

GOLDQUEST MINING CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 nine months ended September 30, 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 | September 30, | December 31, |
|---------------------------------------------------|---------|-------------------|-------------------|
| | Note(s) | 2020 | 2019 |
| | | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 3 | 15,725,841 | 16,848,910 |
| Amounts receivable | | 37,015 | 23,169 |
| Prepaid expenses | | 144,075 | 147,693 |
| Deposits | | 9,512 | 11,668 |
| | | 15,916,443 | 17,031,440 |
| Non-current assets | | | |
| Long-term investments | 4 | 79,500 | 66,000 |
| Equipment | 5 | 85,775 | 35,389 |
| Evaluation and exploration assets | 6 | 1 | 1 |
| | | 165,276 | 101,390 |
| TOTAL ASSETS | | 16,081,719 | 17,132,830 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 8, 10 | 162,936 | 467,564 |
| TOTAL LIABILITIES | | 162,936 | 467,564 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 9 | 72,924,111 | 72,887,913 |
| Additional paid-in capital | | 13,672,121 | 13,672,121 |
| Stock options reserve | | 5,803,338 | 5,620,089 |
| Accumulated other comprehensive income | | 55,500 | 42,000 |
| Deficit | | (76,536,287) | (75,556,857) |
| TOTAL SHAREHOLDERS' EQUITY | | 15,918,783 | 16,665,266 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 16,081,719 | 17,132,830 |

| | |
|-----------------------------------------------------|----|
| Corporate information and continuance of operations | 1 |
| Commitment | 11 |
| Segmented information | 12 |
| Subsequent event | 9 |

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 | | For the nine months ended | |
|------------------------------------------------------------------------------------------------------------------|---------|----------------------------|--------------------|---------------------------|--------------------|
| | | September 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| | | \$ | \$ | \$ | \$ |
| Expenses | | | | | |
| Consulting fees | | - | 19,963 | - | 19,963 |
| Depreciation | 5 | 5,429 | 10,590 | 22,074 | 32,004 |
| Directors' fees & management remuneration | 10 | 93,000 | 83,000 | 279,000 | 254,616 |
| Evaluation & exploration costs | 7, 10 | 52,085 | 25,544 | 96,131 | 93,315 |
| Foreign exchange loss (gain) | | 26,412 | (5,701) | (8,554) | 55,134 |
| General & administrative | | 41,256 | 36,223 | 110,723 | 113,420 |
| Investor relations and promotion | | 5,259 | 34,045 | 30,918 | 59,988 |
| Professional fees | 10 | 51,718 | 46,410 | 178,502 | 301,472 |
| Project evaluation costs | | - | - | - | 68,986 |
| Regulatory & transfer agents | | 5,026 | 2,708 | 40,840 | 34,249 |
| Rent | | 6,024 | 5,959 | 17,803 | 22,812 |
| Salaries & wages | 10 | 29,411 | 38,417 | 105,246 | 117,440 |
| Share-based payments | 9, 10 | 64,225 | 64,190 | 199,947 | 322,343 |
| Travel | | - | 70,075 | 1,528 | 73,982 |
| | | (379,845) | (431,423) | (1,074,158) | (1,569,724) |
| Other income | | | | | |
| Gain on disposal | | - | - | - | 19,344 |
| Interest income | | 19,057 | 67,804 | 94,728 | 205,062 |
| | | 19,057 | 67,804 | 94,728 | 224,406 |
| Loss for the period | | (360,788) | (363,619) | (979,430) | (1,345,318) |
| Other comprehensive income | | | | | |
| Unrealized gain on financial assets classified as FVOCI | 4 | 4,500 | 15,000 | 13,500 | 10,500 |
| | | 4,500 | 15,000 | 13,500 | 10,500 |
| Total comprehensive loss | | (356,288) | (348,619) | (965,930) | (1,334,818) |
| Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share) | | (0.00) | (0.00) | (0.00) | (0.01) |
| Weighted average number of common shares outstanding | | 257,140,754 | 257,067,384 | 257,092,019 | 257,067,384 |
| - basic and diluted | | | | | |

See accompanying notes to these consolidated financial statements.

