

**GOLDQUEST MINING CORP.**  
*(A Development Stage Company)*

**UNAUDITED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009 and 2008**

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

The Company's independent auditor has not performed a review of the financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

**GOLDQUEST MINING CORP.**  
**(A DEVELOPMENT STAGE COMPANY)**

**UNAUDITED INTERIM CONSOLIDATED**  
**BALANCE SHEETS AS AT**  
**SEPTEMBER 30**

	<b>September 30, 2009</b>	December 31, 2008	December 31, 2008
	<b>CAD \$'s</b>	CAD \$'s	US \$'s
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	<b>1,018,137</b>	1,744,175	1,427,258
Amounts receivable	<b>16,720</b>	22,484	18,399
Prepaid expenses and deposits	<b>138,341</b>	101,985	83,455
<b>Total Current Assets</b>	<b>1,173,198</b>	1,868,644	1,529,112
Equipment (Note 7)	<b>143,625</b>	200,736	164,262
Mineral exploration properties and deferred exploration expenditures (Note 8)	<b>7,194,288</b>	6,911,262	5,655,486
<b>TOTAL ASSETS</b>	<b>8,511,111</b>	8,980,642	7,348,860
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	<b>98,811</b>	157,944	129,246
Future income tax liability	<b>1,002,077</b>	1,002,077	820,000
<b>TOTAL LIABILITIES</b>	<b>1,100,888</b>	1,160,021	949,246
<b>SHAREHOLDERS' EQUITY</b>			
Common shares (Note 9(a))	<b>10,596,445</b>	10,596,445	9,104,970
Currency Translation Adjustment (Note 2)	<b>269,446</b>	269,442	-
Warrants - (Note 9(b))	<b>-</b>	230,031	224,533
Contributed surplus (Note 9(d))	<b>6,520,153</b>	5,991,141	4,602,799
Deficit	<b>(9,975,821)</b>	(9,266,438)	(7,532,688)
<b>TOTAL EQUITY</b>	<b>7,410,224</b>	7,820,621	6,399,614
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>8,511,111</b>	8,980,642	7,348,860

Approved on behalf of the Board,  
Signed "Neil MacDonald"

Chairman, Director

Signed "Anthony Warrender"

Audit Committee Chairman, Director

**GOLDQUEST MINING CORP.**  
**(A DEVELOPMENT STAGE COMPANY)**

**UNAUDITED INTERIM CONSOLIDATED  
STATEMENTS OF OPERATIONS AND DEFICIT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2009**

	3 Months Ended September 30		9 Months Ended September 30	
	2009 \$'s	2008 \$'s	2009 \$'s	2008 \$'s
<b>Revenue</b>				
Interest	<b>202</b>	9,014	<b>9,332</b>	52,679
<b>Expenses</b>				
General and administrative	<b>121,152</b>	192,404	<b>396,276</b>	522,223
Stock based compensation	<b>51,914</b>	115,080	<b>292,193</b>	181,121
Foreign exchange (gain)/loss	<b>84,669</b>	(182,734)	<b>26,469</b>	(111,594)
Amortization	<b>798</b>	3,316	<b>3,777</b>	7,252
	<b>258,533</b>	128,066	<b>718,715</b>	599,002
Net loss for the period	<b>258,331</b>	119,050	<b>709,383</b>	546,323
Deficit, beginning of period	<b>9,717,490</b>	7,815,167	<b>9,266,438</b>	7,387,896
Deficit, end of period	<b>9,975,821</b>	7,934,219	<b>9,975,821</b>	7,934,219
Basic and diluted net loss per share	<b>0.004</b>	0.002	<b>0.012</b>	0.009
Weighted average number of shares outstanding	<b>61,545,551</b>	61,545,551	<b>61,545,551</b>	61,172,298

