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**Q-GOLD RESOURCES LTD.**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**DATED: APRIL 27, 2022**

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**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, 2021 and 2020. 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, 2021 and 2020 have been reviewed by the audit committee and approved by the Company’s Board of Directors prior to release.

***Qualified Persons***

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 and CEO 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 198 Davenport Road, Toronto Ontario M5R 1J2. 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, 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 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.

#### 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.

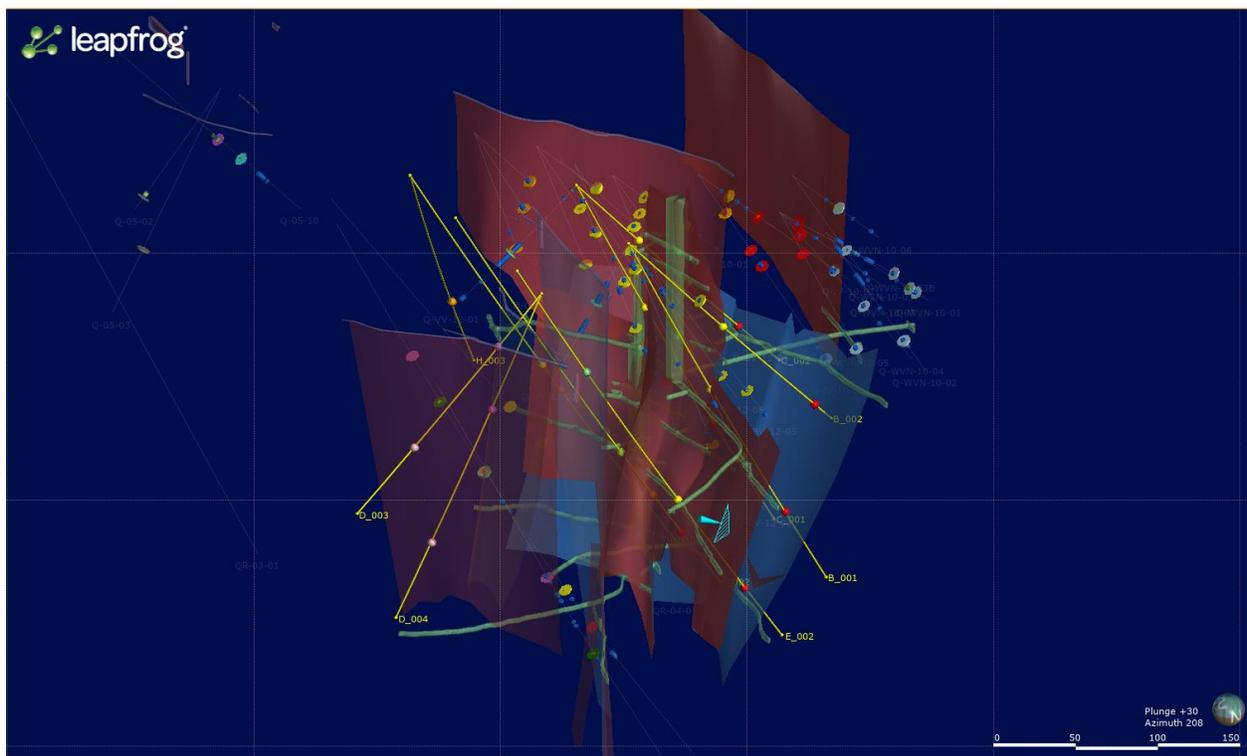


Figure 1 – Foley Mine Target - Phase 1 DDH (yellow traces)

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.).

