

GOLDQUEST MINING CORP.

Condensed Consolidated Interim Financial Statements

FOR THE THREE MONTHS ENDED MARCH 31, 2016

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited interim financial statements of GoldQuest Mining Corp. for the three months ended March 31, 2016 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

GoldQuest Mining Corp.
Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)

<i>As at</i>		March 31, 2016		December 31, 2015
ASSETS				
Current assets				
Cash and cash equivalents (note 4)	\$	4,051,930	\$	4,406,100
Amounts receivable (note 5)		101,060		68,978
Prepaid expenses		284,912		267,455
Deposits		115,374		122,360
Total current assets		4,553,276		4,864,893
Non-current assets				
Long-term investment (note 6)		31,500		27,000
Equipment (note 7)		94,546		101,639
Evaluation and exploration assets (note 8)		1,247,000		1,247,000
Total non-current assets		1,373,046		1,375,639
TOTAL ASSETS	\$	5,926,322	\$	6,240,532
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 10 and 12(b))	\$	621,969	\$	440,347
TOTAL LIABILITIES		621,969		440,347
EQUITY				
Share capital (note 11)	\$	40,223,041	\$	40,223,041
Shares subscribed (note 17)		1,000,000		-
Other reserve		8,918,217		8,503,320
Stock options reserve		4,109,986		4,418,794
Warrants reserve		759,357		759,357
Accumulated other comprehensive income		7,500		3,000
Deficit		(49,713,748)		(48,107,327)
TOTAL EQUITY		5,304,353		5,800,185
TOTAL EQUITY AND LIABILITIES	\$	5,926,322	\$	6,240,532

Corporate information and continuance of operations (note 1)

Commitments (note 13)

Segmented information (note 14)

Subsequent events (note 17)

See accompanying notes to these condensed consolidated interim financial statements.

APPROVED BY THE BOARD:

/s/ Julio Espallat Director */s/ Florian Siegfried* Director

GoldQuest Mining Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)
(Expressed in Canadian Dollars)

	For the three months ended	
	March 31, 2016	March 31, 2015
EXPENSES		
Depreciation (note 7)	\$ 10,839	\$ 15,301
Directors' fees and management remuneration	132,750	152,000
Evaluation and exploration costs (note 9)	991,800	1,191,074
Foreign exchange loss (gain)	101,074	(202,543)
General and administrative	44,863	69,490
Investor relations and promotion	65,187	44,984
Professional fees	44,307	23,138
Regulatory and transfer agents	10,405	17,031
Rent	12,135	13,045
Salaries and wages	52,885	65,695
Share-based payments (note 11(d))	106,089	77,492
Travel	38,973	20,878
TOTAL EXPENSES	1,611,307	1,487,585
OTHER ITEMS		
Interest income	(4,886)	(7,740)
Fair value loss on available-for-sale investments (note 6)	-	75,756
NET LOSS FOR THE PERIOD	\$ 1,606,421	\$ 1,555,601
OTHER COMPREHENSIVE LOSS		
Unrealized loss (gain) on available-for-sale assets (note 6)	(4,500)	-
Reclassification adjustment for impairment loss on available-for-sale investments (note 6)	-	-
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 1,601,921	\$ 1,555,601
Basic and diluted loss per share for the period		
attributable to common shareholders (warrants and options not included as the impact would be anti-dilutive)	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding - basic and diluted	177,682,225	145,755,044

See accompanying notes to these condensed consolidated interim financial statements.

