

# **GOLDQUEST MINING CORP.**

## **Condensed Consolidated Interim Financial Statements**

**FOR THE SIX MONTHS ENDED JUNE 30, 2019**

**(unaudited)**

#### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

**The accompanying unaudited interim financial statements of GoldQuest Mining Corp. for the six months ended June 30, 2019 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, 2019		December 31, 2018
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents (note 4)	\$	17,463,543	\$	18,495,590
Amounts receivable (note 5)		29,050		20,422
Prepaid expenses		158,599		157,132
Deposits		11,931		11,996
<b>Total current assets</b>		<b>17,663,123</b>		<b>18,685,140</b>
<b>Non-current assets</b>				
Long-term investment (note 6)		28,500		33,000
Equipment (note 7)		56,413		74,393
Evaluation and exploration assets (note 8)		1		1
<b>Total non-current assets</b>		<b>84,914</b>		<b>107,394</b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>17,748,037</b>	<b>\$</b>	<b>18,792,534</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities (notes 10 and 12(b))	\$	240,696	\$	557,147
<b>TOTAL LIABILITIES</b>		<b>240,696</b>		<b>557,147</b>
<b>EQUITY</b>				
Share capital (note 11)	\$	72,887,913	\$	72,887,913
Other reserve		13,672,121		13,331,132
Stock options reserve		5,527,068		5,609,904
Accumulated other comprehensive income		4,500		9,000
Deficit		(74,584,261)		(73,602,562)
<b>TOTAL EQUITY</b>		<b>17,507,341</b>		<b>18,235,387</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>\$</b>	<b>17,748,037</b>	<b>\$</b>	<b>18,792,534</b>

*Corporate information and continuance of operations (note 1)*

*Commitment (note 13)*

*Segmented information (note 14)*

*See accompanying notes to these unaudited interim consolidated financial statements.*

APPROVED BY THE BOARD:

*/s/ William Fisher, 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, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b>EXPENSES</b>				
Consulting fees	\$ -	\$ 9,500	\$ -	\$ 18,250
Depreciation (note 7)	10,683	10,739	21,414	21,447
Directors' fees and management remuneration (note 12(a))	78,000	307,350	171,616	506,550
Evaluation and exploration costs (notes 9 and 12(a))	35,585	397,451	67,771	1,242,482
Foreign exchange loss (gain)	30,113	(35,228)	60,835	(109,000)
General and administrative	33,902	56,830	77,197	118,190
Investor relations and promotion	5,670	29,837	25,943	79,983
Professional fees	107,450	165,803	255,062	240,128
Project evaluation costs	6,480	-	68,986	-
Regulatory and transfer agents	21,836	30,895	31,541	47,646
Rent	5,942	16,054	16,853	29,169
Salaries and wages (note 12(a))	31,019	121,115	79,023	254,341
Share-based payments (note 11(d) and 12(a))	80,363	190,132	258,153	589,818
Travel	1,733	5,364	3,907	37,831
<b>TOTAL EXPENSES</b>	<b>448,776</b>	<b>1,305,842</b>	<b>1,138,301</b>	<b>3,076,835</b>
<b>OTHER ITEMS</b>				
Interest income	(68,790)	(63,472)	(137,258)	(127,391)
Gain on disposal of equipment (note 7)	-	-	(19,344)	-
<b>LOSS FOR THE PERIOD</b>	<b>379,986</b>	<b>1,242,370</b>	<b>\$ 981,699</b>	<b>\$ 2,949,444</b>
<b>OTHER COMPREHENSIVE LOSS</b>				
Unrealized loss (gain) on long-term investment (note 6)	7,500	6,000	4,500	13,500
<b>TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ 387,486</b>	<b>\$ 1,248,370</b>	<b>\$ 986,199</b>	<b>\$ 2,962,944</b>
<b>Basic and diluted loss per share for the period</b>				
attributable to common shareholders (warrants and options not included as the impact would be anti-dilutive)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01
<b>Weighted average number of common shares outstanding - basic and diluted</b>				
	<b>257,067,384</b>	<b>254,567,384</b>	<b>257,067,384</b>	<b>254,533,130</b>

See accompanying notes to these unaudited interim consolidated financial statements.

