

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the consolidated financial conditions and results of operations for the years ended December 31, 2016, 2015, and 2014 of Xtra-Gold Resources Corp. ("Xtra-Gold" or the "company") should be read in conjunction with the consolidated financial statements and the related notes to our consolidated financial statements and other information presented in our annual report on Form 20-F which has been filed with the Securities and Exchange Commission (the "SEC") and can be viewed at www.sec.gov and has also been filed with SEDAR and can be viewed at www.sedar.com. Our consolidated audited financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP").

Additional information relating to our company, including our consolidated audited financial statements and the notes thereto for the years ended December 31, 2016, 2015 and 2014 and our annual report on Form 20-F, can be viewed on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to those discussed below and elsewhere in our 20-F annual report, particularly in the item entitled "Risk Factors" beginning on page 8 of our 20-F annual report.

Highlights for the Year Ended December 31, 2016

During the year ended December 31, 2016:

- in connection with our gold recovery operations, we produced 2,549 ounces of raw gold. We sold 2,142 fine ounces of gold at an average price of US\$1,189 per ounce.
- we repurchased 396,000 shares for US\$69,774 and cancelled them.
- we completed a 2,639 metre diamond core drill program on the Cobra Creek Gold Corridor prospect on the Kibi project during the September 2016 quarter; with 26 of the 43 boreholes yielding exploration significant auriferous drill intercepts. The highly encouraging Phase I drill results, in combination with the extensive surface mapping / sampling efforts, provided additional insight on the structural controls of the gold mineralization which will help guide future drilling campaigns on the high priority Cobra Creek target. The results of the program were reported October 19, 2016 and this report was filed on Sedar.
- we resolved the litigation with Buccaneer. Buccaneer will not pursue any interest in the Banso and Muoso Properties. Buccaneer will pay \$20,000 to Xtra, most of which was completed by December 31, 2016. Xtra returned 1,000,000 Buccaneer shares.
- we issued 2,500,000 equity units for net proceeds of \$693,728 and 408,000 shares on exercise of stock options for cash proceeds of \$48,756. The proceeds were used to fund a 2,639 metre drill program and for general corporate purposes.

Overview

We are engaged in the exploration of gold properties exclusively in Ghana, West Africa in the search for mineral deposits and mineral reserves which could be economically and legally extracted or produced. Our exploration activities include the review of existing geological data, grid establishment and soil geochemical sampling, geological mapping, geophysical surveying, trenching and pitting to test gold-in-soil anomalies and diamond core and/or reverse circulation (RC) drilling to test targets followed by infill drilling, if successful, to define a mineral reserve.

Our mining concession portfolio currently consists of 225.87 square kilometers comprised of 33.65 square kilometers for our Kibi project, 51.67 square kilometers for our Banso project, 55.28 square kilometers for our Muoso project, 44.76 square kilometers for our Kwabeng project, and 40.51 square kilometers for our Pameng project, or 55,873 acres, pursuant to the leased areas set forth in our mining leases.

Technical Disclosure

The hardrock, lode gold exploration technical information relating to our mineral properties contained in this MD&A is based upon information prepared by or the preparation of which was supervised by Yves Clement, P.Geo., our Vice-President, Exploration. Mr.

Clement is a Qualified Person as defined by Canadian Securities National Instrument 43-101 concerning standards of disclosure for mineral projects.

Plan of Operations

Our strategic plan is, with respect to our mineral projects, to conduct an exploration program, consisting of the following: at our Kibi project:

- additional Cobra Creek Gold Corridor outcrop stripping / trenching followed by detailed geological mapping and channel sampling to further investigate the auriferous occurrences discovered by prospecting efforts and to further define the strike-extensions of the known gold-bearing shear zones to guide follow up drilling efforts;
- prospecting, reconnaissance geology, and scout trenching / pitting of additional prospective IP/Resistivity targets present along the 2.2 km long Cobra Creek grid and of untested, high priority gold-in-soil anomalies across the extent of the Apapam concession is also planned; and
- a drill program of approximately 2000 to 3000 meters, at an estimated cost of \$500,000.

at our Kwabeng project:

- ongoing geological compilation, prospecting, soil geochemical sampling, and scout trenching to identify and/or further advance grassroots targets; and
- the continuation of placer gold recovery operations at this project (commenced in March 2013);

at our Pameng project:

- ongoing geological compilation, prospecting, soil geochemical sampling, and scout trenching to identify and/or further advance grassroots targets; and

at our Banso and Muoso projects:

- ongoing geological compilation, prospecting, soil geochemical sampling, and scout trenching to identify and/or further advance grassroots targets; and
- the continuation of placer gold recovery operations at these projects (commenced in 2015);

As at the date of this annual report, we have estimated \$200,000 for the cost for soil sampling and trenching at our Kibi, Kwabeng, Pameng, Banso and Muoso projects.

As part of our current business strategy, we plan to continue engaging technical personnel under contract where possible as our management believes that this strategy, at its current level of development, provides the best services available in the circumstances, leads to lower overall costs and provides the best flexibility for our business operations.

We anticipate that our ongoing efforts will continue to be focused on the exploration and development of our projects and completing acquisitions in strategic areas. We will look to acquire further interests in gold mineralized projects that fall within the criteria of providing a geological basis for development of drilling initiatives that can enhance shareholder value by demonstrating the potential to define reserves.

We continued with our recovery of placer gold operations at our Kwabeng Banso and Muoso properties in 2016. We contract out as many services as possible on our placer gold recovery operations to local Ghanaians in order to maximize cost efficiencies.

