GOLDQUEST
TSXV:GQC

GOLDQUEST MINING CORP.

INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS
QUARTERLY HIGHLIGHTS

FOR THE SIX MONTHS ENDED JUNE 30, 2019
(Expressed in Canadian Dollars)

INTRODUCTION

This Interim Management's Discussion and Analysis – Quarterly Highlights (the "Interim MD&A") has been prepared to provide material updates and analysis of the business operations, financial condition, financial performance, cash flows, liquidity, and capital resources of GoldQuest Mining Corp. and its subsidiaries ("GoldQuest" or the "Company").

Effective with the first interim quarter of the fiscal year ended December 31, 2019, the Company adopted the option under Section 2.2.1 of National Instrument 51-102F1 to provide the interim MD&A disclosure under the "Quarterly Highlights" regime set out in that section of the instrument.

The following Interim MD&A as of August 26, 2019 should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company and the notes relating thereto, for the six months ended June 30, 2019, which are prepared in accordance with International Financial Reporting Standards ("IFRS") and the annual management discussion and analysis for the year ended December 31, 2018. All financial amounts are stated in Canadian currency unless stated otherwise. Additional information relating to the Company is filed on SEDAR at www.sedar.com.

NOTE TO U.S. INVESTORS CONCERNING ESTIMATES OF INDICATED AND INFERRED RESOURCES

The terms "Indicated" and "Inferred" Resources are used herein. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of a Mineral Resource is economically or legally mineable.

OVERVIEW

GoldQuest is a Canadian-based mineral exploration company with projects in the Dominican Republic. The Company's common shares trade on the TSX-V under the symbol GQC and in Frankfurt/Berlin under the symbol M1W. GoldQuest operates through its wholly-owned British Virgin Island subsidiary, GoldQuest Mining (BVI) Corp. and its wholly-owned subsidiary, GoldQuest Dominicana SRL, which is domiciled in the Dominican Republic. GoldQuest commenced exploration activities in the Dominican Republic in 2001 and has focused on its portfolio of gold-copper projects located within the Tireo Formation in the western portion of the Dominican Republic.

The Company holds 19 exploration permits (granted or under application) and one exploitation permit (under application) concessions in the Dominican Republic. These concessions are grouped into the following districts:

- **San Juan District**, including Romero (exploitation permit under application), Aguita Fria (Jenigbre), Valentin, Loma Los Comios, Loma El Cachimbo (Loma Viejo Pedro), Los Gajitos, Los Lechones, Descansadero, Tocon de Pino, Las Tres Veredas, Piedra Dura, La Tachuela (formerly La Fortuna), La Guinea, Toribio concessions (collectively referred to as the "Tireo Property").
- **Jarabacoa District**, including Los Hoyitos (formerly Loma Oculta) and La Rabona concessions.
- **Regional Exploration**, including Loma El Catey, Loma La Damajagua, Hoyo Prieto and Recodo concessions.

The Tireo Property in the San Juan District and the Los Hoyitos Property (formerly Loma Oculta) in the Jarabacoa District are the Company's material properties.

BUSINESS STRATEGY

Due to the delay in receiving Presidential endorsement of the Exploitation License for the Company's Romero Project, the Company is now seeking and evaluating opportunities with respect to mineral properties outside the Dominican Republic. The Company has recently taken steps in order to conserve cash, that included a significant reduction of staff in the Dominican Republic, suspension of all community programs in the Dominican Republic and termination of certain material service contracts. The Company is monitoring the political situation in the Dominican Republic and any progress towards Presidential endorsement of the Exploitation License with interest as it evaluates other opportunities in mining friendly jurisdictions.

HIGHLIGHTS

- On January 14, 2019, the Company announced the appointment of Dave Massola as Chief Executive Officer of the Company, effective January 15, 2019.

- On January 14, 2019, Bill Fisher stepped down as Chief Executive Officer of the Company. Bill Fisher will be continuing as non-executive Chairman of the Board of Directors of the Company.

- On January 21, 2019, the Company granted 4,750,000 options with an exercise price of $0.15 to certain officers and employees of the Company. The options are exercisable for a period of five years. One-third vest on date of grant and one-third will vest every six months thereafter.

