



Q-GOLD RESOURCES LTD.

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF
SHAREHOLDERS**

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

You are invited to the 2021 annual general and special meeting (the “**Meeting**”) of shareholders (the “**Shareholders**”) of Q-Gold Resources Ltd. (the “**Corporation**”).

When: September 8, 2021 at 11:00 a.m. (EST)

Where: 198 Davenport Road, Toronto, Ontario M5R 1J2

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, 2020, 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, 2021;
2. **Auditor Appointment.** Appoint 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**”); and
5. **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.

AS A RESULT OF THE GOVERNMENTAL PROHIBITION AGAINST GROUP GATHERINGS AND TO HELP REDUCE THE SPREAD OF COVID-19, ONLY REGISTERED SHAREHOLDERS AND/OR THEIR APPOINTEES MAY ATTEND THE MEETING IN PERSON. IN ADDITION, WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO NOT ATTEND THE MEETING IN PERSON AND TO VOTE THEIR SHARES BY COMPLETING AND RETURNING THE ENCLOSED FORM OF PROXY, AS DESCRIBED BELOW.

Shareholders and/or their appointees may participate in the Meeting by way of conference call however votes cannot be cast on the conference call. Please register at https://us02web.zoom.us/join/ztYocU2qqzkiGt2B1oJXeFfaU_XF0AUqPmsS to receive conference call details. Electronic copies of the Meeting materials may be obtained under the Company’s profile at www.SEDAR.com.

The board of directors of the Corporation unanimously recommends that the Shareholders vote FOR each of the appointment of McGovern Hurley LLP as auditor of the Corporation, the election of the directors of the Corporation for the ensuing year, and the approval of the Stock Option Plan.

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 July 22, 2021 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 September 3, 2021, 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 10th day of August, 2021

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “*Evan Veryard*”

Chief Executive Officer

Q-GOLD RESOURCES LTD.

198 Davenport Road,
Toronto, Ontario M5R 1J2

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 198 Davenport Road, Toronto, Ontario M5R 1J2, at 11:00 AM (EST) on September 8, 2021, and any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual General and Special Meeting of Shareholders.

AS A RESULT OF THE GOVERNMENTAL PROHIBITION AGAINST GROUP GATHERINGS AND TO HELP REDUCE THE SPREAD OF COVID-19, ONLY REGISTERED SHAREHOLDERS AND/OR THEIR APPOINTEES MAY ATTEND THE MEETING IN PERSON. IN ADDITION, WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO NOT ATTEND THE MEETING IN PERSON AND TO VOTE THEIR SHARES BY COMPLETING AND RETURNING THE ENCLOSED FORM OF PROXY, AS DESCRIBED BELOW.

Shareholders and/or their appointees may participate in the Meeting by way of conference call however votes cannot be cast on the conference call. Please register at https://us02web.zoom.us/join/zoom/register/tZYocu2qqzkiGt2BloJXeFfaU_XF0AUqPmsS to receive conference call details.

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

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

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

Date of Information Circular

Information contained in this Information Circular is given as at August 10, 2021, 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 September 3, 2021.

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 July 22, 2021, 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 July 22, 2021, the Company had outstanding 44,741,119 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.	4,865,000	10.9%
Sulliden Mining Capital Inc.	5,999,999	13.4%
Robert C. Bryce	5,074,970	11.3%

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⁾
Evan Veryard Chief Executive Officer and Director Ontario, Canada	Chief Executive Officer and Director of the Company	July 2, 2020	None	Nil
Robert C. Bryce Director Quebec, Canada	Private Mining Consultant	November 17, 2011	Audit Committee	5,074,970
Tito Gandhi Director Ontario, Canada	President and Chief Executive Officer of Genesis Casinos Ltd.	July 17, 2019	Audit Committee	Nil
Gregory Biniowsky Director Ontario, Canada	Lawyer and professional director	N/A	Audit Committee	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.

Evan Veryard, the Company's Chairman and CEO and Deborah Battiston, the Company's CFO are the “**Named Executive Officers**” of the Company for the purposes of the following disclosure. There are no other executive officers of the Company whose total compensation exceeded \$150,000 in the financial year ended December 31, 2020. 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			
Evan Veryard ⁽²⁾ Chief Executive Officer	2020	30,000	Nil	52,710	Nil	Nil	Nil	Nil	82,710
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Deborah Battiston ⁽³⁾ Chief Financial Officer	2020	30,000	Nil	15,060	Nil	Nil	Nil	Nil	45,060
	2019	25,000	Nil	Nil	Nil	Nil	Nil	Nil	25,000
Stephen Woodhead Chief Financial Officer	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	40,000	Nil	Nil	Nil	Nil	Nil	Nil	40,000
Fred Leigh ⁽²⁾ Former Chief Executive Officer	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (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) Fred Leigh resigned as Chairman and Chief Executive Officer on July 2, 2020 and Evan Veryard was appointed as Chairman and Chief Executive 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, 2020.

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)
Evan Veryard Chief Executive Officer	350,000	\$0.245	July 9, 2022	\$47,250	Nil	Nil
Deborah Battiston Chief Financial Officer	150,000 100,000	\$0.20 \$0.245	November 22, 2021 July 9, 2022	\$27,000 \$13,500	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)
Evan Veryard Chief Executive Officer	350,000	Nil	Nil
Deborah Battiston Chief Financial Officer	100,000	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, 2020:

Evan Veryard

Evan Veryard entered into an agreement with the Company on July 1, 2020 for the services of Mr. Veryard as the Chief Executive Officer of the Company. Pursuant to the agreement, Mr. Veryard receives a base fee of \$5,000 per month. Mr. Veryard'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. Veryard or the Company shall have one year from the date of such change in control to elect to have Mr. Veryard'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. Veryard that is equivalent to 24 months' base fees plus an amount that is equivalent to all cash bonuses paid to Mr. Veryard in the 24 months prior to the change in control. Following

a change in control, all options granted to Mr. Veryard shall be dealt with in accordance with the terms of the Option Plan; however all options granted to Mr. Veryard, but not yet vested, shall vest immediately.

Jadan Consulting Corporation

Jadan Consulting Corporation entered into an agreement with the Company on June 7, 2019 for the services of Ms. Battiston as the Chief Financial Officer of the Company. Pursuant to the agreement, Ms. Battiston receives a base fee of \$5,000 per month. Ms. Battiston'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 Ms. Battiston or the Company shall have one year from the date of such change in control to elect to have Ms. Battiston'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 Ms. Battiston that is equivalent to 24 months' base fees plus an amount that is equivalent to all cash bonuses paid to Ms. Battiston in the 24 months prior to the change in control. Following a change in control, all options granted to Ms. Battiston shall be dealt with in accordance with the terms of the Option Plan; however all options granted to Ms. Battiston, but not yet vested, shall vest immediately.

"change in control" referenced in the foregoing consulting agreements is defined as:

(1) 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 persons acting jointly or in concert, as such terms are defined in the Securities Act, Ontario of: (A) 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 25% or more of the votes entitled to be cast at a meeting of the shareholders of the Company; (B) shares or rights or options to acquire shares, or their equivalent, 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 25% or more of the votes entitled to be cast a meeting of the shareholders of the material subsidiary; or (C) more than 25% of the material assets of the Company, including the acquisition of more than 25% of the material assets of any material subsidiary of the Company; or

(2) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Company or any of its Affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Company for election to the Company's board of directors do not constitute a majority of the Company's board of directors.

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, 2020.

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 (\$)
Evan Veryard	5,000	120,000	60,000
Deborah Battiston	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	22,590	Nil	Nil	Nil	22,590
Tito Gandhi	Nil	Nil	22,590	Nil	Nil	Nil	22,590
Maurice Colson	Nil	Nil	22,590	Nil	Nil	Nil	22,590

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	9,000	Nil	Nil
	150,000	0.245	July 9, 2022	20,250		
Tito Gandhi	150,000	0.245	July 9, 2022	20,250	Nil	Nil
Maurice Colson	150,000	0.245	July 9, 2022	20,250	Nil	Nil

Incentive Plan Awards - Value Vested or Earned During The Year

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

Name (a)	Option-based awards – Value vested during the year ⁽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	22,590	Nil	30,101
Tito Gandhi	22,590	Nil	Nil

Maurice Colson	22,590	Nil	Nil
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- (1) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

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

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

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	2,175,000	0.23	2,299,112
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	2,175,000	0.23	2,299,112

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 appoint McGovern Hurley LLP ("**McGovern**") as auditors for the Company to hold office until the next annual general meeting and to authorize the directors to fix their remuneration.

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 three directors, one of which are 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. Evan Veryard, 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
Evan Veryard	NIL
Robert C. Bryce	Vision Lithium Inc.
Tito Gandhi	DeFi Technologies Inc.

Gregory Biniowsky	Silo Wellness Inc.
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Orientation and Continuing Education

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

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

Ethical Business Conduct

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

Nomination of Directors

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

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

Other Board Committees

The Board has no committees other than the Audit Committee.

Assessments

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

Compensation

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

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

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

Charter

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

Composition

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

Audit Committee Members	Independent⁽¹⁾	Financially Literate⁽¹⁾
Evan Veryard	No	Yes
Robert C. Bryce	No	Yes
Tito Gandhi	Yes	Yes
Gregory Biniowsky	Yes	Yes

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

Relevant Education and Experience

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).

Mr. Tito Gandhi

Mr. Gandhi has over 32 years of experience in operations, public markets and finance. He has been a technology entrepreneur for the past 20 years. During his time he has bought, operated, restructured, and sold a number of companies. In 1996, he founded and served as President and CEO of Office Solutions Group, a technology solution provider that was acquired by Imagistics/Oce in 2004, which was subsequently acquired by Canon Japan. From 2010 to 2013, Mr. Gandhi was the CFO of Imperus Technologies Corp. From March 2007 to present, Mr. Gandhi has been CEO of Genesis Casinos Ltd. (formerly Raj Gaming Corp.), a casino in the Dominican Republic. Mr. Gandhi has a Higher National Diploma in Business Studies from North Herts College in Hitchin, Hertfordshire, UK

Mr. Gregory Biniowsky

Mr. Biniowsky is a Canadian trained and licensed lawyer who has been a director or officer to a number of international business ventures. He is a fluent Spanish speaker, with more than 30 years' experience working in Latin America as a strategic advisor. He previously worked for the international law firms Gowling WLG and Heenan Blaikie, and also worked as an international development fund manager for the Canadian Department of Foreign Affairs and the United Nations Development Program. Mr. Biniowsky studied at the University of British Columbia, where he obtained a Juris Doctor from the Faculty of Law, and previous to that, at Carleton University and York University, where he studied political science with a focus on Latin America.

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 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, 2020	Fees Paid to Auditor in Year Ended December 31, 2019
Audit Fees ⁽¹⁾	35,000	25,000
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	4,500	3,000
All Other Fees	Nil	Nil
Total	39,500	28,000

- (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 July 22, 2021, 4,474,111 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.

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, 2020 and 2019. Copies

of the Company's financial statements and management discussion and analysis may be obtained upon request from the Company at 198 Davenport Road, Toronto, Ontario M5R 1J2.

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 10th day of August, 2021.

"Evan Veryard"

Evan Veryard
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.

2. **Vesting**

NON-TRANSFERABLE

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.

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

SIGNED, SEALED & DELIVERED
in the presence of

Q-GOLD RESOURCES LTD.

Per: _____
Name: _____
Title: _____

Witness:

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.**



Q-Gold Resources Ltd.

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

Audit. Tax. Advisory.

