

GOLDQUEST MINING CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022
(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited interim financial statements of GoldQuest Mining Corp. for the three months ended March 31, 2022 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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GoldQuest Mining Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at	March 31,	December 31,
	Note(s)	2022	2021
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	4	13,720,389	14,052,296
Amounts receivable		37,873	26,658
Prepaid expenses		85,784	92,731
Deposits		10,397	10,255
		13,854,443	14,181,940
Non-current assets			
Long-term investments	5	37,500	31,500
Equipment	6	52,067	58,146
Evaluation and exploration assets	7	1	1
		89,568	89,647
TOTAL ASSETS		13,944,011	14,271,587
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9, 11	209,551	155,718
TOTAL LIABILITIES		209,551	155,718
SHAREHOLDERS' EQUITY			
Share capital	10	73,461,074	73,461,074
Additional paid-in capital	10	16,552,713	16,552,713
Stock options reserve	10	3,797,161	3,663,448
Accumulated other comprehensive income		13,500	7,500
Deficit		(80,089,988)	(79,568,866)
TOTAL SHAREHOLDERS' EQUITY		13,734,460	14,115,869
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,944,011	14,271,587
Corporate information and continuance of operations	1		
Commitment	12		
Segmented information	13		
Subsequent event	10		

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

/s/ William Fisher Director

/s/ Florian Siegfried Director

See accompanying notes to these unaudited condensed consolidated interim financial statements.

GoldQuest Mining Corp.

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

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended	
		March 31, 2022	March 31, 2021
		\$	\$
Expenses			
Depreciation	6	6,079	4,417
Directors' fees & management remuneration	11	93,000	93,000
Evaluation & exploration costs	8	92,860	79,284
Foreign exchange loss		40,552	13,829
General & administrative		38,558	42,440
Investor relations and promotion		22,391	15,498
Professional fees	11	31,812	33,538
Regulatory & transfer agents		10,714	14,703
Rent		6,503	6,615
Salaries & wages	11	54,370	53,597
Share-based payments	10, 11	133,713	417,824
Travel		4,265	-
		(534,817)	(774,745)
Other income			
Interest income		13,695	15,438
		(521,122)	(759,307)
Loss for the year			
Other comprehensive income (loss)			
Unrealized gain (loss) on financial assets classified as FVTOCI	5	6,000	(21,000)
		(515,122)	(780,307)
Total comprehensive loss			
		(0.00)	(0.00)
Basic and diluted loss per share for the year (\$ per common share)			
Weighted average number of common shares outstanding			
- basic and diluted		259,442,384	259,442,384

See accompanying notes to these unaudited condensed consolidated interim financial statements.

GoldQuest Mining Corp

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (unaudited)
(Expressed in Canadian Dollars)

	Share capital			Stock options reserve	Accumulated other comprehensive income	Deficit	Total
	Number of shares	Amount	Other reserve				
Balance at December 31, 2021	259,442,384	73,461,074	16,552,713	3,663,448	7,500	(79,568,866)	14,115,869
Share-based payments	-	-	-	133,713	-	-	133,713
Other comprehensive loss	-	-	-	-	6,000	-	6,000
Loss for the year	-	-	-	-	-	(521,122)	(521,122)
Balance at March 31, 2022	259,442,384	73,461,074	16,552,713	3,797,161	13,500	(80,089,988)	13,734,460
Balance at December 31, 2020	259,442,384	73,461,074	13,829,347	5,433,795	48,000	(77,173,345)	15,598,871
Share-based payments	-	-	-	417,824	-	-	417,824
Other comprehensive income	-	-	-	-	(21,000)	-	(21,000)
Loss for the period	-	-	-	-	-	(759,307)	(759,307)
Balance at March 31, 2021	259,442,384	73,461,074	13,829,347	5,851,619	27,000	(77,932,652)	15,236,388

See accompanying notes to these unaudited condensed consolidated interim financial statements.

