

GOLDQUEST MINING CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(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 three months ended March 31, 2020 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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GoldQuest Mining Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at	March 31,	December 31,
	Note(s)	2020	2019
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	3	16,383,615	16,848,910
Amounts receivable		38,666	23,169
Prepaid expenses		157,742	147,693
Deposits		12,061	11,668
		16,592,084	17,031,440
Non-current assets			
Long-term investments	4	33,000	66,000
Equipment	5	79,361	35,389
Evaluation and exploration assets	6	1	1
		112,362	101,390
TOTAL ASSETS		16,704,446	17,132,830
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8, 10	208,335	467,564
TOTAL LIABILITIES		208,335	467,564
SHAREHOLDERS' EQUITY			
Share capital	9	72,887,913	72,887,913
Additional paid-in capital		13,672,121	13,672,121
Stock options reserve		5,628,140	5,620,089
Accumulated other comprehensive income		9,000	42,000
Deficit		(75,701,063)	(75,556,857)
TOTAL SHAREHOLDERS' EQUITY		16,496,111	16,665,266
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,704,446	17,132,830
Corporate information and continuance of operations	1		
Commitment	11		
Segmented information	12		
Subsequent events	15		

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

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

GoldQuest Mining Corp.

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

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended	
		March 31, 2020 \$	March 31, 2019 \$
Expenses			
Depreciation	5	12,614	10,731
Directors' fees and management remuneration	10	93,000	93,616
Evaluation and exploration costs	7, 10	23,980	32,186
Foreign exchange loss (gain)		(94,302)	30,722
General and administrative		34,626	43,295
Investor relations and promotion		17,233	20,273
Professional fees		48,924	147,612
Project evaluation costs		-	62,506
Regulatory and transfer agents		10,021	9,705
Rent		6,037	10,911
Salaries and wages	10	37,740	48,004
Share-based payments	9, 10	8,051	177,790
Travel		-	2,174
		(197,924)	(689,525)
Other income			
Gain on disposal		-	19,344
Interest income		53,718	68,468
		53,718	87,812
Loss for the period		(144,206)	(601,713)
Other comprehensive income			
Unrealized gain on financial assets classified as FVOCI	4	(33,000)	3,000
		(33,000)	3,000
Total comprehensive loss		(177,206)	(598,713)
Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)		(0.00)	(0.00)
Weighted average number of common shares outstanding - basic and diluted		257,067,384	257,067,384

See accompanying notes to these consolidated financial statements.

GoldQuest Mining Corp

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

(Expressed in Canadian Dollars)

	Share capital				Accumulated other comprehensive income	Deficit	Total
	Number of shares	Amount	Other reserve	Stock options reserve			
Balance at December 31, 2019	257,067,384	72,887,913	13,672,121	5,620,089	42,000	(75,556,857)	16,665,266
Share-based payments	-	-	-	8,051	-	-	8,051
Other comprehensive income	-	-	-	-	(33,000)	-	(33,000)
Loss for the period	-	-	-	-	-	(144,206)	(144,206)
Balance at March 31, 2020	257,067,384	72,887,913	13,672,121	5,628,140	9,000	(75,701,063)	16,496,111
Balance at December 31, 2018	257,067,384	72,887,913	13,331,132	5,609,904	9,000	(73,602,562)	18,235,387
Share-based payments	-	-	-	177,790	-	-	177,790
Other comprehensive loss	-	-	-	-	3,000	-	3,000
Loss for the period	-	-	-	-	-	(601,713)	(601,713)
Balance at March 31, 2019	257,067,384	72,887,913	13,331,132	5,787,694	12,000	(74,204,275)	17,814,464

See accompanying notes to these consolidated financial statements.

GoldQuest Mining Corp.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended	
		March 31, 2020	March 31, 2019
		\$	\$
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Loss for the period		(144,206)	(601,713)
Adjustments for items not affecting cash:			
Depreciation	5	12,614	10,731
Share-based payments	9	8,051	177,790
Gain on disposal of equipment		-	(19,334)
Change in non-cash working capital			
Amounts receivable		(15,497)	(5,525)
Prepaid expenses		(10,049)	3,183
Deposits		(393)	(104)
Accounts payable and accrued liabilities		(259,229)	(235,518)
Cash flow used in operating activities		(408,709)	(670,490)
INVESTING ACTIVITIES			
Purchase of equipment	5	(56,586)	(3,434)
Proceeds from disposal of equipment		-	19,334
Cash flow from (used in) investing activities		(56,586)	15,900
Decrease in cash and cash equivalents		(465,295)	(654,590)
Cash and cash equivalents, beginning of period		16,848,910	18,495,590
Cash and cash equivalents, end of period		16,383,615	17,841,000

There were no significant non-cash transactions for the three months ended March 31, 2020 and 2019.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

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

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

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

These unaudited condensed consolidated interim 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 March 31, 2020, 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.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time. In terms of the timing of receiving the Exploitation Permit from the Dominican Republic’s government (note 6), COVID-19 may cause a delay in the process.

