



Consolidated Financial Statements

(unaudited)

For the Nine Months Ended September 30, 2010

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.

GoldQuest Mining Corp.
(a development stage enterprise)
Consolidated Balance Sheets (unaudited)

<i>As at</i>	September 30, 2010	December 31, 2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,070,622	\$ 766,410
Amounts receivable	82,466	5,720
Prepaid expenses	52,854	186,342
Deposits	1,852	-
	2,207,794	958,472
Equipment (note 8)	61,274	121,972
Mineral exploration properties and deferred exploration expenditures (note 9)	9,145,636	8,398,442
	\$ 11,414,704	\$ 9,478,886
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 57,176	\$ 120,469
Future income tax liability	846,000	846,000
	903,176	966,469
SHAREHOLDERS' EQUITY		
Share capital (note 10)	13,604,102	11,843,445
Contributed surplus (note 10)	7,541,246	6,642,223
Deficit	(10,903,262)	(10,242,693)
Currency translation adjustment	269,442	269,442
	10,511,528	8,512,417
	\$ 11,414,704	\$ 9,478,886

Nature of operations and going concern (note 1)

Commitments (notes 14)

Subsequent events (note 15)

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board:

/s/ Anna Stylianides, Director

/s/ Anthony Warrender, Director

GoldQuest Mining Corp.*(a development stage enterprise)***Consolidated Statements of Loss and Comprehensive loss, and Deficit (unaudited)**

	For the three months ended		For the nine months ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
EXPENSES				
Amortization	\$ 317	\$ 798	\$ 1,602	\$ 3,777
Foreign exchange loss (gain)	57,929	84,669	(13,308)	26,469
General and administrative	252,181	121,152	489,794	396,276
Stock-based compensation (note 10(e))	98,010	51,914	222,907	292,193
	408,437	258,533	700,995	718,715
OTHER EXPENSES (INCOME)				
Interest income	(2,457)	(202)	(3,086)	(9,332)
Gain on disposal of equipment	(37,340)	-	(37,340)	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	368,640	258,331	660,569	709,383
OPENING DEFICIT	10,534,622	9,717,490	10,242,693	9,266,438
CLOSING DEFICIT	\$ 10,903,262	\$ 9,975,821	\$ 10,903,262	\$ 9,975,821
Basic and diluted loss per share	\$ -	\$ -	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding	91,715,373	61,545,551	83,696,144	61,545,551

The accompanying notes are an integral part of these consolidated financial statements.

GoldQuest Mining Corp.
(a development stage enterprise)
Consolidated Statements of Cash Flows (unaudited)

	For the three months ended		For the nine months ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Cash flows provided from (used by):				
OPERATING ACTIVITIES				
Net loss for the period	\$ (368,640)	\$ (258,331)	\$ (660,569)	\$ (709,383)
Adjustments for item not affecting cash:				
Amortization	317	798	1,602	3,777
Stock-based compensation	98,010	51,914	222,907	292,193
Gain on disposal	(37,340)	-	(37,340)	-
	(307,653)	(205,619)	(473,400)	(413,413)
Net changes in non-cash working capital items:				
Amounts receivable	(35,764)	(1,320)	(76,746)	5,764
Prepaid expenses	(20,103)	(12,671)	133,488	(36,357)
Deposits	(1,852)	-	(1,852)	-
Accounts payable and accrued liabilities	5,599	17,413	(63,293)	(59,131)
	(359,773)	(202,197)	(481,803)	(503,137)
FINANCING ACTIVITIES				
Proceeds from share issuance, net of share issue costs	11,250	-	2,436,773	-
INVESTING ACTIVITIES				
Purchase of equipment	(65,408)	-	(3,038)	-
Proceeds from disposal of equipment	87,961	-	87,961	-
Mineral exploration properties and deferred exploration expenditures	25,315	(23,800)	(735,681)	(222,903)
	47,868	(23,800)	(650,758)	(222,903)
Net increase (decrease) in cash and cash equivalents	(300,655)	(225,997)	1,304,212	(726,040)
Cash and cash equivalents, beginning of period	2,371,277	1,244,134	766,410	1,744,177
Cash and cash equivalents, end of period	\$ 2,070,622	\$ 1,018,137	\$ 2,070,622	\$ 1,018,137
Cash and cash equivalents consist of :				
Cash	\$ 200,422	\$ 118,137	\$ 200,422	\$ 118,137
Term deposits	1,870,200	900,000	1,870,200	900,000
	\$ 2,070,622	\$ 1,018,137	\$ 2,070,622	\$ 1,018,137

Supplemental cash flow information (Note 13)

The accompanying notes are an integral part of these consolidated financial statements.

GoldQuest Mining Corp.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2010 (unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

GoldQuest Mining Corp. (the "Company" or "GoldQuest") is a development stage company as defined by the Canadian Institute of Chartered Accountants (the "CICA") Accounting Guideline 11 and currently has interests in exploration and development properties in the Dominican Republic through its wholly owned subsidiary GoldQuest Mining (BVI) Corp. (GQC-BVI) (previously Exploration and Discovery Latin America (Panama) Inc. ("EDLA")) and in Spain through the Company's wholly owned subsidiary GoldQuest Mining (Spain) Corp. ("GQC-Spain"). Substantially all of the Company's efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in exploration properties contain mineral reserves which are economically recoverable.

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 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 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. Assets located outside of North America are subject to the risk of foreign investment, including currency exchange fluctuations and restrictions and political uncertainty.

These unaudited, interim, consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, these unaudited, interim, consolidated financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

As at September 30, 2010, the Company had no source of operating cash flow and has an accumulated deficit of \$10,903,262 (December 31, 2009: \$10,242,693). Operations for the nine months ended September 30, 2010 have been funded primarily from the issuance of common shares. The Company's ability to meet its obligations and continue as a going concern is dependent upon its ability to obtain additional financing, the discovery, development or sale of mining reserves and the achievement of profitable operations. The Company is planning to meet its future expenditures and obligations by raising funds through public offerings, private placements or by farm-outs of its mineral property interests.

It is not possible to predict whether these efforts will be successful or whether the Company will attain profitable levels of operation.

GoldQuest Mining Corp.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2010 (unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those followed in the Company's most recent annual consolidated financial statements for the year ended December 31, 2009, except as described in note 3.

These unaudited interim consolidated financial statements do not include all note disclosures required by Canadian generally accepted accounting principles for annual financial statements, and therefore should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2009. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the nine-month period ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

Certain amounts in prior periods have been reclassified to conform to the current period presentation.

3. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS

Future changes in accounting policies

i) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Effective January 1, 2011, the Company will require the restatement of amounts reported to IFRS for the year ending December 31, 2010 for comparative purposes.

ii) Business Combinations

In January 2009, the CICA issued Handbook section 1582, Business Combinations, section 1601, Consolidated Financial Statements, and section 1602, Non-Controlling Interests. These sections replace the former section 1581, Business Combinations, and section 1600, Consolidated Financial Statements, and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

GoldQuest Mining Corp.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2010 (unaudited)

4. BUSINESS COMBINATION

On January 20, 2010, the Company completed the acquisition of all of the issued and outstanding shares of Lundin Mining Exploration S.L. ("Lundin SL") from Lundin Mining Corporation ("Lundin").

