

GOLDQUEST MINING CORP.

Condensed Consolidated Interim Financial Statements

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(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, 2018 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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

<i>As at</i>	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	\$ 18,737,616	\$ 21,986,039
Amounts receivable (note 5)	40,994	69,972
Prepaid expenses	121,049	162,963
Deposits	11,996	11,467
Total current assets	18,911,655	22,230,441
Non-current assets		
Long-term investment (note 6)	13,500	28,500
Equipment (note 7)	85,148	112,695
Evaluation and exploration assets (note 8)	1,247,000	1,247,000
Total non-current assets	1,345,648	1,388,195
TOTAL ASSETS	\$ 20,257,303	\$ 23,618,636
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 10 and 12(b))	\$ 319,601	\$ 558,633
TOTAL LIABILITIES	319,601	558,633
EQUITY		
Share capital (note 11)	\$ 72,323,909	\$ 72,200,197
Other reserve	12,374,212	11,384,121
Stock options reserve	6,014,531	6,303,919
Warrants reserve	618,176	618,176
Accumulated other comprehensive income	(10,500)	4,500
Deficit	(71,382,626)	(67,450,910)
TOTAL EQUITY	19,937,702	23,060,003
TOTAL EQUITY AND LIABILITIES	\$ 20,257,303	\$ 23,618,636

Corporate information and continuance of operations (note 1)

Commitment (note 13)

Segmented information (note 14)

Subsequent events (notes 8 and 17)

See accompanying notes to these unaudited interim consolidated financial statements.

APPROVED BY THE BOARD:

/s/ William Fisher Director

/s/ Florian Siegfried Director

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

	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
EXPENSES				
Consulting fees	\$ 3,750	\$ 13,750	\$ 22,000	\$ 27,846
Depreciation (note 7)	10,756	8,837	32,203	30,919
Directors' fees and management remuneration	166,125	224,934	672,675	736,594
Evaluation and exploration costs (note 9)	257,598	1,199,521	1,500,080	3,650,118
Foreign exchange loss (gain)	78,030	140,480	(30,970)	164,135
General and administrative	51,588	52,900	169,778	194,527
Investor relations and promotion	53,628	59,616	133,611	216,263
Professional fees	104,187	55,471	344,315	175,975
Regulatory and transfer agents	3,620	2,821	51,266	55,175
Rent	13,307	12,922	42,476	39,750
Salaries and wages	125,293	104,693	379,634	405,386
Share-based payments (note 11(d))	169,597	924,499	759,415	2,700,279
Travel	6,355	39,682	44,186	119,064
TOTAL EXPENSES	1,043,834	2,840,126	4,120,669	8,516,031
OTHER ITEM				
Interest income	(61,562)	(63,413)	(188,953)	(129,983)
LOSS FOR THE PERIOD	982,272	2,776,713	3,931,716	8,386,048
OTHER COMPREHENSIVE LOSS				
Unrealized loss (gain) on available-for-sale assets (note 6)	1,500	6,000	15,000	25,500
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 983,772	\$ 2,782,713	\$ 3,946,716	\$ 8,411,548
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)	\$ 0.00	\$ 0.01	\$ 0.02	\$ 0.03
Weighted average number of common shares outstanding - basic and diluted				
	254,567,384	254,009,558	254,544,673	244,701,523

See accompanying notes to these unaudited interim consolidated financial statements.