GoldQuest Mining Corp.
Condensed Consolidated Interim Statements of Changes in Equity (unaudited)
(Expressed in Canadian Dollars)

	Note	Share capital			Reserves			Accumulated other comprehensive income	Deficit	Total
		Number of shares	Amount	Shares subscribed	Other reserve	Stock options reserve	Warrants reserve			
Balance at December 31, 2015		177,682,225	\$ 40,223,041	\$ -	\$ 8,503,320	\$ 4,418,794	\$ 759,357	\$ 3,000	\$ (48,107,327)	\$ 5,800,185
Share subscribed		-	-	1,000,000	-	-	-	-	-	1,000,000
Reclassification of grant-date fair value on expired stock options		-	-	-	414,897	(414,897)	-	-	-	-
Share-based payments		-	-	-	-	106,089	-	-	-	106,089
Other comprehensive loss		-	-	-	-	-	-	4,500	-	4,500
Net loss for the period		-	-	-	-	-	-	-	(1,606,421)	(1,606,421)
Balance at March 31, 2016		177,682,225	\$ 40,223,041	\$ 1,000,000	\$ 8,918,217	\$ 4,109,986	\$ 759,357	\$ 7,500	\$ (49,713,748)	\$ 5,304,353
Balance at December 31, 2014		145,755,044	\$ 37,571,448	\$ -	\$ 8,357,754	\$ 4,355,843	\$ -	\$ -	\$ (43,161,411)	\$ 7,123,634
Share-based payments		-	-	-	-	77,492	-	-	-	77,492
Net loss for the period		-	-	-	-	-	-	-	(1,555,601)	(1,555,601)
Balance at March 31, 2015		145,755,044	\$ 37,571,448	\$ -	\$ 8,357,754	\$ 4,433,335	\$ -	\$ -	\$ (44,717,012)	\$ 5,645,525

See accompanying notes to these condensed consolidated interim financial statements.

GoldQuest Mining Corp.
Condensed Consolidated Interim Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)

	For the three months ended	
	March 31, 2016	March 31, 2015
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (1,606,421)	\$ (1,555,601)
Adjustments for items not affecting cash:		
Depreciation	13,585	19,349
Share-based payments	106,089	77,492
Fair value loss on available-for-sale investments	-	75,756
	(1,486,747)	(1,383,004)
Net changes in non-cash working capital items:		
Amounts receivable	(32,082)	47,443
Prepaid expenses	(17,457)	(51,425)
Deposits	6,986	(9,011)
Accounts payable and accrued liabilities	181,622	571,470
Net cash flows used in operating activities	(1,347,678)	(824,527)
FINANCING ACTIVITIES		
Shares subscribed	1,000,000	-
Net cash flows from financing activities	1,000,000	-
INVESTING ACTIVITIES		
Purchase of equipment	(6,492)	-
Net cash flows used in investing activities	(6,492)	-
Net decrease in cash and cash equivalents	(354,170)	(824,527)
Cash and cash equivalents, beginning of period	4,406,100	5,624,051
Cash and cash equivalents, end of period	\$ 4,051,930	\$ 4,799,524
Cash received during the period from interest	\$ 4,886	\$ 7,740

There were no significant non-cash transactions for the three months ended March 31, 2016 and 2015.

See accompanying notes to these condensed consolidated interim financial statements.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

GoldQuest Mining Corp. (the “Company” or “GoldQuest”) is a publicly listed company incorporated in British Columbia on July 12, 1989 and its shares are listed on the TSX Venture Exchange under the symbol “GQC”. The Company together with its subsidiaries (collectively referred to as the “Company”) is engaged in the identification, acquisition and exploration of mineral properties in the Dominican Republic. The Company’s registered office is located at Suite 2600, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of evaluation and exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's exploration assets are located outside of Canada and are subject to the risk of foreign investment, including political uncertainty, increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

These unaudited interim condensed consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2016, the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash and cash equivalents and through further equity financings.

The unaudited interim condensed consolidated financial statements of GoldQuest for the three months ended March 31, 2016 were approved by the Board of Directors on May 25, 2016.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of GoldQuest and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2015. Certain amounts in prior periods have been reclassified to conform to the current period presentation.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.

