



# **GOLDQUEST MINING CORP.**

## **Management's Discussion and Analysis**

**September 30, 2016**

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## **1. Introduction**

This Management's Discussion and Analysis ("MD&A") of GoldQuest Mining Corp. and its subsidiaries (the "Company" or "GoldQuest") provides an analysis of GoldQuest's results of operations and financial condition for the nine months ended September 30, 2016. This MD&A supplements the unaudited consolidated interim financial statements of the Company and the notes thereto for the nine months ended September 30, 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2015, prepared in accordance with IFRS and the related MD&A.

This MD&A is prepared as of November 23, 2016. All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated. Additional information related to GoldQuest is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.goldquestcorp.com](http://www.goldquestcorp.com).

## **2. Note to U.S. Investors Concerning Estimates of Probable Mineral Reserves, Indicated and Inferred Resources**

The terms "Probable Mineral Reserves", "Indicated" and "Inferred" Resources, are used herein. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of a Mineral Resource is economically or legally mineable.

## **3. Overview**

GoldQuest is a Canadian based mineral exploration and development company with projects in the Dominican Republic and trades on the TSX-V under the symbol GQC and in Frankfurt/Berlin with symbol M1W. GoldQuest operates through its wholly-owned British Virgin Island subsidiary, GoldQuest Mining (BVI) Corp. and its wholly-owned subsidiary, Goldquest Dominicana SRL, which is domiciled in the Dominican Republic. GoldQuest commenced exploration activities in the Dominican Republic in 2001 and is currently focused on its portfolio of gold-copper projects located within the Tireo Formation in the western portion of the Dominican Republic.

In September 2016, the Company announced the results of a Pre-Feasibility Study ("PFS"), including maiden Mineral Reserves for its Romero Project (refer to the Company's news release dated September 27, 2016 and section 5 of this MD&A). On November 11, 2016, GoldQuest filed on SEDAR the National Instrument 43-101 (NI 43-101) technical report for its PFS. Currently, the Company is in the process of completing a 10,000 metre drilling program at its Tireo Project, south of the Company's gold/copper Romero deposit, which will consist of approximately 40 holes totaling 10,000 metres and continue into 2017. It is designed with the sole focus of making a new discovery and growing the mineral resource inventory of the under-explored Tireo Gold Belt.

The Company holds 22 exploration permits (granted or under application) and one exploitation permit (under application) concessions in the Dominican Republic. These concessions are grouped into the following districts:

- **San Juan District**, including Romero (exploitation permit under application), Aguita Fria (Jenigbre), Valentin, Loma Los Comios, Loma El Cachimbo (Loma Viejo Pedro), Los Gajitos, Los Lechones, Descansadero, Tocon de

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Pino, Las Tres Veredas, Piedra Dura, La Tachuela (formerly La Fortuna), La Guinea, Toribio and La Pelada concessions (collectively referred to as the "Tireo Property").

- **Jarabacoa District**, including Los Hoyitos (formerly Loma Oculta) and La Rabona concessions.
- **Regional Exploration**, including Loma El Catey, Pesquero, Loma La Damajagua, Hoyo Prieto and Recodo concessions.

The Tireo Property in the San Juan District and the Los Hoyitos Property (formerly Loma Oculta) in the Jarabacoa District are the Company's material properties.

**Q3 2016 Highlights**

- Announced results from the Pre-Feasibility Study and Maiden Reserve Statement
- Commenced 10,000m drill program in August 2016
- IP survey completed gradient program and focused on detailed section work on Tireo Project
- Granted 5,347,500 options with an exercise price of \$0.60 to certain officers, directors and employees.

Subsequent to Q3 2016:

- Re-granted the Aguita Fria exploration concession (1,311.5 hectare) extending the Company's land position in the highly prospective Tireo Formation by approximately 8 kilometres to the south-east
- Granted the Valentin concession (300 hectares), at the north-western tip of the concession package which extends the package for a further 2 kilometres
- Appointed David Massola as Vice President, Corporate Development for the Company
- Announced drilling results from first target area in Tireo exploration program

**4. Business Strategy**

GoldQuest seeks to become a gold-copper development company in the Dominican Republic. The Company aims to maximize long-term value for its shareholders by moving the Romero Project forward through to development while exploring for additional mineralization on its Tireo Property.

The Company is committed to the exploration and development of all of its mineral properties in the Dominican Republic in a socially and environmentally responsible manner that will be beneficial for all stakeholders. The Company's sustainable social responsibility mandate aims to provide employment opportunities and social support for local communities, sustainable development of local infrastructure and follow leading environmental practices in the various regions that GoldQuest operates in.

**5. Evaluation and Exploration Assets**

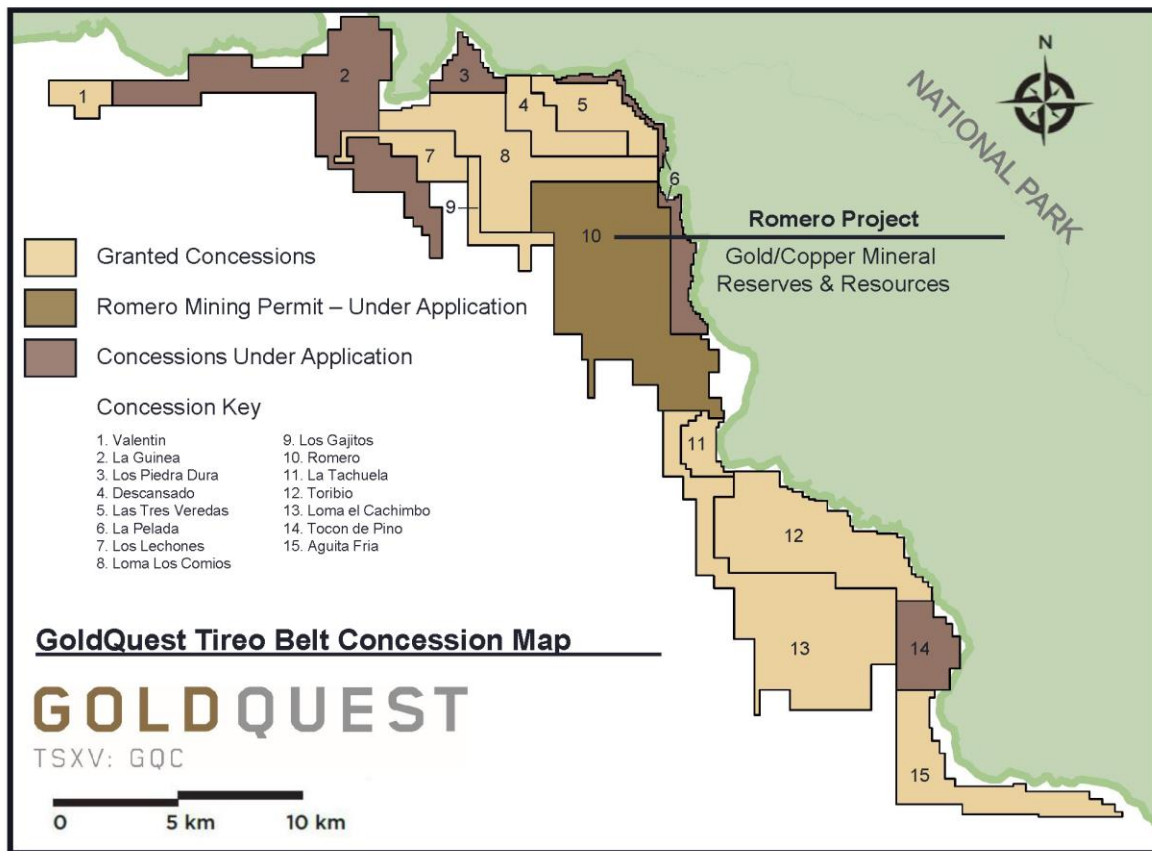
Jeremy Niemi, P.Geo, the Company’s Vice-President, Exploration, is the Qualified Person, as defined by National Instrument 43-101 (NI 43-101), who has reviewed and approved the technical information disclosed in this MD&A.