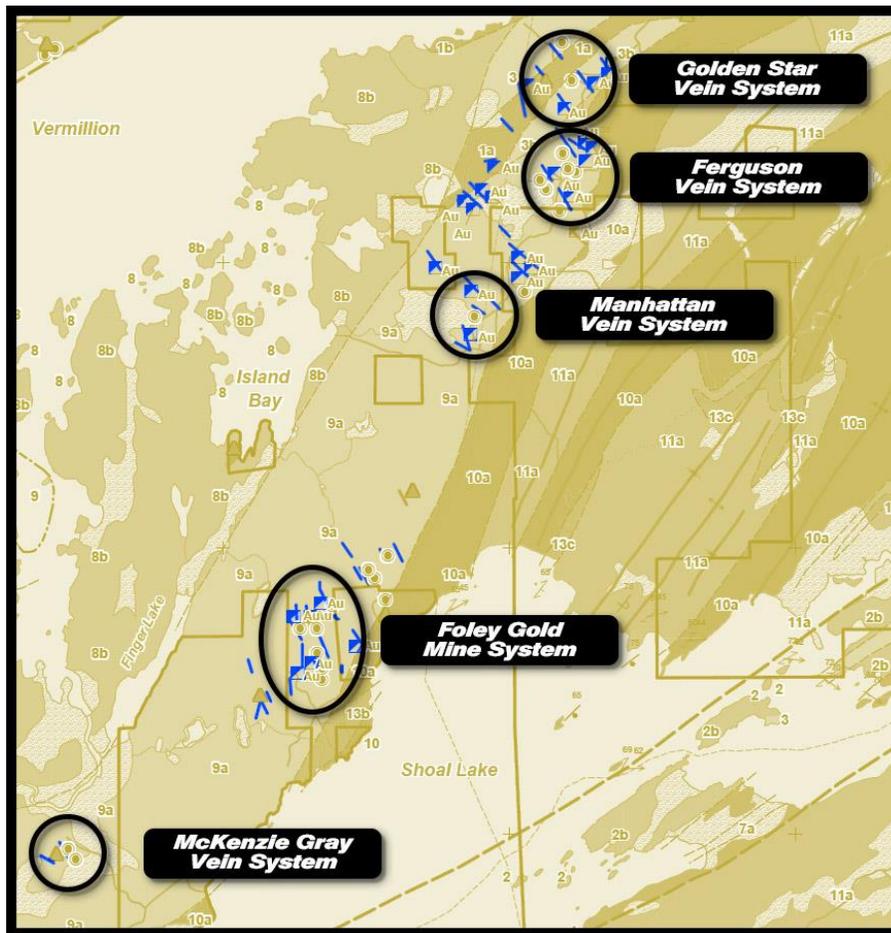


Figure 2 – Assorted Mine Centre Gold Vein Systems

### ***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 (paid); \$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 (issued); 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 (incurred); 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.

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

The primary operating activities during the year ended December 31, 2021 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, 2021, the Company incurred exploration expenditures totaling \$101,256 and \$1,656,549 (2020: \$106,247 and \$3,211,899) 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:

|  | <b>December 31, 2021</b> | <b>December 31, 2020</b> | <b>December 31, 2019</b> |
|--|--------------------------|--------------------------|--------------------------|
|  | \$                       | \$                       | \$                       |
| Net loss attributable to shareholders of the Company | 2,321,373                | 4,070,433                | 547,757                  |
| Basic and diluted loss per share                     | 0.05                     | 0.14                     | 0.03                     |
| Total assets   | 1,407,984                | 1,831,288                | 98,386                   |

|   |   |   |   |
|---|---|---|---|
| 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:

| Earnings and Cash Flow                        | 2021                 |                      |                      |                      | 2020                 |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 4 <sup>th</sup> Qtr. | 3 <sup>rd</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 3 <sup>rd</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Qtr. |
|   | \$                   | \$                   | \$                   | \$                   | \$                   | \$                   | \$                   | \$                   |
| Net (loss)                                    | (223,757)            | (287,933)            | (1,185,097)          | (624,586)            | (377,814)            | (3,517,070)          | (117,432)            | (58,117)             |
| (Loss) per share, basic & diluted             | (0.00)               | (0.01)               | (0.03)               | (0.01)               | (0.02)               | (0.10)               | (0.01)               | (0.00)               |
| Cash flow from (used in) operating activities | (525,537)            | (169,087)            | (829,348)            | (442,358)            | (238,671)            | (243,036)            | (32,740)             | (26,676)             |
| Cash flow from (used in) investing activities | -                    | -                    | -                    | -                    | 27,375               | -                    | -                    | 23,274               |
| Cash flow from financing activities           | 248,250              | 249,250              | 375,000              | 960,000              | 632,621              | 94,701               | 142,596              | -                    |
| <b>Balance Sheet</b>                          |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Total Assets</b>                           | <b>1,407,984</b>     | 665,012              | 686,599              | 1,436,494            | 1,831,288            | 1,176,750            | 1,295,725            | 80,700               |