Through its acquisition of Lundin SL, the Company acquired:

- A 100% interest in the Toral project, located in northwest Spain, and having a historical resource estimate of 5.4 million tonnes grading 9% zinc, 6% lead and 45 grams per tonne (g/t) silver (not calculated in accordance with National Instrument 43-101);
- A 100% interest in a second polymetallic project currently under application; and
- Access to a large exploration database covering northwest Spain - a region with excellent potential for various styles of both precious and base-metal mineralization.

The Company did not pay any upfront consideration for the assets but will compensate Lundin with a one-time payment of CDN\$5 million dollars payable upon commencement of commercial production from the Toral property and a royalty to Lundin of 1.25 percent on the net smelter return from the Toral project.

Under the agreement, Lundin may exercise its one-time "back-in" right to reacquire a 51% interest in the Toral project after the following events have occurred:

- i) delineation of an inferred resource on the Toral Property of greater than one million tonnes of contained lead and zinc, and
- ii) completion of not less than 5,000 metres of drilling on the Toral property.

To exercise the "back-in" right, Lundin must pay to the Company (or have spent on the project) an amount equal to 2.5 times the total expenditures made by the Company on the project. Following payment or expenditure in full by Lundin, a joint venture will be formed pursuant to which Lundin will hold a 51% interest and the Company will hold a 49% interest in the Toral project. Lundin will then have the right to increase its interest in the joint venture from 51% to 65% by advancing the project and completing a full feasibility study for the Toral property.

The acquisition was accounted for as a business combination using the purchase method of accounting. Accordingly, the assets, liabilities, revenues and expenses of Lundin SL are consolidated with those of the Company from January 20, 2010. Management has allocated the purchase price to the assets acquired and liabilities assumed based upon their estimated fair values as follows:

Net working capital (other than cash)	\$	(1,023)
Mineral exploration properties and deferred exploration expenditures		158,989
Total net assets acquired (other than cash)	\$	157,966
Consideration:		
Acquisition costs	\$	157,966

Subsequent to September 30, 2010, the Company changed the name of its wholly-owned subsidiary, Lundin SL, to GoldQuest Iberica SL ("Iberica").

GoldQuest Mining Corp.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2010 (unaudited)

5. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development 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 as well as cash, cash equivalents and short-term investments.

There are no changes to the Company policy for management capital since the prior year.

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

The Company is not subject to any externally imposed capital requirements.

The Company's investment policy is to invest its cash in highly liquid investments that are readily convertible into cash with maturities of three months or less from the original date of acquisition or when it is needed, selected with regards to the expected timing of expenditures from continuing operations. The Company expects that its current capital resources will be sufficient to carry out its full exploration plans and operations through its coming twelve months.

6. FINANCIAL INSTRUMENTS

The Company has designated its cash and cash equivalents as held-for-trading; amounts receivable as loans and receivables; deposits as held-to-maturity; and accounts payable and accrued liabilities as other financial liabilities.

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.

The CICA established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 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, 2010, the Company has no financial instruments that qualify for disclosure under the fair value hierarchy.

GoldQuest Mining Corp.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2010 (unaudited)

6. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management

Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents. Cash and cash equivalents have been placed on deposit with major Canadian, Dominican and Spanish financial institutions.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing term deposits held at a major Canadian financial institution.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as the majority of the amounts are held at a single Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	September 30, 2010
Held at major Canadian financial institution:	
Cash	\$ 100,140
Term deposits	1,870,200
	<u>1,970,340</u>
Held at major Dominican financial institution:	
Cash	45,324
Held at major Spanish financial institution:	
Cash	54,958
Total cash and cash equivalents	\$ 2,070,622

The credit risk associated with cash and cash equivalents is minimized by ensuring the majority of these financial assets are held with major Canadian, Dominican and Spanish financial institutions with strong investment-grade ratings by a primary rating agency.

Interest rate risk

Interest rate risk consists of two components:

- i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash and cash equivalents include term deposits. The Company is not exposed to significant interest rate risk due to the short-term maturity of these monetary assets given fluctuations in market rates do not have a significant impact on estimated fair values at September 30, 2010. Future cash flows from interest on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by investing in highly liquid investments with maturities of three months or less.

GoldQuest Mining Corp.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2010 (unaudited)

6. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management (continued)

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, and accounts payable and accrued liabilities are held in Canadian dollars, US dollars ("USD"), Dominican Peso ("DOP") and Euro ("EUR"); therefore, USD, DOP and Euro accounts are subject to fluctuation against the Canadian dollar.

The Company had the following balances in foreign currency as at September 30, 2010:

	in USD	in DOP	in Euro
Cash and cash equivalents	-	1,614,088	39,222
Amounts receivable, excluding Harmonized Sales Tax receivable	-	1,226,836	23,670
Deposits	-	65,942	-
Accounts payable and accrued liabilities	15,574	(638,210)	(16,414)
	15,574	2,268,656	46,478
Rate to convert to \$1.00 Canadian	1.0294	0.0281	1.4012

Based on the above net exposures as at September 30, 2010, and assuming that all other variables remain constant, a 10% depreciation or appreciation of USD against the Canadian dollar would result in an increase/decrease of \$1,603 in the Company's net loss.

Based on the above net exposures as at September 30, 2010, and assuming that all other variables remain constant, a 10% depreciation or appreciation of DOP against the Canadian dollar would result in an increase/decrease of \$6,370 in the Company's net loss.

Based on the above net exposures as at September 30, 2010, and assuming that all other variables remain constant, a 10% depreciation or appreciation of EURO against the Canadian dollar would result in an increase/decrease of \$6,512 in the Company's net loss.

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 or currency risk. The Company is not exposed to significant other price risk.

GoldQuest Mining Corp.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2010 (unaudited)

6. FINANCIAL INSTRUMENTS (continued)

b) 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, 2010 in the amount of \$2,070,622, in order to meet short-term business requirements. At September 30, 2010, the Company had accounts payable and accrued liabilities of \$57,176, which will be repaid within three months.

7. CASH AND CASH EQUIVALENTS

Cash equivalents include term deposits that are readily convertible to cash with an original term to maturity of less than 90 days.

8. EQUIPMENT

	September 30, 2010			December 31, 2009		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 35,185	\$ (30,030)	\$ 5,155	\$ 31,503	\$ (27,854)	\$ 3,649
Field equipment	86,681	(70,932)	15,749	64,801	(49,954)	14,847
Office equipment	17,139	(9,482)	7,657	16,380	(9,221)	7,159
Vehicles	99,490	(66,777)	32,713	298,538	(202,221)	96,317
	\$ 238,495	\$ (177,221)	\$ 61,274	\$ 411,222	\$ (289,250)	\$ 121,972

During the nine months ended September 30, 2010, \$1,602 (2009 - \$3,777) of amortization was charged to operations and \$11,513 (2009 - \$53,335) was capitalized to mineral exploration properties and deferred exploration expenditures.

During the nine months ended September 30, 2010, the Company disposed of office equipment and vehicle with a net book value of \$50,621 for \$87,961 proceeds. This amount was credited to operations as a gain on disposal.