**Tireo Property**

The Tireo Property (100% owned) is a group of 15 concessions located within the San Juan Valley that encompass 20,838 hectares in the province of San Juan de la Maguana, Dominican Republic. The majority of the project area is at an early stage of exploration, with the exception of Romero concession, formerly named La Escandalosa, which contains the Romero Project.

The Romero gold-copper project (100% owned) is located within the Romero exploitation concession that encompasses 3,997 hectares (the “Romero Project”). The Romero Project comprises two mineral deposits, Romero and Romero South (formerly La Escandalosa Sur). The concession is under application for an exploitation license, which was applied for on October 23, 2015.

Figure 1. GoldQuest Tireo Property Concession Location Map



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***Pre-Feasibility Study***

The Company engaged JDS Mining to complete the PFS for the Romero Project. The PFS was prepared under the direction of JDS Energy & Mining Inc. ("JDS"), an industry-leading, international engineering firm, with extensive experience in both the construction and operation of mining projects. The study was supported by a team of internationally recognized firms, all of whom are independent of the Company, including:

- Micon International Limited (Micon) (geology, mineral resources)
- Golder Associates Limited (geotechnical, tailings and water management)
- Allnorth Consultants Limited (process design)
- MineFill Services Incorporated (backfill plant design)

On September 27, 2016, the Company reported the results of the PFS, including the maiden Mineral Reserves for its Romero Project and submitted the Technical Report on SEDAR on November 11, 2016.

**PFS Highlights:**

- Maiden Probable Mineral Reserves of 7.03 million tonnes containing:
  - 840,000 ounces of gold
  - 980,000 ounces of silver
  - 136 million pounds of copper
- A 2,800 tonnes per day operation totalling life of mine gold equivalent production of approximately 1.117 Moz Au Eq
- Annual gold equivalent production averaging 109,000 ounces per year
- Post tax Net Present Value @ (5%) of \$203 million (pre tax \$317 million)
- All-in Sustaining Cost of \$595/oz Au Eq
- Post tax Internal Rate of Return of 28% (pre-tax 38.6%)
- Initial Capex of \$158.6 (Life of Mine \$250.9 including sustaining and closure)

All figures are in U.S. dollars unless otherwise stated, with a DOP/USD exchange rate of 46:1 and metal price assumptions of \$1,300/oz gold (Au), \$20/oz silver (Ag) and \$2.50/lb copper (Cu).

The PFS envisages a 2,800 tonnes per day ("tpd") project, encompassing a ramp-accessed underground mining operation employing a standard crush, grind, flotation process plant to produce a saleable copper concentrate product with significant gold and silver credits. Process tailings will be used as paste backfill in the underground mine with excess material stored on site as dry stack material. Water requirements for the mine will be met by collecting and storing runoff water from the site.

***Mineral resources***

The basis for the PFS is the updated mineral resource estimate prepared by Micon. Details of the resource estimate will be set out in the Company's upcoming National Instrument 43-101 ("NI 43-101") technical report for the PFS. For the purposes of reporting the mineral resources, Micon selected a net smelter returns ("NSR") cut-off of \$60 (operating cost/commodity price weighted recovery) as an estimate of what might be a reasonable marginal cost of extraction at Romero and Romero South.

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A summary of this resource is:

**Table 1: Mineral Resource Estimate for Romero Project**

Category	Zone	Tonnes	Au (g/t)	Cu (%)	Zn (%)	Ag (g/t)	AuEq (g/t)	Au Ounces	AuEq Ounces
Indicated	Romero	18,390,000	2.57	0.65	0.31	4.2	3.43	1,520,000	2,028,000
	Romero South	1,840,000	3.69	0.25	0.18	1.6	4.01	218,000	237,000
<b>Total Indicated Mineral Resources</b>		<b>20,230,000</b>	<b>2.67</b>	<b>0.61</b>	<b>0.30</b>	<b>4.0</b>	<b>3.48</b>	<b>1,738,000</b>	<b>2,265,000</b>
Inferred	Romero	2,120,000	1.80	0.39	0.36	3.2	2.32	123,000	158,000
	Romero South	900,000	2.57	0.20	0.21	2.1	2.84	74,000	82,000
<b>Total Inferred Mineral Resources</b>		<b>3,020,000</b>	<b>2.03</b>	<b>0.33</b>	<b>0.32</b>	<b>2.9</b>	<b>2.47</b>	<b>197,000</b>	<b>240,000</b>

1. Effective data for the Mineral Resource is September 27, 2016.
2. Mineral Resources which are not mineral reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing or other relevant issues.
3. The quantity and grade of reported Inferred Resources in the estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
4. Gold Equivalent Metal prices used were \$1,400/oz Au, \$20.00/oz Ag and \$2.50/lb Cu and recoveries of 78.1% for gold, 94.6% for copper and 58.6% for silver.
5. Columns may not calculate precisely due to rounding errors.

**Mineral Reserves**

The Probable Mineral Reserves are the economically minable portions of the Indicated Mineral Resource as demonstrated by this PFS.