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

	Share capital		Reserves			Accumulated other comprehensive income	Deficit	Total
	Number of shares	Amount	Other reserve	Stock options reserve	Warrants reserve			
<b>Balance at December 31, 2018</b>	<b>257,067,384</b>	<b>\$ 72,887,913</b>	<b>\$ 13,331,132</b>	<b>\$ 5,609,904</b>	<b>\$ -</b>	<b>\$ 9,000</b>	<b>\$ (73,602,562)</b>	<b>\$ 18,235,387</b>
Reclassification of grant-date fair value on expired stock options	-	-	340,989	(340,989)	-	-	-	-
Share-based payments	-	-	-	258,153	-	-	-	258,153
Other comprehensive loss	-	-	-	-	-	(4,500)	-	(4,500)
Loss for the period	-	-	-	-	-	-	(981,699)	(981,699)
<b>Balance at June 30, 2019</b>	<b>257,067,384</b>	<b>\$ 72,887,913</b>	<b>\$ 13,672,121</b>	<b>\$ 5,527,068</b>	<b>\$ -</b>	<b>\$ 4,500</b>	<b>\$ (74,584,261)</b>	<b>\$ 17,507,341</b>
<b>Balance at December 31, 2017</b>	<b>254,367,384</b>	<b>\$ 72,200,197</b>	<b>\$ 11,384,121</b>	<b>\$ 6,303,919</b>	<b>\$ 618,176</b>	<b>\$ 4,500</b>	<b>\$ (67,450,910)</b>	<b>\$ 23,060,003</b>
Shares issued for cash - exercise of stock options	200,000	65,000	-	-	-	-	-	65,000
Reclassification of grant-date fair value on exercise of stock options	-	58,712	-	(58,712)	-	-	-	-
Reclassification of grant-date fair value on expired stock options	-	-	990,091	(990,091)	-	-	-	-
Share-based payments	-	-	-	589,818	-	-	-	589,818
Other comprehensive loss	-	-	-	-	-	(13,500)	-	(13,500)
Loss for the period	-	-	-	-	-	-	(2,949,444)	(2,949,444)
<b>Balance at June 30, 2018</b>	<b>254,567,384</b>	<b>\$ 72,323,909</b>	<b>\$ 12,374,212</b>	<b>\$ 5,844,934</b>	<b>\$ 618,176</b>	<b>\$ (9,000)</b>	<b>\$ (70,400,354)</b>	<b>\$ 20,751,877</b>

See accompanying notes to these unaudited interim consolidated financial statements.

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

	For the six months ended	
	June 30, 2019	June 30, 2018
<b>Cash flows provided from (used by):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (981,699)	\$ (2,949,444)
<b>Adjustments for items not affecting cash:</b>		
Depreciation	21,414	21,447
Share-based payments	258,153	589,818
Gain on disposal of equipment	(19,334)	-
<b>Net changes in non-cash working capital items:</b>		
Amounts receivable	(8,628)	38,494
Prepaid expenses	(1,467)	(4,068)
Inter-company balances	-	-
Deposits	65	(678)
Accounts payable and accrued liabilities	(316,451)	(221,536)
<b>Net cash flows used in operating activities</b>	<b>(1,047,947)</b>	<b>(2,525,967)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from share issuance, net of share issue costs	-	65,000
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>65,000</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(3,434)	(4,656)
Proceeds from disposal of equipment	19,334	-
<b>Net cash flows used in investing activities</b>	<b>15,900</b>	<b>(4,656)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,032,047)</b>	<b>(2,465,623)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>18,495,590</b>	<b>21,986,039</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 17,463,543</b>	<b>\$ 19,520,416</b>
<b>Cash received during the year from interest</b>	<b>\$ 137,258</b>	<b>\$ 127,391</b>
<b>Supplementary cash flow information</b>		
Reclassification of the fair value of options exercised	\$ -	\$ 58,712
Reclassification of the fair value of options expired	340,989	990,091

See accompanying notes to these unaudited interim consolidated financial statements.