GoldQuest Mining Corp.*(a development stage enterprise)***Notes to the Consolidated Financial Statements****For the Nine Months Ended September 30, 2010 (unaudited)****9. MINERAL EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES**

A continuity of the Company's mineral exploration properties and deferred exploration expenditures is as follows:

	Dominican Republic	Spain	Total
Balance as at December 31, 2009	\$ 8,398,442	\$ -	\$ 8,398,442
Acquisition costs:	-	158,989	158,989
Exploration expenditures:			
Access fees	6,554	-	6,554
Depreciation	11,513	-	11,513
Drilling	224,509	-	224,509
Equipment rental	-	271	271
Field	98,744	2,861	101,605
Field office administration	-	9,676	9,676
Field technicians	50,023	-	50,023
Geological	29,628	106,215	135,843
Legal	-	21,352	21,352
Lodging and food	19,364	1,708	21,072
Mapping	523	-	523
Sample analysis	128	-	128
Transportation	28	5,108	5,136
	441,014	147,191	588,205
Balance as at September 30, 2010	\$ 8,839,456	\$ 306,180	\$ 9,145,636

GoldQuest Mining Corp.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2010 (unaudited)

9. MINERAL EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

a) Dominican Republic – 100% owned

The Company, through its wholly owned Dominican Republic subsidiary, is the 100% owner of thirty exploration claims and claim applications in the Dominican Republic. Approximately twenty-five of these claims and claim applications are subject to a 1.5% Net Smelter Returns royalty (“NSR”) in favour of Gold Fields Ltd.

b) Eastern Dominican Republic – 51% owned

The Company also has earned a majority interest from Energold Drilling Corp. in two additional properties that were formally part of the former joint venture with Gold Fields Ltd. These properties are also subject to a 1.5% NSR in favour of Gold Fields Ltd. and an additional 1% NSR in favour of Canyon and Battle Mountain up to an aggregate maximum royalty of \$1,000,000.

c) Spain – 100% owned

The Company completed the acquisition of Iberica (formerly known as Lundin SL) in January 2010.

The shares of Iberica were purchased for an NSR of 1.25% and Production Commencement Payment (“PCP”) of \$5,000,000 payable thirty days after commencement of commercial production. Lundin holds a back-in right to acquire 51% of the Toral property following identification of not less than one million contained lead zinc metal as confirmed by an independent 43-101 resource estimate. In order to exercise the back in right, Lundin must fund 250% of the total expenditures made by the Company on the Toral property.

If Lundin exercises this right, the NSR and the PCP are no longer exigible. Lundin may acquire a further 15% of the project by funding a bankable feasibility study to bring the property to production.

TORAL PROJECT

Iberica holds the exploration permit for the Toral Project, a highly prospective mineralized area in a mining and investment friendly region. The Toral Project has the potential to become a significant long lived asset. The mineralization is contained within a steeply dipping, sheet-like structure that includes silver and coarse-grained zinc-lead sulphides.

The Toral Project area was originally investigated by Peñarroya-España and Associates from 1975 to 1985 and included over 42,000 metres of diamond drilling. These drill holes reportedly delineated a zone of mineralization that is 1,100 metres in length by about 3.7 metres wide and over 400 metres high. This block is a continuous, sub-vertical, tabular zone of coarse-grained lead-zinc-silver sulphide mineralization that is still open along strike and down dip.

LAGO PROJECT

In addition to the acquisition of the Toral Project and as part of the same transaction, GoldQuest acquired a second polymetallic project also located in northwest Spain. Further details of this second project will be announced after full title has been received from the Spanish authorities.

GoldQuest Mining Corp.*(a development stage enterprise)***Notes to the Consolidated Financial Statements****For the Nine Months Ended September 30, 2010 (unaudited)****10. SHARE CAPITAL****a) Authorized**

Unlimited number of common shares without par value.

b) Issued and outstanding

A continuity of the number of common shares issued and outstanding and the balances of share capital and contributed surplus are as follow:

	Number of Common Shares	Amount	Contributed Surplus
Balance, December 31, 2009	70,145,551	\$ 11,843,445	\$ 6,642,223
Private placements	21,500,800	2,149,763	537,837
Share issuance costs	-	(411,269)	149,192
Exercise options for cash	112,500	11,250	-
Reclassification of grant-date fair value on exercise of stock options	-	10,913	(10,913)
Stock-based compensation	-	-	222,907
Balance, September 30, 2010	91,758,851	\$ 13,604,102	\$ 7,541,246

Private Placements

- On April 1, 2010, the Company completed a private placement and issued 7,605,000 units at \$0.125 per unit. Each unit consists of one common share of the Company and one half share purchase warrant entitling the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of two years.

For accounting purposes, the Company calculated the fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, which totaled \$187,170, and recorded these values as contributed surplus. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of \$763,455 was recorded as common shares.

In connection with the private placement, the Company paid cash commissions of \$57,400 and issued 656,000 agent's and finder's warrants entitling the warrant holders to purchase one common share of the Company at a price of \$0.145 per share, on or before March 31, 2012. The Company calculated the fair value of agent's and finder's warrants using the Black-Scholes options pricing model, which totaled \$47,768, and recorded these values as share issuance costs.

GoldQuest Mining Corp.

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Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2010 (unaudited)

10. SHARE CAPITAL (continued)

b) Issued and outstanding (continued)

Private Placement (continued)

- On April 9, 2010, the Company completed a private placement and issued 6,644,800 units at \$0.125 per unit. Each unit consists of one common share of the Company and one half share purchase warrant entitling the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of two years.

For accounting purposes, the Company calculated the fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, which totaled \$167,867, and recorded these values as contributed surplus. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of \$662,733 was recorded as common shares.

In connection with the private placement, the Company paid cash commissions of \$48,475 and issued 554,000 agent's and finder's warrants entitling the warrant holders to purchase one common share of the Company at a price of \$0.145 per share, on or before April 9, 2012. The Company calculated the fair value of agent's and finder's warrants using the Black-Scholes options pricing model, which totaled \$44,675, and recorded these values as share issuance costs.

- On April 27, 2010, the Company completed a private placement and issued 7,251,000 units at \$0.125 per unit. Each unit consists of one common share of the Company and one half share purchase warrant entitling the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of two years.

For accounting purposes, the Company calculated the fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, which totaled \$182,800, and recorded these values as contributed surplus. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of \$723,575 was recorded as common shares.

In connection with the private placement, the Company paid cash commissions of \$62,696 and issued 705,100 agent's and finder's warrants entitling the warrant holders to purchase one common share of the Company at a price of \$0.145 per share, on or before April 26, 2012. The Company calculated the fair value of agent's and finder's warrants using the Black-Scholes options pricing model, which totaled \$56,749, and recorded these values as share issuance costs.

- In addition to the above noted cash commissions paid on each of the private placements, the Company incurred an additional \$93,560 in share issuance costs.

