

GOLDQUEST MINING CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
GoldQuest Mining Corp.

Opinion

We have audited the accompanying consolidated financial statements of GoldQuest Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our independent auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zachary Faure.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 25, 2023

Table of Contents

Consolidated Statements of Financial Position	6
Consolidated Statements of Loss and Comprehensive Loss	7
Consolidated Statements of Changes in Shareholders' Equity.....	8
Consolidated Statements of Cash Flows	9
Notes to the Consolidated Financial Statements	10
1. Corporate information and continuance of operations	10
2. Significant accounting standards and basis of preparation	11
3. Joint operation	21
4. Cash and cash equivalents	21
5. Long-term investments	21
6. Equipment.....	22
7. Evaluation and exploration assets	23
8. Evaluation and exploration costs	24
9. Accounts payable and accrued liabilities	24
10. Share capital.....	25
11. Related party transactions and balances	27
12. Commitment	27
13. Segmented information	28
14. Capital management.....	28
15. Financial instruments.....	29
16. Income taxes	32

GoldQuest Mining Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	As at	December 31,	December 31,
	Note(s)	2022	2021
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	4	11,796,562	14,052,296
Amounts receivable		71,456	26,658
Prepaid expenses		127,843	92,731
Deposits		22,077	10,255
		12,017,938	14,181,940
Non-current assets			
Long-term investments	5	22,500	31,500
Equipment	6	41,718	58,146
Evaluation and exploration assets	7	1	1
		64,219	89,647
TOTAL ASSETS		12,082,157	14,271,587
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	140,719	155,718
TOTAL LIABILITIES		140,719	155,718
SHAREHOLDERS' EQUITY			
Share capital	10	73,461,074	73,461,074
Stock options reserve	10	2,138,732	3,663,448
Additional paid-in capital	10	18,621,296	16,552,713
Deficit		(82,278,164)	(79,568,866)
Accumulated other comprehensive income (loss)		(1,500)	7,500
TOTAL SHAREHOLDERS' EQUITY		11,941,438	14,115,869
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		12,082,157	14,271,587
Corporate information and continuance of operations	1		
Commitments	12		
Segmented information	13		

These consolidated financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Julio Espailat Director

/s/ Florian Siegfried Director

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

	Note(s)	For the years ended	
		December 31, 2022	December 31, 2021
		\$	\$
Expenses			
Consulting fees		24,000	-
Depreciation	6	24,265	31,599
Evaluation and exploration costs	7	848,435	285,820
Foreign exchange loss		65,100	77,307
General and administrative		183,671	206,339
Investor relations and promotion		67,485	35,170
Management and directors' fees		567,276	372,000
Professional fees		244,566	163,807
Project evaluation costs		-	22,596
Regulatory and filing fees		48,589	54,904
Rent		41,195	31,167
Salaries and wages		237,594	215,353
Share-based payments	10	543,867	953,019
Travel		16,137	118
		(2,912,180)	(2,449,199)
Other income			
Interest income		202,882	53,678
		(2,709,298)	(2,395,521)
Other comprehensive income (loss)			
Change in fair value on available-for-sale investments	5	(9,000)	(40,500)
		(2,718,298)	(2,436,021)
Basic and diluted loss per share for the year attributable to common shareholders (\$ per common share)		(0.01)	(0.01)
Weighted average number of common shares outstanding - basic and diluted		259,442,384	259,442,384

See accompanying notes to these consolidated financial statements.