4. CASH AND CASH EQUIVALENTS

The Company’s cash and cash equivalents are broken down as follows:

		March 31, 2016		December 31, 2015
Cash	\$	4,016,930	\$	4,371,100
Term deposits		35,000		35,000
	\$	4,051,930	\$	4,406,100

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)

5. AMOUNTS RECEIVABLE

The Company's amounts receivable are broken down as follows:

	March 31, 2016	December 31, 2015
Harmonized sales tax receivable and value-added tax receivable	\$ 86,937	\$ 54,832
Other receivables	14,123	14,146
	\$ 101,060	\$ 68,978

6. LONG-TERM INVESTMENT

As at March 31, 2016

	Number of shares	Carrying value	Closing market price	Fair value
Portex Minerals Inc.	15,151,273	-	\$ 0.005	\$ 75,756
Precipitate Gold Corporation	300,000	31,500	0.105	31,500

As at December 31, 2015

	Number of shares	Carrying value	Closing market price	Fair value
Portex Minerals Inc.	15,151,273	-	\$ 0.005	\$ 75,756
Precipitate Gold Corporation	300,000	27,000	0.090	27,000

Portex Minerals Inc.

On April 30, 2012, the Company received 15,151,273 shares of Portex Minerals Inc. ("Portex") with a fair value of \$909,076 in exchange for the sale of its wholly owned entities with business interests in Spain.

During the year ended December 31, 2015, the Company reduced the carrying value of the 15,151,273 shares of Portex to \$nil as it determined the impairment was permanent given the financial conditions of Portex.

Precipitate Gold Corporation

On September 30, 2015, the Company reached a data sharing and collaboration agreement (the "Agreement") with Precipitate Gold Corporation ("Precipitate"). According to the Agreement, the Company and Precipitate will share all current and future Tiroo belt exploration data in a collaborative effort to assist and accelerate the search for new gold discoveries in the Dominican Republic's Tiroo volcanic belt. In exchange of the exploration data, Precipitate agreed to issue 300,000 common shares to the Company.

During the year ended December 31, 2015, the Company received 300,000 shares from Precipitate with a fair value of \$24,000.

As at March 31, 2015, the Company recognized \$31,500 as the fair value of the 300,000 common shares received from Precipitate (December 31, 2015 – \$27,000). The change in fair value of \$4,500 for the three months ended March 31, 2016 is recognized as other comprehensive income (March 31, 2015 – \$nil).

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)

7. EQUIPMENT

The Company's equipment is broken down as follows:

	Computer equipment	Field equipment	Office equipment	Software	Vehicles	Total
Cost						
As at December 31, 2015	\$ 123,470	\$ 172,110	\$ 14,890	\$ 117,930	\$ 277,723	\$ 706,123
Additions	3,327	-	-	3,165	-	6,492
Balance as at March 31, 2016	\$ 126,797	\$ 172,110	\$ 14,890	\$ 121,095	\$ 277,723	\$ 712,615
Depreciation						
As at December 31, 2015	\$ (54,244)	\$ (163,850)	\$ (12,681)	\$ (117,930)	\$ (255,779)	\$ (604,484)
Charged for the period	(4,204)	(2,745)	(71)	-	(6,565)	(13,585)
Balance as at March 31, 2016	\$ (58,448)	\$ (166,595)	\$ (12,752)	\$ (117,930)	\$ (262,344)	\$ (618,069)
Net book value						
As at December 31, 2015	\$ 69,226	\$ 8,260	\$ 2,209	\$ -	\$ 21,944	\$ 101,639
As at March 31, 2016	\$ 68,349	\$ 5,515	\$ 2,138	\$ 3,165	\$ 15,379	\$ 94,546

8. EVALUATION AND EXPLORATION ASSETS

The Company's evaluation and exploration assets are broken down as follows:

	Balance as at December 31, 2015	Additions	Balance as at March 31, 2016
Dominican Republic	\$ 1,247,000	\$ -	\$ 1,247,000

Dominican Republic – 100% owned

On August 5, 2009, the Company entered into a purchase agreement with Gold Fields Dominican Republic BVI Limited ("GFL") to regain full ownership of its gold-focused portfolio in the Dominican Republic. As consideration for GFL's interest in the joint venture projects, the Company issued 8,600,000 common shares and granted a 1.25% Net Smelter Royalty ("NSR") on the claims in favour of GFL.

