GOLDQUEST
TSXV:GQC

GOLDQUEST MINING CORP.

Condensed Consolidated Interim Financial Statements

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

(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, 2016 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

GoldQuest Mining Corp.
Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)

As at		September 30, 2016		December 31, 2015
ASSETS				
Current assets				
Cash and cash equivalents (note 4)	$	**8,722,057**	$	4,406,100
Amounts receivable (note 5)		**128,217**		68,978
Prepaid expenses		**284,980**		267,455
Deposits		**126,846**		122,360
Total current assets		**9,262,100**		4,864,893
Non-current assets				
Long-term investment (note 6)		**67,500**		27,000
Equipment (note 7)		**118,141**		101,639
Evaluation and exploration assets (note 8)		**1,247,000**		1,247,000
Total non-current assets		**1,432,641**		1,375,639
TOTAL ASSETS	$	**10,694,741**	$	6,240,532
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 10 and 12(b))	$	**1,262,972**	$	440,347
TOTAL LIABILITIES		**1,262,972**		440,347
EQUITY				
Share capital (note 11)	$	**49,308,286**	$	40,223,041
Shares subscribed (note 17)		**-**		-
Other reserve		**8,918,217**		8,503,320
Stock options reserve		**4,431,249**		4,418,794
Warrants reserve		**901,527**		759,357
Accumulated other comprehensive income		**43,500**		3,000
Deficit		**(54,171,010)**		(48,107,327)
TOTAL EQUITY		**9,431,769**		5,800,185
TOTAL EQUITY AND LIABILITIES	$	**10,694,741**	$	6,240,532

Corporate information and continuance of operations (note 1)
Commitments (note 13)
Segmented information (note 14)
Subsequent events (note 17)

See accompanying notes to these condensed consolidated interim financial statements.

APPROVED BY THE BOARD:
/s/ Julio Espaillat *Director* * /s/ Florian Siegfried* *Director*

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

	For the three months ended		For the nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
EXPENSES				
Depreciation (note 7)	**10,375**	11,289	**$ 32,885**	$ 39,839
Directors' fees and management remuneration	**132,750**	154,950	**422,250**	470,850
Evaluation and exploration costs (note 9)	**1,731,392**	474,260	**3,968,625**	2,544,152
Foreign exchange loss (gain)	**(21,041)**	(196,044)	**97,412**	(323,590)
General and administrative	**53,288**	50,130	**143,786**	185,406
Investor relations and promotion	**95,229**	32,550	**204,747**	119,773
Professional fees	**46,786**	18,667	**137,094**	90,972
Regulatory and transfer agents	**4,209**	6,736	**48,819**	58,062
Rent	**11,959**	14,490	**36,047**	41,063
Salaries and wages	**50,804**	15,503	**173,340**	118,733
Share-based payments (note 11(d))	**503,482**	24,104	**720,481**	188,771
Travel	**29,827**	19,902	**103,622**	46,608
TOTAL EXPENSES	**2,649,060**	626,537	**6,089,108**	3,580,639
OTHER ITEMS				
Interest income	**(14,605)**	(2,075)	**(25,425)**	(13,228)
Fair value loss on available-for-sale investments (note 6)	**-**	-	**-**	75,756
NET LOSS FOR THE PERIOD	**2,634,455**	624,462	**$ 6,063,683**	$ 3,643,167
OTHER COMPREHENSIVE LOSS				
Unrealized loss (gain) on available-for-sale assets (note 6)	**22,500**	-	**(40,500)**	-
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ 2,656,955**	$ 624,462	**$ 6,023,183**	$ 3,643,167
Basic and diluted loss per share for the period attributable to common shareholders (warrants and options not included as the impact would be anti-dilutive)	**$ 0.01**	$ 0.00	**$ 0.03**	$ 0.02
Weighted average number of common shares outstanding - basic and diluted	**214,726,083**	145,836,363	**196,572,090**	145,795,928

See accompanying notes to these condensed consolidated interim financial statements.

