GOLDQUEST
TSX: GQC

GOLDQUEST MINING CORP.

Unaudited interim condensed consolidated financial statements

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2013

(Expressed in Canadian Dollars)

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, 2013 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)

As at		March 31, 2013		December 31, 2012
ASSETS				
Current assets				
Cash and cash equivalents (note 4)	$	**16,178,083**	$	18,099,569
Amounts receivable (note 5)		**128,665**		77,223
Prepaid expenses		**69,980**		89,887
Deposits		**181,265**		114,924
Total current assets		**16,557,993**		18,381,603
Non-current assets				
Long-term investment (note 6)		**606,051**		909,076
Equipment (note 7)		**181,752**		173,135
Evaluation and exploration assets (note 8)		**1,247,000**		1,247,000
Total non-current assets		**2,034,803**		2,329,211
TOTAL ASSETS	$	**18,592,796**	$	20,710,814
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 10 & 12)	$	**1,170,361**	$	792,499
TOTAL LIABILITIES		**1,170,361**		792,499
EQUITY				
Share capital (note 11)	$	**37,253,320**	$	37,253,320
Other reserve		**6,742,886**		6,742,886
Stock options reserve		**2,795,669**		2,484,628
Warrants reserve		**1,557,439**		1,557,439
Deficit		**(30,623,854)**		(28,119,958)
TOTAL EQUITY		**17,422,435**		19,918,315
TOTAL EQUITY AND LIABILITIES	$	**18,592,796**	$	20,710,814

Corporate information and continuance of operations (note 1)
Commitments and contingencies (notes 8 & 13)
Segmented information (note 14)
Subsequent event (note 17)

See accompanying notes to these condensed consolidated interim financial statements.

/s/ Julio Espaillat Director   */s/ Florian Siegfried Director*

(Expressed in Canadian Dollars)

	For the three months ended			
		March 31, 2013		**March 31, 2012**
EXPENSES				
Depreciation	**$**	**16,484**	$	2,674
Evaluation and exploration costs (note 9)		**1,888,435**		352,705
Foreign exchange (gain) loss		**(179,122)**		102,984
General and administrative		**490,871**		240,690
Share-based payments (note 11(d))		**311,041**		101,405
TOTAL EXPENSES		**2,527,709**		800,458
OTHER INCOME				
Interest income		**(23,813)**		(1,754)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	**$**	**2,503,896**	$	798,704
DISCONTINUED OPERATIONS:				
Loss from discontinued operations, net of tax		**-**		49,645
NET LOSS FOR THE PERIOD	**$**	**2,503,896**	$	848,349
OTHER COMPREHENSIVE INCOME				
Unrealized loss on available-for-sale assets		**303,025**		-
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$**	**2,806,921**	$	848,349
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)	**$**	**0.02**	$	0.01
Loss per share from continuing operations (warrants and options not included as the impact would be anti-dilutive) - basic and diluted	**$**	**0.02**	$	0.01
Loss per share from discontinued operations (warrants and options not included as the impact would be anti-dilutive) - basic and diluted	**$**	**-**	$	0.00
Weighted average number of common shares outstanding - Basic and diluted		**143,980,044**		105,684,425

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)