Our fiscal 2017 budget to carry out our plan of operations is approximately \$900,000 to \$1,100,000 as follows and as disclosed in our 20-F annual report under Item 4.B – Information on Xtra-Gold – Business Overview:

Soil sampling	\$200,000
Drilling	300,000 to 500,000
Administration	300,000
Stock-based compensation (non-cash)	100,000
TOTAL	<u>\$900,000 to \$1,100,000</u>

These expenditures are subject to change if management decides to scale back or accelerate operations. Until the gold price and share price recovers from continued weakness, the drilling program will be deferred.

Our company has historically relied on equity and debt financings to finance its ongoing operations. Existing working capital, possible debt instruments, further private placements and anticipated cash flow from placer gold recovery operations are expected to be adequate to fund our company's operations over the next year. During the current year and subsequent to 2017, we will require additional capital to implement our plan of operations. We anticipate that these funds primarily will be raised through equity and debt financing or from other available sources of financing. If we raise additional funds through the issuance of equity or convertible debt securities, it may result in the dilution in the equity ownership of investors in our common stock. There can be no assurance that additional financing will be available upon acceptable terms, if at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to take advantage of prospective new opportunities or acquisitions, which could significantly and materially restrict our operations, or we may be forced to discontinue our current projects.

Trends

Although gold prices closed 2016 at \$1,146 per ounce, below the 2016 average of \$1,248 per ounce, there were several positive indicators for gold price improvements into 2017.

The World Gold Council delivered Shari'ah-compliant guidance on gold as an investment, opening the market for potential Islamic investors and institutions. This change should open new markets for gold and create demand for the metal.

Gold does well in times of inflation and uncertainty. Concerns of the stability of banks in the Euro zone in 2017 will create uncertainty. Should the Trump presidency stumble economically, or be unable to deliver on its promises, gold could react positively. Concerns exist about China's ability to continue on its rapid economic growth in an era of increased trade protection.

Gold prices per ounce over the previous three years are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
High	\$ 1,366	\$ 1,295	\$ 1,385
Low	1,077	1,049	1,142
Average	\$ 1,248	\$ 1,160	\$ 1,266

The tone for the precious metals market in the near future will depend on the U.S. dollar strength. The US Federal Reserve has indicated that it will increase rates three times in 2017. These increases assume that economic slack exists in the system and that the US economy will continue to expand. Any wobble in the US economy could interfere with the rate increases and create uncertainty about the US economy, which would be good for gold prices. If rate increases are sustainable, that could signal inflation, which would be good for gold.

Overall, a lower U.S. dollar should lead to higher costs in U.S. dollar terms to identify and explore for gold but could be more than offset by higher gold prices, resulting in greater interest in gold exploration companies. Conversely, if the U.S. dollar strengthens further, interest in the gold exploration sector could be reduced.

Summary of the last five fiscal years ending December 31

	2016	2015	2014	2013	2012
	\$	\$	\$	\$	\$
Operating revenues	Nil	Nil	Nil	Nil	Nil
Consolidated loss for the period	(467,711)	(391,723)	(687,057)	(750,942)	(7,631,636)
Net loss (gain) attributable to non-controlling interest	(13,173)	(35,642)	(6,842)	8,849	466,378
Net loss Xtra-Gold Resources Corp.	(480,884)	(427,365)	(693,899)	(742,093)	(7,165,258)
Basic and diluted loss attributable to common shareholders per common share	(0.01)	(0.01)	(0.02)	(0.02)	(0.16)
Total current assets	1,593,038	1,049,334	1,124,733	1,717,195	2,692,522

Total assets	2,895,984	2,491,603	2,713,212	3,616,752	4,836,377
Total current liabilities	486,613	391,750	327,193	311,904	404,507
Total liabilities	486,613	391,750	327,193	515,299	931,491
Working capital	1,106,425	657,584	797,540	1,405,291	1,948,426
Capital stock	48,174	45,622	45,811	46,264	46,540
Total equity	2,409,371	2,099,853	2,386,019	3,101,453	3,904,866
Total Xtra-Gold Resources Corp. stockholders' equity	3,335,472	3,039,127	3,360,935	4,083,211	4,877,795
Dividends declared per share	Nil	Nil	Nil	Nil	Nil
Basic and diluted weighted average number of common shares outstanding	47,256,630	45,721,507	45,996,481	46,481,748	44,698,113

Results of Operations for the Year Ended December 31, 2016 as Compared to the Year Ended December 31, 2015 and December 31, 2014

Our company's loss for the year ended December 31, 2016 was \$467,711 (December 31, 2015 - \$391,723, December 31, 2014 - \$687,057). Our company's basic and diluted loss per share for the year ended December 31, 2016 was \$0.01 (December 31, 2015 - \$0.01, December 31, 2014 - \$0.02). The exploration program was scaled back in each of 2015 and 2014 to conserve cash. Gains from gold recovery increased in 2016 and 2015 because of volume sold as compared to 2014 as Banzo and Muoso operations commenced. However, these gains were partly offset as costs related to the gold program in 2016 increased compared to 2015 and 2014.

The weighted average number of shares outstanding was 47,256,630 (December 31, 2015- 45,721,507, December 31, 2014- 45,996,481). Average shares outstanding in 2016 increased with the placement of 2,500,000 units and conversion of 408,000 stock options to shares, while 396,000 shares were repurchased and cancelled. Average shares outstanding were reduced in 2015 and 2014 due to share repurchases.

We incurred expenses of \$1,302,245 in the year ended December 31, 2016 (December 31, 2015 - \$909,555, December 31, 2014 - \$1,055,203). Exploration increased in 2016 as the 2,639 metre drill program was completed and has decreased in 2015 and 2014 due to reduced funds and uncertainty about the recovery of gold equity markets. We expense all exploration costs. Amortization decreased each year as no new equipment was purchased. General and administrative expense was mostly consistent over the three year period. Non-cash stock based compensation expense was reasonably stable over the three year period. Efforts to lower legal, audit and regulatory fees in 2014 and 2015 resulted in reduced cash G&A costs in 2015 and 2014.