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

**GOLDQUEST MINING CORP.**  
**(A DEVELOPMENT STAGE COMPANY)**

**UNAUDITED INTERIM CONSOLIDATED  
STATEMENTS OF CASH FLOWS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009**

	3 Months Ended September 30		9 Months Ended September 30	
	2009 \$'s	2008 \$'s	2009 \$'s	2008 \$'s
<b>Operating Activities</b>				
Net loss for the period	(258,331)	(119,050)	(709,383)	(546,322)
Operating items not involving cash				
Stock based compensation	51,914	143,211	292,193	209,252
Amortization	798	3,316	3,777	7,252
Un-realised foreign exchange gain/(loss)	-	(122,386)	-	(122,386)
Net changes in non-cash working capital balances				
Amounts receivable	(1,320)	573	5,764	(6,083)
Prepaid expenses and deposits	(12,671)	9,333	(36,357)	(8,092)
Amounts payable	17,413	273,381	(59,131)	472,135
Cash used in operating activities	(202,197)	188,378	(503,137)	5,756
<b>Investing Activities</b>				
Additions to mineral properties	(23,800)	(721,239)	(222,903)	(1,273,065)
Additions to equipment	-	-	-	(30,911)
Cash flows from investing activities	(23,800)	(721,239)	(222,903)	(1,303,976)
<b>Financing Activities</b>				
Exercise of warrants	-	-	-	468,000
Exercise of options	-	-	-	101,500
Cash flows from financing activities	-	-	-	569,500
Foreign exchange effect on cash	-	122,386	-	122,386
Effect on cash from Currency Translation Adjustment	-	121,652	-	(75,458)
Net increases (decrease) in cash and cash equivalents	(225,997)	(288,823)	(726,040)	(681,792)
<b>Cash and cash equivalents, beginning of period</b>	<b>1,244,134</b>	<b>3,248,312</b>	<b>1,744,177</b>	<b>3,641,281</b>
<b>Cash and cash equivalents, end of period</b>	<b>1,018,137</b>	<b>2,959,489</b>	<b>1,018,137</b>	<b>2,959,489</b>

**Cash and cash equivalents are composed of the following:**

Cash	118,137	2,583,284
Cash equivalents	900,000	376,205
	<b>1,018,137</b>	<b>2,959,489</b>

**Supplemental Information**

Interest Paid	-	-
Taxes Paid	-	-
Amortization included in deferred exploration	53,336	-
Stock based compensation included in deferred exploration	6,788	-

*(The accompanying notes are an integral part of these unaudited consolidated financial statements)*

## **1. NATURE OF OPERATIONS AND GOING CONCERN AND BASIS OF PRESENTATION**

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 Exploration and Discovery Latin America (Panama) Inc. ("EDLA"). 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 and non-compliance with regulatory requirements.

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles in Canada ("GAAP") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

The Company has a need for equity capital and financing in order to explore and develop its properties and for working capital requirements. Because of limited working capital and continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations, however, there is no assurance that these funds will be available on terms acceptable to the Company or at all.

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements. They do not include all disclosures as required by GAAP for annual financial statements and consequently should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008. These interim financial statements have been prepared using the same accounting policies and their method of application as the annual financial statements for the year ended December 31, 2008 unless otherwise noted.

In the opinion of management all adjustments (consisting primarily of normal recurring adjustments) considered necessary for fair presentation of the financial position, results of operations and cash flows as at September 30, 2009 and for the periods presented, have been included in these statements.

## **2. CHANGES IN ACCOUNTING POLICIES**

### **REPORTING CURRENCY**

Effective January 1, 2009, the Company changed its reporting currency from United States (“US”) dollars to Canadian dollars in order to provide more meaningful information to its financial statement users. The Company’s functional currency also changed from US dollars to Canadian dollars as the majority of the Company’s operating, investing and financing activities are now conducted in Canadian dollars. To effect this conversion, the comparative figures in the consolidated financial statements have been translated into Canadian dollars using the current rate method. Using this method, assets and liabilities are translated using the period end rate of exchange, and revenue and expenses are translated using the average rate of exchange for the period. The related foreign exchange gains and losses arising on this translation are included in shareholders’ equity as Currency Translation Adjustment.