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 statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity (deficiency) and consolidated statements of cash flows for the years 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, 2020 and 2019 and its consolidated financial performance and its consolidated cash flows for the years 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company, as at December 31, 2020 has limited working capital and an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
April 28, 2021

Q-Gold Resources Ltd.
Consolidated Statements Of Financial Position
(Expressed in Canadian dollars)

As at	December 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash	\$ 447,513	\$ 68,069
Amounts receivable (Note 4)	1,371,877	8,670
Prepaid expenses	11,898	-
Loan receivable (Note 5)	-	21,647
Total current assets	1,831,288	98,386
Total Assets	\$ 1,831,288	\$ 98,386
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 7,10,11)	\$ 552,577	\$ 171,839
Total Liabilities	552,577	171,839
Shareholders' equity (deficiency)		
Share capital (Note 8)	21,995,805	16,685,412
Warrants (Note 9)	144,310	250,129
Share based payment (Note 9)	344,789	169,850
Deficit	(21,206,193)	(17,178,844)
Total shareholders' equity (deficiency)	1,278,711	(73,453)
Total Liabilities and Shareholders' Equity (Deficiency)	\$ 1,831,288	\$ 98,386
Nature of operations and going concern (Note 1)		
Commitments and contingencies (Note 6, 15)		
Subsequent events (Note 17)		

Approved by the Board of Directors on April 28, 2021

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

"Evan Veryard"
Evan Veryard, 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,	
		2020	2019
EXPENSES			
Consultants (Note 10)	\$	328,443	\$ 364,544
Share based payments		260,325	-
Exploration and evaluation expenditures (Note 6)		3,211,899	16,063
Investor relations and filing fees		113,704	37,663
Professional fees		76,064	40,617
Office expenses		81,545	81,120
Travel		-	9,630
Total expenses	\$	4,071,980	\$ 549,637
Other income (expense)			
Interest income	\$	244	\$ 3,427
Foreign exchange gain (loss)		1,303	(1,547)
Total other income (expense)		1,547	1,880
Net loss and comprehensive loss	\$	(4,070,433)	\$ (547,757)
Loss per share			
- basic and diluted	\$	(0.14)	\$ (0.03)
Weighted average number of shares			
- basic and diluted		29,549,103	19,486,080

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			
	NUMBER OF SHARES	AMOUNT (\$)	WARRANTS	SHARE BASED PAYMENTS	TOTAL
Balance at December 31, 2019	19,732,809	\$ 16,685,412	\$ 250,129	\$ 169,850	\$ (17,178,844) (73,453)
Shares issued for property acquisition	13,000,000	2,860,000	-	-	2,860,000
Finder shares issued for property acquisition	800,000	176,000	-	-	176,000
Flow-through shares issued	2,125,000	850,000	-	-	850,000
Warrants issued	-	(131,768)	131,768	-	-
Finder warrants issued	-	(12,542)	12,542	-	-
Share issue costs	-	(32,975)	-	-	(32,975)
Warrants exercised	9,083,310	1,362,497	-	-	1,362,497
Valuation of warrants exercised	-	239,181	(239,181)	-	-
Warrants expired unexercised	-	-	(10,948)	-	10,948
Options granted	-	-	-	207,075	207,075
Options expired unexercised	-	-	-	(32,136)	32,136
Net loss for the year	-	-	-	-	(4,070,433)
Balance at December 31, 2020	44,741,119	\$ 21,995,805	\$ 144,310	\$ 344,789	\$ (21,206,193) 1,278,711
Balance at December 31, 2018	19,368,209	\$ 16,621,121	\$ 416,730	\$ 368,599	\$ (16,986,836) 419,614
Warrants exercised	364,600	54,690	-	-	54,690
Valuation of warrants exercised	-	9,601	(9,601)	-	-
Warrants expired unexercised	-	-	(157,000)	-	157,000
Options expired unexercised	-	-	-	(198,749)	198,749
Net loss for the year	-	-	-	-	(547,757)
Balance at December 31, 2019	19,732,809	\$ 16,685,412	\$ 250,129	\$ 169,850	\$ (17,178,844) (73,453)

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

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

	Years ended December 31,	
	2020	2019
Cash (used in) provided by:		
<i>Operating activities</i>		
Net loss for the year	\$ (4,070,433)	\$ (547,757)
Adjustments for items not affecting cash		
Share based payments	260,325	-
Common shares issued for property acquisition (Note 6, 8)	2,989,866	-
Interest income	-	1,182
Unrealized foreign exchange (gain) loss	(1,949)	727
	(822,191)	(545,848)
Changes in non-cash working capital (Note 14)	281,068	126,817
Net cash (used in) operating activities	\$ (541,123)	\$ (419,031)
<i>Investing activities</i>		
Loan repaid (provided) (Note 5)	23,274	(22,324)
Cash received from subsidiary acquired	27,375	-
Net cash provided from (used in) investing activities	\$ 50,649	\$ (22,324)
<i>Financing activities</i>		
Flow-through units issued (Note 8)	550,000	-
Warrants exercised (Note 4, 8)	327,497	54,690
Share issue costs (Note 8)	(7,579)	-
Net cash provided from financing activities	\$ 869,918	\$ 54,690
Increase (decrease) in cash during the year	\$ 379,444	\$ (386,665)
Cash, beginning of year	68,069	454,734
Cash, end of year	\$ 447,513	\$ 68,069
Supplemental Disclosure		
Share subscription and warrants exercised receivable (Note 4, 8)	\$ 1,335,000	\$ -
Interest paid	-	\$ 6

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, 2020 and 2019

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The registered head office of the Company is located at 65 Queen Street West, Suite 900, Toronto, Ontario, M5H 2M5. The Company's shares trade on the TSX Venture Exchange ("TSXV") under the symbol QGR.

Q-Gold is a mineral exploration company focused on exploring its mineral properties 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 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.

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, 2020, Q-Gold has a working capital of \$1,278,711 (December 31, 2019 – negative working capital of \$73,453), a deficit of \$21,206,193 (December 31, 2019 - \$17,178,844) and a shareholders' equity of \$1,353,633 (December 31, 2019 – deficiency of \$73,453). 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. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

Q-Gold Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

Novel Coronavirus (“COVID-19”)

The COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.

Management is also closely evaluating the impact of COVID-19 on the Company's business. In order for the Company to continue as a going concern and fund its operations, the Company will require additional financing. The availability of financing will be affected by, among other things, the state of the capital markets considering the impact of COVID-19 and strategic partnership arrangements. COVID-19 has not had a significant impact on the Company to December 31, 2020.

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 of the Company and its subsidiaries were 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 28, 2021.

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.

Q-Gold Resources Ltd.
Notes to the Consolidated Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation

These consolidated financial statements include the accounts of the Q-Gold Resources Ltd. and its wholly owned subsidiaries, Q-Gold (Ontario) Ltd., Mineral Creek Resources Inc. and 1253034 BC Ltd.

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. 1253034 BC Ltd. was acquired for the purpose of acquiring the option right to explore the Surupana property in Peru.

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.

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.

Q-Gold Resources Ltd.
Notes to the Consolidated Financial Statements
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(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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

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 fair value through profit or loss (“FVPL”) or fair value through other comprehensive income (“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.

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 and loan 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. The Company does not measure any financial assets at FVPL.

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.

Q-Gold Resources Ltd.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

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 and loan 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.

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 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.

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.

Q-Gold Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

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, 2020 and 2019, 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 and Peru mineral licences) for financial reporting purposes.

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, 2020 and 2019.

Q-Gold Resources Ltd.
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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

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.

Q-Gold Resources Ltd.
Notes to the Consolidated Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Account Changes

During the year ended December 31, 2020, the Company adopted a number of amendments and improvements of existing standards. These included amendments to refine the definition of materiality in IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors came into effect. These amendments did not have any material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements Effective Jan 1, 2021 and beyond

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

The preparation of the 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. 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:

Q-Gold Resources Ltd.
Notes to the Consolidated Financial Statements
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3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (CONTINUED)

Critical judgment in applying accounting policies:

- Control of subsidiaries

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

- 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 Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

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.

4. AMOUNTS RECEIVABLE

	December 31, 2020	December 31, 2019
Sales taxes	\$ 36,877	\$ 7,508
Interest (Note 5)	-	1,162
Others (Note 8)	1,335,000	-
	\$ 1,371,877	\$ 8,670

Q-Gold Resources Ltd.

Notes to the Consolidated Financial Statements

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5. LOAN RECEIVABLE

The Company entered into a short-term loan agreement of US\$16,667 (\$21,647) in 2019. Interest was accrued on the loan principal as well as accrued and unpaid interest at 10% per annum. The loan plus interest accrued was repayable in cash on demand. The borrower could negotiate repayment of the Loan with the Company by way of transfer of securities or other investment products but any arrangement for repayment other than cash remained subject to a subsequent written agreement.

On March 16, 2020, the loan principal plus accrued interest of US\$17,717 (\$24,740) was repaid in full to the Company. As of December 31, 2020, loan principal plus accrued interest of \$Nil (December 31, 2019 - US\$17,562 (\$22,809)) remained outstanding.

At the time the loan was provided, the borrower was not related to the Company. At the time of repayment, the borrower was controlled by a corporation that had an officer and director in common with the Company.

6. EXPLORATION AND EVALUATION EXPENDITURES

	Years ended December 31,	
	2020	2019
<u>Q-Gold Ontario properties</u>		
Consulting	\$ 87,273	\$ 1,700
Claims	7,157	-
Land and property taxes	5,408	5,363
Rent for Core shacks	9,000	9,000
Travel	6,247	
	\$ 115,085	\$ 16,063
<u>Q-Gold Peru properties</u>		
Acquisition	\$ 3,014,866	\$ -
Consulting	81,948	-
	\$ 3,096,814	\$ -
Total Exploration and Evaluation Expenditures	\$ 3,211,899	\$ 16,063

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 previously held certain Bureau of Land Management (U.S. Department of the Interior) Mineral Claims near Crown King, Arizona which were relinquished in 2019. (See Note 15)

On July 20, 2020, the Company entered into an acquisition agreement to indirectly acquire an option agreement through its wholly owned subsidiary 1253034 BC Ltd. ("BCCO") who had acquired an option right to earn a 100% interest (the "Acquisition") in the Surupana Silver Property (the "Surupana Property") on July 6, 2020, covering the historical Surupana Silver Mining Camp, located in central Puno province of southern Peru.

Q-Gold Resources Ltd.

Notes to the Consolidated Financial Statements

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6. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

The Company entered into a share exchange agreement with BCCO and issued 11,000,000 shares of the Company to its shareholders indirectly owning the option right to the Surupana Property in Peru.

Over a period of five years, the Company will have the exclusive right to acquire a 100% interest in the Surupana Property for a proposed aggregate purchase price consisting of:

- \$175,000 payable by Q-Gold in cash over a period of four years (\$25,000 upon closing of the Acquisition (paid); \$25,000 on or before 12 months from Closing; \$25,000 on or before 24 months from Closing; \$25,000 on or before 36 months from Closing; and \$75,000 on or before 48 months from Closing);
- an aggregate of 14,000,000 common shares of Q-Gold inclusive of the 11,000,000 million shares issued to acquire BCCO (the "Payment Shares") (13,000,000 Payment Shares inclusive of the 11,000,000 million shares issued to acquire BCCO upon Closing (issued); 250,000 Payment Shares on or before 12 months from Closing; 250,000 Payment Shares on or before 24 months from Closing; 250,000 Payment Shares on or before 36 months from Closing; and 250,000 Payment Shares 48 months from Closing);
- Q-Gold will be required to incur aggregate exploration expenditures totaling \$1,800,000 over a period of five years on the Surupana Property (\$135,000 on or before 12 months from Closing; an additional \$165,000 on or before 24 months from Closing; an additional \$200,000 on or before 36 months from Closing; \$500,000 on or before 48 months from Closing; and an additional \$800,000 on or before 60 months from Closing); and
- the optionor has been granted a 2.0% net smelter returns royalty upon commencement of commercial production (of which 1.0% can be purchased by Q-Gold for US\$850,000).

In addition, in connection with the Acquisition, the Company issued 800,000 common shares in the capital of Q-Gold to an arm's length finder (the "Finders' Shares"). 11,000,000 of the Payment Shares issued upon closing were not subject to any hold periods under applicable securities laws. The remainder of the Payment Shares and the Finders' Shares will be subject to a four month and one day hold period under applicable securities laws.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2020	December 31, 2019
Trade payables	\$ 374,252	\$ 104,379
Accruals	178,325	67,460
	\$ 552,577	\$ 171,839

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares

Unlimited number of first preferred shares

Unlimited number of second preferred shares

Q-Gold Resources Ltd.

Notes to the Consolidated Financial Statements

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8. SHARE CAPITAL (CONTINUED)

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

b) Issued and outstanding shares

	Number of Common shares		Amount
Balance, December 31, 2018	19,368,209	\$	16,621,121
Shares issued through warrants exercised	364,600		54,690
Valuation on warrants exercised	-		9,601
Balance, December 31, 2019	19,732,809	\$	16,685,412
Shares issued through warrants exercised	9,083,310		1,362,497
Valuation on warrants exercised	-		239,181
Shares issued for acquiring 1253430 BC Ltd.	11,000,000		2,420,000
Shares issued for property	2,000,000		440,000
Finder's shares issued for property	800,000		176,000
Flow through units issued through private placement	2,125,000		850,000
Fair value of warrants issued	-		(131,768)
Share issue costs	-		(45,517)
Balance, December 31, 2020	44,741,119	\$	21,995,805

On December 22, 2020, the Company closed the first tranche of a non-brokered flow-through financing for gross proceeds of \$850,000 (the "First Tranche"). Pursuant to the First Tranche, the Company issued 2,125,000 flow-through units of the Company at a price of \$0.40 per unit. Each unit consists of one flow-through common share of the Company and one-half non-flow-through share purchase warrant. Each whole warrant will entitle the holder to acquire one common share of the Company at an exercise price of \$0.60 for a period of 18 months following the closing date of the First Tranche. In connection with the closing of the First Tranche, the Company has paid aggregate finder's fees of \$28,000 in cash and 70,000 finder's warrants to certain finders. Each finder warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.40 until December 22, 2022. The issue date fair value of the warrants and broker warrants was estimated at \$131,768 and \$12,542 respectively using the Black Scholes option pricing model with the following assumptions: share price of \$0.35, expected dividend yield of 0% and 0%; expected volatility of 114% and 105% (based on the Company's historical volatility); risk-free interest rate of 0.19% and 0.22% and an expected life of 1.5 years and 2 years. The Company also paid additional share issue costs of \$4,775. A 10% Security holder of the Company subscribed 750,000 units for proceeds of \$300,000. As of December 31, 2020, \$300,000 of the proceeds of the subscription remained outstanding and was included in amounts receivable. Subsequent to December 31, 2020, the amount was collected.