GoldQuest Mining Corp

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

(Expressed in Canadian Dollars)

| | Note(s) | Share capital | | Other reserve | Stock options reserve | Accumulated other comprehensive income | Deficit | Total |
|------------------------------------------------------------------------|---------|--------------------|-------------------|-------------------|-----------------------|----------------------------------------|---------------------|-------------------|
| | | Number of shares | Amount | | | | | |
| 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 |
| Shares issued for cash - exercise of stock options | 9 | 150,000 | 19,500 | - | - | - | - | 19,500 |
| Reclassification of grant-date fair value on exercise of stock options | 9 | - | 16,698 | - | (16,698) | - | - | - |
| Share-based payments | | - | - | - | 199,947 | - | - | 199,947 |
| Other comprehensive income | | - | - | - | - | 13,500 | - | 13,500 |
| Loss for the period | | - | - | - | - | - | (979,430) | (979,430) |
| Balance at September 30, 2020 | | 257,217,384 | 72,924,111 | 13,672,121 | 5,803,338 | 55,500 | (76,536,287) | 15,918,783 |
| 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 |
| Reclassification of grant-date fair value on expired stock options | | - | - | 340,989 | (340,989) | - | - | - |
| Share-based payments | | - | - | - | 322,343 | - | - | 322,343 |
| Other comprehensive income | | - | - | - | - | 10,500 | - | 10,500 |
| Loss for the year | | - | - | - | - | - | (1,345,318) | (1,345,318) |
| Balance at September 30, 2019 | | 257,067,384 | 72,887,913 | 13,672,121 | 5,591,258 | 19,500 | (74,947,880) | 17,222,912 |

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 nine months ended | |
|---------------------------------------------------------|---------|---------------------------|-----------------------|
| | | September 30, 2020 | September 30, 2019 |
| | | \$ | \$ |
| Cash flow provided from (used by) | | | |
| OPERATING ACTIVITIES | | | |
| Loss for the period | | (979,430) | (1,345,318) |
| <i>Adjustments for items not affecting cash:</i> | | | |
| Depreciation | 5 | 22,074 | 32,004 |
| Share-based payments | 9 | 199,947 | 322,343 |
| Gain on disposal of equipment | | - | (19,344) |
| Change in non-cash working capital | | | |
| Amounts receivable | | (13,846) | (1,546) |
| Prepaid expenses | | 3,618 | 1,171 |
| Deposits | | 2,156 | 142 |
| Accounts payable and accrued liabilities | | (304,628) | (321,965) |
| Cash flow used in operating activities | | (1,070,109) | (1,332,513) |
| INVESTING ACTIVITIES | | | |
| Purchase of equipment | 5 | (72,460) | (3,434) |
| Proceeds from disposal of equipment | | - | 19,344 |
| Cash flow from (used in) investing activities | | (72,460) | 15,910 |
| FINANCING ACTIVITIES | | | |
| Proceeds from share issuance, net of share issue costs | 9 | 19,500 | - |
| Cash flow from financing activities | | 19,500 | - |
| Decrease in cash and cash equivalents | | (1,123,069) | (1,316,603) |
| Cash and cash equivalents, beginning of period | | 16,848,910 | 18,495,590 |
| Cash and cash equivalents, end of period | | 15,725,841 | 17,178,987 |
| SUPPLEMENTAL CASH FLOW | | | |
| Reclassification of the fair value of options exercised | | 16,698 | - |
| Reclassification of the fair value of options expired | | - | 340,989 |
| Cash paid during the year for interest | | - | - |
| Cash paid during the year for income taxes | | - | - |

See accompanying notes to these consolidated financial statements.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 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 September 30, 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 nine months ended September 30, 2020 were approved by the Board of Directors on November 26, 2020.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 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:

| | September 30, 2020 | December 31, 2019 |
|------------------|--------------------|-------------------|
| | \$ | \$ |
| Cash | 15,690,841 | 16,813,910 |
| Cash equivalents | 35,000 | 35,000 |
| | 15,725,841 | 16,848,910 |

4. LONG-TERM INVESTMENTS

As at September 30, 2020 and December 31, 2019, the Company held 300,000 common shares of Precipitate Gold Corporation (“PRG”) with a fair value of \$79,500 and \$66,000, respectively. The change in fair value of \$13,500 for the nine months ended September 30, 2020 is recognized as other comprehensive income (September 30, 2019 – other comprehensive gain of \$10,500).