### **MINING EXPLORATION COSTS**

On March 27, 2009, the AcSB issued EIC-174 “Mining Exploration Costs”. In this EIC the Committee provided additional guidance for an enterprise that has initially capitalized exploration costs and has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The EIC should be applied to financial statements issued after March 27, 2009. The Company has adopted EIC-174 in these consolidated financial statements.

### **CAPITAL DISCLOSURES**

CICA Section 1535 specifies the disclosure of (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new section in Note 4 to these consolidated financial statements.

### **FINANCIAL INSTRUMENTS - DISCLOSURES AND PRESENTATION**

CICA Sections 3862 and 3863 replace Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new section in Note 6 to these consolidated financial statements.

## **3. NEW ACCOUNTING PRONOUNCEMENTS**

### **INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)**

In January 2006, the Canadian Accounting Standards Board (“AcSB”) announced its decision to replace Canadian GAAP with IFRS. On February 13, 2008 the AcSB confirmed January 1, 2011 as the mandatory changeover date to IFRS for all Canadian publicly accountable enterprises. This means that the Company will be required to prepare IFRS financial statements for the interim periods and fiscal year ends beginning in 2011. The Company is creating an implementation team, which will consist of internal resources and external consultants. A changeover plan is being established to convert to the new standards within the allotted timeline.

### **3. NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

#### **SECTION 1582 - BUSINESS COMBINATIONS**

CICA Handbook Section 1582 "Business Combinations", replaces Section 1581 - "Business Combinations" and provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3 - Business Combinations. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be re-measured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Company expects to adopt this standard on January 1, 2011.

#### **SECTION 1601 - CONSOLIDATIONS AND SECTION 1602 - NON-CONTROLLING INTERESTS**

CICA Handbook Sections 1601 "Consolidations" and Section 1602 "Non-Controlling Interests" replace Section 1600 "Consolidated Financial Statements". Section 1602 provides the Canadian equivalent to International Accounting Standard 27 - "Consolidated and Separate Financial Statements", for non-controlling interests. The Company expects to adopt this standard on January 1, 2011.

#### **EIC 173 - CREDIT RISK AND THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company is continually evaluating its counterparties and their credit risks.

### **4. CAPITAL MANAGEMENT**

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Company's capital consists of common shares and contributed surplus. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out planned exploration, and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2009.

## 5. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### A) CREDIT RISK

The Company's credit risk is primarily attributable to cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of guaranteed investment certificates and bankers acceptances, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist primarily of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to these financial instruments is remote.

### B) LIQUIDITY RISK

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2009, the Company had a cash and cash equivalents balance of \$1,018,137 (2008 - \$2,959,469) to settle current liabilities of \$98,811 (2008 - \$764,102).

### C) INTEREST RATE RISK

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

### D) FOREIGN CURRENCY RISK

The Company is primarily exposed to currency fluctuations relative to the US dollar on expenditures that are denominated in Canadian dollars (CAD\$) and Dominican Republic Pesos (RD\$). These potential currency fluctuations could have a significant impact on exploration and operating costs. The Company is also exposed to the impact of currency fluctuations on its monetary assets and liabilities. The Company does not actively manage this exposure.

The exposure of the Company's financial assets and liabilities to currency risk as at September 30, 2009 are as follows (all amounts converted to CAD \$'s):

	US Dollar	Canadian Dollar	RD Peso	Total
<b>Financial Assets</b>				
Cash and cash equivalents	80,654	897,176	40,305	1,018,137
Amounts receivable	-	5,944	10,776	16,720
	80,654	903,120	51,081	1,034,855
<b>Financial Liabilities</b>				
Accounts payable and accrued liabilities	-	94,835	3,976	98,811

## **5. FINANCIAL RISK FACTORS (Continued)**

### **e) Price risk**

The Company is exposed to price risk with respect to commodity prices, specifically precious and non-precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future mining operations will be significantly affected by changes in the market prices for metals, which fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for metals, the level of interest rates, the rate of inflation, investment decisions by large holders of metals including governmental reserves and stability of exchange rates can all cause significant fluctuations in metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

## **6. FINANCIAL INSTRUMENTS**

### **a) Fair Value**

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet dates, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities on the consolidated balance sheets approximate fair value because of the limited term of these instruments.