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

	Share capital		Reserves			Accumulated other comprehensive income	Deficit	Total
	Number of shares	Amount	Other reserve	Stock options reserve	Warrants reserve			
Balance at December 31, 2017	254,367,384	\$ 72,200,197	\$ 11,384,121	\$ 6,303,919	\$ 618,176	\$ 4,500	\$ (67,450,910)	\$ 23,060,003
Shares issued for cash - exercise of stock options	200,000	65,000	-	-	-	-	-	65,000
Reclassification of grant-date fair value on exercise of stock options	-	58,712	-	(58,712)	-	-	-	-
Reclassification of grant-date fair value on expired stock options	-	-	990,091	(990,091)	-	-	-	-
Share-based payments	-	-	-	759,415	-	-	-	759,415
Other comprehensive loss	-	-	-	-	-	(15,000)	-	(15,000)
Loss for the period	-	-	-	-	-	-	(3,931,716)	(3,931,716)
Balance at September 30, 2018	254,567,384	\$ 72,323,909	\$ 12,374,212	\$ 6,014,531	\$ 618,176	\$ (10,500)	\$ (71,382,626)	\$ 19,937,702
Balance at December 31, 2016	215,732,384	\$ 49,308,286	\$ 8,918,403	\$ 5,373,358	\$ 901,527	\$ 40,500	\$ (57,005,938)	\$ 7,536,136
Shares issued for cash - private placement	38,100,000	22,860,000	-	-	-	-	-	22,860,000
Share issue costs	-	(95,852)	-	-	-	-	-	(95,852)
Shares issued for cash - exercise of warrants	225,000	40,500	-	-	-	-	-	40,500
Reclassification of grant-date fair value on exercise of warrants	-	10,350	-	-	(10,350)	-	-	-
Reclassification of grant-date fair value on expired stock options	-	-	1,642,263	(1,642,263)	-	-	-	-
Share-based payments	-	-	-	2,700,279	-	-	-	2,700,279
Other comprehensive loss	-	-	-	-	-	(25,500)	-	(25,500)
Loss for the period	-	-	-	-	-	-	(8,386,048)	(8,386,048)
Balance at September 30, 2017	254,057,384	\$ 72,123,284	\$ 10,560,666	\$ 6,431,374	\$ 891,177	\$ 15,000	\$ (65,391,986)	\$ 24,629,515

See accompanying notes to these unaudited interim consolidated financial statements.

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

	For the nine months ended	
	September 30, 2018	September 30, 2017
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (3,931,716)	\$ (8,386,048)
Adjustments for items not affecting cash:		
Depreciation	32,203	31,058
Share-based payments	759,415	2,700,279
Net changes in non-cash working capital items:		
Amounts receivable	28,978	131,311
Prepaid expenses	41,914	171,009
Deposits	(529)	(1,077)
Accounts payable and accrued liabilities	(239,032)	183,494
Net cash flows used in operating activities	(3,308,767)	(5,169,974)
FINANCING ACTIVITIES		
Proceeds from share issuance, net of share issue costs	65,000	22,804,648
Net cash flows from financing activities	65,000	22,804,648
INVESTING ACTIVITIES		
Purchase of equipment	(4,656)	(47,196)
Net cash flows used in investing activities	(4,656)	(47,196)
Net increase (decrease) in cash and cash equivalents	(3,248,423)	17,587,478
Cash and cash equivalents, beginning of period	21,986,039	6,283,734
Cash and cash equivalents, end of period	\$ 18,737,616	\$ 23,871,212
Cash received during the period from interest	\$ 188,953	\$ 129,983
Supplementary cash flow information		
Reclassification of the fair value of warrants exercised	-	10,350
Reclassification of the fair value of options exercised	\$ 58,712	-
Reclassification of the fair value of options expired	990,091	1,642,263

See accompanying notes to these unaudited interim consolidated financial statements.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Nine Months Ended September 30, 2018
(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

GoldQuest Mining Corp. (the “Company” or “GoldQuest”) is a publicly listed company incorporated in British Columbia on July 12, 1989 and its shares are listed on the TSX Venture Exchange under the symbol “GQC”. The Company together with its subsidiaries (collectively referred to as the “Company”) is engaged in the identification, acquisition and exploration of mineral properties 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, 2018, the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash and cash equivalents and through further equity financings.