- On March 11, 2019, the Company granted 500,000 options with an exercise price of $0.15 to an officer of the Company. The options are exercisable for a period of five years. One-third vest on date of grant and one-third will vest every six months thereafter.

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

(Expressed in Canadian Dollars)

SELECTED INFORMATION

	For the six months ended		
	June 30, 2019	June 30, 2018	June 30, 2017
Operating expenses	$ 1,138,301	$ 3,076,835	$ 5,675,905
Interest and miscellaneous income	(137,258)	(127,391)	(66,570)
Net loss for the period	981,699	2,949,444	5,609,335
Comprehensive loss for the period	986,199	2,962,944	5,628,835
Basic and diluted loss per share:			
- net loss	$ 0.00	$ 0.01	$ 0.02

As at:	June 30, 2019	December 31, 2018	December 31, 2017
Working capital	$ 17,422,427	$ 18,127,993	$ 21,671,808
Total assets	17,748,037	18,792,534	23,618,636
Total liabilities	240,696	557,147	558,633
Share capital	72,887,913	72,887,913	72,200,197
Deficit	74,584,261	73,602,562	67,450,910

RESULT OF OPERATIONS

	Three months ended			
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Interest income	$ 68,790	$ 68,468	$ 68,586	$ 61,562
Net loss	(379,986)	(601,713)	(2,219,936)	(982,272)
Comprehensive loss	(387,486)	(598,713)	(2,200,436)	(983,772)
Basic and diluted loss for the period attributable to common shareholders per share	(0.00)	(0.00)	(0.01)	(0.00)

	Three months ended			
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Interest income	$ 63,472	$ 63,919	$ 64,374	$ 63,413
Net loss	(1,242,370)	(1,707,074)	(2,058,924)	(2,776,713)
Comprehensive loss	(1,248,370)	(1,714,574)	(2,069,424)	(2,782,713)
Basic and diluted loss for the period attributable to common shareholders per share	-	(0.01)	(0.01)	(0.01)

Three Months Ended June 30, 2019 compared with the Three Months Ended June 30, 2018

The Company incurred a net loss of $379,986 for the three months ended June 30, 2019, representing a decrease of $862,384 when compared with $1,242,370 for the three months ended June 30, 2018. The decrease in net loss during the three months ended June 30, 2019 was primarily the result of the cessation of all evaluation and exploration activities in the Dominican Republic during the current quarter, a reduction in cash and non-cash compensation (including share-based payments, directors' fees and management remuneration and salaries and wages) that was partially offset by the increase in foreign exchange loss.

Evaluation and exploration costs decreased by $361,866 to $35,585 for the three months ended June 30, 2019, from $397,451 for the three months ended June 30, 2018. The decrease in evaluation and exploration costs is primarily the result of the decrease in field expenses of $136,359, and social responsibility expenses of $144,926 .The decrease in evaluation and exploration costs is primarily due to the delay in receiving Presidential endorsement of the Exploitation License for the Company's Romero Project, the Company reduced the exploration activities in order to preserve cash.

Directors' fees and management remuneration decreased by $229,350 to $78,000 during the three months ended June 30, 2019, from $307,350 for the three months ended June 30, 2018. The decrease is mainly due to resignation of the Company's former CEO.

Share-based payments were $80,363 for the three months ended June 30, 2019 compared to $190,132 for the three months ended June 30, 2018. This decrease in share-based payments resulted from a decrease in the number of options vesting and a corresponding decrease in recognition of expense during the period.

Salaries and wage decreased by $90,096 to $31,019 during the three months June 30, 2019, from $121,115 for the three months ended June 30, 2018. The decrease is primarily the result of the significant reduction of the number of staff in Dominican Republic to a minimum due to the delay in receiving Presidential endorsement of the Exploitation License for the Company's Romero Project.

Foreign exchange loss was $30,113 for the three months ended June 30, 2019 compared to a foreign exchange gain of $35,228 for the three months ended June 30, 2018. The foreign exchange loss was primarily a result of the retranslation of the Company's monetary assets and liabilities which is denominated in foreign currencies (US dollars and DOP) into Canadian dollars.

Professional fees decreased by $58,353 to $107,450 during the three months June 30, 2019, from $165,803 for the three months ended June 30, 2018. The decrease is primarily the result of the decrease in business activities of the Company during the three months ended June 30, 2019.