GoldQuest Mining Corp.*(a development stage enterprise)***Notes to the Consolidated Financial Statements****For the Nine Months Ended September 30, 2010 (unaudited)****10. SHARE CAPITAL (continued)****c) Warrants**

A summary of the status of warrants as of September 30, 2010 and the changes for the period then ended are as follows:

	Number Outstanding	Weighted Average Exercise Price
Balance, December 31, 2009	-	\$ -
Issued	12,665,500	\$ 0.19
Balance, September 30, 2010	12,665,500	\$ 0.19

The following summarizes the share purchase warrants outstanding at September 30, 2010:

Expiry Date	Warrants Outstanding	Exercise Price	Weighted Average Remaining Contractual Life (in Years)
March 31, 2012	3,802,500	\$ 0.200	1.50
March 31, 2012	656,000	\$ 0.145	1.50
April 8, 2012	3,322,400	\$ 0.200	1.52
April 8, 2012	554,000	\$ 0.145	1.52
April 26, 2012	3,625,500	\$ 0.200	1.57
April 26, 2012	705,100	\$ 0.145	1.57
	12,665,500		1.53

GoldQuest Mining Corp.*(a development stage enterprise)***Notes to the Consolidated Financial Statements****For the Nine Months Ended September 30, 2010 (unaudited)****10. SHARE CAPITAL (continued)****d) Options**

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. 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.

A summary of the status of options granted under the option plan as of September 30, 2010 and the changes for the period then ended are as follows:

	Number Outstanding	Weighted Average Exercise Price
Balance, December 31, 2009	5,470,000	\$ 0.29
Granted	2,900,000	\$ 0.14
Forfeited	(400,000)	\$ 0.25
Exercised	(112,500)	\$ 0.24
Balance, September 30, 2010	7,857,500	\$ 0.24

The following summarizes information about stock options outstanding and exercisable at September 30, 2010:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price	Weighted Average Remaining Contractual Life (in Years)
March 4, 2011	75,000	75,000	\$ 0.25	0.42
May 8, 2012	1,125,000	1,125,000	\$ 0.40	1.61
June 10, 2013	2,120,000	2,120,000	\$ 0.40	2.70
April 1, 2014	1,337,500	612,500	\$ 0.10	3.50
July 2, 2014	300,000	200,000	\$ 0.10	3.76
June 1, 2015	900,000	-	\$ 0.14	4.67
July 16, 2015	1,700,000	-	\$ 0.14	4.79
September 24, 2015	300,000	-	\$ 0.15	4.99
	7,857,500	4,132,500		3.45

GoldQuest Mining Corp.*(a development stage enterprise)***Notes to the Consolidated Financial Statements****For the Nine Months Ended September 30, 2010 (unaudited)****10. SHARE CAPITAL (continued)****e) Stock-based compensation**

The fair value of stock options is determined using the Black-Scholes option pricing model. There were 2,900,000 options granted to the Company's directors, officers, employees and consultants during the nine months ended September 30, 2010 (2009 – 1,750,000). For the nine months ended September 30, 2010 and 2009, stock-based compensation expense consists of the following:

	September 30, 2010	September 30, 2009
Capitalized to:		
Mineral exploration properties and deferred exploration expenditures	\$ -	\$ 6,788
Expensed to:		
Directors' remuneration	134,353	176,356
Investor relations and promotion	-	33,940
Management remuneration	22,825	41,603
Salaries and wages	65,729	40,294
	222,907	292,193
	\$ 222,907	\$ 298,981

The fair value of employee and non-employee options granted during the nine months ended September 30, 2010 and 2009 was calculated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	September 30, 2010	September 30, 2009
Risk-free interest rate	2.32%	1.90%
Expected annual volatility	121%	113%
Expected life	5.00	5.00
Expected dividend yield	0%	0%
Fair value at grant date	\$ 0.128	\$ 0.063

GoldQuest Mining Corp.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2010 (unaudited)

11. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2010, the Company paid fees of \$200,145 (2009 - \$177,784) to officers or companies owned by officers and a director of the Company. The balance in accounts payable and accrued liabilities as at September 30, 2010 was \$nil (December 31, 2009 - \$nil) to these related parties.

The foregoing related party transactions are recorded at the exchange amount, which is the amount of consideration paid or received as established and agreed to between the parties. The exchange amount was negotiated and established and agreed to by the related parties.

12. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration and development of mineral exploration properties in two geographic regions: Dominican Republic and Spain. The Company's assets and liabilities are as follows:

	Canada	Dominican Republic	Spain	Total
As at September 30, 2010				
Cash and cash equivalents	\$ 1,970,340	\$ 45,324	\$ 54,958	\$ 2,070,622
Amounts receivable	14,850	34,450	33,166	82,466
Prepaid expenses	51,376	1,478	-	52,854
Deposits	-	1,852	-	1,852
Equipment	5,277	55,997	-	61,274
Mineral exploration properties and deferred exploration expenditures	-	8,839,456	306,180	9,145,636
	2,041,843	8,978,557	394,304	11,414,704
Accounts payable and accrued liabilities	(16,256)	(17,921)	(22,999)	(57,176)
Future income tax liability	-	(846,000)	-	(846,000)
	\$ 2,025,587	\$ 8,114,636	\$ 371,305	\$ 10,511,528

	Canada	Dominican Republic	Spain	Total
As at December 31, 2009				
Cash and cash equivalents	\$ 752,994	\$ 13,416	\$ -	\$ 766,410
Short-term investments	4,855	865	-	5,720
Amounts receivable	185,783	559	-	186,342
Property and equipment	4,774	117,198	-	121,972
Resource properties	-	8,398,442	-	8,398,442
	948,406	8,530,480	-	9,478,886
Accounts payable and accrued liabilities	(83,904)	(36,565)	-	(120,469)
Future income tax liability	-	(846,000)	-	(846,000)
	\$ 864,502	\$ 7,647,915	\$ -	\$ 8,512,417

GoldQuest Mining Corp.*(a development stage enterprise)***Notes to the Consolidated Financial Statements****For the Nine Months Ended September 30, 2010 (unaudited)****13. SUPPLEMENTAL CASH FLOW INFORMATION**

Supplemental cash flow information for the three and nine months ended September 30, 2010 and 2009 are as follows:

	For the three months ended		For the nine months ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Stock-based compensation capitalized to resource properties	\$ -	\$ -	\$ -	\$ 6,788
Amortization of property and equipment capitalized to resources properties	\$ 2,576	\$ 17,756	\$ 11,513	\$ 53,335
Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -

14. COMMITMENTS

The Company has entered into a lease for its office premises in Vancouver. The lease is for a five year period ending May 31, 2013. The amounts due to the termination of the lease are approximately as follows:

<u>Year</u>	
2010	\$ 4,625
2011	18,500
2012	18,800
2013	3,100
	<u>\$ 45,025</u>

15. SUBSEQUENT EVENTS

- Subsequent to September 30, 2010, 175,000 options were exercised for cash proceeds of \$17,500.
- Subsequent to September 30, 2010, 623,500 warrants were exercised for cash proceeds of \$117,908.



Management's Discussion and Analysis

For the Nine Months Ended September 30, 2010

This management's discussion and analysis ("MD&A") focuses on significant factors that affected GoldQuest Mining Corp. and its subsidiaries ("GoldQuest" or the "Company") during the nine months ended September 30, 2010 and to the date of this report. The MD&A supplements, but does not form part of, the unaudited interim consolidated financial statements of the Company and the notes thereto for the nine months ended September 30, 2010. Consequently, the following discussion of performance and financial condition should be read in conjunction with the unaudited interim consolidated financial statements for the nine months ended September 30, 2010 and the notes thereto. All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information related to GoldQuest is available on SEDAR at www.sedar.com and on the Company's website at www.goldquestcorp.com.