**GoldQuest Mining Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements (unaudited)**  
**For the Six Months Ended June 30, 2019**  
**(Expressed in Canadian Dollars)**

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**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. 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, 2019, 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, 2019 were approved by the Board of Directors on August 26, 2018.

**GoldQuest Mining Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements (unaudited)**  
**For the Six Months Ended June 30, 2019**  
(Expressed in Canadian Dollars)

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**2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

**Statement of compliance to International Financial Reporting Standards**

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

**Basis of presentation**

These unaudited condensed consolidated interim financial statements include the accounts of GoldQuest and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2018. Certain amounts in prior periods have been reclassified to conform to the current period presentation.

**3) SIGNIFICANT 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 future accounting periods. The following have not yet been adopted by the Company:

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company completed an assessment and concluded that no significant change to its financial statements from adopting this new standard.
- IFRIC 23 – Uncertainty over Income Tax Treatments: This standard was issued by the IASB in June 2017 and specifies the interpretation to be applied to the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company completed an assessment and concluded that there will be no significant change to its financial statements from adopting this new standard.

**4) CASH AND CASH EQUIVALENTS**

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

	<b>June 30, 2019</b>		<b>December 31, 2018</b>	
Cash	\$	17,428,543	\$	18,460,590
Term deposits		35,000		35,000
	\$	17,463,543	\$	18,495,590



**GoldQuest Mining Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements (unaudited)**  
**For the Six Months Ended June 30, 2019**  
(Expressed in Canadian Dollars)

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**5) AMOUNTS RECEIVABLE**

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

	June 30, 2019	December 31, 2018
Harmonized sales tax receivable and value-added tax receivable	\$ 16,733	\$ 8,058
Other receivables	12,317	12,364
	<b>\$ 29,050</b>	<b>\$ 20,422</b>

**6) LONG-TERM INVESTMENT**

	Number of shares	Fair value
Portex Minerals Inc.	15,151,273	\$ -
Precipitate Gold Corporation	300,000	28,500

*As at December 31, 2018*

	Number of shares	Fair value
Portex Minerals Inc.	15,151,273	\$ -
Precipitate Gold Corporation	300,000	33,000

**Precipitate Gold Corporation**

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

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

As at June 30, 2019, the Company recognized \$28,500 as the fair value of the 300,000 common shares received from Precipitate (December 31, 2018 – \$33,000). The change in fair value of \$4,500 for the six months ended June 30, 2019 is recognized as other comprehensive loss (June 30, 2018 – comprehensive loss of \$13,500).

**GoldQuest Mining Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements (unaudited)**  
**For the Six Months Ended June 30, 2019**  
**(Expressed in Canadian Dollars)**

**7) EQUIPMENT**

The Company's equipment is broken down as follows:

	Computer equipment	Office equipment	Software	Vehicles	Total
<b>Cost</b>					
As at December 31, 2018	\$ 140,642	\$ 16,544	\$ 127,565	\$ 358,354	\$ 643,105
Additions for the period	-	-	3,434	-	3,434
<b>Balance as at June 30, 2019</b>	<b>\$ 140,642</b>	<b>\$ 16,544</b>	<b>\$ 130,999</b>	<b>\$ 358,354</b>	<b>\$ 646,539</b>
<b>Depreciation</b>					
As at December 31, 2018	\$ (109,754)	\$ (13,734)	\$ (126,759)	\$ (318,465)	\$ (568,712)
Charged for the period	(9,446)	(224)	(1,664)	(10,080)	(21,414)
<b>Balance as at June 30, 2019</b>	<b>\$ (119,200)</b>	<b>\$ (13,958)</b>	<b>\$ (128,423)</b>	<b>\$ (328,545)</b>	<b>\$ (590,126)</b>
<b>Net book value</b>					
As at December 31, 2018	\$ 30,888	\$ 2,810	\$ 806	\$ 39,889	\$ 74,393
<b>As at June 30, 2019</b>	<b>\$ 21,442</b>	<b>\$ 2,586</b>	<b>\$ 2,576</b>	<b>\$ 29,809</b>	<b>\$ 56,413</b>

During the six months ended June 30, 2019, the Company disposed the fully amortized vehicles for cash proceeds of \$19,334; as a result, the Company recognized a gain on disposal of \$19,334 in the statements of loss and comprehensive loss.