### **b) Sensitivity Analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a nine-month period: Financial instruments include amounts held in currencies other than the CAD dollar. A 10% change in foreign exchange rates between the CAD dollars and these foreign currencies would affect net loss by approximately \$9,000 based on the foreign currency balances at September 30, 2009.

**7. EQUIPMENT**

The following tables summarize costs of Equipment in Canadian currency for the nine months ended September 30, 2009 together with results for the year ended December 31, 2008 in both CAD \$'s and US \$'s.

September 30, 2009			
	Cost CAD \$'s	Accumulated Amortization CAD \$'s	Net CAD \$'s
Equipment located in Canada:			
Office Furniture	5,949	2,479	3,470
Computer Equipment	25,907	25,258	649
Field Equipment	1,990	1,606	384
Equipment located in the Dominican Republic	379,643	240,521	139,122
	413,489	269,864	143,625

December 31, 2008			
	Cost CAD \$'s	Accumulated Amortization CAD \$'s	Net CAD \$'s
Equipment located in Canada:			
Office Furniture	5,949	1,588	4,361
Computer Equipment	25,908	22,869	3,039
Field Equipment	1,988	1,110	878
Equipment located in the Dominican Republic	379,644	187,186	192,458
	413,489	212,752	200,736

December 31, 2008			
	Cost US \$'s	Accumulated Amortization US \$'s	Net US \$'s
Equipment located in Canada:			
Office Furniture	4,868	1,299	3,569
Computer Equipment	21,200	18,714	2,486
Field Equipment	1,627	908	719
Equipment located in the Dominican Republic	310,662	153,174	157,488
	338,357	174,095	164,262

**8. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES**

The following tables summarize costs of exploration properties and deferred exploration expenditures in Canadian currency for the nine months ended September 30, 2009 together with results for the year ended December 31, 2008 in both CAD \$'s and US \$'s.

	Balance December 31, 2008 CAD \$'s	Additions CAD \$'s	GFL Contributions CAD \$'s	Write-off's CAD \$'s	Balance September 30, 2009 CAD \$'s
Gold Fields (a)	1,696,121	127,316	(75,065)	–	<b>1,748,372</b>
Other (a)	4,213,064	230,775	–	–	<b>4,443,839</b>
Future Income Tax Effect	1,002,077	–	–	–	<b>1,002,077</b>
<b>Total Exploration Properties and Deferred Exploration Expenditures</b>	<b>6,911,262</b>	<b>358,091</b>	<b>(75,065)</b>	<b>–</b>	<b>7,194,288</b>

	Balance December 31, 2007 CAD \$'s	Additions CAD \$'s	GFL Contributions CAD \$'s	Write-off's CAD \$'s	Balance December 31, 2008 CAD \$'s
Gold Fields (a)	2,424,568	1,246,916	(1,373,529)	(601,834)	<b>1,696,121</b>
Other (a)	2,263,988	1,949,076	–	–	<b>4,213,064</b>
Future Income Tax Effect	898,937	330,689	–	(227,549)	<b>1,002,077</b>
<b>Total Exploration Properties and Deferred Exploration Expenditures</b>	<b>5,587,493</b>	<b>3,526,681</b>	<b>(1,373,529)</b>	<b>(829,383)</b>	<b>6,911,262</b>

	Balance December 31, 2007 US \$'s	Additions US \$'s	GFL Contributions US \$'s	Write-off's US \$'s	Balance December 31, 2008 US \$'s
Gold Fields (a)	1,984,024	1,020,352	(1,123,959)	(492,481)	<b>1,387,936</b>
Other (a)	1,852,621	1,594,929	–	–	<b>3,447,550</b>
Future Income Tax Effect	735,600	270,603	–	(186,203)	<b>820,000</b>
<b>Total Exploration Properties and Deferred Exploration Expenditures</b>	<b>4,572,245</b>	<b>2,885,884</b>	<b>(1,123,959)</b>	<b>(678,684)</b>	<b>5,655,486</b>

## **8. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)**

### **a) Gold Fields**

On January 31, 2006 the Company entered into a Joint-Venture Letter of Intent (“LOI”) with Gold Fields Exploration Inc. (“Gold Fields”) to explore certain project areas owned by the Company located in the Dominican Republic. The LOI superseded all prior agreements with Gold Fields, and its terms were formalized in a mining venture agreement (the “Agreement”) which was signed in March 2007 with an effective date of January 31, 2006.