This MD&A contains information up to and including November 26, 2010.

FORWARD-LOOKING INFORMATION

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information please refer to page 17 of this MD&A.

OVERVIEW

GoldQuest is a development stage company as defined in the Canadian Institute of Chartered Accountants ("CICA") Guideline II, with interests in exploration and development properties in the Dominican Republic and Spain. The Company operates through its wholly-owned British Virgin Islands ("BVI") subsidiaries GoldQuest Mining (BVI) Corp. ("GQC-BVI") and GoldQuest Mining (Spain) Corp. (respectively) and their wholly owned subsidiaries INEX Ingeniería y Exploración S.A. ("INEX"), in the Dominican Republic and GoldQuest Iberica S.C. (formerly known as Lundin Mining Exploration SL ("Lundin SL")), in Spain.

All of the Company's efforts are currently devoted to developing exploration properties in the Dominican Republic and Spain. There has been no determination whether the Company's interests in exploration properties contain mineral reserves which are economically recoverable.

The Company's head office is located at Suite 720, 700 West Pender Street, Vancouver, BC, Canada, V6C 1G8. The Company's registered and records office is located at Blake, Cassels & Graydon LLP, 595 Burrard Street, Vancouver, BC, Canada V7X 1L3.

The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the TSX Venture Exchange under the symbol "GQC". The Company is also listed on the Berlin and Frankfurt stock Exchanges under the symbol "M1W".

MINERAL EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

William Fisher P.Geol, a director of the Company, is the Qualified Person, as defined by National Instrument 43-101 (“NI 43-101”), who has reviewed the technical information relating to mineral projects disclosed in the Company’s MD&A.

DOMINICAN REPUBLIC

The Company holds exploration permits to 30 concessions in the Dominican Republic. These projects are grouped into the following districts:

- San Juan District, including La Escandalosa, Jengibre, El Barrero, Los Comios, Loma Viejo Pedro, and Tocon de Pino concessions.
- Las Animas District, including the Las Animas, El Toro, Santa Anna, El Tuerto, Roblito, Guazumita and La Ceniza concessions.
- Pueblo Viejo District, including the Piedra Iman and Tierra Mala concessions.
- Regional Exploration, including the El Salto, Joboban, Sueno, Los Mineros and Pino Mocho concessions.

LA ESCANDALOSA PROJECT (FORMERLY KNOWN AS LAS TRES PALMAS)

La Escandalosa Gold Project, Dominican Republic (100% owned) – is an intermediate sulphidation epithermal-style gold project, which encompasses 3,997 hectares in the province of San Juan, Dominican Republic.

In June 2010, the Company completed a 1,360 meter drill programme. On July 6, 2010, the Company announced drill results from this programme. The highlights of the drill programme were:

- 26.0 metres grading 11.4 g/t Au, including an interval of 18.0 metres at 16.3 g/t Au in drill hole LTP-39;
- 53.0 metres grading 3.0 g/t Au, including an interval of 16.0 metres at 9.4 g/t Au in hole LTP-41; and,
- 7.1 metres grading 5.9 g/t Au in hole LTP-34.

The results are from the third phase diamond drilling programme from the Escandalosa zone in which nine holes totaling 1,360 meters were drilled to test a combination of targets including lateral extensions to the known mineralization under a barren cover, carry out infill drilling, and test a large aeromagnetic anomaly. The Escandalosa zone is interpreted to be an epithermal intermediate sulphidation type system hosted in a flat-lying to shallowly dipping sequence of andesitic to rhyolitic volcanoclastic tuffs, tuff breccias, and lavas, with interbedded limestones.

The drill results from each of the holes are contained in the following table:

Table of length-weighted average grades from the La Escanalosa drill programme at a cut off of 0.1 g/t Au.

Drill Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Au (g/t) cut (20 g/t)	Ag (g/t)	Cu(%)	Zn(%)
LTP-34	61.02	68.11	7.09	5.845		4.16	0.30	1.67
LTP-35	18.00	56.00	38.00	0.837		1.83	0.08	0.11
Inc.	28.00	36.00	8.00	3.123		2.46	0.33	0.18
LTP-36	No significant values							
LTP-37	No significant values							
LTP-38	282.00	318.00	36.00	0.121		3.12	0.02	0.10
LTP-39	66.00	92.00	26.00	11.385	7.093	2.26	0.28	0.04
Inc.	68.00	86.00	18.00	16.326	10.126	2.95	0.29	0.04
	101.63	142.00	40.37	0.210		2.18	0.07	0.04
LTP-40	178.00	192.09	14.09	0.177		0.74	0.02	0.03
LTP-41	25.00	78.00	53.00	3.024		1.75	0.09	0.06
Inc.	36.00	52.00	16.00	9.389		2.05	0.18	0.11
LTP-42	35.23	58.00	22.77	1.330		2.86	0.10	0.37
Inc.	38.00	48.00	10.00	2.742		2.51	0.20	0.68

Drill hole LTP-39 was drilled north east of LTP-18 and west of LTP-26 to test the blind northern extension of the Escandalosa zone beneath a sequence of unmineralized andesitic flows and limestones which has been interpreted to form a cap to the mineralizing system. The hole returned 26.0 m grading 11.4 g/t Au from a depth of 66.0 m, including 18.0 m grading 16.3 g/t Au from a depth of 68.0 m. There is also a deeper, lower grade gold zone which returned 40.37 metres grading 0.21 g/t Au from 101.63 metres.

Mineralization in hole LTP-39 occurs as quartz sulphide veinlets, sulphide disseminations and hydrothermal breccias within a sequence of rhyodacite flows and hyaloclastite breccias. The upper contact of the mineralized zone is a fault dipping at approximately forty five degrees. The intersection is interpreted to be near to true thickness as the hole was drilled vertically and the mineralization is interpreted to occur as a relatively flat-lying, stratiform horizon however there is a broad northeast trend to the higher grade gold mineralization in a number of holes suggesting some as yet unknown element of structural control. This is the highest grade gold intersection of all three La Escanalosa drill programmes which suggests we may be closer to the centre of the mineralizing system. However no obvious source to the mineralization has yet been drilled and the controls on the system are still as yet not well understood.

The recent drilling at La Escanalosa has extended the known Escandalosa zone mineralization to the northeast and south where it still remains open in both directions. The high gold values in hole LTP-39, which was drilled to test the northeast extension of the Escandalosa zone, combined with the discovery of a mineralized zone in LTP-

38, some 430 metres to the north east, opens up the area between the two holes as a new priority target for exploration drilling which is yet untested. Mineralization at Escandalosa is interpreted to be part of a larger intermediate sulphidation replacement style system which has now been defined intermittently over a strike length of 2,100 meters.

The Escandalosa zone is located on GoldQuest's La Escandalosa exploration concession application which has an area of 3,997 hectares. Application for the new exploration concession was made to the Dominican authorities on May 14, 2010 before the previous La Escandalosa exploration concession expired on May 30, 2010 which is considered normal practice in the Dominican Republic. Drilling was completed prior to the expiry of the La Escandalosa concession.

