

GOLDQUEST MINING CORP.

Unaudited Interim Condensed Consolidated Financial Statements

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 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 six months ended June 30, 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)

<i>As at</i>	June 30, 2013	December 31, 2012
	<i>(unaudited)</i>	<i>(unaudited)</i>
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	\$ 13,840,963	\$ 18,099,569
Amounts receivable (note 5)	121,012	77,223
Prepaid expenses	112,709	89,887
Deposits	126,162	114,924
Total current assets	14,200,846	18,381,603
Non-current assets		
Long-term investment (note 6)	530,295	909,076
Equipment (note 7)	283,258	173,135
Evaluation and exploration assets (note 8)	1,247,000	1,247,000
Total non-current assets	2,060,553	2,329,211
TOTAL ASSETS	\$ 16,261,399	\$ 20,710,814
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 10 & 12)	\$ 664,540	\$ 792,499
TOTAL LIABILITIES	664,540	792,499
EQUITY		
Share capital (note 11)	\$ 37,253,320	\$ 37,253,320
Other reserve	6,788,486	6,742,886
Stock options reserve	3,212,440	2,484,628
Warrants reserve	1,557,439	1,557,439
Availabe-for-sale assets reserve	(378,781)	-
Deficit	(32,836,045)	(28,119,958)
TOTAL EQUITY	15,596,859	19,918,315
TOTAL EQUITY AND LIABILITIES	\$ 16,261,399	\$ 20,710,814

Corporate information and continuance of operations (note 1)

Commitments and contingencies (notes 8 & 13)

Segmented information (note 14)

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		For the six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
EXPENSES				
Depreciation	16,433	2,797	\$ 32,917	\$ 5,471
Evaluation and exploration costs (note 9)	1,523,407	418,174	3,411,842	770,879
Foreign exchange (gain) loss	(230,367)	9,624	(409,489)	112,608
General and administrative	463,651	288,023	954,522	528,713
Share-based payments (note 11(d))	462,371	757,750	773,412	859,155
TOTAL EXPENSES	2,235,495	1,476,368	4,763,204	2,276,826
OTHER INCOME				
Interest income	(23,904)	(650)	(47,717)	(2,404)
Loss on disposal of equipment	600	-	600	-
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	2,212,191	1,475,718	\$ 4,716,087	\$ 2,274,422
DISCONTINUED OPERATIONS:				
Gain from discontinued operations, net of tax	-	(718,000)	-	(668,355)
NET LOSS FOR THE PERIOD	2,212,191	757,718	\$ 4,716,087	\$ 1,606,067
OTHER COMPREHENSIVE INCOME				
Unrealized loss on available-for-sale assets	75,756	-	378,781	-
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 2,287,947	\$ 757,718	\$ 5,094,868	\$ 1,606,067
Earnings (loss) per share (note 11(e)):				
Basic earnings (loss) per share:				
Continuing operations:	\$ (0.02)	\$ (0.01)	\$ (0.03)	(0.02)
Discontinued operations:	-	0.01	-	0.01
Comprehensive loss:	(0.02)	(0.01)	(0.04)	(0.01)
Diluted earnings (loss) per share:				
Continuing operations:	\$ (0.02)	\$ (0.01)	\$ (0.03)	(0.02)
Discontinued operations:	-	0.01	-	0.01
Comprehensive loss:	(0.02)	(0.01)	(0.04)	(0.01)