**8) EVALUATION AND EXPLORATION ASSETS**

**Dominican Republic – 100% owned**

On August 5, 2009, the Company entered into a purchase agreement with Gold Fields Dominican Republic BVI Limited ("GFL") to acquire its gold-focused portfolio in the Dominican Republic. As consideration for GFL's interest in the joint venture projects, the Company issued 8,600,000 common shares and granted a 1.25% Net Smelter Royalty ("NSR") on the claims in favour of GFL. The transaction was completed on November 18, 2009 with the issuance of the shares at a fair value of \$1,247,000.

On October 2015 GoldQuest submitted an Exploitation Application to advance the 100% owned Romero Project in the Dominican Republic. The Company received notification in January 2018 that the Minister of Energy and Mines ("MEM") of the Dominican Republic has approved GoldQuest's Exploitation Permit Application. The Application has been sent to the President for ratification, which is required prior to receiving the final Exploitation Permit. The Exploitation Permit would give the Company the rights to the property for 75 years, with a Tax Stability Agreement that freezes the tax treatment for the project for a minimum of 25 years which is protected under the current Mining Law. After receipt of the Exploitation Permit the Company will be required to complete an Environment Assessment and receive an Environmental License from the Ministry of Environment prior to the start of construction activities.



**GoldQuest Mining Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements (unaudited)**  
**For the Six Months Ended June 30, 2019**  
(Expressed in Canadian Dollars)

**9) EVALUATION AND EXPLORATION COSTS (CONTINUED)**

	For the six months ended June 30, 2018		
	Tireo	General	Total
Access fees	\$ 2,607	\$ 945	\$ 3,552
Drilling	203,640	-	203,640
Field	248,036	71,301	319,337
Field technicians	165,416	10,000	175,416
Geological	130,361	5,766	136,127
Lodging and food	53,935	-	53,935
Social responsibility	254,044	-	254,044
Technical studies	91,914	-	91,914
Transportation	4,517	-	4,517
	<b>\$ 1,154,470</b>	<b>\$ 88,012</b>	<b>\$ 1,242,482</b>
		Cumulative costs, beginning of period	34,893,486
		Cumulative costs, end of period	<b>\$ 36,135,968</b>

**10) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

	June 30, 2019	December 31, 2018
Trade payables	\$ 208,696	\$ 210,845
Accrued liabilities	32,000	346,302
	<b>\$ 240,696</b>	<b>\$ 557,147</b>

**11) SHARE CAPITAL**

**a) Authorized share capital**

Unlimited number of common shares without par value.

**b) Issued share capital**

At June 30, 2019 and December 31, 2018, the Company had 257,067,384 common shares issued and outstanding with a value of \$72,887,913.

During the six months ended June 30, 2019, no share capital transactions occurred.

**GoldQuest Mining Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements (unaudited)**  
**For the Six Months Ended June 30, 2019**  
(Expressed in Canadian Dollars)

**11) SHARE CAPITAL (CONTINUED)**

**c) Stock options**

Under the Company's stock option plan, the Board of Directors may grant options for the purchase of up to a total of 10% of the total number of issued and outstanding common shares of the Company. Options granted under the plan may vest over a period of time at the discretion of the board of directors. Under the plan, the exercise price of each option equals the market price of the Company's stock as determined on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the Board of Directors.

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value of the Company's common shares on the date of the grant. The changes in options during the six months ended June 30, 2019 and 2018 are as follows:

	June 30, 2019		June 30, 2018	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Balance, beginning of period	16,051,837	\$ 0.42	20,652,167	\$ 0.42
Granted	5,250,000	0.15	-	-
Expired	(969,171)	0.44	(2,885,001)	0.48
Forfeited	(6,666)	0.25	-	-
Exercised	-	-	(200,000)	0.33
Balance, end of period	<u>20,326,000</u>	<u>\$ 0.35</u>	<u>17,567,166</u>	<u>\$ 0.40</u>

**During the six months ended June 30, 2019:**

- On January 21, 2019, the Company granted 4,750,000 options with an exercise price of \$0.15 to the directors and officers of the Company. The options are exercisable for a period of five years. One-third vest on date of grant and one-third will vest every six months thereafter.
- On March 11, 2019, the Company granted 500,000 options with an exercise price of \$0.15 to an officer of the Company. The options are exercisable for a period of five years. One-third vest on date of grant and one-third will vest every six months thereafter.
- 969,171 options expired unexercised.