During 2016, in connection with our Kibi project, exploration activities focused on the implementation of the Phase I drill program on the Cobra Creek Gold Corridor prospect; an approximately 550 metre ("m") wide, NE-trending, quartz-feldspar porphyry ("QFP") hosted, multi-structure braided shear zone system traced to date over an approximately 850 m strike length. A total of 43 diamond core boreholes totaling 2,639 m were completed over a 2.75 month period extending from June 7 to August 31, 2016.

The first pass drill program included: 12 initial exploratory boreholes ranging from 56 m to 220 m in length (1,576 m) designed to test 10 priority auriferous shear targets identified by extensive outcrop stripping / channel sampling efforts, Induced Polarization ("IP") / Resistivity anomalies spatially associated with auriferous shears, and to gain a better understanding of the litho-structural setting of the gold mineralization; and 31 short, predominantly vertical (-90°) boreholes ranging from 16 m to 63 m in length (1,063 m) designed to better target / dissect relatively flat-lying, gold-bearing extensional veining systems. Twenty of the short holes (775 m) tested the near-surface distribution of auriferous extensional veining arrays within the High Grade Shoot and Tourmaline Zone area at the northeastern extremity of the Main Shear structure.

The results of the Cobra Creek Gold Corridor Phase I drill program were reported by the Company on October 19, 2016; with 26 of the 43 boreholes yielding exploration significant auriferous drill intercepts, including the following highlights:

- 4.5 m grading 10.9 grams per tonne ("g/t") gold, including 16.28 g/t gold over 2.9 m, and including 57.08 g/t gold over 0.6 m, from 7.1 m down-hole in #CCDD16020; 0.7 m grading 58.73 g/t gold from vertical depth of 27.6 m in #CCDD16024; and 5.5 m grading 6.57 g/t gold, including 11.7 g/t gold over 2 m, from surface in #CCDD16013 (High Grade Shoot); and

- 5.2 m grading 9.51 g/t gold, including 37.95 g/t gold over 1.1 m, and including 51.35 g/t gold over 0.6 m, from vertical depth of 1 m in #CCDD16015; and 1.5 m grading 48.1 g/t gold and 0.7 m grading 10.5 g/t gold from vertical depths of 1.5 m and 12 m respectively in #CCDD16022 (High Grade Shoot – NW Branch).

A surface sampling program was also completed on the Cobra Creek target in the March 2016 quarter; with the exploration work designed to further define the auriferous structural corridor in preparation for the Phase I drill program. The work program included the mechanical stripping of approximately 800 square metres of bedrock exposure and 178 metres of trenching to follow up on new auriferous occurrences discovered by prospecting efforts, and to further delineate the strike-extensions of the known gold-bearing shear zones; with a total of 128 saw-cut channel samples (101 m) and 157 trench channel samples collected. The results of the surface sampling program implemented from mid-October 2015 to early April 2016 on the Cobra Creek Gold Corridor prospect were reported by the Company on June 16, 2016.

Kibi project exploration work also included scout pitting (16) to test gold-in-soil anomalies and approximately 5.3 line-kilometres (245 samples) of infill soil geochemical sampling to further delineate the Akwadum South (“Zone 7”) and Hillcrest Shear (“Zone 6”) grassroots gold targets located on the Apapam Mining Lease and the adjoining Akim Apapam Reconnaissance Licence application, respectively. We did not conduct any exploration activities on our Kwabeng, Pameng, Banso and Muoso projects during the year.

Exploration work on the Cobra Creek target during the 2015 year concentrated on outcrop stripping and detailed geological mapping / channel sampling to follow up on auriferous occurrences discovered by 2014 prospecting efforts, and to further define the strike-extensions of the known auriferous structures hosted by the Cobra Creek gold corridor. A total of 506 saw-cut channel samples totaling approximately 387 linear-meters were collected from approximately 5,510 square meters of stripped / power washed bedrock exposure, including approximately 1,860 square meters of manual stripping and approximately 3,650 square meters of mechanical stripping. Cobra Creek gold zone work also included the collection of 54 rock composite chip prospecting samples and approximately 7 line-kilometers (245 samples) of infill soil geochemical sampling (completed January 2016) to further ground proof high priority IP/Resistivity geophysical targets along the approximately 1.8 kilometer long Cobra Creek anomalous gold-in-soil trend.

Additional exploration efforts on our Kibi project for the 2015 fiscal year included the collection of 62 rock composite chip samples as part of an ongoing, concession-wide prospecting program targeting gold-in-soil anomalies and lode gold prospective, geophysically inferred, litho-structural geology settings.

In connection with our Kwabeng project, a total of 30 rock composite chip samples were collected during the 2015 year as part of a prospecting program focusing on the ground proofing of geophysical and structural geology targets. A scout soil geochemistry grid (67 samples) was also implemented on the Kwabeng concession to follow up on an anomalous gold occurrence discovered by the ongoing grassroots target generation program. We did not conduct any exploration activities on our Pameng project during the 2015 fiscal year.

Exploration efforts for the 2014 fiscal year focused on geological compilation and surface work designed to identify and/or further advance grassroots targets on our Kwabeng and Pameng projects; with soil geochemical sampling and reconnaissance geology / prospecting activities yielding totals of 80.5 line-kilometers of grid lines, 2,853 soil geochemical samples, and 449 rock composite chip samples.

Exploration work on our Kibi project during the 2014 year was limited to Cobra Creek gold corridor reconnaissance geology / prospecting totalling 144 rock composite chip samples and geological – geophysical modelling geared towards trenching / outcrop stripping target selection.