The unaudited condensed consolidated interim financial statements of GoldQuest for the three months ended March 31, 2020 were approved by the Board of Directors on May 28, 2020.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS 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, 2019.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2020 that impacted these condensed consolidated interim financial statements.

3. CASH AND CASH EQUIVALENTS

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

	March 31, 2020	December 31, 2019
	\$	\$
Cash	16,348,615	16,813,910
Cash equivalents	35,000	35,000
	16,383,615	16,848,910

4. LONG-TERM INVESTMENTS

As at March 31, 2020 and December 31, 2019, the Company held 300,000 common shares of Precipitate Gold Corporation with a fair value of \$33,000 and \$66,000, respectively. The change in fair value of \$33,000 for the three months ended March 31, 2020 is recognized as other comprehensive loss (March 31, 2019 – other comprehensive income of \$3,000).

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

5. EQUIPMENT

The Company's equipment is broken down as follows:

	Computer equipment \$	Field equipment \$	Office equipment \$	Software \$	Vehicles \$	Total \$
Cost						
As at December 31, 2019	127,044	-	4,474	6,656	80,631	218,805
Additions	-	52,964	-	3,622	-	56,586
Write-off fully depreciated assets	(88,684)	-	-	(6,656)	-	(95,340)
As at March 31, 2020	38,360	52,964	4,474	3,622	80,631	180,051
Depreciation						
As at December 31, 2019	(114,608)	-	(2,111)	(5,797)	(60,900)	(183,416)
Charged for the period	(3,294)	(3,310)	(112)	(859)	(5,039)	(12,614)
Write-off fully depreciated assets	88,684	-	-	6,656	-	95,340
As at March 31, 2020	(29,218)	(3,310)	(2,223)	-	(65,939)	(100,690)
Net book value						
As at December 31, 2019	12,436	-	2,363	859	19,731	35,389
As at March 31, 2020	9,142	49,654	2,251	3,622	14,692	79,361

6. EVALUATION AND EXPLORATION ASSETS

Dominican Republic – 100% owned

On August 5, 2009, the Company entered into a purchase agreement with Gold Fields Dominican Republic BVI Limited ("GFL") to acquire its gold-focused portfolio in the Dominican Republic. As consideration for GFL's interest in the joint venture projects, the Company issued 8,600,000 common shares and granted a 1.25% Net Smelter Royalty ("NSR") on the claims in favour of GFL. The transaction was completed on November 18, 2009 with the issuance of the shares at a fair value of \$1,247,000.

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

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

6. EVALUATION AND EXPLORATION ASSETS (CONTINUED)

Dominican Republic – 100% owned

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

During the year ended December 31, 2018, the Company decided to impair the evaluation and exploration assets by \$1,246,999 to a nominal amount of \$1. The Impairment is based on guidance outlined in IFRS 6, Exploration for and Evaluation of Mineral Resources and IAS 36, Impairment of Assets.

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

As of March 31, 2020 and December 31, 2019, the Company has not received the Exploitation Permit nor clarification from the Dominican Republic's government on any timeframe for receipt of the Exploitation Permit.

7. EVALUATION AND EXPLORATION COSTS

The Company's evaluation and exploration costs during the three months ended March 31, 2020 and 2019 related to projects in the Dominican Republic are broken down as follows:

	For the three months ended	
	March 31, 2020	March 31, 2019
	\$	\$
Tireo		
Access fees	698	5,814
Field	7,014	16,797
Field technicians	10,886	5,610
Geological	-	285
Lodging and food	2,539	1,629
Social responsibility	-	220
Transportation	65	8
	21,202	30,363
General		
Access fees	794	-
Field	1,984	1,823
	2,778	1,823
Total evaluation and exploration costs incurred during the period	23,980	32,186
Cumulative costs, beginning of period	36,626,989	36,497,258
Cumulative costs, end of period	36,650,969	36,529,444

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	March 31, 2020	December 31, 2019
	\$	\$
Trade payables	139,772	375,317
Accrued liabilities	68,563	92,247
	208,335	467,564

9. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At March 31, 2020 and December 31, 2019, the Company had 257,067,384 common shares issued and outstanding with a value of \$72,887,913.

During the three months ended March 31, 2020 and 2019, no share capital transactions occurred.

Stock options

Under the Company's stock option plan, the Board of Directors may grant options for the purchase of up to a total of 10% of the total number of issued and outstanding common shares of the Company. Options granted under the plan may vest over a period of time at the discretion of the board of directors. Under the plan, the exercise price of each option equals the market price of the Company's stock as determined on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the Board of Directors.

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value of the Company's common shares on the date of the grant. The changes in options during the three months ended March 31, 2020 as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	20,326,000	0.35
Expired	(1,364,000)	0.15
Balance, end of period	18,962,000	0.37

During the three months ended March 31, 2020, 1,364,000 options with an expiry date of January 20, 2020 expired, unexercised.