GoldQuest Mining Corp

 Consolidated Statements of Changes in Shareholders' Equity
 (Expressed in Canadian Dollars)

	Note(s)	Share capital		Stock options reserve	Additional paid-in capital	Deficit	Accumulated other comprehensive income (loss)	TOTAL
		#	\$	\$	\$	\$	\$	\$
Balance as of December 31, 2021		259,442,384	73,461,074	3,663,448	16,552,713	(79,568,866)	7,500	14,115,869
Reclassification of grant-date fair value on expired stock options	10	-	-	(2,068,583)	2,068,583	-	-	-
Share-based payments	10	-	-	543,867	-	-	-	543,867
Loss and comprehensive loss		-	-	-	-	(2,709,298)	(9,000)	(2,718,298)
Balance as of December 31, 2022		259,442,384	73,461,074	2,138,732	18,621,296	(82,278,164)	(1,500)	11,941,438
Balance as of December 31, 2020		259,442,384	73,461,074	5,433,795	13,829,347	(77,173,345)	48,000	15,598,871
Reclassification of grant-date fair value on expired stock options	10	-	-	(2,723,366)	2,723,366	-	-	-
Share-based payments	10	-	-	953,019	-	-	-	953,019
Loss and comprehensive loss		-	-	-	-	(2,395,521)	(40,500)	(2,436,021)
Balance as of December 31, 2021		259,442,384	73,461,074	3,663,448	16,552,713	(79,568,866)	7,500	14,115,869

See accompanying notes to these consolidated financial statements.

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

	Note(s)	For the years ended	
		December 31, 2022	December 31, 2021
		\$	\$
Cash flow from (used in)			
OPERATING ACTIVITIES			
Loss for the year		(2,709,298)	(2,395,521)
Depreciation	6	24,265	31,599
Share-based payments	10	543,867	953,019
Net changes in non-cash working capital items:			
Amounts receivable		(44,798)	1,110
Prepaid expenses		(35,112)	13,116
Deposits		(11,822)	(960)
Accounts payable and accrued liabilities		(14,999)	(136,355)
Cash flow used in operating activities		(2,247,897)	(1,533,992)
INVESTING ACTIVITIES			
Purchase of equipment	6	(7,837)	-
Cash flow used in investing activities		(7,837)	-
Decrease in cash and cash equivalents		(2,255,734)	(1,533,992)
Cash and cash equivalents, beginning of year		14,052,296	15,586,288
Cash and cash equivalents, end of year		11,796,562	14,052,296
Supplemental cash flow information			
Reclassification of grant-date fair value on expired stock options	10	2,068,583	2,723,366
Cash paid for income taxes		-	-
Cash paid for interest		-	-

See accompanying notes to these consolidated financial statements.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(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 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 December 31, 2022, the Company had not advanced its property to commercial production. 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. Management believes that the Company has sufficient working capital to meet its liabilities for the next twelve months.

Financial Reporting and Disclosure during Economic Uncertainty

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic; the Company has not been significantly impacted by the spread of COVID-19. However, the ongoing COVID-19 pandemic, inflationary pressures, rising interest rates, the global financial climate and the conflict in Ukraine are affecting current economic conditions and increasing economic uncertainty, which may impact the Company’s operating performance, financial position and the Company’s ability to raise funds at this time.

The consolidated financial statements of GoldQuest for the year ended December 31, 2022 were approved by the Board of Directors on April 25, 2023.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These 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”).

The policies set out below were consistently applied to all periods presented unless otherwise noted below.

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of preparation

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on December 31, 2022.

Basis of consolidation

These consolidated financial statements comprise the accounts of the Company and the following subsidiaries of the Company:

- GoldQuest Mining (BVI) Corp., a company incorporated under the laws of British Virgin Islands (“BVI”) (ownership – 100%);
- Goldquest Dominicana SRL, a company incorporated under the laws of Dominican Republic (ownership – 100%); and
- Toro Negro drilling S.R.L, a company incorporated under the laws of Dominican Republic (ownership – 50%) (Note 3).

All subsidiaries have a reporting date of December 31.

- **Subsidiaries**

A subsidiary is an entity over which the Company has power to govern the operating and financial policies in order to obtain benefits from its activities. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

- **Acquisitions and disposals**

The results of businesses acquired during the reporting period are brought into the consolidated financial statements from the date the control is transferred; the results of businesses sold during the reporting period are included in the consolidated financial statements for the period up to the date the control is ceased.