	Share capital			Reserves						
	Number of shares	Amount	Shares subscribed	Other reserve	Stock options reserve	Warrants reserve	Availabe-for-sale assets reserve	Foreign currency translation reserve	Deficit	Total
Balance at December 31, 2012	**143,980,044**	**$ 37,253,320**	**$ -**	**$ 6,742,886**	**$ 2,484,628**	**$ 1,557,439**	**$ -**	**$ -**	**$ (28,119,958)**	**$ 19,918,315**
Share-based payments	-	-	-	-	311,041	-			-	**311,041**
Net loss for the period	-	-	-	-	-	-	(303,025)	-	(2,503,896)	**(2,806,921)**
Balance at March 31, 2013	**143,980,044**	**$ 37,253,320**	**$ -**	**$ 6,742,886**	**$ 2,795,669**	**$ 1,557,439**	**$ (303,025)**	**$ -**	**$ (30,623,854)**	**$ 17,422,435**
Balance at December 31, 2011	**103,508,601**	**$ 16,539,516**	**$ -**	**$ 6,345,406**	**$ 1,201,997**	**$ 98,127**	**$ -**	**$ -**	**$ (21,900,821)**	**$ 2,284,225**
Shares issued for cash - private placement	6,600,000	468,732	-	-	-	191,268	-	-	-	660,000
Share issue costs	-	(24,050)	-	-	-	-	-	-	-	(24,050)
Reclassification of grant-date fair value on expired warrants	-	-	-	15,047	-	(15,047)	-	-	-	-
Reclassification of grant-date fair value on expired stock options	-	-	-	216,876	(216,876)	-	-	-	-	-
Share-based payments	-	-	-	-	101,405	-	-	-	-	101,405
Net loss for the period	-	-	-	-	-	-	-	-	(848,349)	(848,349)
Balance at March 31, 2012	**110,108,601**	**$ 16,984,198**	**$ -**	**$ 6,577,329**	**$ 1,086,526**	**$ 274,348**	**$ -**	**$ -**	**$ (22,749,170)**	**$ 2,173,231**

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, 2013		March 31, 2012
Cash flows provided from (used by):				
OPERATING ACTIVITIES				
Net loss from continuing operations for the period	**$**	**(2,503,896)**	$	(798,704)
Adjustments for items not affecting cash:				
Depreciation		**20,521**		10,218
Share-based payments		**311,041**		101,405
		(2,172,334)		(687,081)
Net changes in non-cash working capital items:				
Amounts receivable		**(51,442)**		3,142
Prepaid expenses		**19,907**		65,542
Deposits		**(66,341)**		179
Accounts payable and accrued liabilities		**377,862**		126,419
Net cash flows used in operating activities		**(1,892,348)**		(491,799)
FINANCING ACTIVITIES				
Proceeds from share and warrant issuances		**-**		635,950
Net cash flows from financing activities		**-**		635,950
INVESTING ACTIVITIES				
Purchase of equipment		**(29,138)**		(2,500)
Net cash flows used in investing activities		**(29,138)**		(2,500)
Net cash flows used in discontinued operations		**-**		(35,666)
Net increase (decrease) in cash and cash equivalents		**(1,921,486)**		105,985
Cash and cash equivalents, beginning of period		**18,099,569**		989,600
Cash and cash equivalents, end of period	**$**	**16,178,083**	$	1,095,585
Cash and cash equivalents consist of :				
From continuing operations:				
Cash	**$**	**16,143,083**	$	522,709
Term deposits		**35,000**		570,000
	$	**16,178,083**	$	1,092,709
From discontinued operations:				
Cash	**$**	**-**	$	2,876
	$	**16,178,083**	$	1,095,585
Cash paid during the period for interest	**$**	**-**	$	-
Cash paid during the period for income taxes	**$**	**-**	$	-

See accompanying notes to these condensed consolidated interim financial statements.

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 and records 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, 2013, 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 funds 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, 2013 were approved by the Board of Directors on May 23, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These unaudited interim condensed consolidated 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 ("IAS 34").

Basis of presentation

These unaudited interim condensed consolidated 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, 2012. However, this interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

Certain amounts in prior periods have been reclassified to conform to the current period presentation.

These unaudited interim condensed consolidated financial statements follow the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended December 31, 2012, with the exception of the following new accounting standards and amendments which the Company adopted and are effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013.

- IAS 1 Presentation of Financial Statements ("IAS 1")
- IAS 27 Separate Financial Statements ("IAS 27")
- IAS 28 Investments in Associates and Joint Ventures ("IAS 28")
- IFRS 7 Financial Instruments: Disclosures ("IFRS 7")
- IFRS 10 Unaudited interim condensed consolidated financial statements ("IFRS 10")
- IFRS 11 Joint Arrangements ("IFRS 11")
- IFRS 12 Disclosure of Interests In Other Entities ("IFRS 12")
- IFRS 13 Fair Value Measurement ("IFRS 13")
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20")

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Basis of presentation (continued)

The accounting standards and amendments to standards adopted by the Company that had an impact on financial results or require further explanation are explained as follows:

IAS 1 was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The adoption of the new standard did not have significant impacts to the consolidated statement of loss and comprehensive loss.

IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate financial statements. The adoption of the new standard did not have significant impacts to the consolidated statements of financial position and the consolidated statement of loss and comprehensive loss.

IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture). The adoption of the new standard did not have significant impacts to the consolidated statements of financial position and the consolidated statement of loss and comprehensive loss.

IFRS 7 was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are offset in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. Disclosures required under IFRS 7 have been included in Note 16.

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of Standing Interpretations Committee Standard (“SICs”) 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. In accordance with the transitional provisions of IFRS 10, the Company re-assessed the control conclusion for its investees at January 1, 2013. The Company made no changes as a result of this process in the current or comparative period.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

IFRS 11 replaces the guidance in IAS 31 Interests in Joint Ventures. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previously jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11, joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method. Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 Investments in Associates and IAS 36 Impairments of Assets. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The adoption of the new standard did not have significant impacts to the consolidated statements of financial position and the consolidated statement of loss and comprehensive loss.

IFRS 12 Disclosure of Interests In Other Entities ("IFRS 12") requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. Disclosures arising from the adoption of IFRS 12 did not have significant impacts to the notes of the consolidated financial statements.

IFRS 13 Fair Value Measurement ("IFRS 13") converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. Disclosures required under IFRS 13 have been included in Note 16.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20") was issued by the IASB in October 2011. This interpretation requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. The adoption of the new standard did not have significant impacts to the consolidated statements of financial position and the consolidated statement of loss and comprehensive loss.

(Expressed in Canadian Dollars)

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning after March 31, 2013 or later periods. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company and are being evaluated to determine their impacts.

IAS 32 Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014 with earlier adoption permitted.

IFRS 9 Financial Instruments ("IFRS 9") was issued November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with early adoption permitted.

4. CASH AND CASH EQUIVALENTS

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

	March 31, 2013	December 31, 2012
Cash	**$ 16,143,083**	$ 18,064,569
Term deposits	**35,000**	35,000
	$ 16,178,083	$ 18,099,569

(Expressed in Canadian Dollars)

5. AMOUNTS RECEIVABLE

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

		March 31, 2013		December 31, 2012
Harmonized sales tax receivable and value-added tax receivable	**$**	**85,190**	$	34,276
Other receivables		**43,475**		42,947
	$	**128,665**	$	77,223

6. LONG-TERM INVESTMENT

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

As at March 31, 2013, the Company recognized $606,051 as the fair value of the 15,151,273 common shares received from Portex (December 31, 2012 - $909,076). The change in fair value of $303,025 for the three months ended March 31, 2013 is recognized as other comprehensive loss (March 31, 2012 - $nil).

As at March 31, 2013

	Number of shares		Closing market price		Fair value
Portex Minerals Inc.	15,151,273	$	0.04	$	606,051

As at December 31, 2012

	Number of shares		Closing market price		Fair value
Portex Minerals Inc.	15,151,273	$	0.06	$	909,076

(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, 2012	$	19,435	$	143,562	$	19,740	$	48,791	$	249,615	**$**	**481,143**
Additions		21,246		5,500		-		2,392		-		**29,138**
Balance as at March 31, 2013	**$**	**40,681**	**$**	**149,062**	**$**	**19,740**	**$**	**51,183**	**$**	**249,615**	**$**	**510,281**
Depreciation												
As at December 31, 2012	$	(12,577)	$	(107,610)	$	(13,900)	$	(28,613)	$	(145,308)	**$**	**(308,008)**
Charged for the year		(746)		(4,037)		(494)		(6,726)		(8,518)		**(20,521)**
Balance as at March 31, 2013	**$**	**(13,323)**	**$**	**(111,647)**	**$**	**(14,394)**	**$**	**(35,339)**	**$**	**(153,826)**	**$**	**(328,529)**
Net book value												
As at December 31, 2012	$	6,858	$	35,952	$	5,840	$	20,178	$	104,307	$	173,135
As at March 31, 2013	**$**	**27,358**	**$**	**37,415**	**$**	**5,346**	**$**	**15,844**	**$**	**95,789**	**$**	**181,752**

8. EVALUATION AND EXPLORATION ASSETS

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

		Balance as at December 31, 2012		Additions		Balance as at March 31, 2013
Dominican Republic	**$**	**1,247,000**	$	-	**$**	**1,247,000**

a) 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 1.5% Net Smelter Royalty ("NSR") on the claims in favour of GFL.