We recognized gains related to other items of \$834,534 in 2016 (2015 - \$517,832, 2014 - \$368,146). The gains can mostly be attributed to the recovery of gold. During the year ended December 31, 2016, we sold 2,142 ounces of gold at an average price of \$1,189 for net proceeds of \$828,559 (2015 – 1,754 ounces of gold for net proceeds of \$745,538, 2014 - 1,159 ounces of gold for net proceeds of \$411,152). Lower gold prices and reduced ounces of gold sale negatively affected revenue from gold recoveries in 2014. Gold sales relating to our share of gold is not recognized until the risks and rewards of ownership passed to the buyer. These placer gold recovery operations were contracted to local Ghanaian groups. We pay a 5% government royalty on our gold sales. Using local contractors promotes the local economy while avoiding illegal workings on our projects.

We realised a mark-to-market expense of \$1,000 in 2016 related to embedded derivatives for the Canadian dollar warrant issued as a part of the May 2016 financing. A warrant recovery of \$992 was recognized in 2014 related to a different group of warrants. Canadian dollar denominated warrants were issued with financings. These warrants were deemed to be embedded derivatives since our company's functional currency is the U.S. dollar. The warrants are marked to market in each period with the change in value recognized in other items of the Statement of Operations and Comprehensive Loss.

A provision for doubtful debts of \$97,493 was recorded in 2015, related to a balance receivable from a company which was engaged in litigation with us. This balance was written off in 2016 upon settlement of the litigation.

During the year ended December 31, 2016, our company had a foreign exchange loss of \$19,086 (2015 – loss of \$110,873, 2014 – loss of \$19,592) due to strength in the U.S. dollar and comparative weakness in the Ghana cedi and Canadian dollar.

Our company's portfolio of marketable securities had an unrealized gain of \$308,685 (2015 - loss of \$27,248, 2014 - loss of \$35,268). Our company recognized a \$277,073 realized loss on sale of securities in the year ended December 31, 2016 (2015 - gain of \$11,885, 2014 – gain of \$9,051). The most significant influence on realized and unrealized investment gains in 2016 related to Buccaneer shares. These shares were originally recorded at \$400,000 and were returned to Buccaneer for \$nil. The shares were valued at about \$20,000 before they were returned. The 2015 and 2014 losses resulted from decreased prices related to equity investments. Unrealized gains and losses reflect mark-to-market changes in the investment portfolio during a period. A realized gain is recognized when securities are sold from the investment portfolio, being the difference between the selling price and the purchase price of the security sold. At the time of the sale, any mark-to-market gain or loss which was related to the security sold, previously recognized in unrealized gains and losses, is reversed.

Other income of \$8,989 (2015 - \$6,239, 2014 - \$9,980) mostly relates to dividends on investment portfolio assets.

Liquidity and Capital Resources

Our activities, principally the exploration and acquisition of properties for gold and other metals, may be financed through joint ventures or through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. During the year ended December 31, 2016, our company issued 2,500,000 equity units for net proceeds of \$693,728 and issued 408,000 shares on conversion of stock options for cash proceeds of \$48,756.

During the year ended December 31, 2016, our company repurchased 396,000 of our shares at a cost of \$69,774 (2015 – 149,000 shares for \$18,901, 2014 – 452,500 of our shares at a cost of \$136,679).

At December 31, 2016, accounts payable and accrued liabilities increased to \$269,613 (December 31, 2015 - \$246,721, December 31, 2014 - \$230,798), mostly due to an increase in costs related to recovery of gold. Our cash and cash equivalents as at December 31, 2016 were sufficient to pay these liabilities. We believe that our company has sufficient working capital to achieve our 2017 operating plan.

At December 31, 2016, we had total cash and cash equivalents of \$913,562 (December 31, 2015 - \$862,552, December 31, 2014 - \$850,736). Working capital as of December 31, 2016 was \$1,106,425 (December 31, 2015 - \$657,584, December 31, 2014 - \$797,540). The increase in working capital mostly reflects the equity units issued for cash in 2016. During the year ended December 31, 2016, our company sold \$150,193 in tradable securities and purchased \$253,554 in tradable securities.

We are an exploration company focused on gold and associated commodities and do not have operating revenues; and therefore, we must utilize our current cash reserves, income from placer gold sales, income from investments, funds obtained from the exercise of stock options and warrants and other financing transactions to maintain our capacity to meet the planned exploration programs, or to fund any further development activities. There is no certainty that future financing will be available to us in the amounts or at the times desired on terms acceptable to us, if at all.

Our shares of common stock, warrants and stock options outstanding as at March 28, 2017, December 31, 2016, December 31, 2015, and December 31, 2014 were as follows:

	March 28, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Common Shares	48,079,417	48,174,417	45,662,417	45,811,417
Warrants	1,397,000	1,397,000	-	-
Stock Options	1,650,000	1,920,000	2, 235,000	2,426,000
Fully diluted	51,126,417	51,491,417	47,897,417	48,237,417

As of the date of this MD&A, the exercise of all outstanding warrants and options would raise approximately \$1.0 million, however such exercise is not anticipated until the market value of our shares of common stock increases in value.

We remain debt free and our credit and interest rate risk is limited to interest-bearing assets of cash and bank or government guaranteed investment vehicles. Accounts payable and accrued liabilities are short-term and non-interest bearing.

Our liquidity risk with financial instruments is minimal as excess cash is invested with a Canadian financial institution in government-backed securities or bank-backed guaranteed investment certificates.

Our fiscal 2017 budget to carry out our plan of operations is approximately \$1,000,000 as disclosed in our Plan of Operations section above and in our 20-F annual report under Item 4.B – Information on Xtra-Gold – Business Overview”. These expenditures are subject to change if management decides to scale back or accelerate operations.

We believe that we are adequately capitalized to achieve our operating plan for fiscal 2017. As is typical for junior exploration companies, we will require additional funds from equity sources to maintain the current momentum on our projects. At December 31, 2016, there were no borrowings made by our company. We have committed to purchase an exploration drill and at December 31, 2016 we have prepaid for 50% of the cost.