Gains or losses on disposal are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold. Where a disposal represents a separate major line of business or geographical area of operations, the net results attributable to the disposed entity are shown separately in the statement of loss and comprehensive loss.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Significant management judgment and estimates in applying accounting policies

- **Critical accounting estimates**

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to commence and complete development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Significant management judgment and estimates in applying accounting policies (continued)

- **Critical accounting judgments**

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Determination of going concern (note 1)

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Determination of functional currency

In accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates”, management determined that the functional currency of the Company and its subsidiaries are the Canadian dollar as this is the currency of the primary economic environment in which the Company operates.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value, net of bank overdrafts which are repayable on demand.

Financial instruments

- **Financial assets**

Classification and measurement

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTOCI – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. As of December 31, 2022 and 2021, the Company has classified its long-term investments as FVOCI.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Financial instruments (continued)

Financial assets at amortized cost – Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. As of December 31, 2022 and 2021, the Company has classified its amounts receivable as amortized cost.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

- **Financial liabilities**

Classification and measurement

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss (FVTPL) – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities – This category consists of liabilities carried at amortized cost using the effective interest method. As at December 31, 2021 and 2021, the Company has classified its accounts payable and accrued liabilities as other financial liabilities

Refer to Note 15 for further disclosures.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Financial instruments (continued)

- **Financial liabilities (continued)**

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

Taxation

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Share-based payments

- **Share-based payment transactions**

Employees (including directors and senior executives) of the Company, and individuals providing similar services to those performed by direct employees, receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments issued to non-employees are measured at the fair value of goods or services received.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Share-based payments (continued)

- **Equity-settled transactions**

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the year in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and the corresponding amount is represented in stock option reserve. No expense is recognized for awards that do not ultimately vest. For those awards that expire after vesting, the recorded value is transferred to other reserve.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share unless it is considered to be anti-dilutive.

- **Other reserve**

Other reserve records the fair value of the expired options and warrants initially recorded in stock options reserve and warrants reserve.

- **Warrants reserve**

The warrants reserve records the grant date fair value of the warrants issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount recorded is transferred to other reserve.

- **Stock options reserve**

The stock options reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to other reserve.

Loss per share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. The diluted loss 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, if dilutive.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Evaluation and exploration

- **Evaluation and exploration assets**

Evaluation and exploration assets include acquired mineral rights for mineral exploration properties held by the Company. The amount of consideration paid (in cash or share value) for mineral rights is capitalized. The amounts shown for evaluation and exploration assets represent costs of acquisition, incurred to date, less recoveries and impairments, and do not necessarily reflect present or future values. These costs will be written off if the evaluation and exploration assets are abandoned or sold. Included in the cost of evaluation and exploration assets is the cost of any estimated decommissioning liability. The Company has classified evaluation and exploration assets as intangible in nature. Depletion of costs capitalized on projects put into commercial production will be recorded using the unit-of-production method based upon reserves.

Ownership in evaluation and exploration assets involves certain inherent risks, including geological, metal prices, operating costs, and permitting risks. Many of these risks are outside the Company's control. The ultimate recoverability of the amounts capitalized for the evaluation and exploration assets is dependent upon the delineation of economically recoverable ore reserves, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate a mine, and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in its evaluation and exploration assets have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write downs of evaluation and exploration assets carrying values.

- **Evaluation and exploration costs**

Evaluation and exploration costs, other than those described above, are expensed as incurred until such time as mineral reserves are proven or probable, permits to operate the mineral resource property are received and financing to complete development has been obtained. Following confirmation of mineral reserves, receipt of permits to commence mining operations and obtaining necessary financing, evaluation and exploration costs are capitalized as deferred development expenditures included within property, plant and equipment.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's ("CGU") fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Impairment of non-financial assets (continued)

For evaluation and exploration assets, indicators of impairment include, but are not limited to, expiration of a right to explore, no budgeted or planned material expenditure in an area, or a decision to discontinue exploration in a specific area.

Impairment losses of continuing operations are recognized in net loss in those expense categories consistent with the function of the impaired asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years.

Currency translation

The presentation currency and the functional currency of the Company and each of its subsidiaries is the Canadian dollar.