**Table 2: Mineral Reserve Estimate for Romero Project**

Mine Reserves	Tonnes	Au		Ag		Cu		Au Eq <sup>(1)</sup>	
		(g/t)	(oz)	(g/t)	(oz)	(%)	(M lb)	(g/t)	(oz)
(Cut off \$70 NSR) <sup>(2)</sup>									
<b>Total Probable</b>	<b>7,031,000</b>	<b>3.72</b>	<b>840,000</b>	<b>4.33</b>	<b>980,000</b>	<b>0.88</b>	<b>136</b>	<b>4.9</b>	<b>1,117,000</b>

1. Gold equivalent metal prices \$1,300/oz Au, \$20.00/oz Ag and \$2.50/lb Cu
2. Cut-off NSR metal prices: Cu \$2.50/lb Au \$1,250/oz Ag \$17.00/oz; Recovery: Cu-96.8 Au-71.7 Ag-54.4, Payable: Cu-96.5 Au-90.0 Ag-95.0, TCRC: \$257.83/dmt, Cu concentrate 20%

**Mining**

The mine plan for the Romero deposit contemplates a ramp accessible underground mine employing mechanized longhole and cut & fill stoping methods with both paste and waste rock for backfill. At full production, run of mine material will be transported to the surface at an average rate of 2,800 tpd where it will be hauled to the process plant, located approximately 3 km south of the mine. The PFS does not propose exploiting the Romero South deposit at this time. Romero South may be evaluated as a stand-alone deposit in the Feasibility Study stage.

The PFS mine plan includes 7.03 Mt grading 3.72 g/t Au, 0.88% Cu and 4.33 g/t Ag after accounting for dilution and mining recovery, with contained metal totaling 840k oz Au, 135.9 M lbs Cu (61.7 kt) and 980k oz Ag. The waste rock mined totals 900 kt, with all waste rock returned underground as backfill by Year 5.

The mine design includes a 5.0 m x 4.5 m ramp access with production coming from a combination of 75% longhole mining, 16% cut & fill mining and 9% from development. The mine scheduling targets the highest NSR sections of the deposit early in the mine life. The mine production schedule is provided below.

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**Table 3: Romero Mine Production Schedule**

Economic Model Export		Total	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8
Ore Tonnes	kt	7,031	817.8	1008.0	1008.0	1008.0	1008.0	1008.0	1008.0	164.7
Au	g/t	3.72	4.54	4.85	4.06	3.96	3.66	3.23	2.18	1.80
Ag	g/t	4.33	4.97	3.83	3.52	5.33	5.31	3.85	3.90	2.82
Cu	%	0.88%	0.86%	0.83%	0.96%	0.96%	0.89%	0.80%	0.86%	0.78%

**Processing**

The processing flow sheet selected for the PFS consists of crushing, grinding, gravity and flotation to produce a 13% copper concentrate with gold and silver credits and no significant deleterious elements. A marketing study commissioned by the Company has demonstrated the saleability of this concentrate.

Approximately 40% of tailings will be used as paste backfill with the balance disposed of in a tailings storage area through dry stacking. Total recoveries into the final concentrates, based on existing metallurgical test work, are expected to be approximately 78.1% for gold and 94.6% for copper, and 58.6% for silver.

**Infrastructure**

Off-site infrastructure for Romero is planned to include a 23.5 km main access road connecting the site to the local, paved road network. In addition, a 24.5 km -- 69 kV Transmission Line will connect the site to the national power grid.

Concentrate storage and handling would occur at the port of Puerto Viejo, which will host a storage shed for 15,000 tonnes of concentrate and a ship-loading conveyor system.

- On site infrastructure includes;  
2.8 km haul road between the portal and the process plant site;
- Step-down transmission substation for incoming high voltage power from the national grid;
- Fit-for-purpose ancillary facilities, including administration and offices, maintenance and warehousing, mine dry, assay laboratory;
- Temporary Waste Rock Storage Area for 225,000 m3 of waste; and
- Water storage pond, sedimentation ponds, dry stack and waste rock storage run-off collection ponds, and emergency pond for excess water.

**Capital Costs**

The pre-production capital cost for the project is estimated to be \$158.6 million including indirect costs and contingency. Life of Mine ("LOM") sustaining capital is estimated at \$92.3 million. Total LOM capital required for the project is approximately \$250.9 million.

Life of mine sustaining capital costs are estimated at \$81.7 million (excluding contingency) including the closure costs of \$15.5 million. Sustaining capital consists of capitalized development after the initial production start-up and major equipment rebuilds.



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**Table 4: Capital Cost Summary**

Capital Costs	Pre-Production (\$M)	Sustaining/Closure (\$M)	Total (\$M)
Underground Mining	15.7	57.4	73.1
Site Development and Roadworks	13.5	4.0	17.5
Process Facilities	32.4	5.2	37.6
On-Site Infrastructure	8.8	4.1	13.0
Off-Site Infrastructure	21.5	0.0	21.5
Indirect Costs	11.8	0.0	11.8
EPCM	23.2	0.0	23.2
Owner's Costs	10.2	0.0	10.2
Closure	0.0	15.5	15.5
Salvage	0.0	-4.5	-4.5
<b>Subtotal Capital Costs</b>	<b>137.3</b>	<b>81.7</b>	<b>219.0</b>
<b>Contingency 15%</b>	<b>21.3</b>	<b>10.6</b>	<b>32.0</b>
<b>Total Capital Costs</b>	<b>158.6</b>	<b>92.3</b>	<b>250.9</b>

**Operating Costs**

The operating costs used in the PFS were estimated from first principles using in-country unit rates for labour, consumables and power where possible. The LOM All-In Sustaining costs are estimated to be \$595 per ounce of gold (payable net of by-product credits from copper and silver).

LOM site operating costs total \$45.97/t processed, as summarized below.

These cost estimates assume an electricity rate of 0.12/kWh and a diesel cost of \$0.66/L.

**Table 5: Operating Cost Summary -- per ounce and per tonne basis:**

Operating Cost	\$/t Processed	LOM \$M
Mining	27.67	194.5
Processing	11.58	81.4
Re-Handle	1.28	9.0
General & Administrative	5.44	38.3
<b>Total OPEX</b>	<b>45.97</b>	<b>323.2</b>

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**Financial Analysis**

The summary below, showing a range of commodity prices, holds the above-noted electricity rate and diesel cost constant. The NPV figures are calculated to the beginning of 2018 when, assuming the receipt of necessary permits and approvals within expected timelines, construction would begin. For purposes of the calculations, any 2016 and 2017 development expenditures are treated as undiscounted costs.