Under the terms of the Agreement, Gold Fields had the right to earn an initial 60% interest in selected properties held by the Company in the Dominican Republic, which are not restricted by existing third party agreements, by spending \$5,000,000 on exploration over 3 years including a minimum of \$1,000,000 in the first year (completed). In addition, Gold Fields paid the Company a 7% operating fee on all project costs from the commencement of the LOI until May 31, 2007, at which time Gold Fields assumed direct project management.

On November 26, 2008, Gold Fields advised that they had completed their \$5,000,000 expenditure requirement. The Company has received verification of this and accepted that Gold Fields held a 60% interest in these projects.

The Energold properties described in Note 8(b) are included in the projects in which Gold Fields earned an interest.

The Celestina, Las Animas, Las Animas II, El Toro, Santa Ana and El Tuerto projects are excluded from the Gold Fields agreement and are owned 100% by the Company. Gold Fields retained a right of first offer on these properties. These properties are described as “Other” in the table above.

On August 5, 2009, the Company entered into a purchase agreement with Gold Fields Dominican Republic BVI Limited to regain full ownership of its gold-focused portfolio in the Dominican Republic, thereby terminating the Agreement with Gold Fields. As consideration for Gold Fields’ 60% interest in the joint venture projects and subject to regulatory approval, GoldQuest has agreed to issue Gold Fields 8.6 million GoldQuest common shares and grant a 1.25% royalty on the net smelter returns on the claims being purchased by the Company. The Purchase Agreement also terminates Gold Fields’ right of first refusal on the Company’s projects excluded from the joint venture. See also Note 12.

### **b) Eastern Dominican Republic - Energold**

In January 2002 the Company entered into an agreement with Energold in which the Company has earned a 51% interest in Energold’s Bacco y Ofir and Josefina properties.

The above properties are subject to a 1% total net smelter return royalty payable to Canyon and Battle Mountain up to an aggregate maximum royalty of \$1,000,000.

See also Note 8(a).

## **9. SHARE CAPITAL**

### **a. COMMON SHARES**

Authorized:

An unlimited number of common shares

Issued:

61,545,551 common shares

Transactions during the year are as follows:

	Number of Shares	Amount CAD \$'s
Balance, December 31, 2008	61,545,551	10,596,445
Shares issued and held pending completion of transaction (i)	5,000,000	450,000
Shares returned to treasury August 4, 2009 (i)	(5,000,000)	(450,000)
<b>September 30, 2009</b>	<b>61,545,551</b>	<b>10,596,445</b>

- (i) Further to the Company's news release of March 30, 2009 regarding the acquisition of 100% of the shares of Lundin Mining Exploration S.L. ("Lundin SL"), the TSX-V granted approval on April 7, 2009 for the issuance of 5,000,000 shares of the Company (the "Shares") as consideration for the acquisition. Upon receipt of TSX-V approval and in anticipation of closing the acquisition, the Company proceeded to issue the Shares. As certain conditions precedent to the completion of the acquisition have not yet been completed, closing of the acquisition has been delayed. Accordingly, the Shares were returned to treasury on August 4, 2009 and will be re-issued concurrently with the closing of the transaction. The Company anticipates that the conditions precedent to the completion of the acquisition will be fulfilled. Upon such conditions being satisfied, the Company will proceed to complete the acquisition of the shares of Lundin SL.