The functional currency for each entity in the Company is determined as the currency of the primary economic environment in which it operates. Transactions other than those in the functional currency of the entity are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are translated at year-end exchange rates. Gains and losses on translation are included in net profit or loss for the year.

The functional currency of the entities in the Company has remained unchanged during the reporting year.

Equipment

Equipment and vehicles are initially recognized at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognized within provisions. All items of equipment and vehicles are subsequently carried at depreciated cost less impairment losses, if any.

Depreciation is provided on all items of equipment and vehicles to write off the carrying value of items over their expected useful economic lives. Depreciation is provided on a straight-line basis over the estimated useful lives of the equipment at the following annual rates:

- Computer Equipment 15%
- Office Equipment 10% or 30%
- Field Equipment 30%
- Software 100%
- Vehicles 25%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it's probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replacement part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Employee benefits

- **Wages, salaries and annual vacation leave**

Liabilities arising in respect of wages and salaries, vacation leave and any other employee benefits expected to be settled within twelve months of the financial position reporting date are measured at undiscounted amounts based on remuneration rates which are expected to be paid when the liabilities are settled. In respect of employees' services up to the financial position reporting date, wages and salaries are recognized in trade and other payables and other employee benefits including annual vacation leave are recognized in current provisions.

- **Employee and management bonus plans**

A liability is recognized for the amount expected to be paid under the Company's bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. Where the effect is material, the liabilities for bonus payments not expected to be settled within twelve months are discounted using a pre-tax risk-free rate, which most closely match the terms of maturity of the related liabilities.

Bonus liabilities expected to be settled within twelve months of the consolidated statement of financial position date are recognized in current provisions, and those that are not expected to settle within twelve months are recognized in non-current provisions.

Decommissioning liability

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the year in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related evaluation and exploration or mining assets to the extent that it was incurred by the evaluation and exploration of the mineral property or the development / construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

For closed sites, changes to estimated costs are recognized immediately in profit or loss.

For the years presented, the Company has no decommissioning liabilities.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Contingencies

- **Contingent assets**

Contingent assets are not recognized in the financial statements but they are disclosed by way of a note if they are deemed probable.

- **Contingent liabilities**

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company. Contingent liabilities are recognized in the financial statements unless the possibility of an outflow of economic resources is considered remote, in which case they are disclosed in the notes to the consolidated financial statements.

Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, related to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Company or its subsidiaries undertakes its activities under joint operations, the Company as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRS 11 “*Joint Arrangements*” applicable to the particular assets, liabilities, revenue and expenses.

When the Company or its subsidiaries transacts with a joint operation in which the Company or its subsidiaries is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Company’s consolidated financial statements only to the extent of other parties’ interest in the joint operation.

When the Company or its subsidiaries transacts with a joint operation in which the Company or its subsidiaries is a joint operator (such as a purchase of assets), the Company does not recognize its share of the gains and losses until it resells those assets to a third party.

New accounting standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2022. The Company does not expect that any new or amended standards or interpretations that are effective for annual periods beginning on or after January 1, 2022 will have a significant impact on the Company’s results of operations or financial position.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

3. JOINT OPERATION

On January 17, 2020, the Company entered into a joint agreement with Precipitate Gold Corporation that is accounted for as a joint operation under IFRS 11 Joint Arrangements. The purpose of the joint operation was to acquire exploration equipment that can be used by both parties on their respective projects.

The joint operation was made through the incorporation of Toro Negro drilling S.R.L (“Toro Negro”), a company incorporated under the laws of the Dominican Republic on January 30, 2020. The participating interests of both parties at the time of the joint operation is 50% with each party responsible for payment of its proportionate share of operating and capital costs. Upon formation of the joint operation, a management committee (the “Management Committee”) consisting of two representatives of each party and holding voting rights in accordance with each party’s participating interest, was established which shall make all decisions which are required to be made by the joint operation participants.

The Management Committee shall be responsible for managing the exploration equipment acquired.