On August 17, 2020, the Company issued 13,000,000 shares and 800,000 finders shares pursuant to the closing of acquisition agreement and paid issue cost of \$200 to indirectly acquire an option agreement to earn a 100% interest in the Surupana Silver Property in Peru. The shares were valued based on the quoted market price of the shares at the time of agreement. See Note 6 for details.

Q-Gold Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

8. SHARE CAPITAL (CONTINUED)

In July 2020, 9,083,310 common shares were issued through the exercise of warrants for gross proceeds of \$1,362,497. As of December 31, 2020, proceeds of \$1,035,000 remained outstanding and were included in amount receivable. Subsequent to December 31, 2020, \$1,035,000 was collected.

Of the total warrants exercised, Aberdeen International Inc., Sulliden Mining Capital Corp. and 2437357 Ontario Inc. each exercised 2.5 million of warrants. All three companies are 10% security holders of the Company.

During the year ended December 31, 2019, 364,600 warrants were exercised for gross proceeds of \$54,690.

9. RESERVES

	Options			Warrants		
	Number of options	Weighted average exercise prices	Value of options	Number of warrants	Weighted average exercise prices	Value of warrants
December 31, 2018	1,350,000	\$ 0.20	\$ 368,599	13,000,000	\$ 0.18	\$ 416,730
Exercised	-	-	-	(364,600)	0.15	(9,601)
Expired	(487,500)	0.20	(198,749)	(3,000,000)	0.30	(157,000)
December 31, 2019	862,500	\$ 0.20	\$ 169,850	9,635,400	\$ 0.15	\$ 250,129
Granted	1,375,000	\$ 0.245	\$ 207,075	1,132,500	\$ 0.59	\$ 144,310
Exercised	-	-	-	(9,083,310)	0.15	(239,181)
Expired	(62,500)	0.20	(32,136)	(552,090)	0.15	(14,538)
Warrant issue costs	-	-	-	-	-	3,590
December 31, 2020	2,175,000	\$ 0.23	\$ 344,789	1,132,500	\$ 0.59	\$ 144,310

Warrants

As at December 31, 2020, the Company had warrants outstanding as follows:

	Grant date	Expiry date	Number outstanding	Exercise price	Grant date fair value
Warrants	December 22, 2020	June 22, 2022	1,062,500	\$0.60	\$ 131,768
Finder Warrants	December 22, 2020	December 22, 2022	70,000	\$0.40	\$ 12,542
			1,132,500		\$ 144,310

Q-Gold Resources Ltd.

Notes to the Consolidated Financial Statements

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9. RESERVES (CONTINUED)

Stock options

Q-Gold has established a stock option plan for the benefit of directors, officers, employees and consultants of the Company. 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 may be granted for a maximum term of five years and certain options to employees and consultants vest over periods of time as determined by the board of directors.

On July 9, 2020, the Company granted 1,375,000 options to certain employees, directors, officers and consultants to purchase shares of the Company at \$0.245 per share until July 9, 2022. These options vest immediately. The fair value of the options was estimated using the Black Scholes option pricing model with assumptions based on share price of \$0.25, dividend yield of 0%, expected volatility based on the Company's historical volatility of 118%, risk free interest rate of 0.28% and expected life of 2 years. Of the total options granted, 1,150,000 options were granted to officers and directors of the Company.

There were no options granted during the year ended December 31, 2019. The weighted average contractual years remaining on the outstanding options, as of December 31, 2020, was 1.28 years (December 31, 2019 – 1.8 years).

As at December 31, 2020, the Company had stock options outstanding and exercisable as follows:

Grant date	Expiry date	Number outstanding	Number exercisable	Exercise price	Grant date fair value
June 9, 2016	June 9, 2021	50,000	50,000	\$0.20	\$ 26,714
November 22, 2018	November 22, 2021	750,000	750,000	\$0.20	\$ 111,000
July 9, 2020	July 9, 2022	1,375,000	1,375,000	\$0.245	\$ 207,075
		2,175,000	2,175,000		\$ 344,789

10. RELATED PARTY TRANSACTIONS

The Company shares office space with other companies who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc. to whom the Company pays a fee of \$10,000 per month. As at December 31, 2020, the Company had a payable balance of \$186,055 (December 31, 2019 - \$61,755) to 2227929 Ontario Inc. to cover shared expenses. Amounts owing are unsecured, non-interest bearing and due on demand. Fred Leigh, a former officer and director of the Company, is a director of 2227929 Ontario Inc.

See Note 5, 8 and 9.

Compensation of Key Management

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

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(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of Key Management (Continued)

	Years ended December 31,	
	2020	2019
Short-term benefits	\$ 152,518	\$ 136,667
Share based payments	\$ 173,190	\$ -
	\$ 325,708	\$ 136,667

Included in accounts payable and accrued liabilities as at December 31, 2020 is approximately \$nil (December 31, 2019 - \$8,475) due to an officer 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 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, loan 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.

Financial assets and financial liabilities as at December 31, 2020 and 2019 were as follows:

	Assets & (Liabilities) at amortized cost	Assets & (Liabilities) at fair value through profit & loss	TOTAL
<u>At December 31, 2020</u>			
Financial assets:			
Cash	\$ 447,513	\$ -	\$ 447,513
Amounts receivable	\$ -	\$ 1,335,000	\$ 1,335,000
Financial liabilities:			
Accounts payable and accrued liabilities	\$ (552,577)	\$ -	\$ (552,577)
<u>At December 31, 2019</u>			
Financial assets:			
Cash	\$ 68,069	\$ -	\$ 68,069
Amounts receivable	\$ 1,162	\$ -	\$ 1,162
Loan receivable	\$ 21,647	\$ -	\$ 21,647
Financial liabilities:			
Accounts payable and accrued liabilities	\$ (171,839)	\$ -	\$ (171,839)

Q-Gold Resources Ltd.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
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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.

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 and accrued liabilities, which are current and are expected to be settled within one year.

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. The Company's credit risk is primarily attributable to amounts receivable and loan receivable. Q-Gold is exposed to the risk that the third party that owes its money will not perform their underlying obligation. The total carrying value of these financial instruments at December 31, 2020 was \$1,335,000 (December 31, 2019 - \$22,809). Cash is held with high credit quality financial institutions 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, Peru and historically in 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 would not have a material impact on the Company's consolidated financial statements.

Q-Gold Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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13. CAPITAL DISCLOSURES

Q-Gold's capital structure consists of shareholders' equity (deficiency) 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. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2020 and 2019.

As at December 31, 2020 Q-Gold had a working capital of \$1,278,711 (December 31, 2019 – deficiency of \$73,453) and no long-term debt.

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:

		Years ended December 31,	
		2020	2019
Amounts receivable	\$	(481)	\$ 25,909
Prepaid expenses		(11,898)	6,058
Accounts payable and accrued liabilities		293,447	94,850
	\$	281,068	\$ 126,817

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 \$542,000 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 \$318,500, 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 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.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Exploration properties

Arizona Mineral Properties

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

The Company was required to remit annual claim maintenance payments to the United States Department of the Interior, Bureau of Land Management in the amount of US\$1,240 for the eight mineral claims (US\$ 155 per claim) held by Q-Gold's Arizona subsidiary. The Company has relinquished these claims in 2019.

Ontario Mineral Properties

The mining claims held by Q-Gold in the Kenora Mining Division of Ontario require an annual application of assessment work credits. Through application of Q-Gold's "banked" assessment work credits, its mining claims located in the Kenora Mining Division are not expected to require additional assessment work in 2021.

Peru Surupana Silver Property

The Company is required to make certain options payments in cash and shares and incur exploration spending as per the option agreement signed in July 2020. See Note 6 for details.

Flow-through Commitment

Pursuant to the terms of the flow-through agreements entered into on December 22, 2020, the Company is committed to incurring Canadian Exploration Expenditures of \$850,000 by December 31, 2021. Through December 31, 2020, the Company had incurred \$nil in eligible exploration expenditures which left a \$850,000 expenditure commitment to be made by December 31, 2021. The Company has indemnified the subscribers of current flow-through share offering against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitment.

16. 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% (2019 - 26.5%) were as follows:

	2020 \$	2019 \$
Combined Canadian statutory income tax rate	26.50%	26.50%
(Loss) before income taxes	(4,070,433)	(547,757)
Expected income tax recovery based on statutory rate	(1,079,000)	(145,000)
Adjustment to expected income tax benefit:		
Share based payment	69,000	-
Others	1,010,000	145,000
Deferred income tax provision (recovery)	-	-

Q-Gold Resources Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

16. INCOME TAXES (CONTINUED)

b) Deferred income tax (Continued)

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

	2020 \$	2019 \$
Exploration and evaluation expenditures	289,000	171,000
Share issuance costs	32,000	13,000
Equipment	26,000	26,000
Non-capital loss carry-forward	4,887,000	4,100,000
Total	5,234,000	4,310,000

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, 2020, the Company had estimated non-capital losses for Canadian income tax purposes of approximately \$4,887,000 (2019 - \$4,100,000) available to use against future taxable income. The non-capital losses expire between 2026 and 2040.

17. SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the Company granted 1,040,000 options to certain consultants to purchase shares of the Company at \$0.26 per option until January 8, 2026. Included in this grant are 250,000 options that were due to be issued in 2020 and had been accrued at December 31, 2020.

Subsequent to December 31, 2020, the Company incorporated a subsidiary Q-Gold Resources Peru S.A.C. in Peru.

Subsequent to December 31, 2020, the Company signed a binding Letter of Intent to acquire 90% of the rights of a mining title called the Tintina concession, located in the municipality of Neira, Caldas in Colombia (the "Transaction").

A summary of the agreement terms, subject to the approval of the TSX Venture Exchange, is as follows:

- Q-Gold shall make payment of \$100,000 on closing of the Transaction;
- Q-Gold shall issue 7,000,000 common shares;
- Q-Gold shall make and assume all operating and capital expenditures;
- Q-Gold shall make payment of US\$1,000,000 upon the cumulative production of 250 kilograms of gold (AU) from the mining title;
- Q-Gold shall make payment of US\$1,000,000 upon the cumulative production of 500 kilograms of gold from the mining title; and
- the vendor shall retain a 2% royalty over production from the mining title.

A definitive agreement has not yet been finalized.

Q-GOLD RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
DATED: APRIL 28, 2021

GENERAL

The following Management's Discussion and Analysis ("MD&A") provides a review of the financial position and results of operations of Q-Gold Resources Ltd. ("Q-Gold" or the "Company") and its subsidiaries and should be read in conjunction with the consolidated financial statements and the notes thereto for the years ended December 31, 2020 and 2019. 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 consolidated financial statements have been prepared by management and are 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. Other information contained in this document has been prepared by management and is consistent with the data contained in the consolidated financial statements.

The Company's 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 consolidated financial statements for the years ended December 31, 2020 and 2019 have been reviewed by the audit committee and approved by the Company's Board of Directors prior to release.

Qualified Persons

Ontario Properties

The scientific and technical information contained in this MD&A has been reviewed, prepared and approved by J.W. Patrick Lengyel, P. Geo., Exploration Manager, Q-Gold, who is a "Qualified Person" as defined by NI 43-101.

Surupana Property

The scientific and technical information contained in this MD&A has been reviewed, prepared and approved by Dr. Andreas Rompel, PhD, Pr. Sci. Nat. (400274/04), FSAIMM, Vice President Exploration of Q-Gold, who is a "Qualified Person" as defined by National Instrument 43-101.