Recent Capital Raising Transactions

During May 2016, the Company issued 2,500,000 units at CAD\$0.40 per unit for cash proceeds of \$693,728 net of costs. Each unit was comprised of one common share and one half of one common share purchase warrant. Each full purchase warrant is convertible into one common share of the Company at a price of CAD\$0.65 for a period of 15 months from closing. The Company also issued 147,000 finders warrants with this financing. Each finders warrant is convertible into one common share of the Company at a price of CAD\$0.65 for a period of 15 months from closing.

During the second quarter of 2016, the Company issued 408,000 shares at CAD\$0.15 per share for cash proceeds of \$48,756 on the exercise of stock options.

There were no capital raising transactions in 2015, and 2014.

Going Concern

We have incurred net losses of \$28,583,385 since inception through December 31, 2016. The report of our independent registered public accounting firm on our financial statements for the years ended December 31, 2016, 2015 and 2014 contains an explanatory paragraph regarding our ability to continue as a going concern based upon an ongoing history of financial losses and because our company is dependent on our ability to raise additional capital, which may not be available when required, to implement our business plan. These conditions are typical for junior exploration companies. These factors, among others, raise substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty. There are no assurances we will be successful in our efforts to increase our revenues and report profitable operations or to continue as a going concern.

Corporate and Management Changes

At our Annual General Meeting on June 22, 2015, the following individuals did not stand for re-election; Paul Zyla, Richard Grayston, and Dr. Guy Della Valle. The following individuals were newly elected as Directors; Denis Laviolette and Hans Morsches. Paul Zyla did not continue as CEO and was replaced by Peter Minuk. John Ross did not continue as CFO and was replaced by Victor Nkansa. In August 2015, James Longshore succeeded Peter Minuk as CEO.

In October 2015, Davidson and Company LLP were succeeded by RBSM LLP as our auditor.

Related Party Transactions

During the years ended December 31, 2016, December 31, 2015 and December 31, 2014, the Company entered into the following transactions with related parties:

	December 31, 2016	December 31, 2015	December 31, 2014
Consulting fees paid or accrued to officers or their companies	\$ 539,706	\$ 495,683	\$ 472,649
Directors' fees	2,267	4,692	18,845
Stock option grants to officers and directors	400,000	250,000	108,000
Stock option grant price range	CAD\$0.40	\$ CAD\$0.20	CAD\$0.50

Of the total consulting fees noted above, \$256,319 (December 31, 2015 - \$201,097, December 31, 2014 - \$144,394) was incurred by the Company to a private company of which a related party is a 50% shareholder and director. The related party was entitled to receive \$127,348 (December 31, 2015 - \$100,548, December 31, 2014 - \$72,197) of this amount. As at December 31, 2016, \$47,792 (December 31, 2015, \$51,096, December 31, 2014 - \$28,974) remains payable to this related company and \$5,000 (December 31, 2015 - \$10,000, December 31, 2014 - \$nil) remains payable to the related party for expenses earned for work on behalf of the Company.

As at December 31, 2016, \$nil (December 31, 2015 - \$97,493, December 31, 2014 - \$97,493) was due from Buccaneer for services performed by the Company during the periods. These balances were forgiven when Buccaneer announced they were not pursuing their interest in the Concessions. The Company had fully provided against this balance in 2015.

In 2016, a total of 400,000 stock options were issued to an officer of the Company at a strike price of \$0.31 per share. A total of \$89,643 was included in consulting fees related to these options. In 2015, a total of 250,000 stock options were issued to directors of the Company at a strike price of \$0.15 per share. A total of \$18,175 was included in consulting fees related to these options. In 2014, a total of 108,000 stock options were issued to a director of the Company at a strike price of \$0.43 per share. A total of \$22,489 was included in consulting fees related to these options.

A total of 1,231,000 stock options previously granted to related parties were amended in 2015 by re-pricing these options to CAD\$0.15 per share and a total of 424,000 stock options previously granted to related parties were amended in 2015 by re-pricing these options to CAD\$0.225 per share. A total of \$106,283 was included in consulting fees related to these options.

A total of 2,147,000 stock options previously granted to related parties were amended in 2014 by re-pricing these options to CAD\$0.50 per share. A total of \$54,581 was included in consulting fees related to these options.

Material Commitments

Mineral Property Commitments

Our company is committed to expend, from time to time fees payable:

- to the Minerals Commission of Ghana for:
 - an extension of an expiry date of a prospecting license (currently \$15,000 for each occurrence);
 - a grant of a mining lease (currently \$100,000);
 - an extension of a mining lease (currently \$100,000);
 - annual operating permits; and
 - the conversion of a reconnaissance license to a prospecting license (currently \$20,000);
- to the Environmental Protection Agency of Ghana for:
 - processing and certificate fees with respect to EPA permits;
 - the issuance of permits before the commencement of any work at a particular concession; or
 - the posting of a bond in connection with any mining operations undertaken by our company; and

- for a legal obligation associated with our mineral properties for clean up costs when work programs are completed. We are committed to expend an aggregate of less than \$500 in connection with annual ground rent and mining permits to enter upon and gain access to the area covered by our mining leases and future reconnaissance and prospecting licenses for our following concessions and such other financial commitments arising out of any approved exploration programs in connection therewith:
 - the Apapam concession (Kibi project);
 - the Kwabeng concession (Kwabeng project);
 - the Pameng concession (Pameng project);
 - the Banso concession (Banso project); and
 - the Muoso concession (Muoso project).

Upon and following the commencement of gold production at any of our projects, a royalty of the net smelter returns is payable quarterly to the Government of Ghana as prescribed by legislation.