4. CASH AND CASH EQUIVALENTS

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

	December 31, 2022	December 31, 2021
	\$	\$
Cash	10,996,997	10,675,036
Cash equivalents	799,565	3,377,260
	11,796,562	14,052,296

5. LONG-TERM INVESTMENTS

	Number of shares	Closing market price	Fair value
	#	\$	\$
As at December 31, 2022			
Portex Minerals Inc.	15,151,273	-	-
Precipitate Gold Corporation	300,000	0.07500	22,500
			22,500
As at December 31, 2021			
Portex Minerals Inc.	15,151,273	-	-
Precipitate Gold Corporation	300,000	0.10500	31,500
			31,500

Precipitate Gold Corporation (“Precipitate”)

As at December 31, 2022, the Company recognized \$22,500 as the fair value of the 300,000 common shares received from Precipitate (December 31, 2021 – \$31,500). The change in fair value of \$9,000 and \$40,500 for the years ended December 31, 2022 and 2021, respectively, is recognized as other comprehensive income.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

6. EQUIPMENT

The Company's equipment is broken down as follows:

	Computer equipment \$	Office equipment \$	Vehicles \$	Field equipment \$	Software \$	Total \$
COST						
As of December 31, 2020	18,833	4,474	42,521	74,365	3,622	143,815
Transfer between categories	-	-	21,069	(21,069)	-	-
Write-off fully depreciated assets	(1,427)	-	(42,522)	-	(3,622)	(47,571)
As of December 31, 2021	17,406	4,474	21,068	53,296	-	96,244
ACCUMULATED DEPRECIATION						
As of December 31, 2020	(12,585)	(2,447)	(36,321)	-	(2,717)	(54,070)
Addition	(2,790)	(447)	(11,468)	(15,989)	(905)	(31,599)
Write-off fully depreciated assets	1,427	-	42,522	-	3,622	47,571
As of December 31, 2021	(13,948)	(2,894)	(5,267)	(15,989)	-	(38,098)
Net book value as of December 31, 2021	3,458	1,580	15,801	37,307	-	58,146
COST						
As of December 31, 2021	17,406	4,474	21,068	53,296	-	96,244
Addition	-	4,296	-	3,541	-	7,837
As of December 31, 2022	17,406	8,770	21,068	56,837	-	104,081
ACCUMULATED DEPRECIATION						
As of December 31, 2021	(13,948)	(2,894)	(5,267)	(15,989)	-	(38,098)
Addition	(2,421)	(496)	(5,264)	(16,084)	-	(24,265)
As of December 31, 2022	(16,369)	(3,390)	(10,531)	(32,073)	-	(62,363)
Net book value as of December 31, 2022	1,037	5,380	10,537	24,764	-	41,718

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

7. 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 (“Tireo Property”) 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.

In 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.

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, regarding 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 by \$1,246,999 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 is located north of the Romero Project.

As of December 31, 2022, 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.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

8. EVALUATION AND EXPLORATION COSTS

The Company's evaluation and exploration costs during the years ended December 31, 2022 and 2021 related to projects in the Dominican Republic are broken down as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Tireo		
Access fees	10,228	13,171
Field	162,691	59,102
Field technicians	258,524	181,439
Geological	59,631	-
Lodging and food	40,781	13,334
Mapping	653	-
Sample analysis	37,234	-
Social responsibility	211,678	977
Transportation	3,891	10
	785,311	268,033
General		
Access fees	3,395	3,425
Field	59,729	14,362
	63,124	17,787
Total evaluation and exploration costs incurred during the year	848,435	285,820
Cumulative costs, beginning of year	37,141,445	36,855,625
Cumulative costs, end of year	37,989,880	37,141,445

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	December 31, 2022	December 31, 2021
	\$	\$
Trade payables	100,719	115,718
Accrued liabilities	40,000	40,000
	140,719	155,718

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

10. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2022 and 2021, the Company had 259,442,384 common shares issued and outstanding with a value of \$73,461,074.