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						Deficit	Total
	Number of shares	Amount	Shares subscribed	Other reserve	Stock options reserve	Warrants reserve	Available-for-sale assets reserve	Foreign currency translation reserve			
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	
Reclassification of grant-date fair value on expired stock options	-	-	-	45,600	(45,600)	-	-	-	-	-	
Share-based payments	-	-	-	-	773,412	-	-	-	-	773,412	
Net loss for the period	-	-	-	-	-	-	(378,781)	-	(4,716,087)	(5,094,868)	
Balance at June 30, 2013	143,980,044	\$ 37,253,320	\$ -	\$ 6,788,486	\$ 3,212,440	\$ 1,557,439	\$ (378,781)	\$ -	\$ (32,836,045)	\$ 15,596,859	
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	21,205,000	7,040,982	-	-	-	191,268	-	-	-	7,232,250	
Share issue costs	-	(994,909)	-	-	-	480,900	-	-	-	(514,009)	
Fair value of agent's warrants	-	-	20,000	-	-	-	-	-	-	20,000	
Shares issued for cash - warrant exercise	200,000	30,000	-	-	-	-	-	-	-	30,000	
Shares issued for cash - stock option exercise	435,000	61,500	-	-	-	-	-	-	-	61,500	
Reclassification of grant-date fair value on exercise of warrants	-	5,796	-	-	-	(5,796)	-	-	-	-	
Reclassification of grant-date fair value on exercise of stock options	-	50,548	-	-	(50,548)	-	-	-	-	-	
Reclassification of grant-date fair value on expired warrants	-	-	-	98,125	-	(98,125)	-	-	-	-	
Reclassification of grant-date fair value on expired stock options	-	-	-	299,355	(299,355)	-	-	-	-	-	
Share-based payments	-	-	-	-	859,155	-	-	-	-	859,155	
Net loss for the period	-	-	-	-	-	-	-	-	(1,606,067)	(1,606,067)	
Balance at June 30, 2012	125,348,601	\$ 22,733,433	\$ 20,000	\$ 6,742,886	\$ 1,711,249	\$ 666,374	\$ -	\$ -	\$ (23,506,888)	\$ 8,367,054	

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 six months ended	
	June 30, 2013	June 30, 2012
	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss from continuing operations for the period	\$ (4,716,087)	\$ (2,274,422)
Adjustments for items not affecting cash:		
Depreciation	41,577	17,267
Share-based payments	773,412	859,155
Loss on disposal of equipment	600	-
	(3,900,498)	(1,398,000)
Net changes in non-cash working capital items:		
Amounts receivable	(43,789)	(62,045)
Prepaid expenses	(22,822)	29,494
Deposits	(11,238)	(5,506)
Accounts payable and accrued liabilities	(127,959)	176,613
Net cash flows used in operating activities	(4,106,306)	(1,259,444)
FINANCING ACTIVITIES		
Proceeds from share and warrant issuances	-	7,323,750
Share issue costs	-	(514,009)
Shares subscribed	-	20,000
Net cash flows from financing activities	-	6,829,741
INVESTING ACTIVITIES		
Purchase of equipment	(152,800)	(2,500)
Proceeds from disposal of equipment	500	-
Net cash flows used in investing activities	(152,300)	(2,500)
Net cash flows used in discontinued operations	-	(121,954)
Net increase (decrease) in cash and cash equivalents	(4,258,606)	5,445,843
Cash and cash equivalents, beginning of period	18,099,569	989,600
Cash and cash equivalents, end of period	\$ 13,840,963	\$ 6,435,443
Cash and cash equivalents consist of :		
Cash	\$ 13,805,963	\$ 6,095,443
Term deposits	35,000	340,000
	\$ 13,840,963	\$ 6,435,443
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -
Supplementary cash flow information		
Shares received from Portex Minerals Inc.	\$ -	\$ 909,076
Finders' warrants issued	-	480,900
	\$ -	\$ 1,389,976

See accompanying notes to these condensed consolidated interim financial statements.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Six Months Ended June 30, 2013
(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 June 30, 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 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 six months ended June 30, 2013 were approved by the Board of Directors on August 27, 2013.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Six Months Ended June 30, 2013
(Expressed in Canadian Dollars)

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”)

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Six Months Ended June 30, 2013
(Expressed in Canadian Dollars)

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.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Six Months Ended June 30, 2013
(Expressed in Canadian Dollars)

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.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Six Months Ended June 30, 2013
(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:

	June 30, 2013		December 31, 2012	
Cash	\$	13,805,963	\$	18,064,569
Term deposits		35,000		35,000
	\$	13,840,963	\$	18,099,569

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Six Months Ended June 30, 2013
(Expressed in Canadian Dollars)

5. AMOUNTS RECEIVABLE

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

	June 30, 2013	December 31, 2012
Harmonized sales tax receivable and value-added tax receivable	\$ 74,443	\$ 34,276
Other receivables	46,569	42,947
	\$ 121,012	\$ 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 June 30, 2013, the Company recognized \$530,295 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 \$378,781 for the six months ended June 30, 2013 is recognized as other comprehensive loss (June 30, 2012 - \$nil).