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 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 | - | 68,838 | - | 3,622 | - | 72,460 |
| Write-off fully depreciated assets | (103,647) | - | - | (6,656) | (38,110) | (148,413) |
| As at September 30, 2020 | 23,397 | 68,838 | 4,474 | 3,622 | 42,521 | 142,852 |
| Depreciation | | | | | | |
| As at December 31, 2019 | (114,608) | - | (2,111) | (5,797) | (60,900) | (183,416) |
| Charged for the period | (5,537) | - | (336) | (2,670) | (13,531) | (22,074) |
| Write-off fully depreciated assets | 103,647 | - | - | 6,656 | 38,110 | 148,413 |
| As at September 30, 2020 | (16,498) | - | (2,447) | (1,811) | (36,321) | (57,077) |
| Net book value | | | | | | |
| As at December 31, 2019 | 12,436 | - | 2,363 | 859 | 19,731 | 35,389 |
| As at September 30, 2020 | 6,899 | 68,838 | 2,027 | 1,811 | 6,200 | 85,775 |

On January 17, 2020, the Company completed a purchase of drills and equipment with PRG. The purchase resulted in a 50% ownership for each company, and the drills and equipment will be jointly managed by the Company and PRG. The cost of the drills and equipment paid by the Company was \$52,964. As the drills and equipment are not available for use; as a result, no depreciation was recognized for the drills and equipment during the nine months ended September 30, 2020.

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.

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

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

6. EVALUATION AND EXPLORATION ASSETS (CONTINUED)

Dominican Republic – 100% owned (continued)

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 September 30, 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 nine months ended September 30, 2020 and 2019 related to projects in the Dominican Republic are broken down as follows:

| | For the nine months ended | |
|--------------------------------------------------------------------------|---------------------------|--------------------|
| | September 30, 2020 | September 30, 2019 |
| | \$ | \$ |
| Tireo | | |
| Access fees | 3,167 | 7,255 |
| Field | 23,327 | 33,782 |
| Field technicians | 53,362 | 33,861 |
| Geological | - | 773 |
| Lodging and food | 5,943 | 5,101 |
| Sample analysis | - | 231 |
| Social responsibility | - | 436 |
| Transportation | 65 | 526 |
| | 85,864 | 81,965 |
| General | | |
| Access fees | 1,582 | 3,486 |
| Field | 8,685 | 7,864 |
| | 10,267 | 11,350 |
| Total evaluation and exploration costs incurred during the period | 96,131 | 93,315 |
| Cumulative costs, beginning of period | 36,626,989 | 36,497,258 |
| Cumulative costs, end of period | 36,723,120 | 36,590,573 |

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

| | September 30, 2020 | December 31, 2019 |
|---------------------|--------------------|-------------------|
| | \$ | \$ |
| Trade payables | 114,761 | 375,317 |
| Accrued liabilities | 48,175 | 92,247 |
| | 162,936 | 467,564 |

9. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2020, the Company had 257,217,384 (December 31, 2019 – 257,067,384) common shares issued and outstanding with a value of 72,924,111 (December 31, 2019 – \$72,887,913).

During the nine months ended September 30, 2020, 150,000 stock options were exercised for proceeds of \$19,500. In addition, the Company reclassified the grant date fair value of the exercised stock options of \$16,698 from stock options reserve to share capital.

During the nine months ended September 30, 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 nine months ended September 30, 2020 is as follows:

| | Number outstanding | Weighted average exercise price (\$) |
|-------------------------------------|--------------------|--------------------------------------|
| Balance, beginning of period | 20,326,000 | 0.35 |
| Granted | 3,400,000 | 0.20 |
| Exercised | (150,000) | 0.13 |
| Expired | (1,364,000) | 0.15 |
| Balance, end of period | 22,212,000 | 0.34 |

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONTINUED)

Stock options (continued)

During the nine months ended September 30, 2020:

- 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.
- 1,364,000 options expired unexercised.

During the nine months ended September 30, 2019:

- On January 21, 2019, the Company granted 4,750,000 options with an exercise price of \$0.15 to the directors and officers of the Company. The options are exercisable for a period of five years. One-third vest on date of grant and one-third will vest every six months thereafter.
- On March 11, 2019, the Company granted 500,000 options with an exercise price of \$0.15 to an officer of the Company. The options are exercisable for a period of five years. One-third vest on date of grant and one-third will vest every six months thereafter
- 969,171 options expired unexercised.

The estimated grant date fair value of the options granted during the nine months ended September 30, 2020 and 2019 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

| | For the nine months ended | |
|---------------------------------------|---------------------------|--------------------|
| | September 30, 2020 | September 30, 2019 |
| Number of options granted | 3,400,000 | 5,250,000 |
| Risk-free interest rate | 0.35% | 1.92% |
| Expected annual volatility | 76% | 80% |
| Expected life (in years) | 5.00 | 5.00 |
| Expected dividend yield | 0% | 0% |
| Grant date fair value per option (\$) | 0.08 | 0.07 |
| Share price at grant date (\$) | 0.14 | 0.11 |

During the nine months ended September 30, 2020 and 2019, the Company recognized share-based payments expense of \$199,947 and \$322,343, respectively.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONTINUED)

Stock options (continued)