The unaudited interim condensed consolidated financial statements of GoldQuest for the nine months ended September 30, 2018 were approved by the Board of Directors on November 28, 2018.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Nine Months Ended September 30, 2018
(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, 2017. Certain amounts in prior periods have been reclassified to conform to the current period presentation.

3. NEW ACCOUNTING STANDARDS

Adoption of new and amended accounting standards

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2018.

The adoption of the following IFRS pronouncement will result in enhanced financial statement disclosures in the Company’s annual consolidated financial statements. This pronouncement did not affect the Company’s financial results nor did it result in adjustments to previously-reported figures.

IFRS 9 Financial Instruments

Effective January 1, 2018, the Company has adopted IFRS 9 retrospectively. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement. The Company completed an assessment of its financial instruments as at January 1, 2018 and determined that neither the classification nor the measurement of the financial instruments were impacted from adopting this standard.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Nine Months Ended September 30, 2018
(Expressed in Canadian Dollars)

3. NEW ACCOUNTING STANDARDS (CONTINUED)

IFRS 9 Financial Instruments (continued)

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification classification IAS 39	New classification IFRS 9
Financial assets:		
Cash and cash equivalents	Fair value through profit or loss	Fair value through profit or loss
Amounts receivable	Loans and receivables, measured at amortized cost	Amortized cost
Long-term investment	Available-for-sale	Fair value through other comprehensive income or loss
Financial liabilities:		
Accounts payable and accrued liabilities	Financial liabilities, measured at amortized cost	Amortized cost

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements and since the Company does not have any financial liabilities designated at FVTPL, the adoption of IFRS 9 did not impact the Company’s accounting policies for financial liabilities.

As a result of the adoption of IFRS 9, the Company’s accounting policy for financial assets has been updated as follows:

Financial instruments

Financial assets

Classification and measurement

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

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

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

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Nine Months Ended September 30, 2018
(Expressed in Canadian Dollars)

3. NEW ACCOUNTING STANDARDS (CONTINUED)

IFRS 9 Financial Instruments (continued)

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Impairment of financial assets at amortized cost

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

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

Derecognition of financial assets

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

IFRS 15 Revenue from Contracts with Customers

Effective January 1, 2018, the Company has adopted IFRS 15. This standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The adoption of this standard did not have an impact on the unaudited condensed interim financial statements.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Nine Months Ended September 30, 2018
(Expressed in Canadian Dollars)

3. NEW ACCOUNTING STANDARDS (CONTINUED)

New accounting standards not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2017. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company:

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

4. CASH AND CASH EQUIVALENTS

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

	September 30, 2018		December 31, 2017	
Cash	\$	18,702,616	\$	21,951,039
Term deposits		35,000		35,000
	\$	18,737,616	\$	21,986,039

5. AMOUNTS RECEIVABLE

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

	September 30, 2018		December 31, 2017	
Harmonized sales tax receivable and value-added tax receivable	\$	27,005	\$	55,993
Other receivables		13,989		13,979
	\$	40,994	\$	69,972

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Nine Months Ended September 30, 2018
(Expressed in Canadian Dollars)

6. LONG-TERM INVESTMENT

As at September 30, 2018

	Number of shares	Carrying value	Closing market price	Fair value
Portex Minerals Inc.	15,151,273	\$ -	\$ -	\$ -
Precipitate Gold Corporation	300,000	64,500	0.045	13,500

As at December 31, 2017

	Number of shares	Carrying value	Closing market price	Fair value
Portex Minerals Inc.	15,151,273	\$ -	\$ -	\$ -
Precipitate Gold Corporation	300,000	64,500	0.095	28,500

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 Tiroo belt exploration data in a collaborative effort to assist and accelerate the search for new gold discoveries in the Dominican Republic’s Tiroo 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, 2018, the Company recognized \$13,500 as the fair value of the 300,000 common shares received from Precipitate (December 31, 2017 – \$28,500). The change in fair value of \$15,000 for the nine months ended September 30, 2018 is recognized as other comprehensive loss (September 30, 2017 – \$25,500).