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

b) Eastern Dominican Republic – 51% owned

The Company also has earned a majority interest from Energold Drilling Corp. in two additional properties that were formally part of a former joint venture with GFL. These properties are also subject to a 1.5% NSR in favour of GFL and an additional 1% NSR in favour of Canyon Research Corp. and Battle Mountain (Dominican Republic) Inc. up to an aggregate maximum royalty of $1,000,000.

(Expressed in Canadian Dollars)

9. EVALUATION AND EXPLORATION COSTS

The evaluation and exploration costs of the Company during the three months ended March 31, 2013 and 2012 are broken down as follows:

	Dominican Republic	
	For the three months ended	
	March 31, 2013	March 31, 2012
Depreciation	$ 4,037	$ 7,544
Drilling	905,231	167,817
Field office administration	302,273	80,845
Geological	443,451	52,495
Sample analysis	233,443	44,004
Exploration expenditure for the period	**1,888,435**	**352,705**
Cumulative exploration expenditure, beginning of period	**12,558,413**	**9,162,600**
Cumulative exploration expenditure, end of period	**$ 14,446,848**	**$ 9,515,305**

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	March 31, 2013	December 31, 2012
Trade payables	**$ 918,261**	$ 605,316
Accrued liabilities	**252,100**	187,183
	$ 1,170,361	$ 792,499

(Expressed in Canadian Dollars)

11. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At March 31, 2013, the Company had 143,980,044 common shares issued and outstanding with a value of $37,253,320 (December 31, 2012 – 143,980,044 with a value of $37,253,320).

During the three months ended March 31, 2012:

i. On March 2, 2012, the Company completed a non-brokered private placement of 6,600,000 units for gross proceeds of $660,000. Each unit consisted of one common share and one share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.15 per share for a period of 24 months from the date of issuance.

For accounting purposes, the Company estimated the grant date fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 1.11%, an expected life of 2 years, an expected volatility of 87% and an expected dividend yield of 0%, which totaled $191,268, and recorded this value in warrants reserve. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of $468,732 was recorded as common shares.

In addition, the Company incurred $24,050 in share issuance costs.

c) Warrants

The changes in warrants during the three months ended March 31, 2013 and 2012 are as follows:

	March 31, 2013		March 31, 2012	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Balance, beginning of period	**3,289,855**	**$ 0.46**	**1,238,250**	**$ 0.15**
Issued	-	-	6,000,000	0.15
Expired	-	-	(206,650)	0.15
Balance, end of period	**3,289,855**	**$ 0.46**	**7,031,600**	**$ 0.19**

The following warrants were outstanding at March 31, 2013:

Grant date	Expiry date	Warrants outstanding	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
March 2, 2012	March 2, 2014	1,825,000	0.150	$ 52,890	0.92
June 20, 2012	June 20, 2014	744,855	0.450	408,766	1.22
August 21, 2012	August 21, 2014	720,000	1.250	1,095,783	1.39
		3,289,855		**$ 1,557,439**	**1.09**

(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.

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, 2013 and 2012 are as follows:

	March 31, 2013			March 31, 2012		
	Number outstanding		Weighted average exercise price	Number outstanding		Weighted average exercise price
Balance, beginning of period	**7,586,669**	**$**	**0.42**	**8,830,000**	**$**	**0.23**
Granted	2,625,000		0.50	-		-
Expired	-		-	(1,650,000)		0.19
Balance, end of period	**10,211,669**	**$**	**0.44**	**7,180,000**	**$**	**0.24**

<u>During the three months ended March 31, 2013:</u>

- On March 11, 2013, the Company granted 2,625,000 options with an exercise price of $0.50 to its officers, directors, employees and consultants.

