

GOLDQUEST MINING CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 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.

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GoldQuest Mining Corp.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at	September 30,	December 31,
	Note(s)	2019	2018
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	4	17,178,987	18,495,590
Amounts receivable	5	21,968	20,422
Prepaid expenses		155,961	157,132
Deposits		11,854	11,996
		17,368,770	18,685,140
Non-current assets			
Long-term investments	6	43,500	33,000
Equipment	7	45,823	74,393
Evaluation and exploration assets	8	1	1
		89,324	107,394
TOTAL ASSETS		17,458,094	18,792,534
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10 & 12	235,182	557,147
TOTAL LIABILITIES		235,182	557,147
SHAREHOLDERS' EQUITY			
Share capital	11	72,887,913	72,887,913
Additional paid-in capital		13,672,121	13,331,132
Stock options reserve		5,591,258	5,609,904
Warrants reserve		-	-
Available-for-sales assets reserve		19,500	9,000
Deficit		(74,947,880)	(73,602,562)
TOTAL SHAREHOLDERS' EQUITY		17,222,912	18,235,387
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		17,458,094	18,792,534
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These interim consolidated financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ William Fisher Director/s/ Florian Siegfried Director

GoldQuest Mining Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended		For the nine months ended	
		September	September	September	September
		30, 2019	30, 2018	30, 2019	30, 2018
		\$	\$	\$	\$
Expenses					
Consulting fees		19,963	3,750	19,963	22,000
Depreciation	7	10,590	10,756	32,004	32,203
Directors' fees and management remuneration	12	83,000	166,125	254,616	672,675
Evaluation and exploration costs	9 & 12	25,544	257,598	93,315	1,500,080
Foreign exchange loss (gain)		(5,701)	78,030	55,134	(30,970)
General and administrative		36,223	51,588	113,420	169,778
Investor relations and promotion		34,045	53,628	59,988	133,611
Professional fees		46,410	104,187	301,472	344,315
Project evaluation costs		-	-	68,986	-
Regulatory and transfer agents		2,708	3,620	34,249	51,266
Rent		5,959	13,307	22,812	42,476
Salaries and wages	12	38,417	125,293	117,440	379,634
Share-based payments	11 & 12	64,190	169,597	322,343	759,415
Travel		70,075	6,355	73,982	44,186
		(431,423)	(1,043,834)	(1,569,724)	(4,120,669)
Other income					
Gain on disposal	7	-	-	19,344	-
Interest income		67,804	61,562	205,062	188,953
		67,804	61,562	224,406	188,953
Net loss for the period		(363,619)	(982,272)	(1,345,318)	(3,931,716)
Other comprehensive income (loss)					
Unrealized (loss) gain on available-for-sale investments	6	15,000	(1,500)	10,500	(15,000)
		15,000	(1,500)	10,500	(15,000)
Total comprehensive loss		(348,619)	(983,772)	(1,334,818)	(3,946,716)
Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)		(0.00)	(0.00)	(0.01)	(0.02)
Weighted average number of common shares outstanding		257,067,384	254,567,384	257,067,384	254,544,673
- basic and diluted					

See accompanying notes to these unaudited interim consolidated financial statements.

GoldQuest Mining Corp

Condensed Interim Consolidated Statements of Changes in Equity (unaudited)
(Expressed in Canadian Dollars)

	<u>Share capital</u>				Warrants reserve	Accumulated other comprehensive income	Deficit	Total
	Number of shares	Amount	Other reserve	Stock options reserve				
Balance at December 31, 2017	254,367,384	72,200,197	11,384,121	6,303,919	618,176	4,500	(67,450,910)	23,060,003
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	-	-	-	759,415	-	-	-	759,415
Other comprehensive loss	-	-	-	-	-	(15,000)	-	(15,000)
Loss for the year	-	-	-	-	-	-	(3,931,716)	(3,931,716)
Balance at September 30, 2018	254,567,384	72,323,909	12,374,212	6,014,531	618,176	(10,500)	(71,382,626)	19,937,702
Balance at December 31, 2018	257,067,384	72,887,913	13,331,132	5,609,904	-	9,000	(73,602,562)	18,235,387
Reclassification of grant-date fair value on expired stock options	-	-	340,989	(340,989)	-	-	-	-
Share-based payments	-	-	-	322,343	-	-	-	322,343
Other comprehensive loss	-	-	-	-	-	10,500	-	10,500
Loss for the year	-	-	-	-	-	-	(1,345,318)	(1,345,318)
Balance at September 30, 2019	257,067,384	72,887,913	13,672,121	5,591,258	-	19,500	(74,947,880)	17,222,912

See accompanying notes to these unaudited interim consolidated financial statements.