The estimated grant date fair value of the options granted during the six months ended June 30, 2019 and 2018 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the six months ended	
	June 30, 2019	June 30, 2018
Number of options granted	5,250,000	N/A
Risk-free interest rate	1.92%	N/A
Expected annual volatility	80%	N/A
Expected life	5.00	N/A
Expected dividend yield	0.00%	N/A
Grant date fair value per option	\$ 0.07	N/A
Share price at grant date	\$ 0.11	N/A

**GoldQuest Mining Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements (unaudited)**  
**For the Six Months Ended June 30, 2019**  
**(Expressed in Canadian Dollars)**

**11) SHARE CAPITAL (CONTINUED)**

**c) Stock options**

During the six months ended June 30, 2019 and 2018, the Company recognized share-based payments expense of \$258,153 and \$589,818, respectively.

The following summarizes information about stock options outstanding and exercisable at June 30, 2019:

Grant date	Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
January 20, 2015	January 20, 2020	1,364,000	1,364,000	\$ 0.150	\$ 150,623	0.56
December 14, 2015	December 14, 2020	2,460,000	2,460,000	\$ 0.130	\$ 273,881	1.46
August 12, 2016	August 12, 2021	4,852,500	4,852,500	\$ 0.600	\$ 2,504,540	2.12
October 13, 2016	October 13, 2021	600,000	600,000	\$ 0.360	\$ 218,833	2.29
April 10, 2017	April 10, 2022	5,067,000	5,067,000	\$ 0.500	\$ 2,029,472	2.78
April 18, 2017	April 18, 2022	100,000	100,000	\$ 0.500	\$ 39,110	2.80
July 19, 2018	July 19, 2023	632,500	421,669	\$ 0.250	\$ 70,334	4.05
January 21, 2019	January 21, 2024	4,750,000	1,583,333	\$ 0.150	\$ 308,275	4.56
March 6, 2019	March 6, 2024	500,000	166,667	\$ 0.150	\$ 35,947	4.69
		<b>20,326,000</b>	<b>16,615,169</b>		<b>\$ 5,631,014</b>	<b>2.80</b>

**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, 2019	December 31, 2018
GoldQuest Mining (BVI) Corp	British Virgin Islands	100%	100%
Goldquest Dominicana SRL	Dominican Republic	100%	100%

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

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**12) RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**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:

<b>Related Party</b>	<b>Relationship</b>
David Massola	CEO
William Fisher	Non-Executive Chairman
Frank Balint	Director
Patrick Michaels	Director
Florian Siegfried	Director
Julio Espailat	Director
Paul Robertson	CFO
Quantum Advisory Partners LLP	A partnership in which the CFO is a partner
Felix Mercedes	Country Manager, Dominican Republic

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

Total compensation of key company personnel for the six months ended June 30, 2019 and 2018 is as follows:

	<b>For the six months ended</b>	
	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Directors' fees	\$ 48,000	\$ 92,000
Management remuneration	123,616	414,550
Salaries and wages	18,523	67,488
Share-based compensation	255,703	492,201
	<b>\$ 445,842</b>	<b>\$ 1,066,239</b>

During the six months ended June 30, 2019, the Company paid professional fees of \$66,250 (June 30, 2018 – \$73,750) to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner, for professional services including accounting, corporate secretarial, transaction support and tax compliance.

**b) Related party balances**

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$56,060 as at June 30, 2019 (December 31, 2018 – \$340,783), which were paid subsequent to June 30, 2019. These amounts are unsecured, non-interest bearing and payable on demand.