- Pre-Tax
  - Net Present Value (NPV) discounted at 5% is \$317.2 M;
  - Internal Rate of Return (IRR) is 38.6%.
- Post-Tax
  - Net Present Value (NPV) discounted at 5% is \$202.7 M;
  - Internal Rate of Return (IRR) is 28.1%; and
  - Payback of 2.5 years.

Taxes modelled include a corporate tax rate of 27%, with Export Withholding Tax credited against gross corporate tax to generate net corporate tax. The Export Withholding Tax is applied at 5% on the Net Smelter Revenue, while a local community tax is applied 5% on taxable income. The net impact is an effective tax rate of approximately 32%.

**Table 6: Gold-Copper Price Sensitivity Table**

Gold US\$ per ounce	\$1200	\$1300	\$1400
Copper US\$ per pound	\$2.00	\$2.50	\$3.00
Silver US\$ per ounce	\$15.00	\$20.00	\$25.00
NPV @ 5%	\$136.4 M	\$202.7 M	\$266.1 M
-- After-tax USD			
IRR	21.9%	28.2%	33.7%
-- After-tax			

**Community and Environment**

The PFS incorporates several important design features that minimize the impact to the surrounding environment:

- The use of cyanide is not included in the design. A flotation concentrate product will be shipped from the Puerto Viejo port to international smelters;
- 100% of the waste rock from the underground mine will be returned back underground as backfill to eliminate the potential for acid rock drainage;
- The project is designed to capture run-off water to supply the mine, thus avoiding any water taking from the San Juan river;
- Tailings from the process plant will be filtered, dried and placed in a dry stack storage facility. No tailings ponds or dam structures will be required;
- Power will be supplied by a line connection to the domestic power grid;
- Ventilation fans will be located underground to reduce noise; and
- No relocation of the Hondo Valle village, or any settlements.

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**Drilling**

During the third quarter of 2016, the Company commenced a 10,000 metre drill program to follow-up and test new exploration targets identified through the ongoing IP, rock and trench sampling programs over the past year. The first 6 holes were completed by the end of the quarter for a total of 1,793 metres drilled.

The results are from the southern portion of the Company's land concession, 20 kilometres south from the Company's flagship Romero Project. Target A is the first of twenty exploration targets prioritized by GoldQuest in its current drilling campaign. The target has been tested with 6 diamond drill holes including a 3-hole-fan comprised of TIR-16-02, TIR-16-03, and TIR-16-04, displaying similar characteristics as our Romero discovery.

**Drill hole assay intervals**

Hole	From m	To m	Interval m	Au* gpt	Cu %	Ag gpt	Zn %
TIR-16-01	138	156.67	18.67	0.48	0.19	0.76	0.01
TIR-16-02	251.54	252.46	0.92	0.87	0.12	49.2	2.06
TIR-16-03	33.39	36.58	3.19	1.26	0.02	2.59	0.04
	including						
	34.12	35.05	0.93	3.39	0.04	4	0.08
	and						
	225.6	228.03	2.43	0.76	0.18	0.89	0
	and						
	238.58	257.13	18.55	0.3	0.47	0.67	0
	including						
	245	254	9	0.38	0.75	0.85	0
TIR-16-04	163.07	166.02	2.95	0.53	0.17	1.05	0
TIR-16-05	no significant results						
TIR-16-06	71.81	153	81.19	0.07	0.01	2.24	0.02

\*Interval grades are calculated using uncapped assays. Gold values did not exceed 3.39 gpt. Intervals may not represent true widths. There insufficient drilling to determine the orientation of the mineralized bodies at this time.

Like all 20 targets, Target A was identified through mapping, sampling and most recently ground Induced Polarization (IP)/resistivity surveys. The target has encouraging surface geochemistry with rock sample results of up to 167 g/t gold (see release May 17th, 2016). This zone is over 1.5 kilometres long and up to 300 metres wide. All six holes have intersected massive and disseminated sulphide mineralization in the same dacitic and andesitic rocks as the Romero gold/copper deposits previously discovered by GoldQuest. The holes contained anomalous gold and copper -- hole TIR-16-03 intersected 9 metres grading 0.75% copper -- detailed in the assay intervals in the table above. Future campaigns in the target area will vector toward potentially higher grade parts of the system.

Subsequent to September 30, 2016, the Company released the first batch of assay results from Target A, the first of 20 targets in the 2016/17 exploration program on the Company's Tiro Formation concessions in the Dominican Republic.

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From the commencement of exploration on this project and up to the date of this MD&A, a total 60,870 metres have been drilled in 217 diamond drill holes at the Tireo Property.