The following summarizes information about stock options outstanding and exercisable at September 30, 2020:

| <u>Expiry date</u> | <u>Exercise price (\$)</u> | <u>Options outstanding</u> | <u>Options exercisable</u> | <u>Estimated grant date fair value (\$)</u> | <u>Weighted average remaining contractual life (in years)</u> |
|-------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------|
| December 14, 2020 | 0.13 | 2,310,000 | 2,310,000 | 257,181 | 0.21 |
| August 12, 2021 | 0.60 | 4,852,500 | 4,852,500 | 2,504,540 | 0.87 |
| October 13, 2021 | 0.36 | 600,000 | 600,000 | 218,833 | 1.04 |
| April 10, 2022 | 0.50 | 5,067,000 | 5,067,000 | 2,029,472 | 1.53 |
| April 18, 2022 | 0.50 | 100,000 | 100,000 | 39,110 | 1.55 |
| July 19, 2023 | 0.25 | 632,500 | 632,500 | 70,334 | 2.80 |
| January 21, 2024 | 0.15 | 4,750,000 | 4,750,000 | 308,275 | 3.31 |
| March 6, 2024 | 0.15 | 500,000 | 500,000 | 35,947 | 3.43 |
| April 30, 2025 | 0.20 | 3,400,000 | 1,133,335 | 255,270 | 4.58 |
| | | 22,212,000 | 19,945,335 | 5,718,962 | 2.16 |
| Weighted average exercise price (\$) | 0.34 | | 0.38 | | |

Subsequent to September 30, 2020, 1,425,000 stock options were exercised for proceeds of \$185,250.

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:

| <u>Related Party</u> | <u>Relationship</u> |
|-------------------------------|---------------------------------------------|
| 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.

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10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party transactions (continued)

Total compensation of key company personnel for the nine months ended September 30, 2020 and 2019 is as follows:

| | For the nine months ended | |
|--------------------------|---------------------------|--------------------|
| | September 30, 2020 | September 30, 2019 |
| | \$ | \$ |
| Directors' fees | 90,000 | 90,000 |
| Management remuneration | 189,000 | 164,616 |
| Salaries and wages | 60,315 | 37,565 |
| Share-based compensation | 199,947 | 319,767 |
| | 539,262 | 611,948 |

During the nine months ended September 30, 2020, the Company paid professional fees of \$72,281 (September 30, 2019 – \$94,488) 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 \$27,100 as at September 30, 2020 (December 31, 2019 – \$118,312), which were paid subsequent to September 30, 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.

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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 September 30, 2020 | | | |
| Non-current assets | | | |
| Long-term investments | 79,500 | - | 79,500 |
| Equipment | 76,019 | 9,756 | 85,775 |
| Evaluation and exploration assets | - | 1 | 1 |
| | 155,519 | 9,757 | 165,276 |
| 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 nine months ended September 30, 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.

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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 September 30, 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:

| | September 30, 2020 \$ | FVTPL \$ | Amortized costs \$ | FVTOCI \$ |
|------------------------------------------|-----------------------------|-------------|-----------------------|--------------|
| Financial assets: | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | 15,725,841 | 15,725,841 | - | - |
| Amounts receivable | 37,015 | - | 37,015 | - |
| Long-term investments | 79,500 | - | - | 79,500 |
| Financial liabilities: | | | | |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | 162,936 | - | 162,936 | - |

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 Nine Months Ended September 30, 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 September 30, 2020 in the amount of \$15,725,841, in order to meet short-term business requirements. At September 30, 2020, the Company had accounts payable and accrued liabilities of \$162,936. 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 September 30, 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 September 30, 2020 would result in an approximately \$150,000 change to the Company's loss for the nine months ended September 30, 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 September 30, 2020:

| | CA\$ | US\$ | DOP |
|------------------------------------------|-------------------|------------------|------------------|
| Cash and cash equivalents | 14,642,779 | 767,368 | 2,535,754 |
| Amounts receivable | 11,958 | - | 1,102,907 |
| Long-term investments | 79,500 | - | - |
| Accounts payable and accrued liabilities | (76,815) | 5,000 | (4,084,817) |
| | 14,657,422 | 772,368 | (446,156) |
| Rate to convert to \$1.00 CAD | 1.00 | 1.34 | 0.02 |
| Equivalent to CAD | 14,657,422 | 1,032,133 | (10,136) |

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

- Currency risk (continued)

Based on the above net exposures as at September 30, 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 \$102,000.

- Other price risk

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

As of September 30, 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 September 30, 2020 would result in a \$7,950 change to the Company's comprehensive loss for the nine months ended September 30, 2020.

As of September 30, 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 believes the 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.