**9. SHARE CAPITAL (Continued)**

**b. WARRANTS**

	Warrants	Weighted- average exercise price	Estimated Grant Date Fair Value	Estimated Grant Date Fair Value
	#	CAD\$	CAD \$	US \$'s
<b>Balance, December 31, 2008</b>	<b>1,987,074</b>	<b>0.40</b>	<b>230,031</b>	<b>224,533</b>
Expired	(1,987,074)	0.40	(230,031)	(224,533)
<b>Balance, September 30, 2009</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>

As at September 30, 2009 the Company had no share purchase warrants outstanding.

**c. STOCK OPTIONS**

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors and employees of the Company as well as persons providing ongoing services to the Company. The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed ten percent of the total number of common shares outstanding immediately prior to such an issuance. The exercise price of options equals the market price of the Company's stock on the date of grant. Under the plan, the Board of Directors has the choice of either vesting or allowing options issued to be exercisable upon issuance. Options are normally issued for a five-year term.

The following is a summary of stock option activity for the period ended September 30, 2009:

	Options #	2009 Weighted- average exercise price CAD\$	Options #	2008 Weighted- average exercise price CAD\$
Balance, beginning of year	4,395,000	0.38	2,681,000	0.38
Granted	1,750,000	0.10	2,120,000	0.40
Expired	(675,000)	0.50	-	-
Exercised	-	-	(406,000)	0.25
<b>Balance, end of year</b>	<b>5,470,000</b>	<b>0.32</b>	<b>4,395,000</b>	<b>0.40</b>

- (i) On July 14, 2009, the Company issued stock options totaling 300,000 expiring July 14, 2014, exercisable at \$0.10 per share and vesting as to 1/3<sup>rd</sup> immediately, 1/3<sup>rd</sup> on the first anniversary and 1/3<sup>rd</sup> on the second anniversary to a director of the company.

**9. SHARE CAPITAL, Options (Continued)**

As at September 30, 2009, the following stock options were outstanding:

Expiry Date	Exercise Price	Options	Vested %	Estimated Grant Date Fair Value CAD \$s
April 28, 2010	0.25	400,000	100%	67,484
March 4, 2011	0.25	75,000	100%	14,765
May 8, 2012	0.40	1,125,000	100%	390,695
June 11, 2013	0.40	2,120,000	64%	412,528
April 2, 2014	0.10	1,450,000	–	91,350
July 14, 2009	0.10	300,000	33 1/3%	18,900
<b>Total</b>	<b>0.29</b>	<b>5,470,000</b>		<b>995,722</b>

**d. CONTRIBUTED SURPLUS**

The following is a summary of contributed surplus activity:

<b>Balance, December 31, 2008</b>	\$ 5,991,141
Expired warrants	230,031
Employee stock-based compensation	285,407
Non-Employee stock-based compensation	13,574
<b>Balance, September 30, 2009</b>	<b>\$ 6,520,153</b>

**10. COMMITMENTS AND CONTINGENCIES**

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	Amount
2009	\$ 4,355
2010	17,420
2011	18,537
2012	18,760
2013	3,127
	<u>\$ 62,199</u>

The Company is party to certain management contracts. These contracts require that additional payments of up to \$221,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements. Minimum management contract commitments remaining under the agreements are approximately \$75,000, all due within one year.

## **11. SEGMENTED INFORMATION**

The Company operates in the mining industry.

All of the Company's operating and exploration activities relate to the Dominican Republic exploration properties referred to in Note 8.

Geographic breakdown of total assets as at September 30, 2009 is as follows: Canada – \$4,400,172; Dominican Republic – \$4,110,939.

## **12. SUBSEQUENT EVENTS**

On November 18, 2009, the Company announced that it had closed the transaction with Gold Fields Dominican Republic BVI Limited ("Gold Fields") as previously disclosed in its news release of August 5, 2009 (see also Note 8 (a)). As a result, GoldQuest now holds a 100% interest in all but two properties in its Dominican portfolio. Pursuant to the terms of the agreement with Gold Fields, GoldQuest has issued 8,600,000 common shares to Gold Fields, representing 12.3% of GoldQuest's issued and outstanding common share capital. The common shares of GoldQuest issued under the agreement are subject to hold period of four months and one day in accordance with securities legislation.