As at June 30, 2013

	Number of shares	Closing market price	Fair value
Portex Minerals Inc.	15,151,273	\$ 0.035	\$ 530,295

As at December 31, 2012

	Number of shares	Closing market price	Fair value
Portex Minerals Inc.	15,151,273	\$ 0.060	\$ 909,076

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Six Months Ended June 30, 2013
(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	63,654	-	39,792	28,108	152,800
Disposals	-	-	(5,949)	-	-	(5,949)
Balance as at June 30, 2013	\$ 40,681	\$ 207,216	\$ 13,791	\$ 88,583	\$ 277,723	\$ 627,994
Depreciation						
As at December 31, 2012	\$ (12,577)	\$ (107,610)	\$ (13,900)	\$ (28,613)	\$ (145,308)	\$ (308,008)
Charged for the year	(1,492)	(8,659)	(938)	(13,452)	(17,036)	(41,577)
Eliminated on disposal	-	-	4,849	-	-	4,849
Balance as at June 30, 2013	\$ (14,069)	\$ (116,269)	\$ (9,989)	\$ (42,065)	\$ (162,344)	\$ (344,736)
Net book value						
As at December 31, 2012	\$ 6,858	\$ 35,952	\$ 5,840	\$ 20,178	\$ 104,307	\$ 173,135
As at June 30, 2013	\$ 26,612	\$ 90,947	\$ 3,802	\$ 46,518	\$ 115,379	\$ 283,258

During the six months ended June 30, 2013, the Company disposed office equipment with a net book value of \$1,100 for cash proceed of \$500.

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 June 30, 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.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Six Months Ended June 30, 2013
(Expressed in Canadian Dollars)

9. EVALUATION AND EXPLORATION COSTS

The evaluation and exploration costs of the Company during the three and six months ended June 30, 2013 and 2012 are broken down as follows:

	Dominican Republic			
	For the three months ended		For the six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Depreciation	\$ 4,621	\$ 4,252	\$ 8,658	\$ 11,796
Drilling	529,755	233,820	1,434,986	401,637
Field office administration	294,232	89,514	596,505	170,359
Geological	583,479	51,866	1,026,930	104,361
Sample analysis	141,606	38,722	375,049	82,726
Exploration expenditure for the period	\$ 1,523,407	\$ 418,174	\$ 3,411,842	\$ 770,879
Cumulative exploration expenditure, beginning of period	14,446,848	9,515,305	12,558,413	9,162,600
Cumulative exploration expenditure, end of period	\$ 15,970,255	\$ 9,933,479	\$ 15,970,255	\$ 9,933,479

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	June 30, 2013	December 31, 2012
Trade payables	\$ 604,598	\$ 605,316
Accrued liabilities	59,942	187,183
	\$ 664,540	\$ 792,499

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Six Months Ended June 30, 2013
(Expressed in Canadian Dollars)

11. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At June 30, 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 six months ended June 30, 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.

- ii. On June 20, 2012, the Company completed a bought deal private placement with Dundee Securities Ltd. on behalf of a syndicate of underwriters including Stifel Nicolaus Canada Inc., Canaccord Genuity Corp. and Raymond James Ltd. (the "Underwriters") for 14,605,000 common shares at a price per share of \$0.45 for total gross proceeds of \$6,572,250. In connection with this private placement, the Underwriters were granted 876,300 warrants with an exercise price of \$0.45. The warrants will expire on June 20, 2014.

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 1.10%, an expected life of 2 years, an expected volatility of 165.39% and an expected dividend yield of 0%, which totaled \$480,900, and recorded this value as share issue cost.

In addition, the Company incurred \$489,959 in share issuance costs.