GoldQuest Mining Corp.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

(Expressed in Canadian Dollars)

		Share capital		Reserves					
	Note	**Number of shares**	**Amount**	**Other reserve**	**Stock options reserve**	**Warrants reserve**	**Accumulated other comprehensive income**	**Deficit**	**Total**
Balance at December 31, 2015		**177,682,225**	**$ 40,223,041**	**$ 8,503,320**	**$ 4,418,794**	**$ 759,357**	**$ 3,000**	**$ (48,107,327)**	**$ 5,800,185**
Shares and warrants issued for cash - private placement		32,678,750	8,692,000	-	-	-	-	-	**8,692,000**
Share issue costs		-	(730,584)	-	-	-	-	-	**(730,584)**
Fair value of finder's warrants		-	(273,001)	-	-	273,001	-	-	**-**
Shares issued for cash - exercise of warrants		3,136,409	504,788	-	-	21,584	-	-	**526,372**
Shares issued for cash - exercise of stock options		2,235,000	446,498	-	-	-	-	-	**446,498**
Reclassification of grant-date fair value on exercise of warrants		-	152,415	-	-	(152,415)	-	-	**-**
Reclassification of grant-date fair value on exercise of stock options		-	293,129	-	(293,129)	-	-	-	**-**
Reclassification of grant-date fair value on expired stock options		-	-	414,897	(414,897)				**-**
Share-based payments		-	-	-	720,481	-	-	-	**720,481**
Other comprehensive loss		-	-	-	-	-	40,500	-	**40,500**
Net loss for the period		-	-	-	-	-	-	(6,063,683)	**(6,063,683)**
Balance at September 30, 2016		**215,732,384**	**$ 49,308,286**	**$ 8,918,217**	**$ 4,431,249**	**$ 901,527**	**$ 43,500**	**$ (54,171,010)**	**$ 9,431,769**
Balance at December 31, 2014		**145,755,044**	**$ 37,571,448**	**$ 8,357,754**	**$ 4,355,843**	**$ -**	**$ -**	**$ (43,161,411)**	**$ 7,123,634**
Shares issued for cash - stock option exercise		200,000	28,000	-	-	-	-	-	28,000
Reclassification of grant-date fair value on exercise of stock options		-	19,758	-	(19,758)	-	-	-	-
Reclassification of grant-date fair value on expired stock options		-	-	111,459	(111,459)	-	-	-	-
Share-based payments		-	-	-	188,771	-	-	-	188,771
Net loss for the period		-	-	-	-	-	-	(3,643,167)	(3,643,167)
Balance at September 30, 2015		**145,955,044**	**$ 37,619,206**	**$ 8,469,213**	**$ 4,413,397**	**$ -**	**$ -**	**$ (46,804,578)**	**$ 3,697,238**

See accompanying notes to these condensed consolidated interim financial statements.

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

		For the nine months ended September 30, 2016		September 30, 2015
Cash flows provided from (used by):				
OPERATING ACTIVITIES				
Net loss for the period	**$**	**(6,063,683)**	$	(3,643,167)
Adjustments for items not affecting cash:				
Depreciation		**39,084**		51,593
Share-based payments		**720,481**		188,771
Fair value loss on available-for-sale investments		**-**		75,756
		(5,304,118)		(3,327,047)
Net changes in non-cash working capital items:				
Amounts receivable		**(59,239)**		28,409
Prepaid expenses		**(17,525)**		(161,189)
Deposits		**(4,486)**		(18,284)
Accounts payable and accrued liabilities		**822,625**		24,923
Net cash flows used in operating activities		**(4,562,743)**		(3,453,188)
FINANCING ACTIVITIES				
Proceeds from share issuance, net of share issue costs		**8,934,286**		28,000
Net cash flows from financing activities		**8,934,286**		28,000
INVESTING ACTIVITIES				
Purchase of equipment		**(55,586)**		-
Net cash flows used in investing activities		**(55,586)**		-
Net decrease in cash and cash equivalents		**4,315,957**		(3,425,188)
Cash and cash equivalents, beginning of period		**4,406,100**		5,624,051
Cash and cash equivalents, end of period	**$**	**8,722,057**	$	2,198,863
Cash received during the period from interest	**$**	**25,425**	$	13,228
Cash paid during the period for interest	**$**	**-**	$	-
Cash paid during the period for income taxes	**$**	**-**	$	-
Supplementary cash flow information				
Finders' warrants issued (note 11(b))	**$**	**273,001**	$	-
Fair value of warrants issued (note 11(b))		**21,584**		-
Reclassification of the fair value of warrants exercised		**152,415**		-
Reclassification of the fair value of options exercised		**293,129**		19,758
Reclassification of the fair value of options expired		**414,897**		111,459
	$	**1,155,026**	$	131,217

See accompanying notes to these condensed consolidated interim financial statements.