Six months Ended June 30, 2019 compared with the Six months Ended June 30, 2018

The Company incurred a net loss of $981,699 for the six months ended June 30, 2019, representing a decrease of $1,967,745 when compared with $2,949,444 for the six months ended June 30, 2018. The decrease in net loss during the six months ended June 30, 2019 was primarily the result of the cessation of all evaluation and exploration activities in the Dominican Republic during the current quarter, a reduction in cash and non-cash compensation (including share-based payments, directors' fees and management remuneration and salaries and wages) that was partially offset by the increase in foreign exchange loss and project evaluation costs.

Evaluation and exploration costs decreased by $361,866 to $35,585 for the six months ended June 30, 2019, from $397,451 for the six months ended June 30, 2018. The decrease in evaluation and exploration costs is primarily the result of the decrease in field expenses of $289,338, social responsibility expenses of $253,824, drilling expenditures of $203,640, field technicians of $152,514, geological expenses of $135,350, and technical studies of $91,914. The decrease in evaluation and exploration costs is primarily due to decrease in drilling activities during the six months ended June 30, 2019 compared to the six months ended June 30, 2018. During the six months ended June 30, 2018, 1,213 meters were drilled compared to no drilling activities during the six months ended June 30, 2019. In addition, due to the delay in receiving Presidential endorsement of the Exploitation License for the Company's Romero Project, the Company reduced the exploration activities in order to preserve cash.

Directors' fees and management remuneration decreased by $334,934 to $171,616 during the six months ended June 30, 2019, from $506,550 for the six months ended June 30, 2018. The decrease is mainly due to resignation of the Company's former CEO.

Share-based payments were $258,153 for the six months ended June 30, 2019 compared to $589,818 for the six months ended June 30, 2018. This decrease in share-based payments resulted from a decrease in the number of options vesting and a corresponding decrease in recognition of expense during the period.

Salaries and wage decreased by $175,318 to $79,023 during the six months June 30, 2019, from $254,341 for the six months ended June 30, 2018. The decrease is primarily the result of the significant reduction of the number of staff in Dominican Republic to a minimum due to the delay in receiving Presidential endorsement of the Exploitation License for the Company's Romero Project.

Foreign exchange loss was $60,835 for the six months ended June 30, 2019 compared to a foreign exchange gain of $109,000 for the six months ended June 30, 2018. The foreign exchange loss was primarily a result of the retranslation of the Company's monetary assets and liabilities which is denominated in foreign currencies (US dollars and DOP) into Canadian dollars.

Project evaluation costs was $68,986 for the six months ended June 30, 2019 compared to $nil for the six months ended June 30, 2018. Due to the licensing delays discussed above, the Company is actively evaluating other mining projects. Project evaluation costs of $68,986 incurred during the six months ended June 30, 2019 were mainly related to technical services performed while investigating various opportunities identified by the Company and its advisors.

LIQUIDITY AND CAPITAL RESOURCES

As June 30, 2019, the Company had working capital of $17,422,427 (December 31, 2018 – $18,127,993) including cash and cash equivalents of $17,463,543 (December 31, 2018 – $18,495,590).

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, arrange 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 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 Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing to meet its obligations as they come due. If the Company was to become 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.

There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favorable. To date, the Company has not used debt or other means of financing to further its exploration programs, and the Company has no plans to use debt financing at the present time. Based on the current working capital as of the date of this MD&A, it is expected that the current cash position will be sufficient to fund the Company's needs for at least next twelve months.

Due to the delay in receiving Presidential endorsement of the Exploitation License for the Company's Romero Project, the Company is taking steps towards a cash conservation policy as discussed above.

OUTSTANDING SHARE DATA

At June 30, 2019 and December 31, 2018, the Company had 257,067,384 common shares issued and outstanding with a value of $72,887,913.

During the six months ended June 30, 2019:

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

- On March 11, 2019, the Company granted 500,000 options with an exercise price of $0.15 to an officer of the Company. The options are exercisable for a period of five years. One-third vest on date of grant and one-third will vest every six months thereafter.

- 969,171 options expired unexercised.

As at the date of this MD&A, the Company had the following common shares, options and warrants issued and outstanding:

- 257,067,384 common shares;

- 20,326,000 stock options with exercise prices ranging from $0.13 to $0.60 per share.