7. EQUIPMENT

The Company’s equipment is broken down as follows:

	Computer equipment	Office equipment	Software	Vehicles	Total
Cost					
As at December 31, 2017	\$ 139,208	\$ 16,544	\$ 124,343	\$ 358,354	\$ 638,449
Additions for the period	1,434	-	3,222	-	4,656
Balance as at September 30, 2018	\$ 140,642	\$ 16,544	\$ 127,565	\$ 358,354	\$ 643,105
Depreciation					
As at December 31, 2017	\$ (90,626)	\$ (13,287)	\$ (123,532)	\$ (298,309)	\$ (525,754)
Charged for the period	(14,328)	(335)	(2,422)	(15,118)	(32,203)
Balance as at September 30, 2018	\$ (104,954)	\$ (13,622)	\$ (125,954)	\$ (313,427)	\$ (557,957)
Net book value					
As at December 31, 2017	\$ 48,582	\$ 3,257	\$ 811	\$ 60,045	\$ 112,695
As at September 30, 2018	\$ 35,688	\$ 2,922	\$ 1,611	\$ 44,927	\$ 85,148

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Nine Months Ended September 30, 2018
(Expressed in Canadian Dollars)

8. EVALUATION AND EXPLORATION ASSETS

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

	Balance as at December 31, 2017	Additions	Balance as at September 30, 2018
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 acquire its gold-focused portfolio in the Dominican Republic. As consideration for GFL's interest in the joint venture projects, the Company issued 8,600,000 common shares and granted a 1.25% Net Smelter Royalty ("NSR") on the claims in favour of GFL. The transaction was completed on November 18, 2009 with the issuance of the shares at a fair value of \$1,247,000.

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

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

As of September 30, 2018, the Company has not received the Exploitation Permit and clarification from the Dominican Republic's government on any timeframe for receipt of the Exploitation Permit. The Company is currently evaluating the impacts on the financial statements due to the delay in processing the Exploitation Permit application. As of September 30, 2018, no adjustments were made on the financial statements due to this matter.

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Nine Months Ended September 30, 2018
(Expressed in Canadian Dollars)

9. EVALUATION AND EXPLORATION COSTS

The Company's evaluation and exploration costs during the nine months ended September 30, 2018 and 2017 related to projects in the Dominican Republic are broken down as follows:

For the nine months ended September 30, 2018			
	Tireo	General	Total
Access fees	\$ 2,536	\$ 2,554	\$ 5,090
Drilling	203,388	-	203,388
Field	308,460	107,027	415,487
Field technicians	215,127	-	215,127
Geological	135,495	5,392	140,887
Lodging and food	61,053	-	61,053
Sample analysis	7,910	-	7,910
Social responsibility	354,821	-	354,821
Technical studies	91,914	-	91,914
Transportation	4,403	-	4,403
	\$ 1,385,107	\$ 114,973	\$ 1,500,080
			Cumulative costs, beginning of period 34,893,486
			Cumulative costs, end of period \$ 36,393,566

For the nine months ended September 30, 2017			
	Tireo	General	Total
Access fees	\$ 5,661	\$ 2,862	\$ 8,523
Depreciation	-	138	138
Drilling	1,298,107	-	1,298,107
Equipment rental	526	-	526
Field	470,648	41,832	512,480
Field technicians	488,220	4,818	493,038
Geological	206,818	11,873	218,691
Lodging and food	216,676	24,062	240,738
Salaries and wages	-	235,027	235,027
Sample analysis	82,288	-	82,288
Social responsibility	95,428	3,248	98,676
Technical studies	455,265	-	455,265
Transportation	6,593	28	6,621
	\$ 3,326,230	\$ 323,888	\$ 3,650,118
			Cumulative costs, beginning of year 30,220,968
			Cumulative costs, end of year \$ 33,871,086

GoldQuest Mining Corp.
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
For the Nine Months Ended September 30, 2018
(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, 2018		December 31, 2017	
Trade payables	\$	38,095	\$	427,833
Accrued liabilities		281,506		130,800
	\$	319,601	\$	558,633

11. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At September 30, 2018, the Company had 254,567,384 common shares (December 31, 2017 – 254,367,384) common shares issued and outstanding with a value of \$72,323,909 (December 31, 2017 – \$72,200,197).