### **FINANCIAL CONDITION**

Net losses for the three and twelve months ending December 31, 2021 totaled \$223,757 and \$2,321,373 (\$0.00 and \$0.05 per share), compared to losses of \$377,814 and \$4,070,433 (\$0.02 and \$0.14 per share) for the same periods in 2020.

|   | Three months ended       |                     | Years ended              |                       |
|---|--------------------------|---------------------|--------------------------|-----------------------|
|   | Years ended December 31, |                     | Years ended December 31, |                       |
|   | 2021                     | 2020                | 2021                     | 2020                  |
| <b>EXPENSES</b>                         |                          |                     |                          |                       |
| Consultants                             | \$ 75,818                | \$ 103,382          | \$ 273,551               | \$ 328,443            |
| Share base payments                     | -                        | 53,250              | 179,170                  | 260,325               |
| Exploration and evaluation expenditures | 101,256                  | 106,247             | 1,656,549                | 3,211,899             |
| Investor relations and filing fees      | 11,004                   | 48,894              | 62,843                   | 113,704               |
| Professional fees                       | 15,250                   | 44,696              | 65,383                   | 76,064                |
| Office expenses                         | 22,037                   | 21,805              | 88,134                   | 81,545                |
| Travel                                  | -                        | -                   | 4,444                    | -                     |
| <b>Total expenses</b>                   | <b>\$ 225,365</b>        | <b>\$ 378,274</b>   | <b>\$ 2,330,074</b>      | <b>\$ 4,071,980</b>   |
| <b>Other income (expense)</b>           |                          |                     |                          |                       |
| Interest income                         | \$ 7,566                 | \$ -                | \$ 20,556                | \$ 244                |
| Interest expense                        | (7,385)                  | -                   | (8,199)                  | -                     |
| Other tax expense                       | 286                      | -                   | (1,349)                  | -                     |
| Foreign exchange (loss) gain            | 1,141                    | 460                 | (2,307)                  | 1,303                 |
| <b>Total other income</b>               | <b>1,608</b>             | <b>460</b>          | <b>8,701</b>             | <b>1,547</b>          |
| <b>Net loss and comprehensive loss</b>  | <b>\$ (223,757)</b>      | <b>\$ (377,814)</b> | <b>\$ (2,321,373)</b>    | <b>\$ (4,070,433)</b> |

Operating expenses were lower in the three and twelve months ended December 31, 2021, compared to the same periods in 2020 primarily due to a reduction in consulting fees, share based payments and reduced exploration and evaluation expenditures on the Surupana Property in Peru. Expenditures are expected to increase as the Company progresses into new exploration opportunities.

Share based payments of \$nil and \$179,170 were recorded in the statement of loss and comprehensive loss during the three and twelve months ended December 31, 2021 (2020: \$53,250 and \$260,325). Share based payments are related to 1,040,000 stock options granted and vested January 8, 2021 and 100,000 stock options granted and vested May 19, 2021 compared to 250,000 options accrued in Q4 2020 and 1,375,000 stock options granted and vested on July 9, 2020. The options granted vest immediately.

During the three and twelve months ended December 31, 2021, expenses incurred by the Company on its mineral properties decreased to \$101,256 and \$1,656,549 (2020: \$106,247 and \$3,211,899).