COMMITMENTS

The Company is a party to certain management contracts. These contracts contain clauses requiring that approximately $576,000 be paid to certain management personnel upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the unaudited condensed consolidated financial statements for the six months ended June 30, 2019.

(Expressed in Canadian Dollars)

CONTINGENCIES

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay damages in any form by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 16 of our unaudited interim consolidated financial statements for the six months ended June 30, 2019 and note 16 of our audited consolidated financial statements for the year ended December 31, 2018. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the consolidated financial statements for the year ended December 31, 2018.

RELATED PARTIES

Total compensation of key company personnel for the six months ended June 30, 2019 and 2018 is as follows:

	For the six months ended	
	June 30, 2019	**June 30, 2018**
Directors' fees	**$ 48,000**	$ 92,000
Management remuneration	**123,616**	414,550
Salaries and wages	**18,523**	67,488
Share-based compensation	**255,703**	492,201
	$ 445,842	$ 1,066,239

During the six months ended June 30, 2019, the Company paid professional fees of $66,250 (June 30, 2018 – $73,750) to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner, for professional services including accounting, corporate secretarial, transaction support and tax compliance.

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $56,060 as at June 30, 2019 (December 31, 2018 – $340,783), which were paid subsequent to June 30, 2019. These amounts are unsecured, non-interest bearing and payable on demand.

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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2(d) of our annual audited consolidated financial statements for the year ended December 31, 2018 for a more detailed discussion of the critical accounting estimates and judgments.

ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

Adoption of new and amended accounting standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company:

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company completed an assessment and concluded that no significant change to its financial statements from adopting this new standard.

- IFRIC 23 – Uncertainty over Income Tax Treatments: This standard was issued by the IASB in June 2017 and specifies the interpretation to be applied to the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company completed an assessment and concluded that there will be no significant change to its financial statements from adopting this new standard.

OFF-BALANCE SHEET FINANCING ARRANGEMENTS

As of June 30, 2019 and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

PROPOSED TRANSACTIONS

No transactions are proposed.

RISKS AND UNCERTAINTIES

To the date of this Interim MD&A, there have been no significant changes to the risk factors set out in the Company's annual management discussion and analysis for the year ended December 31, 2018.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning GoldQuest's exploration and evaluation assets and costs is provided in the Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2019 (note 8 and 9) and annual consolidated financial statements for the year ended December 31, 2018 (note 8 and 9), which are available on GoldQuest's website at www.goldquestcorp.com or on SEDAR at www.sedar.com.

FORWARD- LOOKING INFORMATION

Statements contained in this MD&A that are not historical facts are forward-looking information that involves known and unknown risks and uncertainties. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to the PFS results, the proposed underground mine, the discovery of new mineral resources, mineral resource estimates, the merits of the Company's mineral properties, future studies, and the Company's plans and exploration programs for its mineral properties, including the timing of such plans and programs. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "has proven", "expects" or "does not expect", "is expected", "potential", "goal", "proposed", "appears", "budget", "scheduled", "estimates", "forecasts", "at least", "intends", "hope", "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", "should", "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 uncertainties inherent in the preparation of the PFS and in the estimation of mineral reserves and resources; commodity prices; changes in general economic conditions; market sentiment; currency exchange rates; the Company's ability to continue as a going concern; the Company's ability to raise funds through equity financings; risks inherent in mineral exploration; risks related to operations in foreign countries; future prices of metals; failure of equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry; delays in obtaining governmental approvals; government regulation of mining operations; environmental risks; title disputes or claims; limitations on insurance coverage and the timing and possible outcome of litigation. 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, do not place undue reliance on forward-looking statements. All statements are made as of the date of this MD&A and are subject to change after such date and the Company is under no obligation to update or alter any forward-looking statements except as required under applicable securities laws.

Forward-looking statements are based on assumptions that the Company believes to be reasonable, including the results and expectations regarding the PFS parameters and inputs, mineral exploration and development costs; expected trends in mineral prices and currency exchange rates; the accuracy of the Company's current mineral resource estimates; that the Company's activities will be in accordance with the Company's public statements and stated goals; that there will be no material adverse change affecting the Company or its properties; that all required approvals will be obtained for development of its projects in the Dominican Republic and that there will be no significant disruptions affecting the Company or its properties.