The transaction was completed on November 18, 2009 with the issuance of the shares at an estimated fair value of \$1,247,000.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)

9. EVALUATION AND EXPLORATION COSTS

The Company's evaluation and exploration costs during the three months ended March 31, 2016 and 2015 related to projects in the Dominican Republic are broken down as follows:

For the three months ended March 31, 2016			
	Tireo	Other	Total
Access fees	\$ 32	\$ 745	\$ 777
Depreciation	841	1,905	2,746
Equipment rental	3,646	1,850	5,496
Field	40,696	28,126	68,822
Field technicians	75,197	11,289	86,486
Geological	89,227	3,743	92,970
Lodging and food	20,142	344	20,486
Salaries and wages	-	46,190	46,190
Sample analysis	172,592	-	172,592
Social responsibility	2,115	295	2,410
Technical studies	491,160	-	491,160
Transportation	1,094	571	1,665
	\$ 896,742	\$ 95,058	\$ 991,800

Cumulative costs, beginning of period	24,995,763
Cumulative costs, end of period	\$ 25,987,563

For the three months ended March 31, 2015			
	Tireo	Other	Total
Access fees	\$ 755	\$ 1,056	\$ 1,811
Depreciation	1,633	2,415	4,048
Drilling	440,293	-	440,293
Equipment rental	2,380	1,070	3,450
Field	128,855	24,284	153,139
Field technicians	139,952	1,041	140,993
Geological	143,944	10,498	154,442
Lodging and food	41,715	-	41,715
Salaries and wages	-	69,120	69,120
Sample analysis	4,358	-	4,358
Social responsibility	12,867	-	12,867
Technical studies	164,150	-	164,150
Transportation	688	-	688
	\$ 1,081,590	\$ 109,484	\$ 1,191,074

Cumulative costs, beginning of period	21,725,054
Cumulative costs, end of period	\$ 22,916,128

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are broken down as follows:

	March 31, 2016		December 31, 2015	
Trade payables	\$	474,058	\$	326,355
Accrued liabilities		147,911		113,992
	\$	621,969	\$	440,347

11. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At March 31, 2016 and December 31, 2015, the Company had 177,682,225 common shares issued and outstanding with a value of \$40,256,271.

c) Warrants

No warrants were issued, exercised or expired during the three months ended March 31, 2016 and 2015.

The following summarizes information about warrants outstanding at March 31, 2016:

Grant date	Expiry date	Warrants outstanding	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
October 19, 2015 ⁽¹⁾	October 19, 2018	9,045,455	\$ 0.180	\$ 412,488	2.55
November 6, 2015 ⁽¹⁾	November 6, 2018	6,818,136	\$ 0.180	\$ 313,639	2.60
November 6, 2015 ⁽²⁾	November 6, 2016	545,455	\$ 0.110	\$ 33,230	0.60
		16,409,046	\$	759,357	2.51

(1) Each warrant entitles the warrant holder to subscribe for one common shares.

(2) Each warrant entitles the warrant holder to subscribe for one unit which comprised of one common shares and one-half of a common share purchase warrant (note 17).

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

d) Stock options

Under the Company's stock option plan, the Board of Directors may grant options for the purchase of up to a total of 10% of the total number of issued and outstanding common shares of the Company. Options granted under the plan may vest over a period of time at the discretion of the board of directors. Under the plan, the exercise price of each option equals the market price of the Company's stock as determined on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value of the Company's common shares on the date of the grant. The changes in options during the three months ended March 31, 2016 and 2015 are as follows:

	March 31, 2016		March 31, 2015	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Balance, beginning of period	16,107,663	\$ 0.35	12,856,163	\$ 0.40
Granted	-	-	1,700,000	0.15
Expired	(1,200,000)	0.41	-	-
Balance, end of period	14,907,663	\$ 0.35	14,556,163	\$ 0.37

During the three months ended March 31, 2016:

- 1,200,000 options expired unexercised.