On November 16, 2010, the Company announced an initial 43-101 compliant resource. The initial inferred resource is 4,862,835 tonnes grading 2.596 g/t gold at a nominal cut-off of 0.3 g/t of gold containing 405,924 ounces of gold (refer to table below). The project is open both to the south and to the north towards another discovery of gold mineralization by the Company at Hondo Valle, approximately 1.2 kilometres north of La Escandalosa.

Inferred mineral resources for Escandalosa Sur									
Cutoff grade Au (g/t)	Tonnes	Au (g/t)	Au (ounces)	Cu (%)	Cu (tonnes)	Zn (%)	Zn (tonnes)	Ag (g/t)	Ag (ounces)
0.3	4,862,835	2.596	405,924	0.156	7,583	0.209	10,179	2.34	366,456

The sub-horizontal deposit is approximately 600 metres along strike and 500 metres wide with the average thickness of 13.3 metres. At a 0.3 g/t Au cut-off, this included an inferred resource of 4.8 mT grading 2.596 g/t Au (405,924 oz). In November 2010, the concession containing both La Escandalosa and Hondo Valle received a 3 year exploration permit extension, which may be further extended for another 2 years, and all requisite environmental approvals are now in place for drilling to proceed. A comprehensive drill programme both to upgrade the existing resource and to test potential extensions to the north and south has been planned for the first quarter of 2011.

JENGIBRE PROJECT

Jengibre Project, Dominican Republic (100% owned) - the Jengibre concession is located in a remote area in the far western Dominican Republic approximately 30 kilometers south east of the La Escandalosa project and has been previously tested with soil sampling, channel sampling and a drilling programme that provided prospective results. Channel samples over 59.5 meters recorded an average grade of 1.58 grams per tonne gold and one drill hole intercepted 54 m grading 1.03 grams per tonne gold. During the nine months ended September 30, 2010 the Company completed detailed mapping and soil sampling in final preparation for a drill programme, which is intended to commence immediately following receipt and review by the Company of the related assay results. The Company expects the drill programme to commence in the coming fiscal year.

SPAIN

The Company completed the acquisition of the former Lundin subsidiary, Lundin Mining and Exploration, S.L. ("Lundin SL") in January 2010. Lundin SL was recently renamed GoldQuest Iberica S.L. ("Iberica").

The shares of Lundin SL were purchased for an NSR of 1.25% and Production Commencement Payment ("PCP") of \$5,000,000 payable thirty days after commencement of commercial production. Lundin holds a back-in right to acquire 51% of the Toral property following identification of not less than one million tonnes contained lead zinc metal as confirmed by an independent 43-101 resource estimate. In order to exercise the back in right, Lundin must fund 250% of the total expenditures made by the Company on the Toral property.

If Lundin exercises this right, the NSR and the PCP are no longer exigible. Lundin may acquire a further 15% of the project by funding a bankable feasibility study to bring the property to production.

TORAL PROJECT

Iberica holds the exploration permit for the Toral Project, a highly prospective mineralized area in a mining and investment friendly region. The Toral Project has the potential to become a significant long lived asset. The mineralization is contained within a steeply dipping, sheet-like structure that includes silver and coarse-grained zinc-lead sulphides.

The Toral Project area was originally investigated by Peñarroya-España and Associates from 1975 to 1985 and included over 42,000 metres of diamond drilling. These drill holes reportedly delineated a zone of mineralization that is 1,100 metres in length by about 3.7 metres wide and over 400 metres high. This block is a continuous, sub-vertical, tabular zone of coarse-grained lead-zinc-silver sulphide mineralization that is still open along strike and down dip.

GoldQuest has commissioned Micon International to perform an NI 43-101 resource calculation using data from the extensive prior work. Due to the availability of both drill core and assay data from the previous Peñarroya-España and Lundin drill programmes, the Company believes no confirmation drilling will be required.

The Company has also commissioned a small, confirmation soil sampling programme that is currently underway with expected completion by the end of this fiscal year.

The Toral Project permit was recently renewed for a further three year period.

LAGO PROJECT

In addition to the acquisition of the Toral Project and as part of the same transaction, GoldQuest acquired a second polymetallic project also located in northwest Spain. Further details of this second project will be announced after full title has been received from the Spanish authorities.

The Company continues to prioritize, critically review and explore its portfolio of gold, copper, and lead/zinc targets located both in the Dominican Republic and in Spain as well as to seek suitable other targets in the areas where the Company is already operating.

RESULTS FROM OPERATIONS

Selected Information

	For the nine months ended		
	September 30, 2010	September 30, 2009	September 30, 2008
Operating expenses	\$ (700,995)	\$ (718,715)	\$ (599,002)
Interest and miscellaneous income	3,086	9,332	51,366
Net loss	(660,569)	(709,383)	(533,169)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)

<i>As at:</i>	September 30, 2010	December 31, 2009	December 31, 2008
Working capital	\$ 2,150,618	\$ 838,003	\$ 1,710,700
Total assets	11,414,704	9,478,886	8,980,642
Total liabilities	903,176	966,469	1,160,021
Share capital	13,604,102	11,843,445	10,596,445
Deficit	10,903,262	10,242,693	9,266,438

Three Months Ended September 30, 2010 compared with the Three Months Ended September 30, 2009

The Company incurred a net loss of \$368,640 for the three months ended September 30, 2010 representing an increase of \$110,309 when compared with \$258,331 for the three months ended September 30, 2009. This increase was primarily the result of the increase in general and administrative expenses and stock-based compensation expense which was partially offset by the decrease in foreign exchange loss.

General and administrative expenses increased by \$131,029, to \$252,181 for the three months ended September 30, 2010, from \$121,152 for the three months ended September 30, 2009. This increase was primarily the results of the acquisition of Lundin Mining SL, the payment of directors' fees (which were not paid in 2009 due to economic conditions) and the Company's drill programme at the La Escandalosa project.

Stock-based compensation expense was \$98,010 for the three months ended September 30, 2010 versus \$51,914 for the three months ended September 30, 2009. This increase in stock-based compensation expense for the three months ended September 30, 2010 resulted from options vesting during the period and a corresponding recognition of expense in the current period.

Foreign exchange loss decreased by \$26,740, to \$57,929 for the three months ended September 30, 2010, from \$84,669 for the three months ended September 30, 2009, due to fluctuations in the foreign currency exchange rates between Canada, the Dominican Republic and Spain.

Nine Months Ended September 30, 2010 compared with the Nine Months Ended September 30, 2009

The Company incurred a net loss of \$660,569 for the nine months ended September 30, 2010 representing a decrease of \$48,814 when compared with \$709,383 for the nine months ended September 30, 2009. This decrease was primarily the result of the decrease in stock-based compensation expense and foreign exchange loss which was partially offset by an increase in general and administrative expenses.

GoldQuest Mining Corp. – MD&A For The Nine Months Ended September 30, 2010

Stock-based compensation expense was \$222,907 for the nine months ended September 30, 2010 versus \$292,193 for the nine months ended September 30, 2009. This decrease in stock-based compensation expense for the nine months ended September 30, 2010 resulted from options vesting during the period and a corresponding recognition of expense in the current period.