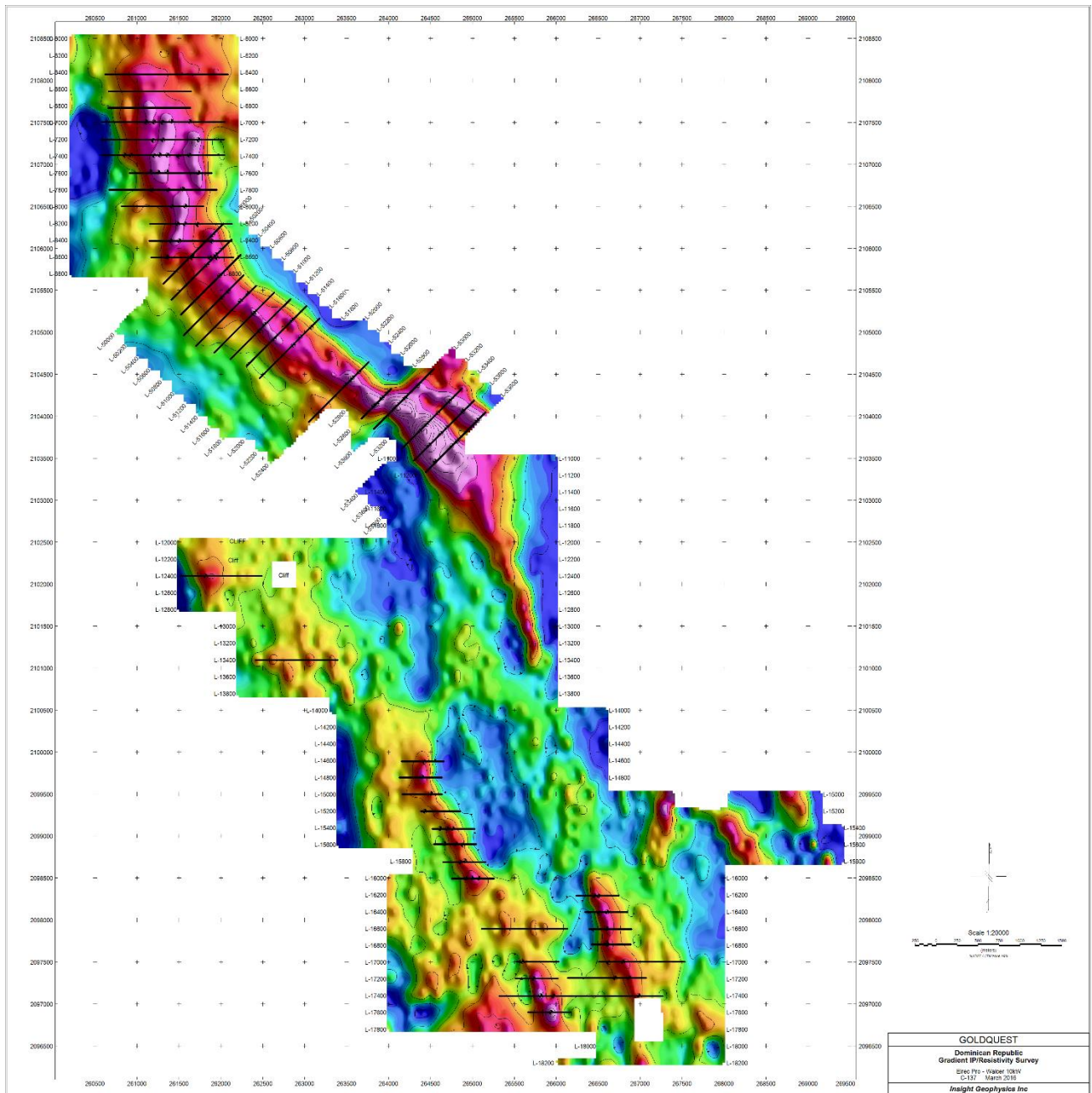
<b>Drilling Series</b>	<b>Area</b>	<b># Holes</b>	<b># Metres</b>
LTP	Romero Project	170	47,036
IMP	Imperial	8	3,447
LG	La Guama	5	1,498
LR	La Rosa	2	902
LB	La Bestia	9	2,362
LVP	Loma Viejo Pedro	7	1,558
JNG	Jengibre	7	1,314
TIR	Tireo	9	2,753
		<b>217</b>	<b>60,870</b>

***Geophysical Survey***

During the first quarter of 2016, the Company engaged Insight Geophysics to conduct gradient array IP and Resistivity surveys southwards from the Imperial anomaly. The survey is designed to follow the favorable alteration trend of argillic and silicic alteration which coincides with magnetic lows observed in the airborne magnetic data. The planned survey will cover at least 30 square kilometres between the Imperial target and the GoldQuest concession border with Precipitate Gold at their Ginger Ridge discovery. See gradient chargeability results in Figure 2.

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Figure 2. 2016 IP Survey Map – Gradient Chargeability with Insight Sections Marked as Black Lines



**Metallurgy and Economic Evaluations**

Metallurgical test programs were completed on Romero and Romero South mineralization in 2011, 2013, 2014, 2015 and 2016 by ALS Metallurgical Laboratories, Kamloops, B.C. (ALS) on metallurgical composites selected by GoldQuest. The most recent 2016 tests are summarized below.

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- Construct five metallurgical composites and conduct chemical analyses on each. Perform mineralogical analyses by QEMSCAN Particle Mineral Analysis (PMA) to determine mineral content and liberation of major sulphide minerals.
- Construct five comminution composites and perform comminution testing including SMC, Bond crusher work index, Abrasion index, and Bond ball mill work index testing.
- Complete gravity recoverable gold tests on each metallurgical composite to assess the amenability for gravity concentration. - Conduct batch rougher and cleaner flotation tests on each metallurgical composite to optimize flotation conditions for copper and pyrite circuits.
- Conduct locked-cycle flotation test work on each metallurgical composite to evaluate closed circuit performance. Conduct minor element analyses on copper concentrates.
- Complete pilot plant testing to generate products for settling and filtration testing by an independent laboratory, and to assess energy requirements for fine grinding of the copper and pyrite rougher concentrates
- Submit tailings from flotation test work for acid base accounting tests

The results indicate a 13% copper concentrate grade with a 94.6% copper recovery can be achieved for Romero. The gold and silver recovery with gravity is approximately 78.1% and 58.6% respectively. Opportunities remain to recover additional gold, copper and silver from Romero and the Romero South deposits and these will be investigated at the prefeasibility stage of the project.

Additional metallurgical test programs are anticipated for 2017 to support the Romero Feasibility study.

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**Los Hoyitos Property (formerly Loma Oculta/Las Animas)**

On August 20, 2012, the Company filed a NI 43-101 technical report (the "Los Hoyitos Report") and mineral resource estimate for Las Animas Project, Province of La Vega, Dominican prepared by Jonathan Steedman, MAusIMM (CP) and Richard M. Gowans, P.Eng of Micon, each a Qualified Person under NI 43-101.

An economic cut-off grade of 1.0 g/t gold or 1.5% copper was used to define the Las Animas Mineral Resources. Indicated Mineral Resources are estimated at 1.01 Mt at 2.81 g/t gold and 2.4% copper and Inferred Mineral Resources at 0.44 Mt at 1.68 g/t gold and 2.56% copper.

The mineral resource estimate for Las Animas is summarized as follows:

Indicated					
Type	Tonnes (kt)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
Sulphide	922	2.64	48.16	2.66	2.86
Oxide	89	4.28	61.95	0.15	0.04
Total	1,011	2.81	49.58	2.4	2.57
Contained Metal					
		Au (000's oz)	Ag (000's oz)	Cu (000's lbs)	Zn (000's lbs)
Total		91	1,605	54,289	58,180
Inferred					
Sulphide	431	1.66	35.99	2.6	4.76
Oxide	8	2.49	80.98	0.35	0.22
Total	439	1.68	36.907	2.558	4.67
Contained Metal					
		Au (000's oz)	Ag (000's oz)	Cu (000's lbs)	Zn (000's lbs)
Total		24	518	24,790	45,272

**Notes:**

- Resource estimate is based on:
  - Drill core assays from GoldQuest's 2011 drill hole database.
  - Average specific gravity in sulphide resources is 4.76 g/cc based upon the average of 28 core measurements by the displacement method. Average specific gravity for oxide resources is assumed to be 4.00 g/cc.
  - A geological model with a cut-off grade of 0.5 g/t Au or 0.5% Cu and a minimum thickness of two metres.
  - Block model with regular-shaped blocks measuring (X) 10 metres by (Y) 2metres by (Z) 10 metres and sub blocks measuring (X) 2.5 metres by (Y) 2 metres by (Z) 2.5 metres estimated with Inverse Distance Cubed (ID3) method
- Micon considers a cut-off of 1.0 g/t Au or 1.5% Cu to be reasonable with potential for economic extraction in a small underground operation.
- The resource estimate has been classified as Indicated and Inferred based upon the following criteria:
  - Resource blocks estimated with at least two drill intersection within a 60 metre radius, based on at least five assays were assigned to the Indicated category
  - All remaining resource blocks within the geological model were assigned to the Inferred category.
- There has been insufficient exploration to define the inferred resources as an indicated or measured mineral resource. It is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.
- Effective date of the resource estimate is 31 July 2011.