OVERVIEW

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

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

Q-Gold is a mineral exploration company focused on exploring its mineral properties near Mine Centre, Ontario and in Peru and has not yet identified a commercial resource. During the year ended December 31, 2020, Q-Gold maintained its precious metals properties, while reviewing prospective alternative opportunities.

Mine Centre, Ontario Properties

The Company has maintained its mineral properties near Mine Centre, Ontario that include the historic Foley gold mine and the McKenzie Gray gold/silver zone.

The claims to the historic gold mines and prospects are contained in more than 10,000 acres of contiguous properties in the Mine Centre area. Over 100 gold-bearing surface quartz veins have been already identified in this classic high-grade Archean lode gold system, and Mine Centre area sits in the middle of two major discoveries: Rainy River (owned by New Gold) and Hammond Reef (owned by Agnico Eagle)(95 km on either side). Of note in the Mine Centre Area are two historic gold mines, Foley and Golden Star, as well as a silver/gold discovery on the McKenzie Gray property. Since 2005, over 5,900 m of drilling was completed at the Foley gold mine with the goal of delineating veins. Since 2009, over 6,500 m of drilling was completed at the McKenzie Gray deposit with the goal of defining the mineralized zone at depth and at edges. Further exploration drilling is required on all claims to determine the size of the deposits and define a resource.

On July 7, 2020, the Company announced its 2020 Mine Centre Area Work Plan, which included a data review and site reclamation work. Since that announcement, the Company completed the data review and determined there was meaningful exploration potential at the Company's Mine Centre claims.

On September 25, 2020, the Company announced its 2020-2021 exploration program at its wholly-owned Foley Gold Mine complex, near the town of Mine Centre, Ontario. The Company will drill targets at the past-producing Foley Gold Mine; a high-grade gold-vein system with over 5,900 m of NI 43-101 compliant drilling with results of up to 53.47 g/t Au over 1.5 m and 106.7 g/t Au over 0.23 m. Previous records indicate that 10,500 tons of ore at 14 g/t was mined from stopes at the 100' level with 5,267 oz of gold recovered between 1898 – 1900.

Specifically, the Company will conduct an estimated 3,000 m diamond drill program to test the high-grade discovery potential at the Foley Gold Mine, including both shallow and deeper holes. Q-Gold's objective at Mine Centre is to complete an updated National Instrument 43-101: Standards of Disclosure for Mineral Projects ("NI 43-101") compliant report on the Foley Gold Mine property with the aim of delineating a NI-43-101 compliant resource. These results will then be used to guide subsequent exploration on the mineralization below the -122m level, which is open in all directions. Success at the Foley Gold Mine complex will then be applied on other high priority vein arrays to continue to build the project's mineral inventory.

On September 30, 2020, the Company announced it submitted an exploration permit for its previously announced 2020-2021 exploration program at its wholly owned Foley Gold Mine complex.

Surupana, Peru Property

On July 20, 2020, the Company entered into an acquisition agreement to indirectly acquire an option agreement through its wholly owned subsidiary 1253034 BC Ltd. (“BCCO”) who acquired the option right on July 6, 2020 to earn a 100% interest (the “Acquisition”) in the Surupana Silver Property (the “Surupana Property”), covering the historical Surupana Silver Mining Camp, located in central Puno province of southern Peru.

The Company entered into a share exchange agreement with BCCO and issued 11,000,000 shares of the Company to its shareholders indirectly owning the option right to the Surupana Property in Peru.

Over a period of five years, the Company will have the exclusive right to acquire a 100% interest in the Surupana Property for a proposed aggregate purchase price consisting of:

- \$175,000 payable by Q-Gold in cash over a period of four years (\$25,000 upon closing of the Acquisition (“Closing”) (paid); \$25,000 on or before 12 months from Closing; \$25,000 on or before 24 months from Closing; \$25,000 on or before 36 months from Closing; and \$75,000 on or before 48 months from Closing);
- an aggregate of 14,000,000 common shares of Q-Gold, inclusive of the 11,000,000 million shares issued to acquire BCCO (the “Payment Shares”) (13,000,000 Payment Shares inclusive of the 11,000,000 million shares issued to acquire BCCO upon Closing (issued); 250,000 Payment Shares on or before 12 months from Closing; 250,000 Payment Shares on or before 24 months from Closing; 250,000 Payment Shares on or before 36 months from Closing; and 250,000 Payment Shares 48 months from Closing);
- Q-Gold will be required to incur aggregate exploration expenditures totaling \$1,800,000 over a period of five years on the Surupana Property (\$135,000 on or before 12 months from Closing; an additional \$165,000 on or before 24 months from Closing; an additional \$200,000 on or before 36 months from Closing; \$500,000 on or before 48 months from Closing; and an additional \$800,000 on or before 60 months from Closing); and
- the optionor has been granted a 2.0% net smelter returns royalty upon commencement of commercial production (of which 1.0% can be purchased by Q-Gold for US\$850,000).

In addition, in connection with the Acquisition, the Company issued 800,000 common shares in the capital of Q-Gold to an arm’s length finder (the “Finders’ Shares”) (issued). 11,000,000 of the Payment Shares issued upon Closing were not subject to any hold periods under applicable securities laws. The remainder of the Payment Shares and the Finders’ Shares will be subject to a four month and one day hold period under applicable securities laws.

Crown King, Arizona Properties

The Company previously held 8 Bureau of Land Management (U.S. Department of the Interior) Mineral Claims near Crown King, Arizona. The Company relinquished these claims in 2019.

Tintina, Colombia Concession

Subsequent to December 31, 2020, the Company signed a binding Letter of Intent to acquire 90% of the rights of a mining title called the Tintina concession, located in the municipality of Neira, Caldas in Colombia (the “Transaction”).

A summary of the agreement terms, subject to the approval of the TSX Venture Exchange, is as follows:

- Q-Gold shall make payment of \$100,000 on closing of the Transaction;
- Q-Gold shall issue 7,000,000 common shares;
- Q-Gold shall make and assume all operating and capital expenditures;
- Q-Gold shall make payment of US\$1,000,000 upon the cumulative production of 250 kilograms of gold (AU) from the mining title;
- Q-Gold shall make payment of US\$1,000,000 upon the cumulative production of 500 kilograms of gold from the mining title; and
- the vendor shall retain a 2% royalty over production from the mining title.

A definitive agreement has not yet been finalized.

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, 2020, or as of the date of this MD&A.

The primary operating activities during the year ended December 31, 2020 consisted of the acquisition of the Surupana Property in Peru, in addition to maintaining the Company's mineral properties and general corporate activities. During the three and twelve months ended December 31, 2020, the Company incurred exploration expenditures totaling \$106,247 and \$3,211,899 (2019: \$1,500 and \$16,063) on its Mine Centre, Ontario Properties and Surupana Property in Peru.

Acquisition, 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, 2020	December 31, 2019	December 31, 2018
	\$	\$	\$
Net loss attributable to shareholders of the Company	4,070,433	547,757	593,734
Basic and diluted loss per share	0.14	0.03	0.04
Total assets	1,831,288	98,386	496,572
Total non-current financial liabilities	-	-	-

The Company's results during the past financial year were driven primarily by the maintenance of its mineral property interests in Ontario, Canada 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:

-

	2020				2019			
Earnings and Cash Flow	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.
	\$	\$	\$	\$	\$	\$	\$	\$
Net (loss)	(377,814)	(3,517,070)	(117,432)	(58,117)	(92,459)	(129,632)	(186,154)	(139,512)
(Loss) per share, basic & diluted	(0.02)	(0.10)	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)
Cash flow from (used in) operating activities	(238,671)	(243,036)	(32,740)	(26,676)	(190)	(81,363)	(176,990)	(160,488)
Cash flow from (used in) investing activities	27,375	-	-	23,274	-	-	(22,324)	-
Cash flow from (used in) financing activities	632,621	94,701	142,596	-	-	54,690	-	-
Balance Sheet								
Total Assets	1,831,288	1,176,750	1,295,725	80,700	98,386	107,300	142,549	318,214

FINANCIAL CONDITION

Net losses for the three and twelve months ending December 31, 2020 totaled \$377,814 and \$4,070,433 (\$0.02 and \$0.14 per share), compared to losses of \$92,459 and \$547,757 (\$0.00 and \$0.03 per share) for the same periods in 2019.

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
EXPENSES				
Consultants	103,382	64,280	328,443	364,544
Share base payments	53,250	-	260,325	-
Exploration and evaluation expenditures	106,247	1,500	3,211,899	16,063
Investor relations and filing fees	48,894	2,720	113,704	37,663
Professional fees	44,696	6,250	76,064	40,617
Office expenses	21,805	17,681	81,545	81,120
Travel	-	-	-	9,630
Total expenses	\$ 378,274	\$ 92,431	\$ 4,071,980	\$ 549,637
Other income (expense)				
Interest income	\$ -	\$ 555	\$ 244	\$ 3,427
Foreign exchange gain (loss)	460	(583)	1,303	(1,547)
Total other income	460	(28)	1,547	1,880
Net loss and comprehensive loss	\$ (377,814)	\$ (92,459)	\$ (4,070,433)	\$ (547,757)

Operating expenses were higher in the three and twelve months ended December 31, 2020, compared to the same periods in 2019 primarily due to share based payments and the acquisition of the Surupana Property in Peru. General and administrative expenses also increased during the year ended December 31, 2020 due to the appointment of additional management consultants, as the Company progressed into new exploration opportunities. Investor relations and filing fees were also increased in relations to the Company's new strategy.

Share based payments of \$53,250 and \$260,325 were recorded in the statement of loss and comprehensive loss during the three and twelve months ended December 31, 2020 (2019: \$nil and \$nil). Share based payments are related to 250,000 options accrued in Q4 2020 and the 1,375,000 stock options granted and vested on July 9, 2020 compared to nil in the comparable period in the prior year. The options granted vest immediately.

During the three and twelve months ended December 31, 2020, expenses incurred by the Company on its mineral properties increased to \$106,247 and \$3,211,899 (2019: \$1,500 and \$16,063).

Acquisition costs of \$(46,134) and \$3,014,866 were recorded during the three and twelve months ended December 31, 2020 in relation to the Surupana Property (2019 - \$nil and \$nil) which consisted of cash payment of \$25,000 and issuance of 13.8 million shares of the Company inclusive of 11 million shares issued to acquire BCCO at a deemed price of \$0.22 per share. Please refer to the overview section for details.

Consulting of \$76,889 and \$87,273 were recorded for the Ontario properties (2019 - \$nil and \$1,700) and \$60,752 and \$81,948 for the Peru property (2019 - \$nil and \$nil) during the three and twelve months ended December 31, 2020 as a result of increased manpower in the exploration activities in 2020.

	Three months ended December 31,			Years ended December 31,		
	2020		2019	2020		2019
<u>Q-Gold Ontario properties</u>						
Consulting	\$	76,889	\$ -	\$	87,273	\$ 1,700
Claims		5,757	-		7,157	-
Land and property taxes		486	-		5,408	5,363
Rent for Core shacks		2,250	1,500		9,000	9,000
Travel		6,247	-		6,247	-
	\$	91,629	\$ 1,500	\$	115,085	\$ 16,063
<u>Q-Gold Peru properties</u>						
Acquisition	\$	(46,134)	\$ -	\$	3,014,866	\$ -
Consulting		60,752	-		81,948	-
	\$	14,618	\$ -	\$	3,096,814	\$ -
Total Exploration and Evaluation Expenditures						
	\$	106,247	\$ 1,500	\$	3,211,899	\$ 16,063

Cash Flows

Operating Activities

Operating activities in the three and twelve months ended December 31, 2020 used \$238,669 and \$541,123, compared to \$190 and \$419,031 in the three and twelve months ended December 31, 2019. In 2020, this included \$132,249 and \$281,068 generated as a result of changes in non-cash working capital, compared to \$91,273 and \$126,817 generated in working capital in 2019. (see non GAAP measures)

Investing Activities

Investing activities in the three and twelve months ended December 31, 2020 generated \$27,375 and \$50,649 from cash received from subsidiary and a loan repaid, compared to \$nil and \$(22,324) used in the three and twelve months ended December 31, 2019.

Financing Activities

Financing activities in the three and twelve months ended December 31, 2020 generated \$632,621 and \$869,918 through private placement financing and warrants exercised compared to \$nil and \$54,690 for warrants exercised during the three and twelve months ended December 31, 2019.

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 must 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 have commitments for option payments and exploration expenditures in the next five years on the Surupana Property in Peru. As at December 31, 2020, 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.

Non IFRS Measures

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

As at December 31, 2020, the Company had working capital of \$1,278,711 compared with a deficiency of \$(73,453) as at December 31, 2019, including cash of \$447,513 (December 31, 2019: \$68,069). 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.