Foreign exchange gain increased by \$39,777, to \$13,308 for the nine months ended September 30, 2010, from a foreign exchange loss of \$26,469 for the nine months ended September 30, 2009, due to fluctuations in the foreign currency exchange rates between Canada, the Dominican Republic and Spain.

General and administrative expenses increased by \$93,518, to \$489,794 for the nine months ended September 30, 2010, from \$396,276 for the nine months ended September 30, 2009. This increase was primarily the results of the acquisition of Lundin Mining S.L., the payment of directors' fees (which were not paid in 2009 due to economic conditions), the Company's drill programme at the La Escandalosa project and the increase in activities relating to the private placement financing completed during the nine months ended September 30, 2010.

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009
Interest income	\$ 2,457	\$ 439	\$ 190	\$ 868
Net income (loss)	(368,640)	(134,057)	(157,872)	(266,872)
Basic and diluted loss per share	-	(0.002)	(0.005)	(0.004)

	Three months ended			
	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008
Interest income	\$ 202	\$ 7,620	\$ 1,511	\$ 9,643
Net loss	(258,331)	(230,930)	(220,122)	(1,345,374)
Basic and diluted loss per share	(0.004)	(0.004)	(0.004)	(0.021)

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2010, the Company had working capital of \$2,150,618 (December 31, 2009 – \$838,003), including cash and cash equivalents of \$2,070,622 (December 31, 2009 – \$766,410).

The Company expects to obtain financing in the future primarily through further equity financings. At present, the Company has no operations that generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits, raise required funding through future equity issuances, asset sales or a combination thereof. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

The Company relies on equity financings and the exercise of options and warrants to fund its exploration activities and its corporate and overhead expenses. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the

GoldQuest Mining Corp. – MD&A For The Nine Months Ended September 30, 2010

experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities.

The Company's operations to date have been financed by issuing common shares. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable. To date, the Company has not used debt or other means of financing to further its exploration programmes, and the Company has no plans to use debt financing at the present time.

Based on the cash position on hand as at the date of this MD&A and expected cash flow requirements of the Company for the fiscal 2010 and 2011, management believes the Company is sufficiently capitalized to fund its ongoing operational needs for 2010 and 2011.

OUTSTANDING SHARE DATA

As at September 30, 2010, the Company had 91,758,851 common shares issued and outstanding. As at the date of this MD&A, the total number of shares issued and outstanding was 92,577,351.

In addition, the Company had the following warrants and stock options outstanding at the date of this MD&A:

Warrants:

<u>Expiry Date</u>	<u>Warrants Outstanding</u>	<u>Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (in Years)</u>
March 31, 2012	3,502,500	\$ 0.200	1.35
March 31, 2012	572,500	\$ 0.145	1.35
April 8, 2012	3,122,400	\$ 0.200	1.37
April 8, 2012	514,000	\$ 0.145	1.37
April 26, 2012	3,625,500	\$ 0.200	1.42
April 26, 2012	705,100	\$ 0.145	1.42
	12,042,000		1.38

Options:

<u>Expiry Date</u>	<u>Options Outstanding</u>	<u>Options Exercisable</u>	<u>Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (in Years)</u>
March 4, 2011	75,000	75,000	\$ 0.25	0.27
May 8, 2012	1,125,000	1,125,000	\$ 0.40	1.45
June 10, 2013	2,120,000	2,120,000	\$ 0.40	2.54
April 1, 2014	1,062,500	437,500	\$ 0.10	3.35
July 2, 2014	300,000	200,000	\$ 0.10	3.60
June 1, 2015	900,000	-	\$ 0.14	4.52
July 16, 2015	1,550,000	37,500	\$ 0.14	4.64
September 24, 2015	300,000	-	\$ 0.15	4.83
	7,432,500	3,995,000		3.27

Financing activities during the nine months ended September 30, 2010:

- On April 1, 2010, the Company completed a private placement and issued 7,605,000 units at \$0.125 per unit. Each unit consists of one common share of the Company and one half share purchase warrant entitling the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of two years.

For accounting purposes, the Company calculated the fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, which totaled \$187,171, and recorded these values as contributed surplus. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of \$763,454 was recorded as common shares.

In connection with the private placement, the Company paid cash commissions of \$57,400 and issued 656,000 agents and finder's warrants entitle the warrant holders to purchase one common share of the Company at a price of \$0.145 per share, on or before March 31, 2012. The Company calculated the fair value of agents and finder's warrants using the Black-Scholes options pricing model, which totaled \$47,768, and recorded these values as share issuance costs.

- On April 9, 2010, the Company completed a private placement and issued 6,644,800 units at \$0.125 per unit. Each unit consists of one common share of the Company and one half share purchase warrant entitling the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of two years.

For accounting purposes, the Company calculated the fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, which totaled \$167,867, and recorded these values as contributed surplus. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of \$662,733 was recorded as common shares.

In connection with the private placement, the Company paid cash commissions of \$48,475 and issued 554,000 agents and finder's warrants entitle the warrant holders to purchase one common share of the Company at a price of \$0.145 per share, on or before April 9, 2012. The Company calculated the fair value of agents and finder's warrants using the Black-Scholes options pricing model, which totaled \$44,675, and recorded these values as share issuance costs.

- On April 27, 2010, the Company completed a private placement and issued 7,251,500 units at \$0.125 per unit. Each unit consists of one common share of the Company and one half share purchase warrant entitling the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of two years.

For accounting purposes, the Company calculated the fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, which totaled \$182,800, and recorded these values as contributed surplus. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of \$723,575 was recorded as common shares.

In connection with the private placement, the Company paid cash commissions of \$62,696 and issued 705,100 agents and finder's warrants entitle the warrant holders to purchase one common share of the Company at a price of \$0.145 per share, on or before April 26, 2012. The Company calculated the fair value of agents and finder's warrants using the Black-Scholes options pricing model, which totaled \$56,749, and recorded these values as share issuance costs.

- In addition to the above noted cash commissions paid on each of the private placements, the Company incurred an additional \$93,560 in share issuance costs.
- During the nine months September 30, 2010, 112,500 options were exercised for proceeds of \$11,250.

Financing activities subsequent to September 30, 2010:

- Subsequent to September 30, 2010, 175,000 options were exercised for cash proceeds of \$17,500.
- Subsequent to September 30, 2010, 623,500 warrants were exercised for cash proceeds of \$117,908.

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2010, the Company paid fees of \$200,145 (2009 - \$177,784) to officers or companies owned by officers and a director of the Company. The balance in accounts payable and accrued liabilities as at September 30, 2010 was \$nil (December 31, 2009 - \$nil) to these related parties.

The foregoing related party transactions are recorded at the exchange amount, which is the amount of consideration paid or received as established and agreed to between the parties. The exchange amount was negotiated and established and agreed to by the related parties.