During the three months ended March 31, 2015:

- On January 20, 2015, the Company granted 1,650,000 options with an exercise price of \$0.15 to certain officers, directors and employees. The options are exercisable for a period of five years. One-third vest six months from the date of grant and one-third will vest every six months thereafter.
- On January 20, 2015, the Company granted 50,000 options with an exercise price of \$0.15 to an employee. The options are exercisable for a period of five years. A quarter vest three months from the date of grant and a quarter will vest every three months thereafter.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

d) Stock options (continued)

The following summarizes information about stock options outstanding and exercisable at March 31, 2016:

Grant date	Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
August 24, 2011	August 24, 2016	2,225,000	2,225,000	\$ 0.200	\$ 299,775	0.40
May 31, 2012	May 31, 2017	2,623,335	2,623,335	\$ 0.560	\$ 1,594,038	1.17
June 1, 2012	June 1, 2017	73,334	73,334	\$ 0.680	\$ 48,225	1.17
September 11, 2012	September 4, 2017	250,000	250,000	\$ 1.560	\$ 376,726	1.43
March 8, 2013	March 8, 2018	2,445,000	2,445,000	\$ 0.500	\$ 874,292	1.94
May 22, 2013	May 22, 2018	500,000	500,000	\$ 0.350	\$ 131,412	2.14
December 19, 2013	December 19, 2018	2,356,994	2,356,994	\$ 0.250	\$ 490,172	2.72
May 14, 2014	May 14, 2019	150,000	150,000	\$ 0.310	\$ 39,927	3.12
January 20, 2015	January 20, 2020	1,534,000	1,022,668	0.150	\$ 169,396	3.81
December 14, 2015	December 14, 2020	2,750,000	-	0.130	\$ 306,167	4.71
		14,907,663	11,646,331		\$ 4,330,130	2.41

The estimated grant date fair value of the options granted during the three months ended March 31, 2015 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the three months ended	
	March 31, 2016	March 31, 2015
Number of options granted	Nil	1,700,000
Risk-free interest rate	N/A	0.95%
Expected annual volatility	N/A	131%
Expected life	N/A	5.00
Expected dividend yield	N/A	0.00%
Grant date fair value per option	N/A \$	0.11
Share price at grant date	N/A \$	0.13

During the three ended March 31, 2016 and 2015, the Company recognized share-based payments expense of \$106,089 and \$57,492, respectively. For the three ended March 31, 2016 and 2015, share-based payments expense consists of the following:

	For the three months ended	
	March 31, 2016	March 31, 2015
For services in respect of:		
Directors' fees	\$ 14,630	\$ 2,129
Management fees	79,897	40,416
Salaries and wages	11,562	14,947
	\$ 106,089	\$ 57,492

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

e) Earnings (loss) per share

The Company calculated the basic earnings (loss) per share by using the weighted-average number of shares outstanding during the period. The diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period. In determining the weighted average number of common shares outstanding during the period for the diluted loss per share, warrants and options are not included as the impact would be anti-dilutive.

12. RELATED PARTY TRANSACTIONS AND BALANCES

The financial statements include the accounts of GoldQuest Mining Corp. and its subsidiaries listed in the following table:

Name	Country of Incorporation	Equity Ownership as at	
		March 31, 2016	December 31, 2015
GoldQuest Mining (BVI) Corp	British Virgin Islands	100%	100%
Goldquest Dominicana SRL	Dominican Republic	100%	100%

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

a) Related party transactions

The Company's related parties as defined by IAS 24, *Related Party Disclosures*, include the Company's subsidiaries (above), and the following directors, executive officers, key management personnel, and enterprises which are controlled by these individuals:

Related Party	Relationship
William Fisher	Executive Chairman
Frank Balint	Director
Patrick Michaels	Director
Florian Siegfried	Director
Julio Espaillat	Director, President and CEO
Paul Robertson	CFO
Quantum Advisory Partners LLP	A partnership in which the CFO is a partner
Jeremy Niemi	Vice President, Exploration
Felix Mercedes	Country Manager, Dominican Republic