During the three months ended March 31, 2020 and 2019, the Company recognized share-based payments expense of \$8,051 and \$177,790, respectively.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONTINUED)

Stock options (continued)

The following summarizes information about stock options outstanding and exercisable at March 31, 2020:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
December 14, 2020	0.13	2,460,000	2,460,000	273,881	0.71
August 12, 2021	0.60	4,852,500	4,852,500	2,504,540	1.37
October 13, 2021	0.36	600,000	600,000	218,833	1.54
April 10, 2022	0.50	5,067,000	5,067,000	2,029,472	2.03
April 18, 2022	0.50	100,000	100,000	39,110	2.05
July 19, 2023	0.25	632,500	632,500	70,334	3.30
January 21, 2024	0.15	4,750,000	4,750,000	308,275	3.81
March 6, 2024	0.15	500,000	500,000	35,947	3.93
		18,962,000	18,962,000	5,480,392	2.21
Weighted average exercise price (\$)		0.37	0.36		

10. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

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

Related Party	Relationship
David Massola	CEO
William Fisher	Non-Executive Chairman
Frank Balint	Director
Patrick Michaels	Director
Florian Siegfried	Director
Julio Espailat	Director
Paul Robertson	CFO
Quantum Advisory Partners LLP	A partnership in which the CFO is a partner
Felix Mercedes	Country Manager, Dominican Republic

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

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party transactions (continued)

Total compensation of key company personnel for the three months ended March 31, 2020 and 2019 is as follows:

	For the three months ended	
	March 31, 2020	March 31, 2019
	\$	\$
Directors' fees	30,000	24,000
Management remuneration	63,000	69,616
Salaries and wages	18,341	9,214
Share-based compensation	8,051	176,290
	119,392	279,120

During the three months ended March 31, 2020, the Company paid professional fees of \$28,250 (March 31, 2019 – \$32,250) 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.

Related party balances

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$54,402 as at March 31, 2020 (December 31, 2019 – \$118,312), which were paid subsequent to March 31, 2020. These amounts are unsecured, non-interest bearing and payable on demand.

11. COMMITMENT

The Company is a party to certain management contracts. These contracts contain clauses requiring that approximately \$792,000 be paid to certain management personnel upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

12. SEGMENTED INFORMATION

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

The Company's assets and liabilities are as follows:

	Canada \$	Dominican Republic \$	Total \$
As at March 31, 2020			
Non-current assets			
Long-term investments	33,000	-	33,000
Equipment	60,478	18,883	79,361
Evaluation and exploration assets	-	1	1
	93,478	18,884	112,362
As at December 31, 2019			
Non-current assets			
Long-term investments	66,000	-	66,000
Equipment	11,149	24,240	35,389
Evaluation and exploration assets	-	1	1
	77,149	24,241	101,390

13. 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 three months ended March 31, 2020.

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

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

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

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS

Fair value

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

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

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

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

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

As at March 31, 2020, 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:

	March 31, 2020	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
Financial assets:				
ASSETS				
Cash and cash equivalents	16,383,615	16,383,615	-	-
Amounts receivable	38,666	-	38,666	-
Long-term investments	33,000	-	-	33,000
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	208,335	-	208,335	-

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.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

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 March 31, 2020 in the amount of \$16,383,615, in order to meet short-term business requirements. At March 31, 2020, the Company had accounts payable and accrued liabilities of \$208,335. All accounts payable and accrued liabilities are current.

Market risk

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

- Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2020.

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 March 31, 2020 would result in an approximately \$164,000 change to the Company's loss for the three months ended March 31, 2020.

- Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and long-term investment are held in Canadian Dollars ("CAD"), US Dollars ("USD") and Dominican Pesos ("DOP"); therefore, USD and DOP accounts are subject to fluctuation against the Canadian dollar.

The Company had the following balances in foreign currency as at March 31, 2020:

	CA\$	US\$	DOP
Cash and cash equivalents	15,175,821	784,797	3,679,254
Amounts receivable	16,200	-	863,146
Long-term investments	33,000	-	-
Accounts payable and accrued liabilities	(107,717)	(11,304)	(3,250,393)
	15,117,304	773,493	1,292,007
Rate to convert to \$1.00 CAD	1.00	1.42	0.03
Equivalent to CAD	15,117,304	1,096,013	33,628

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

- Currency risk (continued)

Based on the above net exposures as at March 31, 2020, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and DOP would increase/decrease comprehensive loss by \$113,000.

- Other price risk

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

As March 31, 2020, the Company held 300,000 common shares of Precipitate which is publicly traded on the TSX Venture Exchange. A 10% change in share price of Precipitate's shares at March 31, 2020 would result in a \$3,300 change to the Company's comprehensive loss for the three months ended March 31, 2020.

As March 31, 2020, the Company held 15,151,273 common shares of Portex Minerals Inc. ("Portex") which is delisted from the Canadian National Stock Exchange on September 9, 2016. During the year ended December 31, 2015, the Company reduced the fair value of the 15,151,273 shares of Portex to \$nil; as a result of the fair value adjustment, the Company believe price risk from the investment in Portex is minimal.

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

- Commodity risk

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

15. SUBSEQUENT EVENTS

On April 30, 2020, the Company granted 3,400,000 options with an exercise price of \$0.20 to the directors, officers and employees of the Company. The options are exercisable for a period of five years. One-third vest on date of grant and one-third will vest every six months thereafter.