GoldQuest Mining Corp.

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	For the nine months ended	
	September 30, 2019	September 30, 2018
	\$	\$
Cash flow provided from (used by)		
OPERATING ACTIVITIES		
Net loss for the period	(1,345,318)	(3,931,716)
<i>Adjustments for items not affecting cash:</i>		
Depreciation	32,004	32,203
Share-based payments	322,343	759,415
Gain on disposal of equipment	(19,344)	-
Change in non-cash working capital		
Amounts receivable	(1,546)	28,978
Prepaid expenses	1,171	41,914
Deposits	142	(529)
Accounts payable and accrued liabilities	(321,965)	(239,032)
Cash flow used in operating activities	(1,332,513)	(3,308,767)
INVESTING ACTIVITIES		
Purchase of equipment	(3,434)	(4,656)
Proceeds from disposal of equipment	19,344	-
Cash flow used investing activities	15,910	(4,656)
FINANCING ACTIVITIES		
Proceeds from share issuance, net of share issue costs	-	65,000
Cash flow used financing activities	-	65,000
Decrease in cash and cash equivalents	(1,316,603)	(3,248,423)
Cash and cash equivalents, beginning of period	18,495,590	21,986,039
Cash and cash equivalents, end of period	17,178,987	18,737,616
SUPPLEMENTAL CASH FLOW		
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 Condensed Interim Consolidated Financial Statements (unaudited)

For the Nine Months Ended September 30, 2019

(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. 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 condensed interim 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 September 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 condensed interim consolidated financial statements of GoldQuest for the nine months ended September 30, 2019 were approved by the Board of Directors on November 27, 2019.

GoldQuest Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the Nine Months Ended September 30, 2019

(Expressed in Canadian Dollars)

2) SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed interim 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.

Basis of presentation

These unaudited condensed interim 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, 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:

	September 30, 2019	December 31, 2018
	\$	\$
Cash	17,143,987	18,460,590
Cash equivalents	35,000	35,000
	17,178,987	18,495,590

GoldQuest Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the Nine Months Ended September 30, 2019

(Expressed in Canadian Dollars)

5) AMOUNTS RECEIVABLE

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

	September 30, 2019	December 31, 2018
	\$	\$
Harmonized sales tax receivable and value-added tax receivable	-	-
Other receivables	12,199	12,419
	12,199	12,419

6) LONG-TERM INVESTMENT

As at September 30, 2019

	Number of shares	Closing market price	Fair value
		\$	\$
Portex Minerals Inc.	15,151,273	-	-
Precipitate Gold Corporation	300,000	0.145	43,500
			43,500

As at December 31, 2018

	Number of shares	Closing market price	Fair value
		\$	\$
Portex Minerals Inc.	15,151,273	-	-
Precipitate Gold Corporation	300,000	0.110	33,000
			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 September 30, 2019, the Company recognized \$43,500 as the fair value of the 300,000 common shares received from Precipitate (December 31, 2018 – \$33,000). The change in fair value of \$10,500 for the nine months ended September 30, 2019 is recognized as other comprehensive gain (September 30, 2018 – other comprehensive loss of \$15,000).