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

GoldQuest Mining Corp. (the “Company” or “GoldQuest”) is a publicly listed company incorporated in British Columbia on July 12, 1989 and its shares are listed on the TSX Venture Exchange under the symbol “GQC”. The Company together with its subsidiaries (collectively referred to as the “Company”) is engaged in the identification, acquisition and exploration of mineral properties in the Dominican Republic. The Company’s registered office is located at Suite 2600, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of evaluation and exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's exploration assets are located outside of Canada and are subject to the risk of foreign investment, including political uncertainty, increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

These unaudited interim condensed consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2016, the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to funds operating costs over the next twelve months with cash and cash equivalents and through further equity financings.

The unaudited interim condensed consolidated financial statements of GoldQuest for the nine months ended September 30, 2016 were approved by the Board of Directors on November 23, 2016.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

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

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of GoldQuest and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2015. Certain amounts in prior periods have been reclassified to conform to the current period presentation.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards and interpretations not yet adopted

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 and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.

4. CASH AND CASH EQUIVALENTS

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

	September 30, 2016	December 31, 2015
Cash	**$ 8,687,057**	$ 4,371,100
Term deposits	**35,000**	35,000
	$ 8,722,057	$ 4,406,100

(Expressed in Canadian Dollars)

5. AMOUNTS RECEIVABLE

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

		September 30, 2016		December 31, 2015
Harmonized sales tax receivable and value-added tax receivable	**$**	**120,371**	$	54,832
Other receivables		**7,846**		14,146
	$	**128,217**	$	68,978

6. LONG-TERM INVESTMENT

As at September 30, 2016

	Number of shares	Carrying value		Closing market price		Fair value
Portex Minerals Inc.	15,151,273	-	$	0.005	$	75,756
Precipitate Gold Corporation	300,000	90,000		0.225		67,500

As at December 31, 2015

	Number of shares	Carrying value		Closing market price		Fair value
Portex Minerals Inc.	15,151,273	-	$	0.005	$	75,756
Precipitate Gold Corporation	300,000	27,000		0.090		27,000

Portex Minerals Inc.

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

During the year ended December 31, 2015, the Company reduced the carrying value of the 15,151,273 shares of Portex to $nil as it determined the impairment was permanent given the financial conditions of Portex.

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, 2016, the Company recognized $67,500 as the fair value of the 300,000 common shares received from Precipitate (December 31, 2015 – $27,000). The change in fair value of $40,500 for the nine months ended September 30, 2016 is recognized as other comprehensive income (September 30, 2015 – $nil).

(Expressed in Canadian Dollars)

7. EQUIPMENT

The Company's equipment is broken down as follows:

	Computer equipment	Field equipment	Office equipment	Software	Vehicles	Total
Cost						
As at December 31, 2015	$ 123,470	$ 172,110	$ 14,890	$ 117,930	$ 277,723	**$ 706,123**
Additions	14,311	-	-	3,165	38,110	**55,586**
Balance as at September 30, 2016	**$ 137,781**	**$ 172,110**	**$ 14,890**	**$ 121,095**	**$ 315,833**	**$ 761,709**
Depreciation						
As at December 31, 2015	$ (54,244)	$ (163,850)	$ (12,681)	$ (117,930)	$ (255,779)	**$ (604,484)**
Charged for the period	(12,831)	(6,197)	(212)	(1,582)	(18,262)	**(39,084)**
Balance as at September 30, 2016	**$ (67,075)**	**$ (170,047)**	**$ (12,893)**	**$ (119,512)**	**$ (274,041)**	**$ (643,568)**
Net book value						
As at December 31, 2015	$ 69,226	$ 8,260	$ 2,209	$ -	$ 21,944	$ 101,639
As at September 30, 2016	**$ 70,706**	**$ 2,063**	**$ 1,997**	**$ 1,583**	**$ 41,792**	**$ 118,141**

8. EVALUATION AND EXPLORATION ASSETS

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

	Balance as at December 31, 2015	Additions	Balance as at September 30, 2016
Dominican Republic	**$ 1,247,000**	$ -	**$ 1,247,000**

Dominican Republic – 100% owned

On August 5, 2009, the Company entered into a purchase agreement with Gold Fields Dominican Republic BVI Limited ("GFL") to regain full ownership of its gold-focused portfolio in the Dominican Republic. As consideration for GFL's interest in the joint venture projects, the Company issued 8,600,000 common shares and granted a 1.25% 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 an estimated fair value of $1,247,000.