The Company considered the executive officers and directors as the key management of the Company.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Related party transactions (continued)

Total compensation of key company personnel for the three months ended March 31, 2016 and 2015 is as follows:

	For the three months ended	
	March 31, 2016	March 31, 2015
Directors' fees	\$ 21,000	\$ 21,000
Management remuneration	111,750	131,000
Salaries and wages	28,345	30,996
Evaluation and exploration costs	40,000	42,500
Share-based compensation	94,527	636,411
	\$ 295,622	\$ 861,907

During the three months ended March 31, 2016, the Company paid professional fees of \$36,764 (March 31, 2015 – \$33,020) to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner, for professional services including accounting, corporate secretarial, transaction support and tax compliance.

b) Related party balances

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$49,711 as at March 31, 2016 (December 31, 2015 – \$25,629), which were paid subsequent to March 31, 2016. These amounts are unsecured, non-interest bearing and payable on demand.

13. COMMITMENTS

Commitments

The Company is a party to certain management contracts. These contracts contain clauses requiring that \$1,530,000 be paid to certain management personnel upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

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14. SEGMENTED INFORMATION

The Company has one reportable segment, being the evaluation and exploration of mineral exploration properties in one geographic region: Dominican Republic. The Company's assets and liabilities are as follows:

	Canada	Dominican Republic	Total
As at March 31, 2016			
Evaluation and exploration assets	\$ -	\$ 1,247,000	\$ 1,247,000
Long-term investment	31,500	-	31,500
Equipment	71,708	22,838	94,546
Other assets	4,242,012	311,264	4,553,276
Liabilities	(535,990)	(85,979)	(621,969)
	\$ 3,809,230	\$ 1,495,123	\$ 5,304,353
As at December 31, 2015			
Evaluation and exploration assets	\$ -	\$ 1,247,000	\$ 1,247,000
Long-term investment	27,000	-	27,000
Equipment	71,007	30,632	101,639
Other assets	4,420,031	444,862	4,864,893
Liabilities	(363,829)	(76,518)	(440,347)
	\$ 4,154,209	\$ 1,645,976	\$ 5,800,185
Comprehensive loss:			
For the three months ended March 31, 2016	\$ 436,941	\$ 1,164,980	\$ 1,601,921
For the three months ended March 31, 2015	\$ 1,094,366	\$ 461,235	\$ 1,555,601

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the evaluation and exploration of its mineral exploration properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of share capital.

There were no changes to the Company policy for capital management during the three months ended March 31, 2016.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and short-term investments. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company and its subsidiaries are not subject to any externally imposed capital requirements.

The Company's investment policy is to invest its excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks. By using this strategy the Company preserves its cash resources and is able to marginally increase these resources through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

The Company expects that its current capital resources will be sufficient to fund its present operational commitments and working capital needs for the coming twelve months.

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16. FINANCIAL INSTRUMENTS

a) **Fair value**

The carrying values of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments. Long-term investment is determined by the closing market price of the securities held by the Company.

As at March 31, 2016

	Loans and receivables and other liabilities	Assets at fair value through profit or loss	Available-for-sale assets	Total
Cash and cash equivalents	\$ 4,016,930	\$ 35,000	\$ -	\$ 4,051,930
Amounts receivable	14,123	-	-	14,123
Long-term investment	-	-	31,500	31,500
Accounts payable and accrued liabilities	621,969	-	-	621,969

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

As at March 31, 2016, the financial instruments recorded at fair value on the consolidated statement of financial position are cash equivalents which are measured using Level 2 of the fair value hierarchy and long term investments, except for the shares of Portex, measured using Level 1 of the fair value hierarchy.

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16. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company manages its credit risk through its counterparty ratings and credit limits.

The Company's cash and cash equivalents and guaranteed investment certificates are held through large Canadian financial institutions. Guaranteed investment certificates are composed of financial instruments issued by Canadian banks and companies with high investment-grade ratings. These instruments mature at various dates over the current operating period and are cashable on the maturity date.