**13) COMMITMENT**

The Company is a party to certain management contracts. These contracts contain clauses requiring that approximately \$576,000 be paid to certain management personnel upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

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**14) SEGMENTED INFORMATION**

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

	Canada	Dominican Republic	Total
<b><i>As at June 30, 2019</i></b>			
Evaluation and exploration assets	\$ -	\$ 1	\$ 1
Long-term investment	28,500	-	<b>28,500</b>
Equipment	21,394	35,019	<b>56,413</b>
	<b>\$ 49,894</b>	<b>\$ 35,020</b>	<b>\$ 84,914</b>
<b><i>As at December 31, 2018</i></b>			
Evaluation and exploration assets	\$ -	\$ 1	\$ 1
Long-term investment	33,000	-	<b>33,000</b>
Equipment	28,507	45,886	<b>74,393</b>
	<b>\$ 61,507</b>	<b>\$ 45,887</b>	<b>\$ 107,394</b>

**15) CAPITAL MANAGEMENT**

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

There were no changes to the Company policy for capital management during the six months ended June 30, 2019.

The Company manages the capital structure and adjusts 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 can 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.

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, 2019 and December 31, 2018, the financial instrument recorded at fair value on the consolidated statement of financial position are cash and cash equivalents and long-term investment which are measured using Level 1 of the fair value hierarchy.

Set out below are the Company's financial assets and financial liabilities by category:

***As at June 30, 2019***

	FVTPL	Amortized cost	FVTOCI
<b>Financial assets:</b>			
Cash and cash equivalents	\$ 17,463,543	\$ -	\$ -
Amounts receivable	-	29,050	-
Long-term investment	-	-	28,500
<b>Financial liabilities:</b>			
Accounts payable and accrued liabilities	-	240,696	-

***As at December 31, 2018***

	FVTPL	Amortized cost	FVTOCI
<b>Financial assets:</b>			
Cash and cash equivalents	\$ 18,495,590	\$ -	\$ -
Amounts receivable	-	20,422	-
Long-term investment	-	-	33,000
<b>Financial liabilities:</b>			
Accounts payable and accrued liabilities	-	557,147	-

**GoldQuest Mining Corp.**  
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**16) FINANCIAL INSTRUMENTS (CONTINUED)**

**b) Financial risk management**

Credit risk

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

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

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

Liquidity risk

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

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

The Company maintained sufficient cash and cash equivalents at June 30, 2019 in the amount of \$17,463,543, in order to meet short-term business requirements. At June 30, 2019, the Company had accounts payable and accrued liabilities of \$240,696. All accounts payable and accrued liabilities are current.

Market risk

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

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, 2019.

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 June 30, 2019 would result in an approximately \$174,000 change to the Company's loss for the six months ended June 30, 2019.

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**16) FINANCIAL INSTRUMENTS (CONTINUED)**

**b) Financial risk management (continued)**

*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, 2019:

	in CAD	in USD	in DOP
Cash and cash equivalents	16,332,824	801,044	3,238,742
Amounts receivable	16,825	-	480,216
Long-term investment	28,500	-	-
Accounts payable and accrued liabilities	(112,391)	(11,251)	(4,461,697)
	<b>16,265,758</b>	<b>789,793</b>	<b>(742,739)</b>
Rate to convert to \$1.00 CAD	1.000	0.7642	39.2819
<b>Equivalent to Canadian dollars</b>	<b>16,265,758</b>	<b>1,033,547</b>	<b>(18,909)</b>

Based on the above net exposures as at June 30, 2019, 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, 2019</i>			
If CAD appreciated by 10%	\$ 103,355	\$ (1,891)	\$ 101,464
If CAD depreciated by 10%	(103,355)	1,891	(101,464)

*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 June 30, 2019, the Company held 15,151,273 and 300,000 common shares of Portex and Precipitate, respectively, which are publicly traded on the Canadian National Stock Exchange and TSX Venture Exchange, respectively.

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

A 10% change in share price of Precipitate's shares at June 30, 2019 would result in a \$2,850 change to the Company's comprehensive loss for the six months ended June 30, 2019

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

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**16) FINANCIAL INSTRUMENTS (CONTINUED)**

**b) Financial risk management (continued)**

Currency risk (continued)

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.