	2020				2019			
	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	447,513	26,186	174,522	64,667	68,069	68,257	94,931	294,246
Receivables/Prepays	1,383,775	1,150,564	1,121,203	16,033	8,670	16,971	25,806	23,968
Loan receivable	-	-	-	-	21,647	22,072	21,812	-
Current Liabilities	(552,577)	(337,450)	(299,631)	(212,270)	(171,839)	(88,294)	(48,601)	(38,112)
Working Capital	1,278,711	839,300	996,094	(131,570)	(73,453)	19,006	93,948	280,102

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

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 2021.

Arizona Mineral Properties

The Company previously held mineral claims administered by the United States Department of the Interior, Bureau of Land Management in Arizona. The Company was required to remit annual claim maintenance payments to the United States Department of the Interior, Bureau of Land Management in the amount of US\$ 1,240 for the eight mineral claims (US\$ 155 per claim) held by Q-Gold's Arizona subsidiary. The Company relinquished these claims in 2019.

Peru Surupana Silver Property

The Company is required to make certain options payments in cash and shares and incurred exploration spending as per the option agreement signed in July 2020. See Overview section for more details.

Flow-through Commitment

Pursuant to the terms of the flow-through agreements entered into on December 22, 2020, the Company is committed to incurring Canadian Exploration Expenditures of \$850,000 by December 31, 2021. Through December 31, 2020, the Company had incurred \$nil in eligible exploration expenditures which left a \$850,000 expenditure commitment to be made by December 31, 2021. The Company has indemnified the subscribers of current flow-through share offering against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitment.

Management contracts

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments of \$542,000 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 the consolidated financial statements. Minimum management

contractual commitments remaining under the agreements are approximately \$318,500 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 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.

RELATED PARTY TRANSACTIONS

The Company shares office space with other companies who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc. to whom the Company pays a fee of \$10,000 per month. As at December 31, 2020, the Company had a payable balance of \$186,055 (December 31, 2019 - \$61,755) to 2227929 Ontario Inc. to cover shared expenses. Amounts owing are unsecured, non-interest bearing and due on demand. Fred Leigh, a former officer and director of the Company, is a director of 2227929 Ontario Inc.

Compensation of Key Management

Compensation awarded to key management, including the Company's directors and officers, during the year ended December 31, 2020 and 2019 were as follows:

	Years ended December 31,	
	2020	2019
Short-term benefits	\$ 152,518	\$ 136,667
Share based payments	\$ 173,190	\$ -
	\$ 325,708	\$ 136,667

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, 2020 is approximately \$nil (December 31, 2019: \$8,475) due to an officer of the Company. The amounts are unsecured, non-interest bearing and due on demand.

During 2019, the Company provided a short-term loan of US\$16,667 to a third-party borrower. Such loan principal plus accrued interest of US\$17,717 was repaid in March 2020. At the time of repayment, the borrower was controlled by a corporation that had an officer and director in common with the Company. Deborah Battiston the CFO of the Company is an officer and Fred Leigh a former director of the Company is a director of the Company that controls the borrower.

In June 2020, Aberdeen International Inc., Sulliden Mining Capital Corp. and 2437357 Ontario Inc. each exercised 2.5 million of warrants. As of December 31, 2020, the company has a receivable of \$1,035,000 from these companies from the warrants exercised. All three companies are 10% security holders of the Company.

On July 9, 2020, the Company granted a total of 1,150,000 stock options to officers and directors of the Company.

In December 2020, a 10% security holder of the company participated in the private placement financing and subscribed 750,000 Flow-through units. The proceeds of the subscription remained outstanding as of December 31, 2020.

MANAGEMENT CHANGE

On July 2, 2020, the Company announced that it has appointed Evan Veryard as the new Chief Executive Officer and Director of the Company. Mr. Veryard currently serves as the Vice President of Investor Relations at Flora Growth Corp., a private, Toronto-based cannabis company. In his previous role as President of Capital 10X, Mr. Veryard worked with public and private companies in the metals and cannabis industries on their digital investor relations strategies to help them drive out more clear messaging and increase investor awareness. Mr. Veryard obtained his Bachelor of Chemical Engineering from McGill University and Master's of Applied Science in Chemical Engineering from the Royal Military College of Canada. Mr. Veryard is also the Founder and Chairman of a national charity, Focus Forward for Indigenous Youth, where he's worked closely with Indigenous communities on infrastructure development projects. During his time as Chairman, he also helped secure partnerships and funding from international organizations and federal and provincial governments. Mr. Veryard replaces Fred Leigh, the former Chief Executive Officer and former Director of the Company.

On August 17, 2020, the Company announced that it has appointed Dr. Andreas Rompel ("Andy") as its new Vice President of Exploration. Dr. Rompel has over 30 years of exploration and mining experience in a wide range of roles. Dr. Rompel has worked in a variety of commodities, including precious metals and base metals as well as coking coal and cobalt. For more than a decade, Andy evaluated capital projects within Anglo American and was on the board of Spectrem (an Anglo-American Company) as Technical Director. Previously, Dr. Rompel worked in Peru where he was the Corporate Manager of Business Development, responsible for the evaluation and acquisition of mining projects in North and South America. Dr. Rompel is filling a vacant role as VP Exploration of Q-Gold.

CRITICAL MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of the Company's 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 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

Account Changes

During the year ended December 31, 2020, the Company adopted a number of amendments and improvements of existing standards. These included amendments to refine the definition of materiality in IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors came into effect. These amendments did not have any material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements Effective Jan 1, 2021 and beyond

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

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 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.

Novel Coronavirus ("COVID-19")

The COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.

Management is also closely evaluating the impact of COVID-19 on the Company's business. In order for the Company to continue as a going concern and fund its operations, the Company will require additional financing. The availability of financing will be affected by, among other things, the state of the capital markets considering the impact of COVID-19 and strategic partnership arrangements. COVID-19 has not had a significant impact on the Company to December 31, 2020.

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 44,741,119 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 3,215,000 stock options outstanding to directors, officers, employees and consultants of the Company with an exercise price ranging from \$0.20 to \$0.26 per share and expiring between June 9, 2021 and January 8, 2026.

As of the date of this MD&A, the Company has 1,132,500 warrants outstanding with an exercise price ranging from \$0.40 to \$0.60 per share and expiring between June 22, 2022 to December 22, 2022.

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.



Q-Gold Resources Ltd.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(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)

As at		March 31, 2021		December 31, 2020
ASSETS				
Current assets				
Cash	\$	965,155	\$	447,513
Amounts receivable (Note 4)		441,504		1,371,877
Prepaid expenses		29,835		11,898
Total current assets		1,436,494		1,831,288
Total Assets	\$	1,436,494	\$	1,831,288
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current liabilities				
Accounts payable and accrued liabilities (Note 6,9,10)	\$	560,849	\$	552,577
Total Liabilities		560,849		552,577
Shareholders' equity (deficiency)				
Share capital (Note 7)		21,995,805		21,995,805
Warrants		144,310		144,310
Share based payment (Note 8)		566,309		344,789
Deficit		(21,830,779)		(21,206,193)
Total shareholders' equity (deficiency)		875,645		1,278,711
Total Liabilities and Shareholders' Equity (Deficiency)	\$	1,436,494	\$	1,831,288

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 6, 15)

Subsequent events (Note 17)

Approved by the Board of Directors on May 28, 2021

"Robert C. Bryce"

Robert C. Bryce, Director

"Evan Veryard"

Evan Veryard, 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)

		Three months ended March 31,	
		2021	2020
EXPENSES			
Consultants (Note 9)	\$	95,737	\$ 21,588
Share based payments		168,270	-
Exploration and evaluation expenditures (Note 5)		314,007	4,282
Investor relations and filing fees		17,154	9,082
Professional fees		8,617	7,125
Office expenses		19,929	19,011
Travel		-	-
Total expenses	\$	623,714	\$ 61,088
Other income (expense)			
Interest income	\$	159	\$ 203
Interest expense on flow through expenditure		(1,049)	-
Foreign exchange gain		18	2,768
Total other (expense) income		(872)	2,971
Net loss and comprehensive loss	\$	(624,586)	\$ (58,117)
Loss per share			
- basic and diluted	\$	(0.01)	\$ (0.00)
Weighted average number of shares			
- basic and diluted		44,741,119	19,732,809

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 Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)

	SHARE CAPITAL		RESERVES			
	NUMBER OF SHARES	AMOUNT (\$)	WARRANTS	SHARE BASED PAYMENTS	DEFICIT	TOTAL
Balance at December 31, 2020	44,741,119	\$ 21,995,805	\$ 144,310	\$ 344,789	\$ (21,206,193)	\$ 1,278,711
Options granted	-	-	-	221,520	-	221,520
Net loss for the period	-	-	-	-	(624,586)	(624,586)
Balance at March 31, 2021	44,741,119	\$ 21,995,805	\$ 144,310	\$ 566,309	\$ (21,830,779)	\$ 875,645
Balance at December 31, 2019	19,732,809	\$ 16,685,412	\$ 250,129	\$ 169,850	\$ (17,178,844)	\$ (73,453)
Net loss for the period	-	-	-	-	(58,117)	(58,117)
Balance at March 31, 2020	19,732,809	\$ 16,685,412	\$ 250,129	\$ 169,850	\$ (17,236,961)	\$ (131,570)

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)

	Three months ended March 31,	
	2021	2020
Cash (used in) provided by:		
<i>Operating activities</i>		
Net loss for the period	\$ (624,586)	\$ (58,117)
Adjustments for items not affecting cash		
Share based payments	168,270	-
Interest expense on flow through shares	1,049	-
Unrealized foreign exchange (gain)	-	(1,729)
	(455,267)	(59,846)
Changes in non-cash working capital (Note 13)	12,909	33,170
Net cash (used in) operating activities	\$ (442,358)	\$ (26,676)
<i>Investing activities</i>		
Loan repaid (provided)	-	23,274
Net cash provided from investing activities	\$ -	\$ 23,274
<i>Financing activities</i>		
Flow-through units issued (Note 7)	300,000	-
Warrants exercised (Note 4, 7)	660,000	-
Net cash provided from financing activities	\$ 960,000	\$ -
Increase (decrease) in cash during the year	\$ 517,642	\$ (3,402)
Cash, beginning of period	447,513	68,069
Cash, end of period	\$ 965,155	\$ 64,667
Supplemental Disclosure		
Warrants exercised receivable (Note 4, 7)	\$ 375,000	\$ -

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, 2021 and 2020

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The registered head office of the Company is located at 65 Queen Street West, Suite 900, Toronto Ontario M5H 2M5. The Company's shares trade on the TSX Venture Exchange ("TSXV") under the symbol QGR.

Q-Gold is a mineral exploration company focused on exploring its mineral properties 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 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.

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, 2021, Q-Gold has a working capital of \$875,645 (December 31, 2010 – \$1,278,711), a deficit of \$21,830,779 (December 31, 2020 - \$21,206,193) and a shareholders' equity of \$875.645 (December 31, 2020 – \$1,278,711). 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. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

Novel Coronavirus ("COVID-19")

The COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.

Management is also closely evaluating the impact of COVID-19 on the Company's business. In order for the Company to continue as a going concern and fund its operations, the Company will require additional financing. The availability of financing will be affected by, among other things, the state of the capital markets considering the impact of COVID-19 and strategic partnership arrangements. COVID-19 has not had a significant impact on the Company to March 31, 2021.

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, 2020 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 28, 2021.

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.

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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., Mineral Creek Resources Inc., 253034 BC Ltd. and Q-Gold Resources Peru S.A.C.

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. 1253034 BC Ltd. was acquired for the purpose of acquiring the option right to explore the Surupana property in Peru. Q-Gold Resources Peru S.A.C. was incorporated for the exploration of the Surupana property in Peru.

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.

Future Accounting Changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

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. 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:

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (CONTINUED)

Critical judgment in applying accounting policies:

- Control of subsidiaries

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

- 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, 2021 and 2020

(Expressed in Canadian dollars)

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.

4. AMOUNTS RECEIVABLE

	March 31, 2021	December 31, 2020
Sales taxes	\$ 66,504	\$ 36,877
Others (Note 9)	375,000	1,335,000
	\$ 441,504	\$ 1,371,877

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION EXPENDITURES

	Three months ended March 31,	
	2021	2020
<u>Q-Gold Ontario properties</u>		
Consulting	\$ 99,830	\$ 550
Claims	12,814	-
Field expenses	4,981	-
Land and property taxes	715	1,482
Rent for Core shacks	2,250	2,250
Surveying	137,597	-
	\$ 258,187	\$ 4,282
<u>Q-Gold Peru properties</u>		
Consulting	55,820	-
	\$ 55,820	\$ -
Total Exploration and Evaluation Expenditures	\$ 314,007	\$ 4,282

The Company maintains certain mineral claims near Mine Centre, Ontario that include the historic Foley gold mine and the McKenzie Gray gold/silver zone.