GoldQuest Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the Nine Months Ended September 30, 2019

(Expressed in Canadian Dollars)

7) EQUIPMENT

The Company's equipment is broken down as follows:

	Computer equipment	Office equipment	Software	Vehicles	Total
Cost					
As at December 31, 2018	140,642	16,544	127,565	358,354	643,105
Additions	-	-	3,434	-	3,434
As at September 30, 2019	140,642	16,544	130,999	358,354	646,539
Depreciation					
As at December 31, 2018	(109,754)	(13,734)	(126,759)	(318,465)	(568,712)
Charged for the period	(14,027)	(336)	(2,523)	(15,118)	(32,004)
As at September 30, 2019	(123,781)	(14,070)	(129,282)	(333,583)	(600,716)
Net book value					
As at December 31, 2018	30,888	2,810	806	39,889	74,393
As at September 30, 2019	16,861	2,474	1,717	24,771	45,823

During the nine months ended September 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 Condensed Interim Consolidated Financial Statements (unaudited)

For the Nine Months Ended September 30, 2019

(Expressed in Canadian Dollars)

8) EVALUATION AND EXPLORATION ASSETS (CONTINUED)

The Company received notice that a group of individuals in the Dominican Republic filed a claim against the Company's wholly owned subsidiary, GoldQuest Dominicana SRL in regard to the Romero project. The Penal Chamber of the First Instance Court of the Judicial District of San Juan de la Maguana reached a decision in late March 2018; however, the only information the Company received regarding the decision is a verbal summary of the decision that was delivered by a Court clerk. The written decision of the court, including the reasons for the decision, was received in early April 2018. Upon review of the written decision by the Company's outside legal counsel, the decision simply restates the existing legal requirements under present Mining Law 146 and hence has no effect on the operations of the Company or its plans going forward. The injunction is limited to the Exploitation Permit Application for the Romero Concession, and does not relate to the Company's exploration licenses.

During the year ended December 31, 2018, the Company decided to impair the evaluation and exploration assets to a nominal amount of \$1. The Impairment is based on guidance outlined in IFRS 6, Exploration for and Evaluation of Mineral Resources and IAS 36, Impairment of Assets.

On June 26, 2019, the Ministry of Energy and Mines of the Dominican Republic ("MEM") granted a new Exploration License to the Company. The Piedra Dura Exploration License total 325.50 hectares and is located north of the Romero Project.

As of September 30, 2019, the Company has not received the Exploitation Permit nor clarification from the Dominican Republic's government on any timeframe for receipt of the Exploitation Permit.

9) EVALUATION AND EXPLORATION COSTS

The Company's evaluation and exploration costs during the nine months ended September 30, 2019 and 2018 related to projects in the Dominican Republic are broken down as follows:

	For the nine months ended	
	September 30, 2019	September 30, 2018
	\$	\$
Tiero		
Access fees	7,255	2,536
Drilling	-	203,388
Field	33,782	308,460
Field technicians	33,861	215,127
Geological	773	135,495
Lodging and food	5,101	61,053
Sample analysis	231	7,910
Social responsibility	436	354,821
Technical studies	-	91,914
Transportation	526	4,403
	81,965	1,385,107
General		
Access fees	3,486	2,554
Field	7,864	107,027
Geological	-	5,392
	11,350	114,973
Total evaluation and exploration costs incurred during the period	93,315	1,500,080
Cumulative costs, beginning of period	36,497,258	34,893,486
Cumulative costs, end of period	36,590,573	36,393,566

GoldQuest Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the Nine Months Ended September 30, 2019

(Expressed in Canadian Dollars)

10) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	September 30, 2019	December 31, 2018
	\$	\$
Trade payables	192,306	210,845
Accrued liabilities	42,876	346,302
	235,182	557,147

11) SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 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 nine months ended September 30, 2019, no share capital transactions occurred.

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 nine months ended September 30, 2019 are as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	16,051,837	0.42
Granted	5,250,000	0.15
Expired	(969,171)	0.44
Forfeited	(6,666)	0.25
Balance, end of period	20,326,000	0.35

GoldQuest Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the Nine Months Ended September 30, 2019

(Expressed in Canadian Dollars)

11) SHARE CAPITAL (CONTINUED)

During the nine months ended September 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 nine months ended September 30, 2019 and 2018 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the nine months ended	
	September 30, 2019	September 30, 2018
Number of options granted	5,250,000	850,000
Risk-free interest rate	1.92%	2.00%
Expected annual volatility	80%	78%
Expected life (in years)	5.00	5.00
Expected dividend yield	0%	0%
Grant date fair value per option (\$)	0.07	0.11
Share price at grant date (\$)	0.11	0.25

During the nine months ended September 30, 2019 and 2018, the Company recognized share-based payments expense of \$322,343 and \$759,415, respectively.