During the nine months ended September 30, 2018:

- 200,000 stock options were exercised for proceeds of \$65,000. In addition, the Company reclassified the grant date fair value of the exercised stock options of \$58,712 from stock options reserve to share capital.

During the nine months ended September 30, 2017:

- On March 8, 2017, the Company completed a non-brokered private placement ("Private Placement") of 38,100,000 common shares of the Company with Agnico Eagle Mines Limited ("Agnico") for total proceeds of \$22,860,000. After the completion of the Private Placement, Agnico owns approximately 15% of the issued and outstanding common shares of the Company.

In connection with the Private Placement, Agnico and the Company entered into an investor rights agreement ("Investor Rights Agreement") which grants Agnico the right to maintain its interest in the Company through participation in future equity financings of the Company and to, at its election, nominate one person to the Company's Board of Directors (and in the case of an increase in the size of the Board of Directors to 10 or more directors, two persons). These rights may only be exercised by Agnico if it owns at least a 10% interest in the Company (calculated in accordance with the Investor Rights Agreement). Agnico has not elected to exercise its director nomination right at this time. Additionally, the Investor Rights Agreement prohibits Agnico from taking certain actions, including acquiring more than 19.99% of the issued and outstanding common shares of the Company for a period of two years, subject to certain exceptions.

In connection with the private placement, the Company incurred \$95,852 in share issuance costs.

- 225,000 warrants were exercised for proceeds of \$40,500. In addition, the Company reclassified the grant date fair value of the exercised warrants of \$10,350 from warrants reserve to share capital.

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11. SHARE CAPITAL (continued)

c) Warrants

The changes in warrants during the nine months ended September 30, 2018 and 2017 are as follows:

	September 30, 2018		September 30, 2017	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Balance, beginning of period	13,320,363	\$ 0.18	14,803,174	\$ 0.20
Exercised	-	-	(225,000)	0.18
Balance, end of period	13,320,363	\$ 0.18	14,578,174	\$ 0.20

The following summarizes information about warrants outstanding at September 30, 2018:

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	0.05
November 6, 2015	November 6, 2018	4,002,181	\$ 0.180	\$ 184,104	0.10
May 9, 2016	November 6, 2018	272,727	\$ 0.180	\$ 21,584	0.10
		13,320,363	\$	618,176	0.07

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 5 years and vest at the discretion of the Board of Directors.

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value of the Company's common shares on the date of the grant. The changes in options during the nine months ended September 30, 2018 and 2017 are as follows:

	September 30, 2018		September 30, 2017	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Balance, beginning of period	20,652,167	\$ 0.42	18,780,166	\$ 0.43
Granted	850,000	0.25	6,338,666	0.50
Expired	(2,885,001)	0.48	(2,946,666)	0.65
Forfeited	-	-	(653,333)	0.51
Exercised	(200,000)	0.33	-	-
Balance, end of period	18,417,166	\$ 0.40	21,518,833	\$ 0.41

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11. SHARE CAPITAL (continued)

d) Stock options

During the nine months ended September 30, 2018

- On July 19, 2018, the Company granted 850,000 options with an exercise price of \$0.25 to certain officers, directors and employees. The options are exercisable for a period of five years. One-third vest on date of grant and one-third will vest every six months thereafter.
- 2,885,001 options expired unexercised.

During the nine months ended September 30, 2017

- On April 10, 2017, the Company granted 6,158,666 options with an exercise price of \$0.50 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 April 18, 2017, the Company granted 230,000 options with an exercise price of \$0.50 to certain officers 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.
- 2,946,666 options expired unexercised.
- 653,333 options previously granted to the Company's former Vice President, Exploration forfeited.