On July 20, 2020, the Company entered into an acquisition agreement to indirectly acquire an option agreement through its wholly owned subsidiary 1253034 BC Ltd. ("BCCO") who had acquired an option right to earn a 100% interest (the "Acquisition") in the Surupana Silver Property (the "Surupana Property") on July 6, 2020, covering the historical Surupana Silver Mining Camp, located in central Puno province of southern Peru.

The Company entered into a share exchange agreement with BCCO and issued 11,000,000 shares of the Company to its shareholders indirectly owning the option right to the Surupana Property in Peru.

Over a period of five years, the Company will have the exclusive right to acquire a 100% interest in the Surupana Property for a proposed aggregate purchase price consisting of:

- \$175,000 payable by Q-Gold in cash over a period of four years (\$25,000 upon closing of the Acquisition (paid); \$25,000 on or before 12 months from Closing; \$25,000 on or before 24 months from Closing; \$25,000 on or before 36 months from Closing; and \$75,000 on or before 48 months from Closing);
- an aggregate of 14,000,000 common shares of Q-Gold inclusive of the 11,000,000 million shares issued to acquire BCCO (the "Payment Shares") (13,000,000 Payment Shares inclusive of the 11,000,000 million shares issued to acquire BCCO upon Closing (issued); 250,000 Payment Shares on or before 12 months from Closing; 250,000 Payment Shares on or before 24 months from Closing; 250,000 Payment Shares on or before 36 months from Closing; and 250,000 Payment Shares 48 months from Closing);

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

- Q-Gold will be required to incur aggregate exploration expenditures totaling \$1,800,000 over a period of five years on the Surupana Property (\$135,000 on or before 12 months from Closing; an additional \$165,000 on or before 24 months from Closing; an additional \$200,000 on or before 36 months from Closing; \$500,000 on or before 48 months from Closing; and an additional \$800,000 on or before 60 months from Closing); and
- the optionor has been granted a 2.0% net smelter returns royalty upon commencement of commercial production (of which 1.0% can be purchased by Q-Gold for US\$850,000).

In addition, in connection with the Acquisition, the Company issued 800,000 common shares in the capital of Q-Gold to an arm's length finder (the "Finders' Shares"). 11,000,000 of the Payment Shares issued upon closing were not subject to any hold periods under applicable securities laws. The remainder of the Payment Shares and the Finders' Shares will be subject to a four month and one day hold period under applicable securities laws.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2021	December 31, 2020
Trade payables	\$ 453,350	\$ 374,252
Accruals	107,499	178,325
	\$ 560,849	\$ 552,577

7. SHARE CAPITAL

	Number of Common shares	Amount
Balance, December 31, 2019	19,732,809	\$ 16,685,412
Shares issued through warrants exercised	9,083,310	1,362,497
Valuation on warrants exercised	-	239,181
Shares issued for acquiring 1253430 BC Ltd.	11,000,000	2,420,000
Shares issued for property	2,000,000	440,000
Finder's shares issued for property	800,000	176,000
Flow through units issued through private placement	2,125,000	850,000
Fair value of warrants issued	-	(131,768)
Share issue costs	-	(45,517)
Balance, December 31, 2020 and March 31, 2021	44,741,119	\$ 21,995,805

During Q1, 2021, the Company received outstanding proceeds of \$300,000 in connection with flow through units subscribed by a related company. The Company also received outstanding proceeds of \$660,000 in connection with warrants exercised by related companies. Proceeds of the remaining balance of \$375,000 was received subsequent to March 31, 2021.

Of the total warrants exercised in 2020, Aberdeen International Inc., Sulliden Mining Capital Corp. and 2437357 Ontario Inc. each exercised 2.5 million of warrants. All three companies are 10% security holders of the Company.

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

8. RESERVES

	Options			Warrants		
	Number of options	Weighted average exercise prices	Value of options	Number of warrants	Weighted average exercise prices	Value of warrants
December 31, 2020	2,175,000	\$ 0.23	\$ 344,789	1,132,500	\$ 0.59	\$ 144,310
Granted	1,040,000	\$ 0.26	\$ 221,520	-	-	\$ -
March 31, 2021	3,215,000	\$ 0.24	\$ 566,309	1,132,500	\$ 0.59	\$ 144,310

Stock options

Q-Gold has established a stock option plan for the benefit of directors, officers, employees and consultants of the Company. 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 may be granted for a maximum term of five years and certain options to employees and consultants vest over periods of time as determined by the board of directors.

As at March 31, 2021, the Company had stock options outstanding and exercisable as follows:

Grant date	Expiry date	Number outstanding	Number exercisable	Exercise price	Grant date fair value
June 9, 2016	June 9, 2021	50,000	50,000	\$0.20	\$ 26,714
November 22, 2018	November 22, 2021	750,000	750,000	\$0.20	\$ 111,000
July 9, 2020	July 9, 2022	1,375,000	1,375,000	\$0.245	\$ 207,075
January 8, 2021	January 8, 2026	1,040,000	1,040,000	\$0.260	\$ 221,520
		3,215,000	3,215,000		\$ 566,309

On January 8, 2021, the Company granted 1,040,000 options to certain officers and consultants of the Company to purchase shares of the Company at a price of \$0.26 per share until January 8, 2026. These options vested immediately. The fair value of the options was estimated using the Black Scholes option pricing model with assumptions based on share price of \$0.26, dividend yield of 0%, expected volatility based on the Company's historical volatility of 119%, risk free interest rate of 0.44% and expected life of 5 years. Of the total options, 250,000 options granted to an officer were accrued during Q4, 2020.

There were no options granted during the three months ended March 31, 2020. The weighted average contractual years remaining on the outstanding options, as of March 31, 2021, was 2.24 years (December 31, 2020 – 1.28 years).

9. RELATED PARTY TRANSACTIONS

The Company shares office space with other companies who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc. to whom the Company pays a fee of \$10,000 per month. As at March 31, 2021, the Company had a payable balance of \$219,955 (December 31, 2020 - \$186,055) to 2227929 Ontario Inc. to cover shared expenses. Amounts owing are unsecured, non-interest bearing and due on demand. Fred Leigh, a former officer and director of the Company, is a director of 2227929 Ontario Inc.

See Notes 7 and 8.

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of Key Management

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

	Three months ended March 31,	
	2021	2020
Short-term benefits	\$ 67,750	\$ -
Share based payments	\$ 53,250	\$ -
	<u>\$ 121,000</u>	<u>\$ -</u>

Included in accounts payable and accrued liabilities as at March 31, 2021 is approximately \$nil (December 31, 2020 - \$nil) due to an officer of the Company. These amounts are unsecured, non-interest bearing and due on demand.

10. 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, loan 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.

Financial assets and financial liabilities as at March 31, 2021 were as follows:

	Assets & (Liabilities) at amortized cost	Assets & (Liabilities) at fair value through profit & loss	TOTAL
<u>At March 31, 2021</u>			
Financial assets:			
Cash	\$ 965,155	\$ -	\$ 965,155
Amounts receivable	\$ -	\$ 375,000	\$ 375,000
Financial liabilities:			
Accounts payable and accrued liabilities	\$ (560,849)	\$ -	\$ (560,849)

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

11. 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.

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 and accrued liabilities, which are current and are expected to be settled within one year.

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. The Company's credit risk is primarily attributable to amounts receivable and loan receivable. Q-Gold is exposed to the risk that the third party that owes its money will not perform their underlying obligation. The total carrying value of these financial instruments at March 31, 2021 was \$375,000 (December 31, 2020- \$1,335,000). Cash is held with high credit quality financial institutions 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, Peru and historically in 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 would not have a 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, 2021 and 2020

(Expressed in Canadian dollars)

12. CAPITAL DISCLOSURES

Q-Gold's capital structure consists of shareholders' equity (deficiency) 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. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2021 and 2019.

As at March 31, 2021 Q-Gold had a working capital of \$875,645 (December 31, 2020 - \$1,278,711) and no long-term debt.

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.

13. CHANGE IN WORKING CAPITAL

Change in working capital consists of the following:

	Three months ended March 31,			
	2021		2020	
Amounts receivable	\$	(29,627)	\$	(2,935)
Prepaid expenses		(17,937)		(4,327)
Accounts payable and accrued liabilities		60,473		40,432
	\$	12,909	\$	33,170

14. COMMITMENTS AND CONTINGENCIES

Management contracts

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments of \$542,000 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 \$318,500, 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 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.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Exploration properties

Arizona Mineral Properties

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

The Company was required to remit annual claim maintenance payments to the United States Department of the Interior, Bureau of Land Management in the amount of US\$1,240 for the eight mineral claims (US\$ 155 per claim) held by Q-Gold's Arizona subsidiary. The Company has relinquished these claims in 2019.

Ontario Mineral Properties

The mining claims held by Q-Gold in the Kenora Mining Division of Ontario require an annual application of assessment work credits. Through application of Q-Gold's "banked" assessment work credits, its mining claims located in the Kenora Mining Division are not expected to require additional assessment work in 2021.

Peru Surupana Silver Property

The Company is required to make certain options payments in cash and shares and incur exploration spending as per the option agreement signed in July 2020. See Note 5 for details.

Flow-through Commitment

Pursuant to the terms of the flow-through agreements entered into on December 22, 2020, the Company is committed to incurring Canadian Exploration Expenditures of \$850,000 by December 31, 2021. Through March 31, 2021, the Company had incurred \$238,299 in eligible exploration expenditures which leaves a \$611,701 expenditure commitment to be made by December 31, 2021. The Company has indemnified the subscribers of current flow-through share offering against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitment.

15. SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the Company signed a binding Letter of Intent to acquire 90% of the rights of a mining title called the Tintina concession, located in the municipality of Neira, Caldas in Colombia (the "Transaction").

A summary of the agreement terms, subject to the approval of the TSX Venture Exchange, is as follows:

- Q-Gold shall make payment of \$100,000 on closing of the Transaction;
- Q-Gold shall issue 7,000,000 common shares;
- Q-Gold shall make and assume all operating and capital expenditures;
- Q-Gold shall make payment of US\$1,000,000 upon the cumulative production of 250 kilograms of gold (AU) from the mining title;
- Q-Gold shall make payment of US\$1,000,000 upon the cumulative production of 500 kilograms of gold from the mining title; and
- the vendor shall retain a 2% royalty over production from the mining title.

A definitive agreement has not yet been finalized.

Q-Gold Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

16. SUBSEQUENT EVENTS (continued)

Subsequent to March 31, 2021, the Company entered into a loan agreement with Quebec Aur Ltd. ("Quebec Aur") and loaned \$250,000 to Quebec Aur. Interest on the principal as well as interest on interest accrued and unpaid when due is calculated at 12% per annum. Outstanding loan principal plus all accrued interest are due and repayable on or before May 3, 2022.

Q-GOLD RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
DATED: MAY 28, 2021

GENERAL

The following Management's Discussion and Analysis ("MD&A") provides a review of the financial position and results of operations of Q-Gold Resources Ltd. ("Q-Gold" or the "Company") and its subsidiaries and should be read in conjunction with the condensed interim consolidated financial statements and the notes thereto for the three months ended March 31, 2021 and 2020, the consolidated financial statements and the notes thereto for the years ended December 31, 2020 and 2019. 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 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 three months ended December 31, 2019, 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 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 condensed interim consolidated financial statements for the three months ended March 31, 2021 and 2020 have been reviewed by the audit committee and approved by the Company's Board of Directors prior to release.

Qualified Persons

Ontario Properties

The scientific and technical information contained in this MD&A has been reviewed, prepared and approved by J.W. Patrick Lengyel, P. Geo., Exploration Manager, Q-Gold, who is a "Qualified Person" as defined by NI 43-101.

Surupana Property

The scientific and technical information contained in this MD&A has been reviewed, prepared and approved by Dr. Andreas Rompel, PhD, Pr. Sci. Nat. (400274/04), FSAIMM, Vice President Exploration of Q-Gold, who is a "Qualified Person" as defined by National Instrument 43-101.

OVERVIEW

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

The registered head office of the Company is located at 65 Queen Street West Suite 900, Toronto Ontario M5H 2M5. The Company's shares trade on the TSX Venture Exchange ("TSXV") under the symbol QGR.

Q-Gold is a mineral exploration company focused on exploring its mineral properties near Mine Centre, Ontario and in Peru and has not yet identified a commercial resource. During the three months ended March 31, 2021, Q-Gold maintained its precious metals properties, while reviewing prospective alternative opportunities.