The mineral resources estimated by Micon at Las Animas occur in the El Yujo massive sulphide deposit. The mineral resource was geologically modeled with a cut-off grade of 0.5 g/t gold or 0.5% copper and minimum thickness of two metres. The resultant model is a single vertical to steeply dipping body with a strike length of 130 metres, true average

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width of 6.3 metres (2.0 to 28.0 metres), and a depth of 350 metres. The oxide zone is 40 to 65 metres thick and has higher gold and silver grades, but low grade copper and zinc. According to the Las Animas Report, the resources occur in such a spatial distribution that would render them amenable to extraction using conventional, underground mining methods with a possible small open pit in the oxide zone.

The Company continues to review data and information to identify new targets that may warrant drilling in the vicinity of the known massive sulphide mineralization that remains open at depth, and to better define the regional trend of the mineralized horizon. Future drilling would be planned to expand the resources and provide fresh samples for updated metallurgical recovery work.

**6. Results of Operations**

***Selected Information***

	For the nine months ended		
	September 30, 2016	September 30, 2015	September 30, 2014
Operating expenses	\$ 6,089,108	\$ 3,580,639	\$ 5,664,022
Interest and miscellaneous income	(25,425)	(13,228)	(47,957)
Net loss for the period	6,063,683	3,643,167	5,616,065
Comprehensive loss for the period	6,023,183	3,643,167	6,600,898
Basic and diluted loss per share:			
- net loss	\$ 0.03	\$ 0.02	\$ 0.04

<b>As at:</b>	September 30, 2016	December 31, 2015	December 31, 2014
Working capital	\$ 7,999,128	\$ 4,424,546	\$ 5,635,683
Total assets	10,694,741	6,240,532	7,364,770
Total liabilities	1,262,972	440,347	241,136
Share capital	49,308,286	40,223,041	37,571,448
Deficit	54,171,010	48,107,327	43,161,411

***Three Months Ended September 30, 2016 compared with the Three Months Ended September 30, 2015***

The Company incurred a net loss of \$2,634,455 for the three months ended September 30, 2016, representing an increase of \$2,009,993 when compared with \$624,462 for the three months ended September 30, 2015. The increase in net loss during the three months ended September 30, 2016 was primarily the result of the increase in evaluation and exploration costs, share-based payments and investor relations and promotions and the decrease in foreign exchange gain.

Evaluation and exploration costs increased by \$1,257,132 to \$1,731,392 for the three months ended September 30, 2016, from \$474,260 for the three months ended September 30, 2015. The increase in evaluation and exploration costs is primarily the result of the increase in technical studies expenditures of \$880,768 and field technicians of \$159,491 which was partially offset by the decrease in geological of \$248,814. The increase in technical studies expenditures is due to the work associated with the pre-feasibility study and related engineering and consulting fees during the three months ended September 30, 2016 when compared to three months ended September 30, 2015.

Share-based payments increased during the three months ended September 30, 2016 to three months ended September 30, 2015, mainly due to more options vesting in the current quarter. During the three months ended September 30, 2016, the Company granted 5,547,500 to its officers, directors, employees and investor relation consultant. No such options were granted during the three months ended September 30, 2015.



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Investor relations and promotion expenses increased by \$62,679, to \$95,229 for the nine months ended September 30, 2016, from \$32,550 for the three months ended September 30, 2015. The increase in investor relations and promotion expenses were due to the increase in travel and related costs associated with attending various investor conferences during the three months ended September 30, 2016.

Foreign exchange gain was \$21,041 for the three months ended September 30, 2016 compared to \$196,044 for the three months ended September 30, 2015. The foreign exchange gain was primarily related to the revaluation of the cash and cash equivalents held in US dollars to Canadian dollars and the cash and cash equivalents held in Dominican Peso to Canadian dollars. The Company is required to re-measure monetary items denominated in foreign currencies at each reporting date using the spot rate.

***Nine months Ended September 30, 2016 compared with the Nine months Ended September 30, 2015***

The Company incurred a net loss of \$6,063,683 for the nine months ended September 30, 2016, representing an increase of \$2,420,516 when compared with \$3,643,167 for the nine months ended September 30, 2015. The increase in net loss during the nine months ended September 30, 2016 was primarily the result of the increase in evaluation and exploration costs, share-based payments, foreign exchange loss and investor relations and promotions which was partially offset by the decrease in the fair value loss on available-for-sale investments.

Evaluation and exploration costs increased by \$1,424,473 to \$3,968,625 for the nine months ended September 30, 2016, from \$2,544,152 for the nine months ended September 30, 2015. The increase in evaluation and exploration costs is primarily the result of the increase in technical studies expenditures of \$2,169,091 and sample analysis of \$316,546 which was partially offset by the decrease in drilling of \$713,520, geological of \$242,920 and field expenses of \$150,437. The increase in technical studies expenditures is due to the work associated with the pre-feasibility study and related engineering and consulting fees during the nine months ended September 30, 2016 when compared to nine months ended September 30, 2015. The decrease in drilling expenditures is primarily due to less drilling activities during nine months ended September 30, 2016 compared to nine months ended September 30, 2015. During the nine months ended September 30, 2016, 1,793 metres were drilled compared to 5,921 meters drilled during the nine months ended September 30, 2015.

Share-based payments increased during the nine months ended September 30, 2016 to nine months ended September 30, 2015, mainly due to more options vesting in the current quarter. During the nine months ended September 30, 2016 and 2015, the Company granted 5,547,500 and 1,700,000, respectively, to its officers, directors, employees and investor relation consultant.

Investor relations and promotion expenses increased by \$84,974, to \$204,747 for the nine months ended September 30, 2016, from \$119,773 for the nine months ended September 30, 2015. The increase in investor relations and promotion expenses were due to the increase in travel and related costs associated with attending various investor conferences during the nine months ended September 30, 2016.