The following summarizes information about stock options outstanding and exercisable at September 30, 2018:

<u>Grant date</u>	<u>Expiry date</u>	<u>Options outstanding</u>	<u>Options exercisable</u>	<u>Exercise price</u>	<u>Estimated grant date fair value</u>	<u>Weighted average remaining contractual life (in years)</u>
December 19, 2013	December 19, 2018	2,177,000	2,177,000	\$ 0.250	\$ 452,739	0.22
May 14, 2014	May 14, 2019	50,000	50,000	\$ 0.310	\$ 13,309	0.62
January 20, 2015	January 20, 2020	1,414,000	1,414,000	\$ 0.150	\$ 156,145	1.31
December 14, 2015	December 14, 2020	2,545,000	2,545,000	\$ 0.130	\$ 283,344	2.21
August 12, 2016	August 12, 2021	5,042,500	5,042,500	\$ 0.600	\$ 2,602,605	2.87
October 13, 2016	October 13, 2021	600,000	600,000	\$ 0.360	\$ 218,833	3.04
April 10, 2017	April 10, 2022	5,558,666	3,705,782	\$ 0.500	\$ 2,226,398	3.53
April 18, 2017	April 18, 2022	180,000	120,001	\$ 0.500	\$ 70,397	3.55
July 19, 2018	July 19, 2023	850,000	283,338	\$ 0.250	\$ 94,520	4.80
		18,417,166	15,937,621		\$ 6,118,291	2.64

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11. SHARE CAPITAL (continued)

d) Stock options (continued)

The estimated grant date fair value of the options granted during the nine months ended September 30, 2018 and 2017 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the nine months ended	
	September 30, 2018	September 30, 2017
Number of options granted	850,000	6,338,666
Risk-free interest rate	2.00%	1.01%
Expected annual volatility	78%	130%
Expected life	5.00	5.00
Expected dividend yield	0.00%	0.00%
Grant date fair value per option	\$ 0.11	\$ 0.40
Share price at grant date	\$ 0.25	\$ 0.47

During the nine months ended September 30, 2018 and 2017, the Company recognized share-based payments expense of \$759,415 and \$2,700,279, respectively. For the nine months ended September 30, 2018 and 2017, share-based payments expense consists of the following:

	For the nine months ended	
	September 30, 2018	September 30, 2017
For services in respect of:		
Directors' fees	\$ 222,111	\$ 836,999
Investor relations	-	7,209
Management fees	397,478	1,467,745
Salaries and wages	139,826	388,326
	\$ 759,415	\$ 2,700,279

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.

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12. RELATED PARTY TRANSACTIONS AND BALANCES

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

Name	Country of Incorporation	Equity Ownership as at	
		September 30, 2018	December 31, 2017
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	President, CEO and Executive Chairman
Frank Balint	Director
Patrick Michaels	Director
Florian Siegfried	Director
Julio Espaillat	Director
Paul Robertson	CFO
Quantum Advisory Partners LLP	A partnership in which the CFO is a partner
David Massola	Vice President, Corporate Development
Felix Mercedes	Country Manager, Dominican Republic

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

GoldQuest Mining Corp.
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12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Related party transactions

Total compensation of key company personnel for the nine months ended September 30, 2018 and 2017 is as follows:

	For the nine months ended	
	September 30, 2018	September 30, 2017
Directors' fees	\$ 138,000	\$ 108,000
Management remuneration	534,675	628,594
Salaries and wages	94,324	81,049
Evaluation and exploration costs	-	290,000
Share-based compensation	619,589	1,565,544
	\$ 1,386,588	\$ 2,673,187

During the nine months ended September 30, 2018, the Company paid professional fees of \$107,500 (September 30, 2017 – \$117,250) 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.

c) Related party balances

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$26,650 as at September 30, 2018 (December 31, 2017 – \$58,228), which were paid subsequent to September 30, 2018. These amounts are unsecured, non-interest bearing and payable on demand.