(Expressed in Canadian Dollars)

9. EVALUATION AND EXPLORATION COSTS

The Company's evaluation and exploration costs during the nine months ended September 30, 2016 and 2015 related to projects in the Dominican Republic are broken down as follows:

For the nine months ended September 30, 2016

	Tireo	Other	Total
Access fees	$ 2,561	$ 5,179	**$ 7,740**
Depreciation	1,886	4,311	**6,197**
Drilling	210,256	-	**210,256**
Equipment rental	3,646	1,850	**5,496**
Field	214,650	49,421	**264,071**
Field technicians	324,825	12,556	**337,381**
Geological	344,214	11,405	**355,619**
Lodging and food	121,791	346	**122,137**
Salaries and wages	-	133,481	**133,481**
Sample analysis	321,449	-	**321,449**
Social responsibility	31,279	286	**31,565**
Technical studies	2,169,091	-	**2,169,091**
Transportation	3,590	552	**4,142**
	$ 3,749,238	**$ 219,387**	**$ 3,968,625**
		Cumulative costs, beginning of period	**24,995,763**
		Cumulative costs, end of period	**$ 28,964,388**

For the nine months ended September 30, 2015

	Tireo	Other	Total
Access fees	$ 788	$ 2,671	**$ 3,459**
Depreciation	4,792	6,962	**11,754**
Drilling	923,776	-	**923,776**
Equipment rental	36,157	1,070	**37,227**
Field	369,398	45,110	**414,508**
Field technicians	269,586	3,682	**273,268**
Geological	579,056	19,483	**598,539**
Lodging and food	91,889	565	**92,454**
Recoveries	-	(24,000)	**(24,000)**
Salaries and wages	-	174,906	**174,906**
Sample analysis	4,903	-	**4,903**
Social responsibility	31,018	-	**31,018**
Transportation	2,296	44	**2,340**
	$ 2,313,659	**$ 230,493**	**$ 2,544,152**
		Cumulative costs, beginning of period	**21,725,054**
		Cumulative costs, end of period	**$ 24,269,206**

(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, 2016		December 31, 2015
Trade payables	**$**	**1,136,308**	$	326,355
Accrued liabilities		**126,664**		113,992
	$	**1,262,972**	$	440,347

11. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At September 30, 2016, the Company had 215,732,384 common shares (December 31, 2015 – 177,682,225) common shares issued and outstanding with a value of $49,308,286 (December 31, 2015 – $40,223,041).

<u>During the nine months ended September 30, 2016:</u>

- On April 1, 2016, the Company completed a private placement and issued 14,710,000 common shares at a price of $0.20 per share for gross proceeds of $2,942,000.

  In connection with the private placement, the Company incurred $168,671 in share issuance costs which included a finder's fee of $135,940.

- On June 9, 2016, the Company completed a private placement and issued 17,968,750 common shares at a price of $0.32 per share for gross proceeds of $5,750,000.

  In connection with the private placement, the Company issued 1,257,812 broker warrants. Each broker warrant will be exercisable into one common share of the Company with an expiry date of December 9, 2017. The broker warrants are exercisable at a purchase price of $0.36 per share. The Company estimated the fair value of broker's warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.52%, an expected life of 18 months, an expected volatility of 89.05% and an expected dividend yield of 0%, which totaled $273,001, and recorded these values as share issuance costs.

  In connection with the private placement, the Company incurred $561,913 in share issuance costs which included a finder's fee of $402,500.

- 545,455 finder's unit purchase warrants, which were issued in connection with the privately placement completed on November 6, 2015, were exercised for proceeds of $60,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable for an additional common share at an exercise price of $0.18 The warrants have an expiry date of November 6, 2018.

  In addition, the Company reclassified the grant date fair value of the exercised warrants of $33,230 from warrants reserve to share capital.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

b) Issued share capital (continued)

For accounting purposes, the Company estimated the grant date fair value of warrants issued with the exercise of finder's unit purchase warrants, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 0.52%, an expected life of 2.5 years, an expected volatility of 83.17% and an expected dividend yield of 0%, which totaled $21,584, and recorded this value in warrants reserve. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of $71,646 was recorded as common shares.