The following summarizes information about stock options outstanding and exercisable at March 31, 2013:

Grant date	Expiry date	Options outstanding	Options exercisable	Exercise price		Estimated grant date fair value	Weighted average remaining contractual life (in years)
June 11, 2008	June 11, 2013	150,000	150,000	0.400	$	45,600	0.20
April 2, 2009	April 1, 2014	75,000	75,000	0.100	$	7,275	1.00
June 1, 2010	June 1, 2015	200,000	200,000	0.140	$	21,522	2.17
July 16, 2010	July 16, 2015	400,000	400,000	0.140	$	54,233	2.29
September 24, 2010	September 24, 2015	300,000	300,000	0.145	$	45,874	2.48
January 20, 2011	January 20, 2016	200,000	200,000	0.360	$	61,700	2.81
March 1, 2011	March 1, 2016	1,000,000	750,000	0.420	$	359,521	2.92
August 24, 2011	August 24, 2016	2,225,000	2,225,000	0.200	$	299,775	3.40
May 31, 2012	May 31, 2017	2,623,335	1,736,668	0.560	$	1,594,038	4.17
June 1, 2012	June 1, 2017	113,334	56,667	0.680	$	74,529	4.17
June 6, 2012	June 8, 2017	50,000	37,500	0.700	$	31,404	4.19
September 11, 2012	September 4, 2017	250,000	125,000	1.560	$	376,726	4.43
March 8, 2013	March 8, 2018	2,625,000	-	0.500	$	938,656	4.94
		10,211,669	**6,255,835**		**$**	**3,910,853**	**3.81**

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

d) Stock options (continued)

The estimated grant date fair value of the options granted during the three months ended March 31, 2013 and 2012 was calculated using the Black-Scholes option pricing model with the following assumptions:

	For the years ended		
		March 31, 2013	March 31, 2012
Number of options granted		**2,624,994**	Nil
Risk-free interest rate		**1.29%**	N/A
Expected annual volatility		**139.20%**	N/A
Expected life		**5.00%**	N/A
Expected dividend yield		**0%**	N/A
Grant date fair value per option	**$**	**0.36**	Nil

During the three months ended March 31, 2013, the Company recognized share-based payments expense of $311,041 (March 31, 2012 – $101,405). For the three months ended March 31, 2013 and 2012, share-based payments expense consists of the following:

	For the year ended			
		March 31, 2013		March 31, 2012
For services in respect of:				
Accounting	**$**	**18,372**	$	4,552
Directors' fees		**137,882**		56,344
Investor relations		**5,685**		1,970
Management fees		**61,186**		31,136
Salaries and wages		**87,916**		7,403
	$	**311,041**	$	101,405

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.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $236,896 as at March 31, 2013 (December 31, 2012 – $154,284). These amounts are unsecured, non-interest bearing and payable on demand.

During the three months ended March 31, 2012, 700,000 units issued on March 2, 2012 (note 11 (b)) were subscribed by certain directors and officers of the Company.

b) Key management personnel compensation

The remuneration of directors and other members of management were as follows:

	For the three months ended	
	March 31, 2013	**March 31, 2012**
Short-term employee benefits - management fees	**$ 104,521**	$ 75,705
Short-term employee benefits - directors' fees	**13,500**	14,500
Share-based payments - accounting and management fees	**79,558**	35,688
Share-based payments - directors' fees	**137,882**	56,344
	$ 335,461	$ 182,237

In accordance to IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

13. COMMITMENTS AND CONTINGENCIES

a) Commitments

The Company has entered into a lease for its office premises in Vancouver. The lease is for a five year period ending May 31, 2013. The amounts due to the termination of the lease are approximately as follows:

Year	
2013	$ 1,240

b) Contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(Expressed in Canadian Dollars)

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, 2013			
Evaluation and exploration assets	$ -	$ 1,247,000	**$ 1,247,000**
Other assets	17,003,413	342,383	**17,345,796**
Liabilities	(1,107,883)	(62,478)	**(1,170,361)**
	$ 15,895,530	**$ 1,526,905**	**$ 17,422,435**
As at December 31, 2012			
Evaluation and exploration assets	$ -	$ 1,247,000	**$ 1,247,000**
Other assets	18,979,486	484,328	**19,463,814**
Liabilities	(720,159)	(72,340)	**(792,499)**
	$ 18,259,327	**$ 1,658,988**	**$ 19,918,315**

	Canada	Dominican Republic	Total
Net (gain) loss:			
For the three months ended March 31, 2013	$ 2,306,046	$ 500,875	**$ 2,806,921**
For the three months ended March 31, 2012	$ 518,296	$ 280,408	**$ 848,349**

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 as well as cash and cash equivalents.