Mine Centre, Ontario Properties

The Company has maintained its mineral properties near Mine Centre, Ontario that include the historic Foley gold mine and the McKenzie Gray gold/silver zone.

The claims to the historic gold mines and prospects are contained in approximately 10,000 acres of contiguous properties in the Mine Centre area. Over 100 gold-bearing surface quartz veins have been already identified in this classic high-grade Archean lode gold system, and Mine Centre area sits in the middle of two major discoveries: Rainy River (owned by New Gold) and Hammond Reef (owned by Agnico Eagle)(95 km on either side). Of note in the Mine Centre Area are two historic gold mines, Foley and Golden Star, as well as a silver/gold discovery on the McKenzie Gray property. Since 2005, over 5,900 m of drilling was completed at the Foley gold mine with the goal of delineating veins. Since 2009, over 6,500 m of drilling was completed at the McKenzie Gray deposit with the goal of defining the mineralized zone at depth and at edges. Further exploration drilling is required on all claims to determine the size of the deposits and define a resource.

On July 7, 2020, the Company announced its 2020 Mine Centre Area Work Plan, which included a data review and site reclamation work. Since that announcement, the Company completed the data review and determined there was meaningful exploration potential at the Company's Mine Centre claims.

On September 25, 2020, the Company announced its 2020-2021 exploration program at its wholly-owned Foley Gold Mine complex, near the town of Mine Centre, Ontario. The Company will drill targets at the past-producing Foley Gold Mine; a high-grade gold-vein system with over 5,900 m of NI 43-101 compliant drilling with results of up to 53.47 g/t Au over 1.5 m and 106.7 g/t Au over 0.23 m. Previous records indicate that 10,500 tons of ore at 14 g/t was mined from stopes at the 100' level with 5,267 oz of gold recovered between 1898 – 1900.

Specifically, the Company will conduct an estimated 3,000 m diamond drill program to test the high-grade discovery potential at the Foley Gold Mine, including both shallow and deeper holes. Q-Gold's objective at Mine Centre is to complete an updated National Instrument 43-101: Standards of Disclosure for Mineral Projects ("NI 43-101") compliant report on the Foley Gold Mine property with the aim of delineating a NI-43-101 compliant resource. These results will then be used to guide subsequent exploration on the mineralization below the -122m level, which is open in all directions. Success at the Foley Gold Mine complex will then be applied on other high priority vein arrays to continue to build the project's mineral inventory.

On September 30, 2020, the Company announced it submitted an exploration permit for its previously announced 2020-2021 exploration program at its wholly owned Foley Gold Mine complex.

Recent development

On April 20, 2021, the Company announced the launch of Phase 1 drill program at Foley Gold Mine complex. Over the past two months, Q-Gold geologists have completed an extensive data compilation and 3D Leapfrog modeling of the high-grade gold-vein system that includes over 5,900 m of NI 43-101 compliant drilling with results of up to 53.47 g/t Au over 1.5 m and 106.7 g/t Au over 0.23 m (refer to Q-Gold Resources press release September 30, 2020 for additional details). This exercise has resulted in the finalization of a two-phase drill program. Phase 1 includes a total of 2,745 m of approved holes that will infill and extend coverage to the -200 m depth. The approved program will allow Q-Gold to infill and extend previous drilling on the four main vein arrays at the past-producing Foley Gold Mine (see Figure 1 below). Phase 2 contains an additional 4,035 m that will add additional infill holes as well as expand coverage laterally and down to -225 m depth. “Our team is pleased with the results of the modeling and are excited to move ahead with drilling on the high-grade Foley Gold Mine property,” comments Patrick Lengyel, Exploration Manager of Q-Gold. “Further, the sizeable land position has considerable upside with its range of drill-ready targets on multiple historic deposits as well as enormous grassroots potential that has not been tested with modern exploration methods.

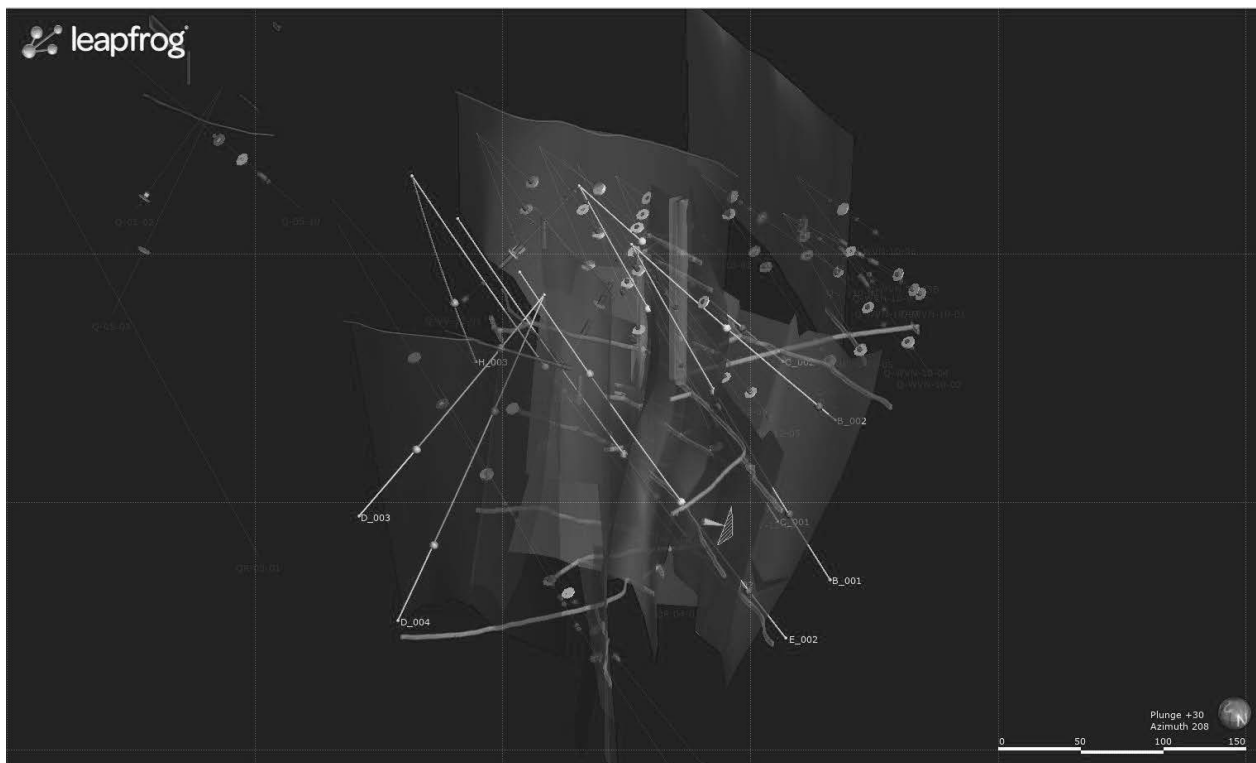


Figure 1 – Foley Mine Target - Phase 1 DDH (yellow traces)

Q-Gold holds 9,965 acres of contiguous mining claims, Crown leases and leasehold patents located within the historic Mine Centre 1890's gold camp, which produced 16,025 ounces of gold from the Foley Gold Mine and the Golden Star Mine.

The property has favourable logistics with direct access to Highway 11 and being located 250 km west of Thunder Bay and 65 km Northeast of the U.S. border at International Falls. It is also proximal to two major gold discoveries 95 km on either side of Mine Centre: Rainy River (New Gold) (4.5 M oz. Au & 11.4 M oz. Ag) & Hammond Reef (Agnico Eagle) (4.5 M oz.).

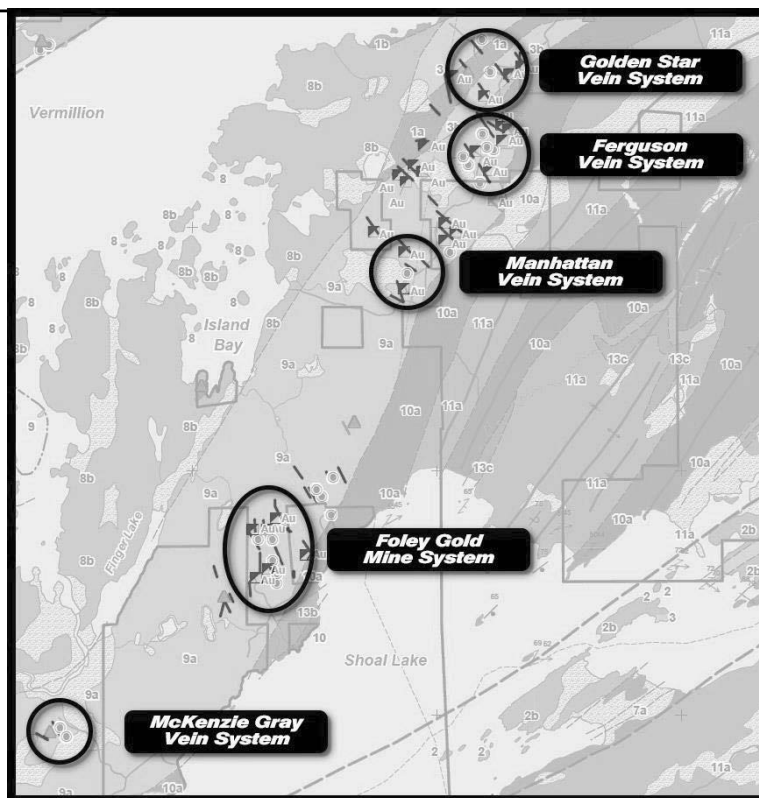


Figure 2 – Assorted Mine Centre Gold Vein Systems

Surupana, Peru Property

On July 20, 2020, the Company entered into an acquisition agreement to indirectly acquire an option agreement through its wholly owned subsidiary 1253034 BC Ltd. (“BCCO”) who acquired the option right on July 6, 2020 to earn a 100% interest (the “Acquisition”) in the Surupana Silver Property (the “Surupana Property”), covering the historical Surupana Silver Mining Camp, located in central Puno province of southern Peru.

The Company entered into a share exchange agreement with BCCO and issued 11,000,000 shares of the Company to its shareholders indirectly owning the option right to the Surupana Property in Peru.

Over a period of five years, the Company will have the exclusive right to acquire a 100% interest in the Surupana Property for a proposed aggregate purchase price consisting of:

- \$175,000 payable by Q-Gold in cash over a period of four years (\$25,000 upon closing of the Acquisition (“Closing”) (paid); \$25,000 on or before 12 months from Closing; \$25,000 on or before 24 months from Closing; \$25,000 on or before 36 months from Closing; and \$75,000 on or before 48 months from Closing);
- an aggregate of 14,000,000 common shares of Q-Gold, inclusive of the 11,000,000 million shares issued to acquire BCCO (the “Payment Shares”) (13,000,000 Payment Shares inclusive of the 11,000,000 million shares issued to acquire BCCO upon Closing (issued); 250,000 Payment Shares on or before 12 months from Closing; 250,000 Payment Shares on or before 24 months from Closing; 250,000 Payment Shares on or before 36 months from Closing; and 250,000 Payment Shares 48 months from Closing);

- Q-Gold will be required to incur aggregate exploration expenditures totaling \$1,800,000 over a period of five years on the Surupana Property (\$135,000 on or before 12 months from Closing; an additional \$165,000 on or before 24 months from Closing; an additional \$200,000 on or before 36 months from Closing; \$500,000 on or before 48 months from Closing; and an additional \$800,000 on or before 60 months from Closing); and
- the optionor has been granted a 2.0% net smelter returns royalty upon commencement of commercial production (of which 1.0% can be purchased by Q-Gold for US\$850,000).

In addition, in connection with the Acquisition, the Company issued 800,000 common shares in the capital of Q-Gold to an arm's length finder (the "Finders' Shares") (issued). 11,000,000 of the Payment Shares issued upon Closing were not subject to any hold periods under applicable securities laws. The remainder of the Payment Shares and the Finders' Shares will be subject to a four month and one day hold period under applicable securities laws.

Tintina, Colombia Concession

Subsequent to March 31, 2021, the Company signed a binding Letter of Intent to acquire 90% of the rights of a mining title called the Tintina concession, located in the municipality of Neira, Caldas in Colombia (the "Transaction").

About The Tintina Property

The concession is located in the jurisdiction of the Municipality of Neira, in the Department of Caldas, approximately 40 km NW of the city of Manizales. The area is accessed from the City of Manizales by the road that leads from this city to the city of Medellín, which is located approximately 110km to the north (Figure 3below).