- 2,590,954 warrants were exercised for proceeds of $466,372. In addition, the Company reclassified the grant date fair value of the exercised warrants of $119,185 from warrants reserve to share capital.
- 2,235,000 options were exercised for proceeds of $446,498. In addition, the Company reclassified the grant date fair value of the exercised options of $293,129 from stock options reserve to share capital.

During the nine months ended September 30, 2015:

- 200,000 options were exercised for proceeds of $28,000. In addition, the Company reclassified the grant date fair value of the exercised options of $19,758 from stock options reserve to share capital.

c) Warrants

The changes in warrants during the nine months ended September 30, 2016 and 2015 are as follows:

	September 30, 2016			September 30, 2015		
	Number outstanding		Weighted average exercise price	Number outstanding		Weighted average exercise price
Balance, beginning of period	**16,409,045**	**$**	**0.18**	-	**$**	-
Issued	1,530,539		0.33	-		-
Exercised	(3,136,409)		0.17	-		-
Balance, end of period	**14,803,175**	**$**	**0.20**	-	**$**	-

The following summarizes information about warrants outstanding at September 30, 2016:

Grant date	Expiry date	Warrants outstanding		Exercise price		Estimated grant date fair value	Weighted average remaining contractual life (in years)
October 19, 2015	October 19, 2018	9,045,455	$	0.180	$	412,488	2.05
November 6, 2015	November 6, 2018	4,227,181	$	0.180	$	194,454	2.10
May 9, 2016	November 6, 2018	272,727	$	0.180	$	21,584	2.10
June 9, 2016	December 9, 2017	1,257,812	$	0.360	$	273,001	1.19
		14,803,175			**$**	**901,527**	**1.99**

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

d) Stock options

Under the Company's stock option plan, the Board of Directors may grant options for the purchase of up to a total of 10% of the total number of issued and outstanding common shares of the Company. Options granted under the plan may vest over a period of time at the discretion of the board of directors. 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 10 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, 2016 and 2015 are as follows:

	September 30, 2016			September 30, 2015		
	Number outstanding		Weighted average exercise price	Number outstanding		Weighted average exercise price
Balance, beginning of period	**16,107,666**	**$**	**0.34**	**12,856,163**	**$**	**0.40**
Granted	5,547,500		0.59	1,700,000		0.15
Expired	(1,200,000)		0.41	-		-
Forfeited	(38,333)		0.56			
Exercised	(2,235,000)		0.20	(200,000)		0.14
Balance, end of period	**18,181,833**	**$**	**0.43**	**14,356,163**	**$**	**0.37**

<u>During the nine months ended September 30, 2016:</u>

- On June 1, 2016, the Company granted 200,000 options with an exercise price of $0.325 to the investor relation consultant. The options are exercisable for a period of five years. One-twelve vest one month from the date of grant and one-twelve will vest every one month thereafter.
- On August 12, 2016, the Company granted 5,347,500 options with an exercise price of $0.60 to certain officers, directors and employees. The options are exercisable for a period of five years. One-third vest six months from the date of grant and one-third will vest every six months thereafter.
- 1,200,000 options expired unexercised.

<u>During the nine months ended September 30, 2015:</u>

- On January 20, 2015, the Company granted 1,650,000 options with an exercise price of $0.15 to certain officers, directors and employees. The options are exercisable for a period of five years. One-third vest six months from the date of grant and one-third will vest every six months thereafter.
- On January 20, 2015, the Company granted 50,000 options with an exercise price of $0.15 to an employee. The options are exercisable for a period of five years. A quarter vest three months from the date of grant and a quarter will vest every three months thereafter.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

d) Stock options (continued)

The following summarizes information about stock options outstanding and exercisable at September 30, 2016:

Grant date	Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
May 31, 2012	May 31, 2017	2,623,332	2,623,332	$ 0.560	$ 1,594,036	0.67
June 1, 2012	June 1, 2017	73,334	73,334	$ 0.680	$ 48,225	0.67
September 11, 2012	September 4, 2017	250,000	250,000	$ 1.560	$ 376,726	0.93
March 8, 2013	March 8, 2018	2,445,000	2,445,000	$ 0.500	$ 874,293	1.44
May 22, 2013	May 22, 2018	500,000	500,000	$ 0.350	$ 131,412	1.64
December 19, 2013	December 19, 2018	2,357,000	2,357,000	$ 0.250	$ 490,173	2.22
May 14, 2014	May 14, 2019	150,000	150,000	$ 0.310	$ 39,928	2.62
January 20, 2015	January 20, 2020	1,524,000	1,524,000	$ 0.150	$ 168,292	3.31
December 14, 2015	December 14, 2020	2,746,667	916,673	$ 0.130	$ 305,796	4.21
June 1, 2016	June 1, 2021	200,000	66,668	$ 0.325	$ 58,711	4.67
August 12, 2016	August 12, 2021	5,312,500	-	$ 0.600	$ 2,741,961	4.87
		18,181,833	**10,839,339**		**$ 6,829,552**	**3.05**