Purchase of Significant Equipment

We consider the availability of equipment to conduct our exploration activities. We have contracted to purchase an exploration drill and we have advanced 50% of the purchase price to the vendor. This balance is included in prepaid amounts. While we do not expect we will be buying any additional equipment in the foreseeable future, we will continue to assess the situation and weigh our program needs against equipment availability.

Off Balance Sheet Arrangements

Our company has no off balance sheet arrangements.

Significant Accounting Applications

Application of Critical Accounting Policies

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements.

Generally accepted accounting principles

These consolidated financial statements have been prepared in conformity with generally accepted accounting principles of the United States of America ("US GAAP").

Principles of consolidation

These consolidated financial statements include the accounts of our company, our wholly owned subsidiaries, Xtra Energy (from October 31, 2003), XG Exploration (from February 16, 2004), XOG (from October 20, 2005) and XOGG (from March 2, 2006) and our 90% owned subsidiary, XG Mining (from December 22, 2004). All intercompany accounts and transactions have been eliminated on consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring the use of estimates include the carrying value and recoverability of mineral properties, inputs used in the calculation of stock-based compensation and warrants, inputs used in the calculation of the asset retirement obligation, and the valuation allowance applied to deferred income taxes. Actual results could differ from those estimates, and would impact future results of operations and cash flows.

Cash and cash equivalents

Our company considers highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2016, December 31, 2015 and December 31, 2014, cash and cash equivalents consisted of cash held at financial institutions.

Receivables

Management has evaluated all receivables and has provided allowances for accounts where it deems collection doubtful. As of December 31, 2016 and December 31, 2015, and December 31, 2014 the Company recorded allowance for doubtful accounts of \$0, \$97,493, and \$0, respectively.

Recovery of gold

Recovery of gold and other income is recognized when title and the risks and rewards of ownership to delivered bullion and commodities pass to the buyer and collection is reasonably assured.

Trading securities

Our company's trading securities are reported at fair value, with realized and unrealized gains and losses included in earnings.

Non-Controlling Interest

The consolidated financial statements include the accounts of XG Mining (from December 22, 2004). All intercompany accounts and transactions have been eliminated upon consolidation. Our company records a non-controlling interest which reflects the 10% portion of the earnings (loss) of XG Mining allocable to the holders of the minority interest.

Equipment

Equipment is recorded at cost and is being amortized over its estimated useful lives using the declining balance method at the following annual rates:

Furniture and equipment	20%
Computer equipment	30%
Vehicles	30%
Exploration equipment	20%

Mineral properties and exploration and development costs

The costs of acquiring mineral rights are capitalized at the date of acquisition. After acquisition, various factors can affect the recoverability of the capitalized costs. If, after review, management concludes that the carrying amount of a mineral property is impaired, it will be written down to estimated fair value. Exploration costs incurred on mineral properties are expensed as incurred. Development costs incurred on proven and probable reserves will be capitalized. Upon commencement of production, capitalized costs will be amortized using the unit-of-production method over the estimated life of the ore body based on proven and probable reserves (which exclude non-recoverable reserves and anticipated processing losses). When our company receives an option payment related to a property, the proceeds of the payment are applied to reduce the carrying value of the exploration asset.

Long-lived assets

Long-lived assets held and used by our company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted net cash flows related to the long-lived assets. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value less costs to sell.

Asset retirement obligations

Our company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the long-lived assets. Our company also records a corresponding asset which is amortized over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost).

Stock-based compensation

The Company accounts for stock-based compensation under the provisions of ASC 718, "Compensation-Stock Compensation". Under the fair value recognition provisions, stock-based compensation expense is measured at the grant date for all stock-based awards to employees and directors and is recognized as an expense over the requisite service period, which is generally the vesting period. The Black-Scholes option valuation model is used to calculate fair value.

The Company accounts for stock compensation arrangements with non-employees in accordance with ASC 505 which requires that such equity instruments are recorded at their fair value on the measurement date. The measurement of stock-based compensation is subject to periodic adjustment as the underlying equity instruments vest. Non-employee stock-based compensation charges are amortized over the vesting period on a straight-line basis. For stock options granted to non-employees, the fair value of the stock options is estimated using a Black-Scholes valuation model.

Warrants

Our company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value using the appropriate valuation methodology and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. The warrants are presented as a liability because they do not meet the criteria of Accounting Standard Codification ("ASC") topic 480 for equity classification. Subsequent changes in the fair value of the warrants are recorded in the consolidated statement of operations.

Income taxes

Our company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that some portion or all of the deferred tax asset will not be recognized.

Loss per share

Basic loss per common share is computed using the weighted average number of common shares outstanding during the year. To calculate diluted loss per share, the Company uses the treasury stock method and the *if converted* method. As of December 31, 2016, there were 1,397,000 warrants (December 31, 2015 - nil, December 31, 2014 - nil) and 1,920,000 stock options (December 31, 2015 - 2,235,000 stock options, December 31, 2014 - 2,426,000 stock options) outstanding which have not been included in the weighted average number of common shares outstanding as these were anti-dilutive.

Foreign exchange

Our company's functional currency is the U.S. dollar. Any monetary assets and liabilities that are in a currency other than the U.S. dollar are translated at the rate prevailing at year end. Revenue and expenses in a foreign currency are translated at rates that approximate those in effect at the time of translation. Gains and losses from translation of foreign currency transactions into U.S. dollars are included in current results of operations.

Financial instruments

Our company's financial instruments consist of cash and cash equivalents, trading securities, receivables, accounts payable and accrued liabilities. It is management's opinion that our company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted. Our company has its cash primarily in commercial banks in Toronto, Ontario, Canada.

Fair value of financial assets and liabilities

Our company measures the fair value of financial assets and liabilities based on US GAAP guidance which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

Our company classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount.