|  | Three months ended              |                   | Years ended December 31, |                     |
|--|---------------------------------|-------------------|--------------------------|---------------------|
|  | Three months ended December 31, |                   | 2021                     |                     |
|  | 2021                            | 2020              | 2021                     | 2020                |
| <b><u>Q-Gold Ontario properties</u></b>              |                                 |                   |                          |                     |
| Assay  | \$ -                            | \$ -              | \$ 101,085               | \$ -                |
| Consulting and labour                                | 58,848                          | 76,889            | 394,237                  | 87,273              |
| Claims   | -                               | 5,757             | 13,204                   | 7,157               |
| Depreciation   | 1,413                           | -                 | 4,239                    | -                   |
| Drilling   | -                               | -                 | 508,424                  | -                   |
| Field expenses                                       | 380                             | -                 | 52,190                   | -                   |
| Land and property taxes                              | 237                             | 486               | 6,717                    | 5,408               |
| Rent for core shacks                                 | 2,000                           | 2,250             | 11,810                   | 9,000               |
| Surveying  | -                               | -                 | 229,005                  | -                   |
| Travel   | -                               | 6,247             | 16,724                   | 6,247               |
|  | \$ 62,878                       | \$ 91,629         | \$ 1,337,635             | \$ 115,085          |
| <b><u>Q-Gold Peru properties</u></b>                 |                                 |                   |                          |                     |
| Acquisition  | 207                             | (46,134)          | \$ 80,462                | \$ 3,014,866        |
| Consulting and labour                                | 39,015                          | 60,752            | 194,256                  | 81,948              |
| Field office support                                 | (4,149)                         | -                 | 1,769                    | -                   |
| Field expenses                                       | (108)                           | -                 | 5,668                    | -                   |
| Health and safety                                    | 8                               | -                 | 1,887                    | -                   |
| Legal  | 3,519                           | -                 | 25,384                   | -                   |
| Travel   | (115)                           | -                 | 9,488                    | -                   |
|  | \$ 38,378                       | \$ 14,618         | \$ 318,914               | \$ 3,096,814        |
| <b>Total Exploration and evaluation expenditures</b> | <b>\$ 101,256</b>               | <b>\$ 106,247</b> | <b>\$ 1,656,549</b>      | <b>\$ 3,211,899</b> |

Acquisition costs of \$207 and \$80,462 were recorded during the three and twelve months ended December 31, 2021 in relation to the Surupana Property (2020 \$(46,134) and \$3,014,866). 2020 costs 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 \$58,848 and \$394,237 were recorded for the Ontario properties (2020 - \$76,889 and \$87,273) and \$39,015 and \$194,256 for the Peru property (2020 - \$60,752 and \$81,948).

### **Cash Flows**

#### *Operating Activities*

Operating activities in the three and twelve months ended December 31, 2021 used \$525,537 and \$1,966,330, compared to \$238,669 and \$541,123 in the three and twelve months ended December 31, 2020. In 2021, this included \$(302,731) and \$127,790 (used) generated as a result of changes in non-cash working capital, compared to \$132,249 and \$281,068 generated in working capital in 2020. (see non GAAP measures)

#### *Investing Activities*

Investing activities in the three and twelve months ended December 31, 2021 (used) generated \$nil and \$(269,117) from cash loaned and equipment purchased, compared to \$27,375 and \$50,649 from cash received from subsidiary and loan repaid in the three and twelve months ended December 31, 2020.

### *Financing Activities*

Financing activities in the three and twelve months ended December 31, 2021 generated \$248,250 and \$1,832,500 through cash borrowed through a short term loan, private placement financing and warrants exercised compared to \$632,621 and \$869,918 generated through private placement financing and warrants exercised.

### **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, 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.

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.

On September 28, 2021, the Company closed the financing of non-brokered financing for gross proceeds of \$250,000. Pursuant to the financing, the Company issued 1,666,667 units of the Company at a price of \$0.15 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company at an exercise price of \$0.20 for a period of 18 months following the closing date. The issue date fair value of the warrants was estimated at \$75,224 using

the Black Scholes option pricing model with the following assumptions: share price of \$0.105, expected dividend yield of 0%; expected volatility of 129% (based on the Company's historical volatility); risk-free interest rate of 0.49% and an expected life of 1.5 years. The Company also paid share issue costs of \$2,500. Aberdeen International Inc. acquired 1,666,667 units of the Company, resulting in Aberdeen International Inc. owning 14% of Q-Gold's issued and outstanding shares. Ryan Ptolemy, CFO of the Company, is also CFO of Aberdeen International Inc.