During the years ended December 31, 2022 and 2021, 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 years ended December 31, 2022 and 2021 is as follows:

	December 31, 2022		December 31, 2021	
	Number	Weighted	Number	Weighted
	outstanding	average	outstanding	average
		exercise price		exercise price
		(\$)		(\$)
Balance, opening	23,469,500	0.27	19,902,000	0.37
Granted	2,200,000	0.18	9,020,000	0.23
Expired	(5,167,000)	0.50	(5,452,500)	0.57
Balance, closing	20,502,500	0.20	23,469,500	0.27

During the year ended December 31, 2022:

- On June 1, 2022, the Company granted 2,000,000 options with an exercise price of \$0.18 to the 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.
- On November 22, 2022, the Company granted 200,000 options to certain employees of the Company, at an exercise price of \$0.16. 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.

During the year ended December 31, 2021:

- On January 22, 2021, the Company granted 3,525,000 options with an exercise price of \$0.36 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 December 17, 2021, the Company granted 5,495,000 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.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

10. SHARE CAPITAL (CONTINUED)

Stock options (continued)

The estimated grant date fair value of the options granted during the years ended December 31, 2022 and 2021 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the years ended	
	December 31, 2022	December 31, 2021
Number of options granted	2,200,000	9,020,000
Risk-free interest rate	2.88%	0.82%
Expected annual volatility	89%	81%
Expected life (in years)	5	5
Expected dividend yield	-	-
Grant date fair value per option (\$)	0.12	0.14
Share price at grant date (\$)	0.18	0.22

During the years ended December 31, 2022 and 2021, the Company recognized share-based payments expense of \$543,867 and \$953,019, respectively.

The following summarizes information about stock options outstanding and exercisable at December 31, 2022:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
July 19, 2023	0.25	632,500	632,500	70,332	0.55
January 21, 2024	0.15	4,750,000	4,750,000	308,275	1.06
March 6, 2024	0.15	500,000	500,000	35,947	1.18
April 30, 2025	0.20	3,400,000	3,400,000	255,270	2.33
January 22, 2026	0.36	3,525,000	3,525,000	762,196	3.06
December 17, 2026	0.15	5,495,000	5,495,000	479,300	3.96
June 1, 2027	0.18	2,000,000	1,333,334	252,282	4.42
November 22, 2027	0.16	200,000	66,666	23,088	4.90
		20,502,500	19,702,500	2,186,690	2.74
Weighted average exercise price (\$)		0.20	0.20		

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES

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:

<u>Related Party</u>	<u>Relationship</u>
Luis Santana	CEO
David Massola	Former CEO
William Fisher	Non-Executive Chairman
Frank Balint	Director
Patrick Michaels	Director
Florian Siegfried	Director
Julio Espaillat	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 years ended December 31, 2022 and 2021 is as follows:

	<u>For the years ended</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>\$</u>	<u>\$</u>
Directors' fees	120,000	120,000
Management remuneration	447,276	252,000
Salaries and wages	150,319	143,734
Share-based compensation	511,284	903,131
	1,228,879	1,418,865

During the year ended December 31, 2022, the Company paid professional fees of \$78,918 (December 31, 2021 – \$75,240) 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.

Related party balances

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$9,000 as at December 31, 2022 (December 31, 2021 – \$35,430). These amounts are unsecured, non-interest bearing and payable on demand.

12. COMMITMENT

The Company is a party to certain management contracts. These contracts contain clauses requiring that approximately \$924,000 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.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

13. SEGMENTED INFORMATION

The Company has one reportable segment, being the evaluation and exploration of mineral exploration properties.

The Company's non-current assets and liabilities are as follows:

	December 31, 2022	Canada	Dominican Republic
	\$	\$	\$
Long-term investments	22,500	22,500	-
Equipment	41,718	553	41,165
Evaluation and exploration assets	1	-	1
	December 31, 2021	553	41,165
	\$	\$	\$
Long-term investments	31,500	31,500	-
Equipment	58,146	2,571	55,575
Evaluation and exploration assets	1	-	1

14. 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 year ended December 31, 2022.