GoldQuest Mining Corp.
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11. SHARE CAPITAL (continued)

c) Warrants

The changes in warrants during the three and six months ended June 30, 2013 and 2012 are as follows:

	June 30, 2013		June 30, 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	-	-	7,476,300	0.19
Expired	-	-	(1,238,250)	0.12
Exercised	-	-	(200,000)	0.15
Balance, end of period	<u>3,289,855</u>	<u>\$ 0.46</u>	<u>7,276,300</u>	<u>\$ 0.20</u>

The following warrants were outstanding at June 30, 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	0.67
June 20, 2012	June 20, 2014	744,855	0.450	408,766	0.97
August 21, 2012	August 21, 2014	720,000	1.250	1,095,783	1.14
		<u>3,289,855</u>		<u>\$ 1,557,439</u>	<u>0.84</u>

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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 six months ended June 30, 2013 and 2012 are as follows:

	<u>June 30, 2013</u>		<u>June 30, 2012</u>	
	<u>Number outstanding</u>	<u>Weighted average exercise price</u>	<u>Number outstanding</u>	<u>Weighted average exercise price</u>
Balance, beginning of period	7,586,669	\$ 0.42	8,830,000	\$ 0.23
Granted	3,125,000	0.48	2,880,000	0.57
Expired	(150,000)	0.40	(1,975,000)	0.22
Forfeited	-	-	(38,333)	0.20
Exercised	-	-	(435,000)	0.14
Balance, end of period	<u>10,561,669</u>	<u>\$ 0.44</u>	<u>9,261,667</u>	<u>\$ 0.34</u>

During the six months ended June 30, 2013:

- On March 11, 2013, the Company granted 2,625,000 options with an exercise price of \$0.50 to certain officers, directors, employees and consultants. 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 May 22, 2013, the Company granted 500,000 stock options with an exercise price of \$0.35 to a director. 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.

During the six months ended June 30, 2012:

- On May 31, 2012, the Company granted 2,660,000 options with an exercise price of \$0.56 to certain officers, directors and employees. The options are exercisable for a period of five years. One-third of the options granted vest immediately at the date of the grant. One-third vest six months from the date of grant and one-third vest twelve months from the date of grant.
- On June 1, 2012, the Company granted 170,000 options with an exercise price of \$0.68 to certain employees. The options are exercisable for a period of five years. One-third of the options granted vest immediately at the date of the grant. One-third vest six months from the date of grant and one-third vest twelve months from the date of grant.

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11. SHARE CAPITAL (continued)

d) Stock options (continued)

The following summarizes information about stock options outstanding and exercisable at June 30, 2013:

Grant date	Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
April 2, 2009	April 1, 2014	75,000	75,000	\$ 0.100	\$ 7,275	0.75
June 1, 2010	June 1, 2015	200,000	200,000	\$ 0.140	21,522	1.92
July 16, 2010	July 16, 2015	400,000	400,000	\$ 0.140	54,233	2.04
September 24, 2010	September 24, 2015	300,000	300,000	\$ 0.145	45,874	2.24
January 20, 2011	January 20, 2016	200,000	200,000	\$ 0.360	61,700	2.56
March 1, 2011	March 1, 2016	1,000,000	750,000	\$ 0.420	359,521	2.67
August 24, 2011	August 24, 2016	2,225,000	2,225,000	\$ 0.200	299,775	3.15
May 31, 2012	May 31, 2017	2,623,335	2,623,335	\$ 0.560	1,594,038	3.92
June 1, 2012	June 1, 2017	113,334	113,334	\$ 0.680	74,529	3.92
June 6, 2012	June 8, 2017	50,000	50,000	\$ 0.700	31,404	3.94
September 11, 2012	September 4, 2017	250,000	187,500	\$ 1.560	376,726	4.18
March 8, 2013	March 8, 2018	2,625,000	-	\$ 0.500	938,656	4.69
May 22, 2013	May 22, 2018	500,000	-	\$ 0.350	131,412	4.90
		10,561,669	7,124,169		\$ 3,996,665	3.68

The estimated grant date fair value of the options granted during the six months ended June 30, 2013 and 2012 was calculated using the Black-Scholes option pricing model with the following assumptions:

	For the six months ended	
	June 30, 2013	June 30, 2012
Number of options granted	3,124,994	2,880,000
Risk-free interest rate	1.29%	1.18%
Expected annual volatility	139%	139%
Expected life	5.00	5.00
Expected dividend yield	0.00%	0.00%
Grant date fair value per option	\$ 0.34	\$0.61

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11. SHARE CAPITAL (continued)

d) Stock options (continued)

During the three and six months ended June 30, 2013, the Company recognized share-based payments expense of \$462,371 and \$773,412, respectively (June 30, 2012 – \$757,750 and \$859,155, respectively). For the three and six months ended June 30, 2013 and 2012, share-based payments expense consists of the following:

	For the three months ended		For the year ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
For services in respect of:				
Accounting	\$ 30,297	\$ 63,844	\$ 48,669	\$ 68,396
Directors' fees	233,661	478,087	371,543	534,431
Investor relations	6,980	5,291	12,665	7,261
Management fees	70,191	141,617	131,377	172,753
Salaries and wages	121,242	68,911	209,158	76,314
	\$ 462,371	\$ 757,750	\$ 773,412	\$ 859,155

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.

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11. SHARE CAPITAL (continued)

e) Earnings (loss) per share (continued)

	For the three months ended		For the six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Basic earnings (loss) per share:				
Continuing operations:				
Loss for the period from continuing operations	\$ (2,212,191)	\$ (1,475,718)	\$ (4,716,087)	\$ (2,274,422)
Weighted average number of common shares outstanding	143,980,044	112,076,568	143,980,044	108,880,497
Basic loss per share:	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.02)
Discontinued operations:				
Income (loss) for the period from discontinued operations	\$ -	\$ 718,000	\$ -	\$ 668,355
Weighted average number of common shares outstanding	143,980,044	112,076,568	143,980,044	108,880,497
Basic earnings (loss) per share:	\$ -	\$ 0.01	\$ -	\$ 0.01
Comprehensive income (loss):				
Net income (loss) for the period	\$ (2,287,947)	\$ (757,718)	\$ (5,094,868)	\$ (1,606,067)
Weighted average number of common shares outstanding	143,980,044	112,076,568	143,980,044	108,880,497
Basic earnings (loss) per share:	\$ (0.02)	\$ (0.01)	\$ (0.04)	\$ (0.01)
Diluted earnings (loss) per share:				
Continuing operations:				
Loss for the period from continuing operations	\$ (2,212,191)	\$ (1,475,718)	\$ (4,716,087)	\$ (2,274,422)
Weighted average number of common shares outstanding	143,980,044	112,076,568	143,980,044	108,880,497
Diluted loss per share:	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.02)
Discontinued operations:				
Income (loss) for the period from discontinued operations	\$ -	\$ 718,000	\$ -	\$ 668,355
Weighted average number of common shares outstanding	143,980,044	114,734,633	143,980,044	111,538,561
Diluted earnings (loss) per share:	\$ -	\$ 0.01	\$ -	\$ 0.01
Comprehensive income (loss):				
Net income (loss) for the period	\$ (2,287,947)	\$ (757,718)	\$ (5,094,868)	\$ (1,606,067)
Weighted average number of common shares outstanding	143,980,044	112,076,568	143,980,044	108,880,497
Diluted earnings (loss) per share:	\$ (0.02)	\$ (0.01)	\$ (0.04)	\$ (0.01)

GoldQuest Mining Corp.
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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	
		June 30, 2013	June 30, 2012
GoldQuest Mining (BVI) Corp	British Virgin Islands	100%	100%
INEX Ingeniería y Exploración, S. A.	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 Espailat	Director, President and CEO
Paul Robertson	CFO
Quantum Advisory Partners LLP	A partnership in which the CFO is a partner
Jeremy Niemi	Director, Technical Services & Compliance
Felix Mercedes	Country Manager, Dominican Republic

GoldQuest Mining Corp.
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12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Related Party Transactions (continued)

Total compensation of key personnel of the Company for the periods ended June 30, 2013 and 2012 is as follows:

	For the three months ended		For the six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Directors' fees	\$ 16,247	\$ 26,500	\$ 29,747	\$ 41,000
Management fees ⁽¹⁾	182,876	85,079	365,752	170,158
Professional fees ⁽²⁾	29,013	27,794	46,976	40,507
Share-based compensation	407,943	679,039	688,305	768,226
	\$ 636,079	\$ 818,412	\$ 1,130,780	\$ 1,019,891

- 1) During the three and six months ended June 30, 2013, the Company paid \$21,000 (June 30, 2012 - \$21,000) and \$42,000 (June 30, 2012 - \$42,000) to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner, for management fees, respectively.
- 2) Professional fees relate to amounts paid to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner, for other professional services including 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 \$68,661 as at June 30, 2013 (December 31, 2012 - \$154,284), which were paid subsequent to quarter end. These amounts are unsecured, non-interest bearing and payable on demand.

13. COMMITMENTS AND CONTINGENCIES

a) Commitments

The Company is a party to certain management contracts. These contracts contain clauses requiring that \$827,000 be paid 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.

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.

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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 June 30, 2013					
Evaluation and exploration assets	\$	-	\$	1,247,000	\$ 1,247,000
Other assets		14,523,462		490,937	15,014,399
Liabilities		(553,531)		(111,009)	(664,540)
	\$	13,969,931	\$	1,626,928	\$ 15,596,859
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 loss:					
For the six months ended June 30, 2013	\$	3,693,809	\$	1,022,278	\$ 4,716,087
For the six months ended June 30, 2012	\$	1,684,283	\$	590,139	\$ 2,274,422
Net loss:					
For the three months ended June 30, 2013	\$	1,690,788	\$	521,403	\$ 2,212,191
For the three months ended June 30, 2012	\$	1,165,987	\$	309,731	\$ 1,475,718

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 six months ended June 30, 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.

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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 June 30, 2013:

	Loans and receivables and other liabilities	Assets at fair value through profit and loss	Available-for-sale assets	Total
Cash and cash equivalents	\$ 13,805,963	\$ 35,000	\$ -	\$ 13,840,963
Amounts receivable	46,569	-	-	46,569
Long-term investment	-	-	530,295	530,295
Accounts payable and accrued liabilities	664,540	-	-	664,540

As at December 31, 2012:

	Loans and receivables and other liabilities	Assets at fair value through profit and loss	Available-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 June 30, 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.

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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 June 30, 2013 are mainly held in savings accounts and accordingly credit risk is 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:

	June 30, 2013
Held at major Canadian financial institution:	
Cash	\$ 13,572,524
Short-term money market instruments	35,000
	<u>13,607,524</u>
Held at major Dominican Republic financial institution:	
Cash	\$ 233,439
Total cash and cash equivalents	<u>\$ 13,840,963</u>

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 June 30, 2013 in the amount of \$13,840,963 (December 31, 2012 - \$18,099,569), in order to meet short-term business requirements. At June 30, 2013, the Company had accounts payable and accrued liabilities of \$664,540 (December 31, 2012 - \$792,499). All accounts payable and accrued liabilities are current.

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16. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management

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 June 30, 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 June 30, 2013 would result in a \$138,409 change to the Company's net loss for the six months ended June 30, 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 June 30, 2013:

	in CAD	in USD	in DOP
Cash and cash equivalents	6,977,958	6,477,974	2,054,736
Amounts receivable	38,749	3,750	155,073
Long-term investment	530,295	-	-
Accounts payable and accrued liabilities	(262,924)	(276,363)	(4,458,183)
	7,284,078	6,205,361	(2,248,374)
Rate to convert to \$1.00 CAD	1.000	0.9510	40.1606
Equivalent to Canadian dollars	7,284,078	6,525,185	(55,985)

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16. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management (continued)

Currency risk (continued)

Based on the above net exposures as at June 30, 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
<i>For the six months ended June 30, 2013</i>			
If CAD appreciated by 10%	\$ 652,519	\$ (5,598)	\$ 646,921
If CAD depreciated by 10%	(652,519)	5,598	(646,921)

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 June 30, 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 June 30, 2013 would result in a \$53,030 change to the Company's comprehensive loss for the six months ended June 30, 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.