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

Financial instruments, including cash and cash equivalents, accounts payable and accrued liabilities are carried at cost, which management believes approximates fair value due to the short term nature of these instruments. Investments in trading securities are classified as held for trading, with unrealized gains and losses being recognized in income.

The following table presents information about the assets that are measured at fair value on a recurring basis as of December 31, 2016, and indicates the fair value hierarchy of the valuation techniques our company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset:

	December 31, 2016	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 913,562	\$ 913,562	\$ —	\$ —
Restricted cash	221,322	221,322	—	—
Investment in trading securities	248,592	248,592	—	—
Warrant liability	1,000	—	—	1,000
Total	\$ 1,383,476	\$ 1,383,476	\$ —	\$ 1,000

	December 31, 2015	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 862,552	\$ 862,552	\$ —	\$ —
Restricted cash	221,322	221,322	—	—
Investment in trading securities	101,214	101,214	—	—
Warrant liability	—	—	—	—
Total	\$ 1,185,088	\$ 1,185,088	\$ —	\$ —

	December 31, 2014	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 850,736	\$ 850,736	\$ —	\$ —
Restricted cash	221,322	221,322	—	—
Investment in trading securities	81,012	81,012	—	—
Warrant liability	—	—	—	—
Total	\$ 1,153,070	\$ 1,153,070	\$ —	\$ —

The fair values of cash and cash equivalents and marketable securities are determined through market, observable and corroborated sources. The fair value of the warrant liability is determined through the Black Scholes valuation model.

Concentration of credit risk

The financial instrument which potentially subjects the Company to concentration of credit risk is cash. The Company maintains cash in bank accounts that, at times, may exceed federally insured limits. As of December 31, 2016, the Company held \$694,941 (December 31, 2015 - \$468,750, December 31, 2014 - \$635,550) in low risk money market funds which are not federally insured. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risks on its cash in bank accounts. The Company has contracted to sell all its recovered gold through a licensed exporter in Ghana.

Recently Adopted Accounting Pronouncements

Our company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on our company's consolidated financial position, results of operations or cash flows.

Recent accounting pronouncements

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date, which deferred the effective date of the new revenue standard for periods beginning after December 15, 2016 to December 15, 2017, with early adoption permitted but not earlier than the original effective date. Accordingly, the updated standard is effective for us in the first quarter of fiscal 2019 and we do not plan to early adopt. We have not yet selected a transition method and we are currently evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements—Going Concern*, which requires management of an entity to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued. This update is effective for annual periods ending after December 15, 2016. The adoption of this standard did not have a material impact on our financial statements.

In July 2015, the FASB issued Accounting Standards Update No. 2015-11, Inventory (Topic 330): *Simplifying the Measurement of Inventory*. ASU 2015-11 requires that inventory within the scope of this Update be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The amendments in this Update do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. For all entities, the guidance is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2016. Early adoption is permitted. Therefore the amendments in ASU 2015-11 will become effective for us as of the beginning of our 2018 fiscal year. The adoption of this guidance is not expected to have a material impact upon our financial condition or results of operations.

In July 2015, the FASB issued Accounting Standards Update No. 2015-16, Business Combinations (Topic 805): *Simplifying the Accounting for Measurement Period Adjustments*. ASU 2015-16 requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments in this Update require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. Any current period adjustments to provisional amounts that would have impacted a prior period's earnings had they been recognized at the acquisition date are required to be presented separately on the face of the income statement or disclosed in the notes. The amendments in this Update are effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments in this Update should be applied prospectively to adjustments to provisional amounts that occur after the effective date of this Update with earlier application permitted for financial statements that have not been issued. Therefore the amendments in ASU 2015-16 will become effective for us as of the beginning of our 2017 fiscal year. The adoption of this guidance is not expected to have a material impact upon our financial condition or results of operations.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740)*, which requires that all deferred income tax assets and liabilities be presented as noncurrent in the balance sheet. The pronouncement is effective for financial statements issued for annual periods beginning after December 15, 2018 with early application permitted. The adoption of this guidance is not expected to have a material impact on our financial statements.

In January 2016, the FASB issued Accounting Standards Update No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 requires that equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are to be measured at fair value with changes in fair value recognized in net income. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Furthermore, equity investments without readily determinable fair values are to be assessed for impairment using a quantitative approach. The amendments in ASU 2016-01 should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption, with other amendments related specifically to equity securities without readily determinable fair values applied prospectively. The amendments in ASU 2016-01 will become effective for us as of the beginning of our 2019 fiscal year. The adoption of this guidance is not expected to have a material impact upon our financial condition or results of operations.

On February 24, 2016, the FASB issued ASU No. 2016-02, *Leases*, requiring lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with the exception of short-term leases. For lessees, leases will continue to be classified as either operating or finance leases in the income statement. Lessor accounting is similar to the current model but updated to align with certain changes to the lessee model. Lessors will continue to classify leases as operating, direct financing or sales-type leases. The effective date of the new standard for public companies is for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition and requires application of the new guidance at the beginning of the earliest comparative period presented. The updated standard is effective for us beginning in the first quarter of fiscal 2020. We are currently evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

On March 30, 2016, the FASB issued ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which simplifies various aspects related to the accounting and presentation of share-based payments. The amendments require entities to record all tax effects related to share-based payments at settlement or expiration through the income statement and the windfall tax benefit to be recorded when it arises, subject to normal valuation allowance considerations. All tax-related cash flows resulting from share-based payments are required to be reported as operating activities in the statement of cash flows. The updates relating to the income tax effects of the share-based payments including the cash flow presentation must be adopted either prospectively or retrospectively. Further, the amendments allow the entities to make an accounting policy election to either estimate forfeitures or recognize forfeitures as they occur. If an election is made, the change to recognize forfeitures as they occur must be adopted using a modified retrospective approach with a cumulative effect adjustment recorded to opening retained earnings. The effective date of the new standard for public companies is for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years. Early adoption is permitted.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, in an effort to reduce the diversity of how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments of this ASU are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently assessing the potential impact this ASU will have on the financial statements and related disclosures.