CONTRACTUAL OBLIGATIONS

The Company has entered into a lease for its office premises in Vancouver. The lease is for a five year period ending May 31, 2013. The amounts due to the termination of the lease are approximately as follows:

Year		
2010	\$	4,625
2011		18,500
2012		18,800
2013		3,100
	\$	45,025

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, deposits and accounts payable and accrued liabilities. The carrying values of cash and cash equivalents, amounts receivable, deposits, and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

The Company is exposed to credit risk with respect to its cash and cash equivalents. Cash and cash equivalents have been placed on deposit with a major Canadian, Dominican Republic and Spanish financial institutions. Credit risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing term deposits held at a major Canadian financial institution.

The Company's cash and cash equivalents include term deposits. The Company is not exposed to significant interest rate risk due to the short-term maturity of these monetary assets given fluctuations in market rates do not have a significant impact on estimated fair values at September 30, 2010. Future cash flows from interest on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by investing in highly liquid investments with maturities of three months or less.

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

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 or currency risk. The Company is not exposed to significant other price risk.

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. The Company's expected source of cash flow in the upcoming year will be through equity financings. The Company maintained sufficient cash and cash equivalents at September 30, 2010 in the amount of \$2,070,622, in order to meet short-term business requirements. At September 30, 2010, the Company had accounts payable and accrued liabilities of \$57,176, which will be repaid within three months.

OUTLOOK

The Company believes that there is exploration potential for the discovery of additional mineralization in structural feeder zones or possibly related to porphyry copper-gold type mineralization. The La Escandalosa property contains stratiform gold mineralization with copper, silver and zinc of intermediate sulfidation epithermal style. Alteration and mineralization has been traced for 2,200 metres from Hondo Valle to La Hilguera.

RISKS AND UNCERTAINTIES

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

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

1. Going Concern

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

GoldQuest has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to other companies in the same business, including under-

capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenues.

The Company plans to obtain financing in the future primarily through further equity financing, as well as through joint venturing and/or optioning out the Company's properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its mineral properties.

Management has initiated a strict cost control program to effectively control expenditures. In spite of these cost control measures, it is expected that the current cash position will be sufficient to fund the Company's needs for the 2010 and 2011 fiscal year. Management will review several funding options including equity financing and seeking joint venture partners to further its mineral property interests at the appropriate time. While the Company has been successful in raising funds in the past, there are no assurances that additional funding and/or suitable joint venture agreements will be obtained.

2. Exploration and Mining Risks

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

3. Development Risks

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

4. Loss of Interest in and Value of Properties

The Company's ability to maintain its interests in its mineral properties and to fund ongoing exploration costs will be entirely dependent on its ability to raise additional funds by equity financings. If the Company is unable to raise such funds it may suffer dilution or loss of its interest in its mineral properties. The amounts attributed to the

Company's interests in mineral properties in its financial statements represent acquisition and exploration costs, and should not be taken to reflect realizable value.

5. Financing Risks

The Company has no history of earnings and no source of operating cash flow and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its equity shares. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its property, there is no assurance that any such funds will be available. If available, future equity financings may result in substantial dilution to purchasers under the Offering. At present it is impossible to determine what amounts of additional funds, if any, may be required.

6. Metal Prices

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

7. Uninsurable Risks

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

8. Environmental and Other Regulatory Requirements

Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit the mining properties is subject to various reporting requirements and to obtaining certain government approvals and there is no assurance that such approvals, including environmental approvals, will be obtained without inordinate delay or at all.

9. No Assurance of Titles, Boundaries or Surface Rights

The Company has investigated rights of ownership of all of the mineral properties in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, all properties may be subject to prior claims or agreement transfers, and rights of ownership may be affected by undetected defects. While to the best of the Company's knowledge, title to all properties in which it has the right to acquire an interest is in good standing, this should not be construed as a guarantee of title. Other parties may dispute title to the mining properties in which the Company has the right to acquire an interest. The properties

may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects or the statutes referred to above.

10. Permits and Licenses

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

11. Inability to Meet Cost Contribution Requirements

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and the Company may as a result, be subject to loss of its rights to acquire interests in the properties subject to such agreements.

12. Reliance on Key Personnel

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

CONFLICTS OF INTEREST

GoldQuest's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which GoldQuest may participate, the directors and officers of GoldQuest may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, GoldQuest will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of GoldQuest's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of GoldQuest are required to act honestly, in good faith, and in the best interest of GoldQuest.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning GoldQuest's resource property costs is provided in the Company's annual consolidated financial statements and in Note 9 of the unaudited interim consolidated financial statements for the nine months ended September 30, 2010 that is available on GoldQuest's website at www.goldquestcorp.com or on SEDAR at www.sedar.com.

CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS

Future Changes in Accounting Policies

i) **International Financial Reporting Standards (“IFRS”)**

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian Generally Accepted Accounting Principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own Generally Accepted Accounting Principles.

Effective January 1, 2011, the Company will require the restatement of amounts reported to IFRS for the year ending December 31, 2009 for comparative purposes. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency and certain contractual arrangements and compensation arrangements.

During the 2010 fiscal year, the Company focused on the scoping and planning phase of its changeover plan. The Company has designated the appropriate resources to the project to develop an effective plan and will continue to assess resource and training requirements as the project progresses. In order to prepare for the changeover to IFRS, the Company will develop an IFRS conversion plan comprised of three phases:

PRELIMINARY PLANNING AND SCOPING PHASE:

DESCRIPTION AND STATUS: The IFRS conversion plan will include consideration of the impacts of IFRS on the Company's financial statements, internal control over financial reporting, information systems and business activities such as foreign operations, if any, compensation metrics, and personnel and training requirements. Based on Management's preliminary review of IFRS and current Company processes, minimal impact is expected on information systems and compensation metrics.

DETAILED IMPACT ASSESSMENT PHASE:

DESCRIPTION AND STATUS: This phase involves a detailed review of IFRS relevant to the Company and identification of all differences between existing Canadian GAAP and IFRS that may or will result in accounting and/or disclosure differences in the Company's financial statements, along with quantification of impact on key line items and disclosures. This phase includes the identification, evaluation and selection of accounting policies necessary for the Company's conversion to IFRS and an evaluation of the impact on outstanding operational elements such as debt covenants and budgeting. The Company expects to complete this phase by the end of 2010.

IMPLEMENTATION PHASE:

DESCRIPTION AND STATUS: This phase will embed the required changes for conversion to IFRS into the underlying financial close and reporting process and business processes. This will include finalization and approval of accounting policy changes, collection of financial information necessary to prepare IFRS compliant financial statements, implementation of additional internal controls, and preparation and approval of completed IFRS financial statements. The IFRS changeover is expected to impact the presentation and/or valuations of balances and transactions in the Company's quarterly and annual consolidated financial statements and related notes effective January 1, 2011; however continued progress on the IFRS conversion plan will be necessary before the Company is able to describe or quantify those effects.

The scoping and planning phase involves establishing a project management team, mobilizing organizational support for the conversion plan, obtaining stakeholder support for the project, identifying major areas affected and developing an implementation plan. The Company will continue to monitor changes in IFRS throughout the duration of the implementation process and assess their impacts on the Company and its reporting.

ii) Business Combinations

In January 2009, the CICA issued CICA Handbook Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests. These sections replace the former CICA Handbook Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

APPROVAL

The Board of Directors of GoldQuest Mining Corp. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

FORWARD-LOOKING INFORMATION

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual

results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.