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

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
May 14, 2019	0.31	-	-	-	-
January 20, 2020	0.15	1,364,000	1,364,000	150,623	0.31
December 14, 2020	0.13	2,460,000	2,460,000	273,881	1.21
August 12, 2021	0.60	4,852,500	4,852,500	2,504,540	1.87
October 13, 2021	0.36	600,000	600,000	218,833	2.04
April 10, 2022	0.50	5,067,000	5,067,000	2,029,472	2.53
April 18, 2022	0.50	100,000	100,000	39,110	2.55
July 19, 2023	0.25	632,500	632,500	70,334	3.80
January 21, 2024	0.15	4,750,000	3,166,666	308,275	4.31
March 6, 2024	0.15	500,000	333,334	35,947	4.44
		20,326,000	18,576,000	5,631,014	2.55
Weighted average exercise price (\$)		0.35	0.35		

GoldQuest Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the Nine Months Ended September 30, 2019

(Expressed in Canadian Dollars)

12) RELATED PARTY TRANSACTIONS AND BALANCES

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

	Country of Incorporation	Equity ownership as at	
		September 30, 2019	December 31, 2018
		%	%
GoldQuest Mining (BVI) Corp.	British Virgin Islands	100	100
Management remuneration	Dominican Republics	100	100

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

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
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 nine months ended September 30, 2019 and 2018 is as follows:

	For the nine months ended	
	September 30, 2019	September 30, 2018
	\$	\$
Directors' fees	90,000	138,000
Management remuneration	164,616	534,675
Salaries and wages	37,565	94,324
Share-based compensation	319,767	619,589
	611,948	1,386,588

During the nine months ended September 30, 2019, the Company paid professional fees of \$94,488 (September 30, 2018 – \$107,500) 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.

GoldQuest Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

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12) RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party balances

The balances due to the Company's directors and officers included in accounts payables and accrued liabilities were \$56,105 as at September 30, 2019 (December 31, 2018 – \$340,783), which were paid subsequent to September 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.

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 \$
As at September 30, 2019			
Non-current assets			
Long-term investments	43,500	-	43,500
Equipment	16,210	29,613	45,823
Evaluation and exploration assets	-	1	1
	59,710	29,614	89,324
As at December 31, 2018			
Non-current assets			
Long-term investments	33,000	-	33,000
Equipment	28,507	45,886	74,393
Evaluation and exploration assets	-	1	1
	61,507	45,887	107,394

GoldQuest Mining Corp.

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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 nine months ended September 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.

16) FINANCIAL INSTRUMENTS

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 September 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.

GoldQuest Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

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16) FINANCIAL INSTRUMENTS (CONTINUED)

Fair value

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

	September 30, 2019	FVTPL \$	Amortized costs \$	FVTOCI \$
Financial assets:				
ASSETS				
Cash and cash equivalents	17,178,987	17,178,987	-	-
Amounts receivable	21,968	-	21,968	-
Long-term investments	43,500	-	-	43,500
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	235,182	-	235,182	-

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 September 30, 2019 in the amount of \$17,178,987, in order to meet short-term business requirements. At September 30, 2019, the Company had accounts payable and accrued liabilities of \$235,182. 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.

GoldQuest Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the Nine Months Ended September 30, 2019

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16) FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 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 September 30, 2019 would result in an approximately \$172,000 change to the Company's loss for the nine months ended September 30, 2019.

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 September 30, 2019:

	CA\$	US\$	DOP
Cash and cash equivalents	16,045,931	800,683	2,905,101
Amounts receivable	9,905	-	480,216
Long-term investments	43,500	-	-
Accounts payable and accrued liabilities	(89,186)	(26,501)	(4,415,384)
	16,010,150	774,182	(1,030,067)
Rate to convert to \$1.00 CAD	1.00	1.32	0.03
Equivalent to CAD	16,010,150	1,024,997	(25,874)

Based on the above net exposures as at September 30, 2019, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and DOP would increase/decrease comprehensive loss by \$100,000.

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16) FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Other price risk

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

As September 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 believes price risk from the investment in Portex is minimal.

A 10% change in share price of Precipitate's shares at September 30, 2019 would result in a \$4,350 change to the Company's comprehensive loss for the nine months ended September 30, 2019.

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

Commodity risk

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