The total cash and cash equivalents, guaranteed investment certificates and amounts receivable represent the maximum credit exposure. The Company limits its credit risk exposure by holding cash and cash equivalents and guaranteed investment certificates with reputable financial institutions with high credit ratings. The Company's amounts receivable balance is not significant and does not represent significant credit exposure as it is principally due from the Government of Canada.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company's expected source of cash flow in the upcoming year will be through equity financings.

The Company maintained sufficient cash and cash equivalents at March 31, 2016 in the amount of \$4,051,930, in order to meet short-term business requirements. At March 31, 2016, the Company had accounts payable and accrued liabilities of \$621,969. All accounts payable and accrued liabilities are current.

Market risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and commodity price risk.

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16. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2016.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on cash and cash equivalents outstanding at March 31, 2016 would result in a \$40,519 change to the Company's net loss for the three months ended March 31, 2016.

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and long-term investment are held in Canadian Dollars ("CAD"), US Dollars ("USD") and Dominican Pesos ("DOP"); therefore, USD and DOP accounts are subject to fluctuation against the Canadian dollar.

The Company had the following balances in foreign currency as at March 31, 2016:

	in CAD	in USD	in DOP
Cash and cash equivalents	2,892,380	799,787	4,328,847
Amounts receivable	82	-	496,147
Long-term investment	31,500	-	-
Accounts payable and accrued liabilities	(516,695)	(14,880)	(3,038,132)
	2,407,267	784,907	1,786,862
Rate to convert to \$1.00 CAD	1.000	0.7712	35.3357
Equivalent to Canadian dollars	2,407,267	1,017,789	50,567

Based on the above net exposures as at March 31, 2016, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and DOP would have had the following impact:

	Additional foreign exchange gain (loss) (before tax) (in CAD)		
	USD	DOP	Total
<i>For the three months ended March 31, 2016</i>			
If CAD appreciated by 10%	\$ 101,779	\$ 5,057	\$ 106,836
If CAD depreciated by 10%	(101,779)	(5,057)	(106,836)

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16. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk, or currency risk.

As at March 31, 2016, the Company held 15,151,273 and 300,000 common shares of Portex and Precipitate, respectively, which are publicly traded on the Canadian National Stock Exchange and TSX Venture Exchange, respectively.

During the year ended December 31, 2015, the Company impaired the carrying value of the 15,151,273 shares of Portex to \$nil; as a result of the impairment, the Company believe price risk from the investment in Portex is minimal.

A 10% change in share price of Precipitate's shares at March 31, 2016 would result in a \$3,150 change to the Company's comprehensive loss for the three months ended March 31, 2016.

Other than this, the Company is not exposed to significant other price risk.

Commodity risk

The Company is exposed to price risk with respect to commodity prices, specifically gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decision by large holders of commodities including governmental reserves and 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 and monetary systems and political developments. As the Company does not have production assets, management believes this risk is minimal.

17. SUBSEQUENT EVENTS

Subsequent to March 31, 2016:

- On April 1, 2016, the Company completed a private placement and issued 14,710,000 common shares at a price of \$0.20 per share for gross proceeds of \$2,942,000 of which \$1,000,000 was received during the three months ended March 31, 2016;
- On May 19, 2016, the Company announced that it has entered into an agreement with a syndicate of underwriters led by Cormark Securities Inc., pursuant to which the underwriters have agreed to purchase 15,625,000 common shares at a price of \$0.32 per common Share of the Company, on a bought deal private placement basis, for aggregate gross proceeds to the Company of \$5,000,000 (the "Offering"). The Company has also granted the underwriters an option to purchase up to 15% of the number of Common Shares sold pursuant to the Offering, exercisable at any time prior to the Closing Date. The Offering is scheduled to close on or about June 9, 2015 and is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory and other approvals including the approval of the TSX Venture Exchange; and
- 545,455 finder's unit purchase warrants were exercised for proceeds of \$60,000. The Company issued 545,455 common shares and 272,727 warrants with an exercise price of \$0.18. The warrants have an expiry date of November 6, 2018.