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.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash and cash equivalents, amounts receivable, deposits and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments. Long-term investments are 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 December 31, 2022 and 2021, the financial instrument recorded at fair value on the consolidated statement of financial position are cash and cash equivalents and long-term investments 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:

	December 31, 2022	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
FINANCIAL ASSETS				
ASSETS				
Cash and cash equivalents	11,796,562	11,796,562	-	-
Amounts receivable	71,456	-	71,456	-
Deposits	22,077	-	22,077	-
Long-term investments	22,500	-	-	22,500
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(140,719)	-	(140,719)	-

	December 31, 2021	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
FINANCIAL ASSETS				
ASSETS				
Cash and cash equivalents	14,052,296	14,052,296	-	-
Amounts receivable	26,658	-	26,658	-
Deposits	10,255	-	10,255	-
Long-term investments	31,500	-	-	31,500
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(155,718)	-	(155,718)	-

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS (CONTINUED)

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 primarily 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 maintained sufficient cash and cash equivalents at December 31, 2022 in the amount of \$11,796,562, in order to meet short-term business requirements. At December 31, 2022, the Company had accounts payable and accrued liabilities of \$140,719. 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, other price 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 December 31, 2022.

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 as of December 31, 2022 would result in an approximately \$118,000 change to the Company's loss for the year ended December 31, 2022.

- 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 investments are held in Canadian Dollars ("CAD"), US Dollars ("USD") and Dominican Pesos ("RD\$" or "DOP"); therefore, USD and DOP accounts are subject to fluctuation against the Canadian dollar.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk (continued)

- Currency risk (continued)

The Company had the following balances in foreign currency as at December 31, 2022:

	CA\$	US\$	RD\$
Cash and cash equivalents	10,728,413	687,343	5,745,047
Amounts receivable	5,914	6,962	2,345,639
Deposits	4,350	500	712,720
Long-term investments	22,500	-	-
Accounts payable and accrued liabilities	(56,707)	(1,138)	(3,447,369)
	10,704,470	693,667	5,356,037
Rate to convert to \$1.00 CA\$	1.00	1.35	0.02
Equivalent to CA\$	10,704,470	939,274	128,132

Based on the above net exposures as at December 31, 2022, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and RD\$ would increase/decrease comprehensive loss by \$100,000.

- 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 of December 31, 2022, the Company held 300,000 common shares of Precipitate which is publicly traded on the TSX Venture Exchange. A 10% change in share price of Precipitate's shares at December 31, 2022 would result in a \$2,250 change to the Company's comprehensive loss for the year ended December 31, 2022.

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.

GoldQuest Mining Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

16. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Loss for the year	(2,718,298)	(2,436,021)
Expected income tax (recovery)	(734,000)	(658,000)
Permanent differences	190,000	288,000
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	-	16,000
Expiry of non-capital losses	597,000	690,000
Change in unrecognized deductible temporary differences	(53,000)	(336,000)
Total income tax expense (recovery)	-	-

The Canadian income tax rate increased during the year due to changes in the law that increased corporate income tax rates in Canada/British Columbia.

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Deferred Tax Assets (liabilities)		
Exploration and evaluation assets	723,000	760,000
Property and equipment	85,000	85,000
Marketable securities	120,000	118,000
Non-capital losses	6,822,000	6,840,000
	7,750,000	7,803,000
Unrecognized deferred tax assets	(7,750,000)	(7,803,000)
Net deferred tax assets	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2022		December 31, 2021	
	\$	Expiry Range	\$	Expiry Range
Temporary Differences				
Exploration and evaluation assets	2,675,000	No expiry date	2,812,000	No expiry date
Property and equipment	314,000	No expiry date	313,000	No expiry date
Marketable securities	887,000	No expiry date	878,000	No expiry date
Non-capital losses available for future period	25,267,000	2023 to 2042	25,337,000	2022 to 2041
Canada	20,689,000	2026 to 2042	19,686,000	2026 to 2041
Dominican Republic	4,570,000	2023 to 2027	5,651,000	2022 to 2026