In January 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, in an effort to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments of this ASU are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The adoption of this guidance is not expected to have a material impact on our financial statements.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or our company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-Looking Statements	Assumptions	Risk Factors
Potential of Xtra-Gold’s properties to contain economic gold deposits and other mineral deposits and/or to become near-term and/or low-cost producers	Availability of financing for our projects. Actual results of our exploration, resource goals, metallurgical testing, economic studies and development activities will be favourable. Operating, exploration and development costs will be consistent with our expectations. Ability to retain and attract skilled	Changes in the capital markets impacting availability of future financings. Uncertainties involved in interpreting geological data and confirming title to acquired properties. Possibility of future exploration results, metallurgical test work, economic studies and development activities will not be consistent with our expectations. Variations from the technical reports.

Forward-Looking Statements	Assumptions	Risk Factors
	<p>staff.</p> <p>All requisite regulatory and governmental approvals will be received on a timely basis on terms acceptable to Xtra-Gold, including development of any deposit in compliance with Ghanaian mining law.</p> <p>Social engagement and local acceptance of our projects.</p> <p>Economic, political and industry market conditions will be favourable.</p>	<p>Increases in costs, environmental compliance and changes in environmental, local legislation and regulation, community support and the political and economic climate.</p> <p>Price volatility of gold and other associated commodities impacting the economics of our projects.</p>
<p>Potential to expand the NI 43-101 resources on Xtra-Gold's existing projects and achieve its growth targets</p>	<p>Availability of financing.</p> <p>Actual results of our exploration, resource goals, metallurgical testing, economic studies and development activities will be favourable.</p> <p>NI 43-101 technical reports are correct and comprehensive.</p> <p>Operating, exploration and development costs will be consistent with our expectations.</p> <p>Ability to retain and attract skilled staff.</p> <p>All requisite regulatory and governmental approvals will be received on a timely basis on terms acceptable to Xtra-Gold.</p> <p>Social engagement and local acceptance of our projects.</p> <p>Economic, political and industry market conditions will be favourable.</p> <p>Continuance of gold recovery operations.</p>	<p>Changes in the capital markets impacting availability of future financings.</p> <p>Uncertainties involved in interpreting geological data and confirming title to acquired properties.</p> <p>Possibility of future exploration results, metallurgical test work, economic studies and development activities will not be consistent with our expectations.</p> <p>Variations from the technical reports.</p> <p>Increases in costs, environmental compliance and changes in environmental, local legislation and regulation, community support and the political and economic climate.</p> <p>Price volatility of gold and other associated commodities impacting the economics of our projects.</p> <p>Continued cooperation of government bodies to conduct placer operations.</p>
<p>Ability to meet working capital needs for fiscal 2017</p>	<p>Operating and exploration activities and associated costs will be consistent with our current expectations.</p> <p>Capital markets and financing opportunities are favourable to Xtra-Gold.</p> <p>Sale of any investments, if warranted, on acceptable terms.</p> <p>Xtra-Gold continues as a going concern.</p>	<p>Changes in the capital markets impacting availability and timing of future financings on acceptable terms.</p> <p>Increases in costs, environmental compliance and changes in environmental, other local legislation and regulation.</p> <p>Adjustments to currently proposed operating and exploration activities.</p> <p>Price volatility of gold and other commodities impacting sentiment for investment in the resource markets.</p>
<p>Plans, costs, timing and capital for future exploration and development</p>	<p>Availability of financing for our exploration and development</p>	<p>Changes in the capital markets impacting</p>

Forward-Looking Statements	Assumptions	Risk Factors
<p>of Xtra-Gold’s properties including the potential impact of complying with existing and proposed laws and regulations</p>	<p>activities.</p> <p>Actual results of our exploration, resource goals, metallurgical testing, economic studies and development activities will be favourable.</p> <p>Operating, exploration and development costs will be consistent with our expectations.</p> <p>Ability to retain and attract skilled staff.</p> <p>All requisite regulatory and governmental approvals will be received on a timely basis on terms acceptable to Xtra-Gold.</p> <p>Economic, political and industry market conditions will be favourable.</p>	<p>availability of future financings.</p> <p>Uncertainties involved in interpreting geological data and confirming title to acquired properties.</p> <p>Possibility of future exploration results, metallurgical test work and economic studies will not be consistent with our expectations.</p> <p>Increases in costs, environmental compliance and changes in environmental, local legislation and regulation and political and economic climate.</p> <p>Price volatility of gold and other commodities impacting the economics of our projects.</p>
<p>Management’s outlook regarding future trends</p>	<p>Availability of financing.</p> <p>Actual results of our exploration, resource goals, metallurgical testing, economic studies and development activities will be favourable.</p> <p>Prices for gold and other commodities will be favourable to Xtra-Gold.</p> <p>Government regulation in Ghana will support development of any deposit.</p>	<p>Price volatility of gold and other commodities impacting the economics of our projects and appetite for investing in junior gold exploration equities.</p> <p>Possibility of future exploration results, metallurgical test work, economic studies and development activities will not be consistent with our expectations.</p> <p>Increases in costs, environmental compliance and changes in economic, political and industry market climate.</p>

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Xtra-Gold’s ability to predict or control. Please also make reference to those risk factors listed in the “Risk Factors” section above. Readers are cautioned that the above chart is not exhaustive of the factors that may affect the forward-looking statements, and that the underlying assumptions may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause Xtra-Gold’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. Our company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If our company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Dated: March 28, 2017