The estimated grant date fair value of the options granted during the nine months ended September 30, 2016 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2015
Number of options granted	**5,547,500**	1,700,000
Risk-free interest rate	**0.56%**	0.95%
Expected annual volatility	**131.42%**	131%
Expected life	**5.00**	5.00
Expected dividend yield	**0.00%**	0.00%
Grant date fair value per option	**$ 0.51**	$ 0.11
Share price at grant date	**$ 0.59**	$ 0.13

During the nine months ended September 30, 2016 and 2015, the Company recognized share-based payments expense of $720,481 and $188,771, respectively. For the nine months ended September 30 2016 and 2015, share-based payments expense consists of the following:

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2015
For services in respect of:		
Directors' fees	**$ 180,203**	$ 57,373
Investor relations	**38,935**	-
Management fees	**437,106**	104,095
Salaries and wages	**64,237**	27,303
	$ 720,481	$ 188,771

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

e) Earnings (loss) per share

The Company calculated the basic earnings (loss) per share by using the weighted-average number of shares outstanding during the period. The diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period. In determining the weighted average number of common shares outstanding during the period for the diluted loss per share, warrants and options are not included as the impact would be anti-dilutive.

12. RELATED PARTY TRANSACTIONS AND BALANCES

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

		Equity Onwership as at	
Name	**Country of Incorporation**	**September 30, 2016**	**December 31, 2015**
GoldQuest Mining (BVI) Corp	British Virgin Islands	100%	100%
Goldquest Dominicana SRL	Dominican Republic	100%	100%

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

a) Related party transactions

The Company's related parties as defined by IAS 24, *Related Party Disclosures*, include the Company's subsidiaries (above), and the following directors, executive officers, key management personnel, and enterprises which are controlled by these individuals:

Related Party	Relationship
William Fisher	Executive Chairman
Frank Balint	Director
Patrick Michaels	Director
Florian Siegfried	Director
Julio Espaillat	Director, President and CEO
Paul Robertson	CFO
Quantum Advisory Partners LLP	A partnership in which the CFO is a partner
Jeremy Niemi	Vice President, Exploration
Felix Mercedes	Country Manager, Dominican Republic

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

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Related party transactions (continued)

Total compensation of key company personnel for the nine months ended September 30, 2016 and 2015 is as follows:

	For the nine months ended	
	September 30, 2016	**September 30, 2015**
Directors' fees	**$ 63,000**	$ 63,000
Management remuneration	**359,250**	407,850
Salaries and wages	**54,941**	77,840
Evaluation and exploration costs	**120,000**	127,500
Share-based compensation	**617,309**	161,468
	$ 1,214,500	$ 837,658

During the nine months ended September 30 2016, the Company paid professional fees of $126,464 (September 30, 2015 – $98,592), of which $15,250 (September 30, 2015 – $nil) was classified as share issue costs, to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner, for professional services including accounting, corporate secretarial, transaction support and tax compliance.

b) Related party balances

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $36,306 as at September 30, 2016 (December 31, 2015 – $25,629), which were paid subsequent to September 30, 2016. These amounts are unsecured, non-interest bearing and payable on demand.

13. COMMITMENTS

Commitments

The Company is a party to certain management contracts. These contracts contain clauses requiring that $1,530,000 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.