Foreign exchange loss was \$97,412 for the nine months ended September 30, 2016 compared to \$323,590 for the nine months ended September 30, 2015. The foreign exchange loss was primarily related to the revaluation of the cash and cash equivalents held in US dollars to Canadian dollars and the cash and cash equivalents held in Dominican Peso to Canadian dollars. The Company is required to re-measure monetary items denominated in foreign currencies at each reporting date using the spot rate.

During the nine months ended September 30, 2015, the Company reduced the carrying value of the 15,151,273 shares of Portex to \$nil; as a result, a fair value loss on available-for-sale investments of \$75,756 was recognized. No such impairment was recognized during the nine months ended September 30, 2016.

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**7. Summary of Quarterly Results**

	Three months ended			
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Interest income	\$ 14,605	\$ 5,934	\$ 4,886	\$ 1,118
Net loss	(2,634,455)	(1,822,807)	(1,606,421)	(1,302,749)
Comprehensive loss	(2,656,955)	(1,764,307)	(1,601,921)	(1,299,749)
Basic and diluted loss for the period attributable to common shareholders per share	(0.01)	(0.01)	(0.01)	(0.01)

	Three months ended			
	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Interest income	\$ 2,075	\$ 3,413	\$ 7,740	\$ 11,560
Net loss	(624,462)	(1,463,104)	(1,555,601)	(1,418,488)
Comprehensive loss	(624,462)	(1,463,104)	(1,555,601)	(585,168)
Basic and diluted loss for the period attributable to common shareholders per share	-	(0.01)	(0.01)	(0.01)

The Company's net losses are mainly due to evaluation and exploration costs, share-based payments and general and administrative costs that vary from quarter to quarter based on planned exploration activities, resource constraints, and share-based compensation expenses. Except for Q315, net losses in the last eight quarters were relatively consistent due to the evaluation and exploration expenditures incurred for the drilling activities and feasibility study.

The Company prepared the financial statements for the periods indicated above in accordance with IFRS.

**8. Liquidity and Capital Resources**

As at September 30, 2016, the Company had working capital of \$7,999,128 (December 31, 2015 – \$4,424,546) including cash and cash equivalents of \$8,722,057 (December 31, 2015 – \$4,406,100).

During the nine months ended September 30, 2016, the Company completed two private placements and issued totaling 32,678,750 common shares for gross proceeds of \$8,692,000.

The Company expects to obtain financing in the future primarily through further equity financings. At present, the Company has no operations that generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits, arrange required funding through future equity issuances, asset sales or a combination thereof. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. The Company relies on equity financings and the exercise of options and warrants to fund its exploration activities and its corporate and overhead expenses. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and permitting activities.

The Company's operations to date have been financed by issuing common shares. The Company's capability to continue as a going concern is dependent upon its ability to obtain additional debt or equity financing to meet its obligations as they come due. If the Company was to become unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications currently used.

There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favorable. To date, the Company has not used debt or other means of financing to further its exploration programs, and

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the Company has no plans to use debt financing at the present time. Based on the current working capital as of the date of this MD&A, it is expected that the current cash position will be sufficient to fund the Company's needs for the next twelve months.

***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 the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2016.

***Contingencies***

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

***Uncertainties***

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay damages in any form by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

***Outstanding Share Data***

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).

***During the nine months ended September 30, 2016:***

- 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.
- 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.
- 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.
- 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.
- 2,590,954 warrants were exercised for proceeds of \$466,372.
- 2,235,000 options were exercised for proceeds of \$446,498.

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- 1,200,000 options expired unexercised.
- 38,333 options forfeited.

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.

As at the date of this MD&A, the Company had the following common shares, options and warrants issued and outstanding:

- 215,732,384 common shares;
- 14,803,175 share purchase warrants with an exercise prices ranging from \$0.11 to \$0.36 per share. Each warrant entitles the warrant holder to subscribe for one common shares; and
- 18,780,166 stock options with exercise prices ranging from \$0.15 to \$1.56 per share.

## **9. Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, deposits, long-term investment and accounts payable and accrued liabilities. 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. The fair value of the long-term investment is determined by the closing market price at the reporting date of the securities held the Company.

The Company is exposed to credit risk with respect to its cash and cash equivalents. Cash and cash equivalents have been placed on deposit with major Canadian and Dominican Republic financial institutions. Credit risk arises from the non-performance of counterparties of contractual financial obligations. The Company's cash and cash equivalents are mainly held through large Canadian institutions and at September 30, 2016 are mainly held in savings accounts and accordingly credit risk in minimized. The Company's cash and cash equivalents include term deposits. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore is currently minimal interest rate risk. The Company is not exposed to significant interest rate risk due to the short-term maturity of these monetary assets given fluctuations in market rates do not have a significant impact on estimated fair values at September 30, 2016. Future cash flows from interest on cash and cash equivalents will be affected by interest rate fluctuations.

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency rates. The Company maintains a portion of its cash, accounts receivable, deposits and accounts payable in U.S. dollars (USD) and Dominican Republic Pesos (DOP). Also, a significant portion of the Company's exploration is conducted in the Dominican Republic, and as a result current resource property expenditures may fluctuate dependent upon the current exchange rate between the Canadian dollar, USD and DOP.

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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.

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 \$8,722,057, in order to meet short-term business requirements. At September 30, 2016, the Company had accounts payable and accrued liabilities of \$1,26,2972. All accounts payable and accrued liabilities are current.

## **10. Related Parties**

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

	<b>For the nine months ended</b>	
	<b>September 30, 2016</b>	<b>September 30, 2015</b>
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
	<b>\$ 1,214,500</b>	<b>\$ 837,658</b>

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.

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.

## **11. Conflicts of Interest**

GoldQuest's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which GoldQuest may participate, the directors and officers of GoldQuest may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, GoldQuest will follow the provisions of the *Business Corporations Act (BC)* ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of GoldQuest's directors, disclose his or her interest and refrain from voting on the

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matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of GoldQuest are required to act honestly, in good faith, and in the best interest of GoldQuest.

## **12. Critical Accounting Estimates**

The preparation of our consolidated financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2(d) of our annual audited consolidated financial statements for the year ended December 31, 2015 for a more detailed discussion of the critical accounting estimates and judgments.