On December 31, 2021, the Company issued 9,090,909 flow-through units of the Company to a related party, Stan Bharti, at a price of \$0.11 per unit for total proceeds of \$1,000,000. 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 \$0.20 for a period of 24 months following the closing date of the offering. The fair value of the warrants was estimated at \$156,885 using the Black Scholes option pricing model with the following assumptions: share price of \$0.093, expected dividend yield of 0%; expected volatility of 106%(based on the Company's historical volatility); risk-free interest rate of 0.95% and an expected life of 2 years. The Company also incurred share issue costs of \$6,250. As at December 31, 2021, the proceeds related to this transaction in the amount of \$1,000,000 remain outstanding and was included in amounts receivable (Note 4). Subsequent to December 31, 2021, the amount was collected

In October 2021, the Company entered into a loan agreement with Aberdeen and borrowed a short-term loan of \$250,000. Interest will be accrued at 12% per annum on the principal and interest accrued and unpaid. Principal and accrued interest are due and repayable on April 27, 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 December 31, 2021, the Company had working capital of \$471,130 compared to \$1,278,711 as at December 31, 2020, including cash of \$44,566 (December 31, 2020: \$447,513). 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.

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|                        | 2021                 |                      |                      |                      | 2020                 |                      |                      |                      |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                        | 4 <sup>th</sup> Qtr. | 3 <sup>rd</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 3 <sup>rd</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Qtr. |
|                        | \$                   | \$                   | \$                   | \$                   | \$                   | \$                   | \$                   | \$                   |
| Cash                   | 44,566               | 321,853              | 241,690              | 965,155              | 447,513              | 26,186               | 174,522              | 64,667               |
| Receivables/Prepays    | 1,098,540            | 76,868               | 177,205              | 471,339              | 1,383,775            | 1,150,564            | 1,121,203            | 16,033               |
| Loan receivable        | 250,000              | 250,000              | 250,000              | -                    | -                    | -                    | -                    | -                    |
| Current Liabilities    | (921,976)            | (948,997)            | (985,151)            | (560,849)            | (552,577)            | (337,450)            | (299,631)            | (212,270)            |
| <b>Working Capital</b> | <b>471,130</b>       | <b>(300,276)</b>     | <b>(316,256)</b>     | <b>875,645</b>       | <b>1,278,711</b>     | <b>839,300</b>       | <b>996,094</b>       | <b>(131,570)</b>     |

### **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 did not require additional assessment work in 2022.

##### *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 31, 2021, the Company is committed to incurring Canadian Exploration Expenditures of \$1,000,000 by December 31, 2022. Through December 31, 2021, the Company had incurred \$nil in eligible exploration expenditures which left a \$1,000,000 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 \$334,500 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, 2021, the Company had a payable balance of \$265,155 (December 31, 2019 - \$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 year ended December 31, 2021 and 2020 were as follows:

|                      | Years ended December 31, |                   |
|----------------------|--------------------------|-------------------|
|                      | 2021                     | 2020              |
| Short-term benefits  | \$ 271,000               | \$ 152,518        |
| Share based payments | 53,250                   | 173,190           |
|                      | <u>\$ 324,250</u>        | <u>\$ 325,708</u> |

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

During the year ended, 2021, the Company received outstanding proceeds of \$300,000 from 2020 private placement financing, and \$1,035,000 from 2020 warrants exercised from related companies.

On September 28, 2021, a related company acquired 1,666,667 units of the Company through private placement at a price of \$0.15 per units owning 14% of issued and outstanding shares of the Company.

During the year ended, 2021, the Company accrued a \$1,000,000 receivable from the December 31, 2021 flow-through private placement financing with a related party. The Company issued 9,090,909 units of the Company to an insider of the Company for a price of \$0.11 per unit, the proceeds from the financing were received subsequent to year end.

### **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**

### **Future Accounting Changes**

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 – In February 2021, the IASB issued ‘Disclosure of Accounting Policies’ with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – In February 2021, the IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

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.

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

## **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

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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 Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. To date, COVID-19 has had minimal effect on the Company's operations or on the Company's ability to finance its operations.

### **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 55,748,695 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 2,640,000 stock options outstanding to directors, officers, employees and consultants of the Company with an exercise price ranging from \$0.11 to \$0.26 per share and

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expiring between July 9, 2022 and February 1, 2027.

As of the date of this MD&A, the Company has 7,344,621 warrants outstanding with an exercise price ranging from \$0.20 to \$0.60 per share and expiring between June 22, 2022 to December 31, 2023.

### **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](http://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

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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.