and general corporate activities. During the three months ended March 31, 2019, the Company incurred expenditures totaling \$5,313 (2018: \$4,824) on its Mine Centre, Ontario Properties and \$nil (2018: \$8,975) 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:

	2019	2018				2017		
	1st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.
Earnings and Cash Flow								
Net income (loss) attributable to shareholders of the Company	(139,512)	(388,153)	(119,429)	(62,131)	(24,021)	(308,376)	(53,383)	22,877
Income (loss) per share, basic & diluted	(0.01)	(0.02)	(0.01)	(0.01)	(0.00)	(0.05)	(0.01)	0.00
Cash flow from (used in) operating activities	(160,488)	(298,337)	(304,996)	50,230	18,940	(370,884)	128,845	13,049
Cash flow from (used in) investing activities	-	-	-	-	-	-	-	-
Cash flow from (used in) financing activities	-	-	1,000,365	(5,610)	(8,386)	282,513	(43,818)	(24,260)
Balance Sheet								
Total Assets	318,214	496,572	763,601	59,731	14,792	4,321	92,218	6,403

FINANCIAL CONDITION

Net losses for the three months ending March 31, 2019 totaled \$139,512 (\$0.01 per share), compared to losses of \$24,024 (\$0.00 per share) for the same period in 2018.

	Three months ended March 31,	
	2019	2018
EXPENSES		
Amortization	-	72
Consultants	97,212	13,279
Exploration and evaluation - Arizona	-	8,975
Exploration and evaluation - Ontario	5,313	4,824
Investor relations and filing fees	9,845	5,577
Professional fees	5,000	3,451
Office expenses	22,894	1,520
Travel	-	101
Total expenses	140,264	37,799
Other (expense) income		
Interest income	1,441	-
Interest expense	(6)	(55)
Foreign exchange (loss) gain	(683)	13,833
	752	13,778
Net loss and comprehensive loss	(139,512)	(24,021)

Operating expenses were higher in the first quarter of 2019, compared to 2018, as a result of increased activity following the successful closing of the private placement financing in July 2018. General and administrative expenditures increased in the three months ending March 31, 2019 to \$134,951 (2018: \$24,000).

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 months ended March 31, 2019 or 2018. No stock options were granted in the three months ended March 31, 2019 or 2018. Options granted typically vest immediately.

In the three months ending March 31, 2019 and 2018, expenses incurred by the Company on its mineral properties decreased to \$5,313 (2018: \$13,799).

	Three months ended March 31,	
	2019	2018
Mineral Creek, Arizona		
Labour and consulting	-	8,806
Travel	-	169
Total expenses	-	8,975
Mine Centre, Ontario		
Labour and consulting	1,700	3,750
Land and property taxes	1,363	1,074
Rent for core storage	2,250	-
	5,313	4,824

Cash Flows

Operating Activities

Operating activities in the three months ended March 31, 2019 used \$160,488, compared to \$18,940 generated in the three months ended March 31, 2018. In 2018, this included \$42,889 generated as a result of changes in non-cash working capital, compared to \$20,992 cash used by working capital in 2019.

Investing Activities

There were no investing activities in the three months ended March 31, 2019 or 2018.

Financing Activities

There were no financing activities in the three months ended March 31, 2019, while in 2018 share issue costs of \$8,386 were incurred.

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 March 31, 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

As at March 31, 2019, the Company had working capital of \$280,102 compared with \$419,614 as at December 31, 2018, including cash of \$294,246 (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		
	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.
Cash	294,246	454,734	753,072	56,642	12,023	1,469	88,784	3,756
Receivables	23,968	41,838	10,529	2,285	1,899	1,909	2,334	1,353
Current Liabilities	(38,112)	(76,958)	(89,034)	(266,100)	(153,421)	(110,543)	(696,659)	(551,465)
Working Capital	280,102	419,614	674,567	(207,173)	(139,500)	(107,165)	(605,541)	(546,357)

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 currently holds mineral claims administered by the United States Department of the Interior, Bureau of Land Management in Arizona. The Company 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 claim) held by Q-Gold’s Arizona subsidiary.

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 \$195,939 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

Compensation of Key Management

Compensation awarded to key management, including the Company’s directors and officers, during the three months ended March 31, 2019 and 2018 was as follows:

	Three months ended March 31,	
	2019	2018
	\$	\$
Consulting fees	43,333	13,279
Share-based payments	-	-
	43,333	13,279

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 March 31, 2019 is approximately \$5,612 (December 31, 2018: \$5,108) due to 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 mineral 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 mineral reserve 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 19,368,209 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 1,012,500 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 13,000,000 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.