## **13. Adoption of New and Amended IFRS Pronouncements**

### **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.

## **14. Risks and Uncertainties**

The Company is in the business of acquiring and exploring gold and base metal properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subjected to variations in commodity prices, market sentiment, exchange rates for currency, inflations and other risks. The Company currently has no source of revenue other than interest income. The Company will rely mainly on equity financing to fund exploration activities on its mineral properties.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

### **Going Concern**

The Company's capability to continue as a going concern is dependent upon its ability to obtain additional debt or equity financing to meet its obligations as they come due. If the Company was to become unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications currently used.

GoldQuest has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenues.

The Company plans to obtain financing in the future primarily through further equity financing, as well as through joint venturing and/or optioning with respect to the Company's properties with qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure

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to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its mineral properties.

Management has initiated a strict cost control program to effectively control expenditures. As a result of these cost control measures, it is expected that the current cash position will be sufficient to fund the Company's needs for the next twelve months. Management will review several funding options including equity financing and seeking joint venture partners to further its mineral property interests at the appropriate time. While the Company has been successful in raising funds in the past, there are no assurances that additional funding and/or suitable joint venture agreements will be obtained.

**Exploration and Mining Risks**

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, the Company's properties have no known body of commercial ore. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labor are other risks involved in the operation of mines and the conduct of exploration programs. The Company has relied on and may continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineral deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold, copper and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The Company has no producing mines at this time. All of the properties in which the Company may earn an interest are at the exploration stage only. Most exploration projects do not result in the discovery of commercially mineable deposits of ore.

**Development Risks**

The marketability of any minerals which may be acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection.

**Loss of Interest in and Value of Properties**

The Company's ability to maintain its interests in its mineral properties and to fund ongoing exploration costs will be entirely dependent on its ability to raise additional funds by equity financings. If the Company is unable to raise such funds it may suffer dilution or loss of its interest in its mineral properties. The amounts attributed to the Company's interests in mineral properties in its financial statements represent acquisition and exploration costs, and should not be taken to reflect realizable value.

**Financing Risks**

The Company has no history of earnings and no source of operating cash flow and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to

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the Company is through the sale of its equity shares. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its property, there is no assurance that any such funds will be available. If available, future equity financings may result in substantial dilution to purchasers under the Offering. At present it is impossible to determine what amounts of additional funds, if any, may be required.

**Metal Prices**

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of ore are discovered, a profitable market may exist for the sale of minerals produced by the Company. Factors beyond the control of the Company may affect the marketability of any substances discovered. Mineral prices, in particular gold prices, have fluctuated widely in recent years. The marketability of minerals is also affected by numerous other factors beyond the control of the Company. These other factors include government regulations relating to price, royalties, allowable production and importing and exporting of minerals.

**Uninsurable Risks**

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

**Environmental and Other Regulatory Requirements**

Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit the mining properties is subject to various reporting requirements and to obtaining certain government approvals and there is no assurance that such approvals, including environmental approvals, will be obtained without inordinate delay or at all. GoldQuest believes that it is in compliance with all environmental regulations in the Dominican Republic and has made no provision for environmental remediation costs as such costs are believed to be immaterial.

**Operations in Foreign Countries and Regulatory Requirements**

The Company's principal properties are located in the Dominican Republic and mineral exploration and mining activities may be affected in varying degrees by changes in political, social and financial stability, inflation and changes in government regulations relating to the mining industry. Any changes in regulations or shifts in political, social or financial conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and opposition to mining from environmental or other non-governmental organizations. The Dominican Republic's status as a developing country may make it more difficult for the Company to obtain any financing required for the exploration and development of its properties due to real or perceived increased investment risk.

**No Assurance of Titles, Boundaries or Surface Rights**

The Company has investigated rights of ownership of all of the mineral properties in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, all properties may be subject to prior claims or agreement transfers, and rights of ownership may be affected by undetected defects. While



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to the best of the Company's knowledge, title to all properties in which it has the right to acquire an interest is in good standing, this should not be construed as a guarantee of title. Other parties may dispute title to the mining properties in which the Company has the right to acquire an interest. The properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects or the statutes referred to above.

**Permits and Licenses**

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

**Reliance on Key Personnel**

The nature of the business of the Company, the ability of the Company to continue its exploration and other activities and to thereby develop a competitive edge in the marketplace depends, in a large part, on the ability of the Company to attract and maintain qualified key management personnel. Competition for such personnel is intense, and there can be no assurance that the Company will be able to attract and retain such personnel. The development of the Company now and in the future, will depend on the efforts of key management figures, the loss of whom could have a material adverse effect on the Company. The Company does not currently maintain key-man life insurance on any of the key management employees.

**15. Additional Disclosure for Venture Issuers without Significant Revenue**

Additional disclosure concerning GoldQuest's exploration and evaluation assets and costs is provided in the Company's unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2016 (note 8 and 9) and annual consolidated financial statements for the year ended December 31, 2015 (note 8 and 9), which are available on GoldQuest's website at [www.goldquestcorp.com](http://www.goldquestcorp.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

**16. Forward- Looking Information**

Statements contained in this MD&A that are not historical facts are forward-looking information that involves known and unknown risks and uncertainties. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to the PFS results, the proposed underground mine, the discovery of new mineral resources, mineral reserve and resource estimates, the merits of the Company's mineral properties, future studies, and the Company's plans and exploration programs for its mineral properties, including the timing of such plans and programs. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "has proven", "expects" or "does not expect", "is expected", "potential", "goal", "proposed", "appears", "budget", "scheduled", "estimates", "forecasts", "at least", "intends", "hope", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to uncertainties inherent in the preparation of the PFS and in the estimation of mineral reserves and resources; commodity prices; changes in general economic conditions; market sentiment; currency exchange rates; the Company's ability to continue as a going concern; the Company's ability to raise funds through equity financings; risks inherent in mineral exploration; risks related to operations in foreign countries; future prices of metals; failure of equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining

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industry; delays in obtaining governmental approvals; government regulation of mining operations; environmental risks; title disputes or claims; limitations on insurance coverage and the timing and possible outcome of litigation. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, do not place undue reliance on forward-looking statements. All statements are made as of the date of this MD&A and are subject to change after such date and the Company is under no obligation to update or alter any forward-looking statements except as required under applicable securities laws.

Forward-looking statements are based on assumptions that the Company believes to be reasonable, including expectations regarding the PFS parameters and inputs, mineral exploration and development costs; expected trends in mineral prices and currency exchange rates; the accuracy of the Company's current mineral resource estimates; that the Company's activities will be in accordance with the Company's public statements and stated goals; that there will be no material adverse change affecting the Company or its properties; that all required approvals will be obtained and that there will be no significant disruptions affecting the Company or its properties.