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION

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

	Canada	Dominican Republic	Total
As at September 30, 2016			
Evaluation and exploration assets	$ -	$ 1,247,000	**$ 1,247,000**
Long-term investment	67,500	-	**67,500**
Equipment	70,442	47,699	**118,141**
Other assets	8,802,107	459,993	**9,262,100**
Liabilities	(1,144,172)	(118,800)	**(1,262,972)**
	$ 7,795,877	**$ 1,635,892**	**$ 9,431,769**
As at December 31, 2015			
Evaluation and exploration assets	$ -	$ 1,247,000	**$ 1,247,000**
Long-term investment	27,000	-	**27,000**
Equipment	71,007	30,632	**101,639**
Other assets	4,420,031	444,862	**4,864,893**
Liabilities	(363,829)	(76,518)	**(440,347)**
	$ 4,154,209	**$ 1,645,976**	**$ 5,800,185**
Net Loss			
September 30, 2016	$ 1,576,032	$ 4,487,651	**$ 6,063,683**
September 30, 2015	$ 777,401	$ 2,865,766	**$ 3,643,167**
Comprehensive loss:			
For the nine months ended September 30, 2016	$ 1,535,532	$ 4,487,651	**$ 6,023,183**
For the nine months ended September 30, 2015	$ 777,401	$ 2,865,766	**$ 3,643,167**

(Expressed in Canadian Dollars)

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, 2016.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and short-term investments. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company and its subsidiaries are not subject to any externally imposed capital requirements.

The Company's investment policy is to invest its excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks. By using this strategy the Company preserves its cash resources and is able to marginally increase these resources through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

The Company expects that its current capital resources will be sufficient to fund its present operational commitments and working capital needs for the coming twelve months.

16. FINANCIAL INSTRUMENTS

a) Fair value

The carrying values of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments. Long-term investment is determined by the closing market price of the securities held by the Company.

As at September 30, 2016

	Loans and receivables and other liabilities	Assets at fair value through profit or loss	Availabe-for-sale assets	Total
Cash and cash equivalents	$ 8,687,057	$ 35,000	$ -	$ 8,722,057
Amounts receivable	7,846	-	-	7,846
Long-term investment	-	-	67,500	67,500
Accounts payable and accrued liabilities	1,262,972	-	-	1,262,972

16. FINANCIAL INSTRUMENTS (continued)

a) Fair value (continued)

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, 2016, the financial instruments recorded at fair value on the consolidated statement of financial position are cash equivalents which are measured using Level 2 of the fair value hierarchy and long term investments, except for the shares of Portex, measured using Level 1 of the fair value hierarchy.

b) Financial risk management

Credit risk

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

The Company's cash and cash equivalents and guaranteed investment certificates 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, guaranteed investment certificates and amounts receivable represent the maximum credit exposure. The Company limits its credit risk exposure by holding cash and cash equivalents and guaranteed investment certificates 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, 2016 in the amount of $8,697,088, in order to meet short-term business requirements. At September 30, 2016, the Company had accounts payable and accrued liabilities of $1,262,972. 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.

16. FINANCIAL INSTRUMENTS (continued)

b) 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, 2016.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on cash and cash equivalents outstanding at September 30, 2016 would result in an approximately $87,000 change to the Company's net loss for the nine months ended September 30, 2016.

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, 2016:

	in CAD	in USD	in DOP
Cash and cash equivalents	7,476,936	742,741	9,360,393
Amounts receivable	136	-	268,216
Long-term investment	67,500	-	-
Accounts payable and accrued liabilities	(1,095,337)	(37,162)	(4,132,803)
	6,449,235	**705,579**	**5,495,806**
Rate to convert to $1.00 CAD	1.000	0.7610	34.7880
Equivalent to Canadian dollars	**6,449,235**	**927,215**	**157,979**

Based on the above net exposures as at September 30, 2016, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and DOP would have had the following impact:

	Additional foreign exchange gain (loss) (before tax) (in CAD)		
	USD	**DOP**	**Total**
For the nine months ended September 30, 2016			
If CAD appreciated by 10%	**$ 92,722**	**$ 15,798**	**$ 108,520**
If CAD depreciated by 10%	**(92,722)**	**(15,798)**	**(108,520)**

16. FINANCIAL INSTRUMENTS (continued)

b) 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 at September 30, 2016, 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 impaired the carrying value of the 15,151,273 shares of Portex to $nil; as a result of the impairment, the Company believe price risk from the investment in Portex is minimal.

A 10% change in share price of Precipitate's shares at September 30, 2016 would result in a $6,750 change to the Company's comprehensive loss for the nine months ended September 30, 2016.

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.

17. SUBSEQUENT EVENTS

Subsequent to September 30, 2016:

- On October 13, 2016, the Company granted 600,000 options with an exercise price of $0.36 to the Company's VP, Corporate Development. The options are exercisable for a period of five years. One-third vest six months from the date of grant and one-third will vest every six months thereafter; and

- 1,667 options expired unexercised.