13. COMMITMENT

The Company is a party to certain management contracts. These contracts contain clauses requiring that approximately \$1.94 million be paid to certain management personnel upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

GoldQuest Mining Corp.
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14. SEGMENTED INFORMATION

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

	Canada	Dominican Republic	Total
<i>As at September 30, 2018</i>			
Evaluation and exploration assets	\$ -	\$ 1,247,000	\$ 1,247,000
Long-term investment	13,500	-	13,500
Equipment	33,777	51,371	85,148
	\$ 47,277	\$ 1,298,371	\$ 1,345,648
<i>As at December 31, 2017</i>			
Evaluation and exploration assets	\$ -	\$ 1,247,000	\$ 1,247,000
Long-term investment	28,500	-	28,500
Equipment	46,372	66,323	112,695
	\$ 74,872	\$ 1,313,323	\$ 1,388,195

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, 2018.

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

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

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

GoldQuest Mining Corp.
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16. FINANCIAL INSTRUMENTS

a) Fair value

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

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

As at September 30, 2018 and December 31, 2017, the financial instrument recorded at fair value on the consolidated statement of financial position are cash and cash equivalents and long term investment which are measured using Level 1 of the fair value hierarchy.

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

<i>As at September 30, 2018</i>				
		FVTPL	Amortized cost	FVTOCI
Financial assets:				
Cash and cash equivalents	\$	18,737,616	\$ -	\$ -
Amounts receivable		-	40,994	
Long-term investment		-	-	13,500
Financial liabilities:				
Accounts payable and accrued liabilities		-	319,601	-
<i>As at December 31, 2017</i>				
		FVTPL	Amortized cost	FVTOCI
Financial assets:				
Cash and cash equivalents	\$	21,986,039	\$ -	\$ -
Amounts receivable		-	69,972	
Long-term investment		-	-	28,500
Financial liabilities:				
Accounts payable and accrued liabilities		-	558,633	-

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16. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management

Credit risk

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

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

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

Liquidity risk

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

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

The Company maintained sufficient cash and cash equivalents at September 30, 2018 in the amount of \$18,737,616, in order to meet short-term business requirements. At September 30, 2018, the Company had accounts payable and accrued liabilities of \$319,601. All accounts payable and accrued liabilities are current.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2018.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on cash and cash equivalents outstanding September 30, 2018 would result in an approximately \$187,000 change to the Company's net loss for the nine months ended September 30, 2018.

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.

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16. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management (continued)

Currency risk (continued)

The Company had the following balances in foreign currency as at September 30, 2018:

	in CAD	in USD	in DOP
Cash and cash equivalents	17,433,053	971,645	2,003,676
Amounts receivable	27,086	-	540,216
Long-term investment	13,500	-	-
Accounts payable and accrued liabilities	(181,209)	(2,470)	(5,251,515)
	17,292,430	969,175	(2,707,623)
Rate to convert to \$1.00 CAD	1.000	0.7755	38.8410
Equivalent to Canadian dollars	17,292,430	1,249,792	(69,711)

Based on the above net exposures as at September 30, 2018, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and DOP would have had the following impact:

	Additional foreign exchange gain (loss) (before tax) (in CAD)		
	USD	DOP	Total
<i>For the nine months ended September 30, 2018</i>			
If CAD appreciated by 10%	\$ 124,979	\$ (6,971)	\$ 118,008
If CAD depreciated by 10%	(124,979)	6,971	(118,008)

Other price risk

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

As September 30, 2018, 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, 2018 would result in a \$1,350 change to the Company's comprehensive loss for the nine months ended September 30, 2018.

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

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16. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management (continued)

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, 2018:

- 2,500,000 warrants were exercised for proceeds of \$450,000.
- 10,820,363 warrants expired unexercised.