There were no changes to the Company policy for capital management during the three months ended March 31, 2013.

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.

(Expressed in Canadian Dollars)

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, 2013:

	Loans and receivables and other liabilities	Assets at fair value through profit and loss	Availabe-for-sale assets	Total
Cash and cash equivalents	$ 16,143,083	$ 35,000	$ -	$ 16,178,083
Amounts receivable	43,475	-	-	43,475
Long-term investment	-	-	606,051	606,051
Accounts payable and accrued liabilities	1,170,361	-	-	1,170,361

As at December 31, 2012:

	Loans and receivables and other liabilities	Assets at fair value through profit and loss	Availabe-for-sale assets	Total
Cash and cash equivalents	$ 18,064,569	$ 35,000	$ -	$ 18,099,569
Amounts receivable	42,947	-	-	42,947
Long-term investment	-	-	909,076	909,076
Accounts payable and accrued liabilities	792,499	-	-	792,499

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, 2013 and December 31, 2012, 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 measured using Level 1 of the fair value hierarchy.

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management

Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents. Cash and cash equivalents have been placed on deposit with major Canadian and Dominican financial institutions.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company's cash and cash equivalents are mainly held through large Canadian institutions and at March 31, 2013 are mainly held in savings accounts and accordingly credit risk in minimized.

The Company manages credit risk, in respect of cash and cash equivalents, by purchasing term deposits held at a major Canadian financial institution.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as the majority of the amounts are held at a single Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

		March 31, 2013
Held at major Canadian financial institution:		
Cash	$	15,997,749
Short-term money market instruments		35,000
		16,032,749
Held at major Dominican Republic financial institution:		
Cash	**$**	**145,334**
Total cash and cash equivalents	**$**	**16,178,083**

The credit risk associated with cash and cash equivalents is minimized by ensuring the majority of these financial assets are held with major Canadian and Dominican financial institutions with strong investment-grade ratings by a primary rating agency.

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, 2013 in the amount of $16,178,083 (December 31, 2012 - $18,099,569), in order to meet short-term business requirements. At March 31, 2013, the Company had accounts payable and accrued liabilities of $1,170,361 (December 31, 2012 - $792,499). All accounts payable and accrued liabilities are current.

16. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management (continued)

Market risk

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

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, 2013.

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, 2013 would result in a $161,781 change to the Company's net loss for the three months ended March 31, 2013.

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, 2013:

	in CAD	in USD	in DOP
Cash and cash equivalents	7,522,661	8,513,890	(165,509)
Amounts receivable	35,889	3,750	153,960
Long-term investment	606,051	-	-
Accounts payable and accrued liabilities	(525,461)	(572,630)	(2,550,115)
	7,639,140	**7,945,010**	**(2,561,664)**
Rate to convert to $1.00 CAD	1.000	0.9832	40.8163
Equivalent to Canadian dollars	**7,639,140**	**8,080,870**	**(62,761)**

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management (continued)

Currency risk (continued)

Based on the above net exposures as at March 31, 2013, 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
For the three months ended March 31, 2013			
If CAD appreciated by 10%	$ 808,087	$ (6,276)	$ 801,811
If CAD depreciated by 10%	(808,087)	6,276	(801,811)

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, 2013, the Company held 15,151,273 common shares of Portex which is publicly traded on the Canadian National Stock Exchange. A 10% change in share price of Portex's shares at March 31, 2013 would result in a $60,605 change to the Company's comprehensive loss for the three months ended March 31, 2013.

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 EVENT

Subsequent to March 31, 2013, the Company granted 500,000 stock options with an exercise price of $0.35, which will expire on May 22, 2018.