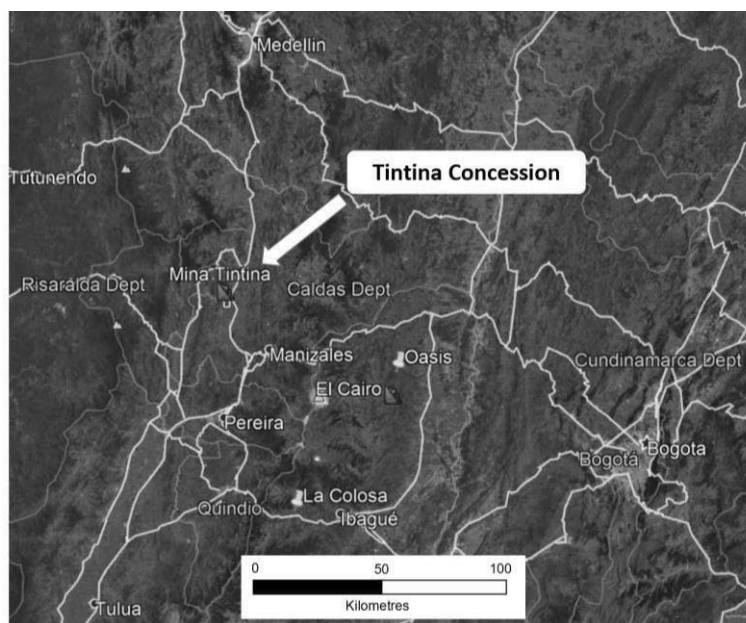


Figure 3 – Location of Tintina Concession

The project is positioned in the Central Cordillera of Colombia, which is the host to intrusion and porphyry-

related deposit styles. In addition, the great structural complexity, dominated by several fault systems predominantly striking N-S being potential feeders to Au-mineralisation, adds to the prospectivity of the region.

In the past, the geology and the mineral resources have been described emphasizing the metallic occurrences of precious metals (Au and Ag) as well as copper, lead and zinc in sectors adjacent to the area. Previous exploration reported the local presence of veins with free gold and gold in sulphides in the lithological units and the main structures that cross the area, and localised artisanal mining occurred on the concession. Historic high-grade samples for Au and Ag are an encouragement for Q Gold to start exploration around the old Mina Tintina.

A summary of the agreement terms, subject to the approval of the TSX Venture Exchange, is as follows:

- Q-Gold shall make payment of \$100,000 on closing of the Transaction;
- Q-Gold shall issue 7,000,000 common shares;
- Q-Gold shall make and assume all operating and capital expenditures;
- Q-Gold shall make payment of US\$1,000,000 upon the cumulative production of 250 kilograms of gold (AU) from the mining title;
- Q-Gold shall make payment of US\$1,000,000 upon the cumulative production of 500 kilograms of gold from the mining title; and
- the vendor shall retain a 2% royalty over production from the mining title.

A definitive agreement has not yet been finalized.

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, 2021, or as of the date of this MD&A.

The primary operating activities during the three months ended March 31, 2021 consisted of the Company's mineral properties in preparation of the drill program and general corporate activities. During the three months ended March 31, 2021, the Company incurred exploration expenditures totaling \$314,007 (2020: \$4,282) on its Mine Centre, Ontario Properties and Surupana Property in Peru.

Acquisition, 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, 2020	December 31, 2019	December 31, 2018
	\$	\$	\$
Net loss attributable to shareholders of the Company	4,070,433	547,757	593,734
Basic and diluted loss per share	0.14	0.03	0.04
Total assets	1,831,288	98,386	496,572
Total non-current financial liabilities	-	-	-

The Company's results during the past financial year were driven primarily by the maintenance of its mineral property interests in Ontario, Canada 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:

	2021	2020				2019		
Earnings and Cash Flow	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.
	\$	\$	\$	\$	\$	\$	\$	\$
Net (loss)	(624,586)	(377,814)	(3,517,070)	(117,432)	(58,117)	(92,459)	(129,632)	(186,154)
(Loss) per share, basic & diluted	(0.01)	(0.02)	(0.10)	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)
Cash flow from (used in) operating activities	(442,358)	(238,671)	(243,036)	(32,740)	(26,676)	(190)	(81,363)	(176,990)
Cash flow from (used in) investing activities	-	27,375	-	-	23,274	-	-	(22,324)
Cash flow from financing activities	960,000	632,621	94,701	142,596	-	-	54,690	-
Balance Sheet								
Total Assets	1,436,494	1,831,288	1,176,750	1,295,725	80,700	1,831,288	107,300	142,549

FINANCIAL CONDITION

Net loss for the three months ending March 31, 2021 totaled \$624,586 (\$0.01 per share), compared to loss of \$58,117 (\$0.00 per share) for the same period in 2020.

	Three months ended March 31,	
	2021	2020
EXPENSES		
Consultants	95,737	21,588
Share base payments	168,270	-
Exploration and evaluation expenditures	314,007	4,282
Investor relations and filing fees	17,154	9,082
Professional fees	8,617	7,125
Office expenses	19,929	19,011
Travel	-	-
Total expenses	\$ 623,714	\$ 61,088
Other income (expense)		
Interest income	\$ 159	\$ 203
Interest expense on flow through expenditure	(1,049)	-
Foreign exchange gain	18	2,768
Total other income	(872)	2,971
Net loss and comprehensive loss	\$ (624,586)	\$ (58,117)

Operating expenses were higher in the three months ended March 31, 2021, compared to the same periods in

2020 primarily due to share based payments and the exploration and evaluation expenditures. General and administrative expenses also increased during the three months ended March 31, 2021 due to the appointment of additional management consultants, as the Company progressed into new exploration opportunities. Investor relations and filing fees were also increased in relations to the Company's new strategy.

Share based payments of \$168,270 were recorded in the statement of loss and comprehensive loss during the three months ended March 31, 2021 (2019: \$nil). Share based payments of 168,270 are related to 1,040,000 options granted in January 2021, of which \$53,250 were accrued in Q4, 2020. The options granted vested immediately.

During the three months ended March 31, 2021, expenses incurred by the Company on its mineral properties increased to \$314,007 (2020: \$4,282).

Consulting of \$99,830 were recorded for the Ontario properties (2019 - \$550) and \$55,820 for the Peru property (2020 - \$nil) during the three months ended March 31, 2021 as a result of increased manpower in the exploration activities in 2020. Surveying expenses of \$137,597 were recorded for the Ontario properties during the three months ended March 31, 2021 (2020 - \$nil) as the Company prepared to launch a new drill program in the Mine Centre properties.

	Three months ended March 31,	
	2021	2020
<u>Q-Gold Ontario properties</u>		
Consulting	\$ 99,830	\$ 550
Claims	12,814	-
Field expenses	4,981	-
Land and property taxes	715	1,482
Rent for Core shacks	2,250	2,250
Surveying	137,597	-
	\$ 258,187	\$ 4,282
<u>Q-Gold Peru properties</u>		
Consulting	55,820	-
	\$ 55,820	\$ -
Total Exploration and Evaluation Expenditures	\$ 314,007	\$ 4,282

Cash Flows

Operating Activities

Operating activities in the three months ended March 31, 2021 used \$442,358, compared to \$26,676 in the three months ended March 31, 2020. In 2021, this included \$12,909 generated as a result of changes in non-cash working capital, compared to \$33,170 generated in working capital in 2020. (see non GAAP measures)

Investing Activities

There were no Investing activities in the three months ended March 31, 2021 compared to \$23,274 cash received from a loan repaid during the three months ended March 31, 2020.

Financing Activities

Financing activities in the three months ended March 31, 2021 generated \$960,000 from outstanding private placement financing proceeds and warrants exercised in 2020 compared to \$nil during the three months ended March 31, 2020.

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 must 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 have commitments for option payments and exploration expenditures in the next five years on the Surupana Property in Peru. As at March 31, 2021, 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.

Subsequent event

Subsequent to March 31, 2021, the Company entered into a loan agreement with Quebec Aur Ltd. ("Quebec Aur") and loaned \$250,000 to Quebec Aur. Interest on the principal as well as interest on interest accrued and unpaid when due is calculated at 12% per annum. Outstanding loan principal plus all accrued interest are due and repayable on or before May 3, 2022.

Non IFRS Measures

The Company has included certain non-IFRS performance measures, namely working capital, throughout this document. In the gold mining industry, this is a common non-IFRS performance measures but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, we and certain investors use this information to evaluate the Company's performance and ability to

generate cash, profits and meet financial commitments. Non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The following table provides a reconciliation of working capital to the Company's eight most recently completed quarters.

As at March 31, 2021, the Company had working capital of \$1,278,711 compared with a deficiency of \$(73,453) as at December 31, 2019, including cash of \$447,513 (December 31, 2019: \$68,069). 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.

	2021	2020				2019		
	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	965,155	447,513	26,186	174,522	64,667	68,069	68,257	94,931
Receivables/Prepays	471,339	1,383,775	1,150,564	1,121,203	16,033	8,670	16,971	25,806
Loan receivable	-	-	-	-	-	21,647	22,072	21,812
Current Liabilities	(560,849)	(552,577)	(337,450)	(299,631)	(212,270)	(171,839)	(88,294)	(48,601)
Working Capital	875,645	1,278,711	839,300	996,094	(131,570)	(73,453)	19,006	93,948

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

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 2021.

Arizona Mineral Properties

The Company previously held mineral claims administered by the United States Department of the Interior, Bureau of Land Management in Arizona. The Company was required to remit annual claim maintenance payments to the United States Department of the Interior, Bureau of Land Management in the amount of US\$ 1,240 for the eight mineral claims (US\$ 155 per claim) held by Q-Gold's Arizona subsidiary. The Company relinquished these claims in 2019.

Peru Surupana Silver Property

The Company is required to make certain options payments in cash and shares and incurred exploration spending as per the option agreement signed in July 2020. See Overview section for more details.

Flow-through Commitment

Pursuant to the terms of the flow-through agreements entered into on December 22, 2020, the Company is

committed to incurring Canadian Exploration Expenditures of \$850,000 by December 31, 2021. Through March 31, 2021, the Company had incurred \$238,299 in eligible exploration expenditures which leaves a \$611,701 expenditure commitment to be made by December 31, 2021. The Company has indemnified the subscribers of current flow-through share offering against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitment.

Management contracts

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments of \$542,000 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 the condensed interim consolidated financial statements. Minimum management contractual commitments remaining under the agreements are approximately \$318,500 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 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.

RELATED PARTY TRANSACTIONS

The Company shares office space with other companies who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc. to whom the Company pays a fee of \$10,000 per month. As at March 31, 2021, the Company had a payable balance of \$219,955 (December 31, 2020 - \$186,055) to 2227929 Ontario Inc. to cover shared expenses. Amounts owing are unsecured, non-interest bearing and due on demand. Fred Leigh, a former officer and director of the Company, is a director of 2227929 Ontario Inc.

Compensation of Key Management

Compensation awarded to key management, including the Company's directors and officers, during the three months ended March 31, 2021 and 2020 were as follows:

	Three months ended March 31,	
	2021	2020
Short-term benefits	\$ 67,750	\$ -
Share based payments	\$ 53,250	\$ -
	\$ 121,000	\$ -

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, 2021 is approximately \$nil (December 31, 2020: \$nil) due to an officer of the Company. The amounts are unsecured, non-interest bearing and due on demand.

Included in the January 8, 2021 options granted, 250,000 was granted to an officer of the Company.

During Q1, 2021, the Company received outstanding proceeds of \$300,000 from 2020 private placement financing, and \$660,000 from 2020 warrants exercised from related companies. The remaining outstanding proceeds of \$375,000 in warrants exercised was received subsequent to March 31, 2021.

See Notes 7 and 8 to the condensed interim consolidated financial statements for the three months ended March 31, 2021 and 2020.

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

Recent Accounting Pronouncements Effective Jan 1, 2021 and beyond

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

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 a number of mining claims and leases in Ontario, Canada and Peru. 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.

Novel Coronavirus ("COVID-19")

The COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.

Management is also closely evaluating the impact of COVID-19 on the Company's business. In order for the Company to continue as a going concern and fund its operations, the Company will require additional financing. The availability of financing will be affected by, among other things, the state of the capital markets considering

the impact of COVID-19 and strategic partnership arrangements. COVID-19 has not had a significant impact on the Company to March 31, 2021.

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 44,741,119 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 3,215,000 stock options outstanding to directors, officers, employees and consultants of the Company with an exercise price ranging from \$0.20 to \$0.26 per share and expiring between June 9, 2021 and January 8, 2026.

As of the date of this MD&A, the Company has 1,132,500 warrants outstanding with an exercise price ranging from \$0.40 to \$0.60 per share and expiring between June 22, 2022 to December 22, 2022.

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.