GoldQuest Mining Corp.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	For the three months ended	
	March 31, 2022 \$	March 31, 2021 \$
Cash flow provided from (used by)		
OPERATING ACTIVITIES		
Loss for the year	(521,122)	(759,307)
<i>Adjustments for items not affecting cash:</i>		
Depreciation	6,079	4,417
Share-based payments	133,713	417,824
Change in non-cash working capital		
Amounts receivable	(11,215)	(11,878)
Prepaid expenses	6,947	8,045
Deposits	(142)	(37)
Accounts payable and accrued liabilities	53,833	(98,915)
Cash flow used in operating activities	(331,907)	(439,851)
INVESTING ACTIVITIES		
Purchase of equipment	-	(237)
Cash flow used in investing activities	-	(237)
Decrease in cash and cash equivalents	(331,907)	(440,088)
Cash and cash equivalents, beginning of year	14,052,296	15,586,288
Cash and cash equivalents, end of year	13,720,389	15,146,200
SUPPLEMENTAL CASH FLOW		
Cash paid during the year for interest	-	-
Cash paid during the year for income taxes	-	-

See accompanying notes to these unaudited condensed consolidated interim financial statements.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

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

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

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

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2022, the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash and cash equivalents and through further equity financings.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time. In terms of the timing of receiving the Exploitation Permit from the Dominican Republic’s government (note 7), COVID-19 may cause a delay in the process.

The unaudited condensed consolidated interim financial statements of GoldQuest for the three months ended March 31, 2022 were approved by the Board of Directors on May 27, 2022.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of GoldQuest and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2021.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted these condensed consolidated interim financial statements.

3. JOINT OPERATION

On January 17, 2020, the Company entered into a joint agreement with Precipitate Gold Corporation that is accounted for as a joint operation under IFRS 11 Joint Arrangements. The purpose of the joint operation was to acquire exploration equipment that can be used by both parties on their respective projects.

The joint operation was made through the incorporation of Toro Negro drilling S.R.L (“Toro Negro”), a company incorporated under the laws of the Dominican Republic on January 30, 2020. The participating interests of both parties at the time of the joint operation is 50% with each party responsible for payment of its proportionate share of operating and capital costs. Upon formation of the joint operation, a management committee (the “Management Committee”) consisting of two representatives of each party and holding voting rights in accordance with each party’s participating interest, was established which shall make all decisions which are required to be made by the joint operation participants.

The Management Committee shall be responsible for managing the exploration equipment acquired.

4. CASH AND CASH EQUIVALENTS

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

	March 31, 2022	December 31, 2021
	\$	\$
Cash	10,755,614	15,412,110
Cash equivalents	2,964,775	(1,359,814)
	13,720,389	14,052,296

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

5. LONG-TERM INVESTMENTS

As at March 31, 2022

	Number of shares	Closing market price \$	Fair value \$
Portex Minerals Inc.	15,151,273	-	-
Precipitate Gold Corporation	300,000	0.125	37,500
			37,500

As at December 31, 2021

	Number of shares	Closing market price \$	Fair value \$
Portex Minerals Inc.	15,151,273	-	-
Precipitate Gold Corporation	300,000	0.105	31,500
			31,500

Precipitate Gold Corporation

As at December 31, 2021, the Company recognized \$31,500 as the fair value of the 300,000 common shares received from Precipitate (December 31, 2020 – \$72,000). The change in fair value of \$40,500 and \$6,000 for the years ended December 31, 2021 and 2020, respectively, is recognized as other comprehensive income.

6. EQUIPMENT

The Company's equipment is broken down as follows:

	Computer equipment \$	Field equipment \$	Office equipment \$	Vehicles \$	Total \$
Cost					
As at December 31, 2021	17,406	53,296	4,474	21,068	96,244
As at March 31, 2022	17,406	53,296	4,474	21,068	96,244
Depreciation					
As at December 31, 2021	(13,948)	(15,989)	(2,894)	(5,267)	(38,098)
Charged for the period	(653)	(3,997)	(112)	(1,317)	(6,079)
As at March 31, 2022	(14,601)	(19,986)	(3,006)	(6,584)	(44,177)
Net book value					
As at December 31, 2021	3,458	37,307	1,580	15,801	58,146
As at March 31, 2022	2,805	33,310	1,468	14,484	52,067

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

7. EVALUATION AND EXPLORATION ASSETS

Dominican Republic – 100% owned

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

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

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

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

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

As of March 31, 2022, the Company has not received the Exploitation Permit nor clarification from the Dominican Republic's government on any timeframe for receipt of the Exploitation Permit.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

8. EVALUATION AND EXPLORATION COSTS

The Company's evaluation and exploration costs during the three months ended March 31, 2022 and 2021 related to projects in the Dominican Republic are broken down as follows:

	For the three months ended	
	March 31, 2022	March 31, 2021
	\$	\$
Tireo		
Access fees	5,322	1,091
Field	21,663	19,799
Field technicians	54,629	48,753
Geological	1,804	-
Lodging and food	6,312	6,155
Social responsibility	223	119
Transportation	294	12
	90,247	75,929
General		
Access fees	695	1,923
Field	1,918	1,432
	2,613	3,355
Total evaluation and exploration costs incurred during the year	92,860	79,284
Cumulative costs, beginning of year	37,141,445	36,855,625
Cumulative costs, end of year	37,234,305	36,934,909

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	March 31, 2022	December 31, 2021
	\$	\$
Trade payables	159,551	115,718
Accrued liabilities	50,000	40,000
	209,551	155,718

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

10. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2021 and 2020, the Company had 259,442,384 common shares issued and outstanding with a value of \$73,461,074.

During the three months ended March 31, 2022 and 2021, no share capital transactions occurred.

Stock options

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

No options were granted, exercised or expired during the three months ended March 31, 2022.

During the three months ended March 31, 2021:

- On January 22, 2021, the Company granted 3,525,000 options with an exercise price of \$0.36 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.

During the three months ended March 31, 2022 and 2021, the Company recognized share-based payments expense of \$133,713 and \$417,824, respectively.

The following summarizes information about stock options outstanding and exercisable at March 31, 2022:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
April 10, 2022	0.50	5,067,000	5,067,000	2,029,472	0.03
April 18, 2022	0.50	100,000	100,000	39,110	0.05
July 19, 2023	0.25	632,500	632,500	70,334	1.30
January 21, 2024	0.15	4,750,000	4,750,000	308,275	1.81
March 6, 2024	0.15	500,000	500,000	35,947	1.93
April 30, 2025	0.20	3,400,000	3,400,000	255,270	3.08
January 22, 2026	0.36	3,525,000	3,525,000	762,196	3.82
December 17, 2026	0.15	5,495,000	1,831,666	479,300	4.72
		23,469,500	19,806,166	3,979,904	2.57
Weighted average exercise price (\$)		0.27	0.21		

* Subsequent to March 31, 2022, 5,167,000 options expired, unexercised.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

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

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

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

Total compensation of key company personnel for the three months ended March 31, 2022 and 2021 is as follows:

	<u>For the three months ended</u>	
	<u>March 31, 2022</u>	<u>March 31, 2021</u>
	<u>\$</u>	<u>\$</u>
Directors' fees	30,000	30,000
Management remuneration	63,000	63,000
Salaries and wages	33,823	33,692
Share-based compensation	124,441	398,122
	251,264	524,814

During the three months ended March 31, 2022, the Company paid professional fees of \$16,500 (March 31, 2021 – \$28,665) to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner, for professional services including accounting, corporate secretarial, transaction support and tax compliance.

Related party balances

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$47,581 as at March 31, 2022 (December 31, 2021 – \$35,430). These amounts are unsecured, non-interest bearing and payable on demand.

12. COMMITMENT

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

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

13. SEGMENTED INFORMATION

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

The Company's non-current assets and liabilities are as follows:

	Canada	Dominican Republic	Total
	\$	\$	\$
As at March 31, 2022			
Non-current assets			
Long-term investments	37,500	-	37,500
Equipment	2,034	50,033	52,067
Evaluation and exploration assets	-	1	1
	39,534	50,034	89,568
As at December 31, 2021			
Non-current assets			
Long-term investments	31,500	-	31,500
Equipment	2,571	55,575	58,146
Evaluation and exploration assets	-	1	1
	34,071	55,576	89,647

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the evaluation and exploration of its mineral exploration properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of share capital.

There were no changes to the Company policy for capital management during the three months ended March 31, 2022.

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

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

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

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS

Fair value

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

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

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

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

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

As at March 31, 2022 and December 31, 2021, the financial instrument recorded at fair value on the consolidated statement of financial position are cash and cash equivalents and long term investment which are measured using Level 1 of the fair value hierarchy.

Set out below are the Company's financial assets and financial liabilities by category:

	March 31, 2022	FVTPL	Amortized cost	FVTOCI
	\$	\$	\$	\$
Financial assets:				
ASSETS				
Cash and cash equivalents	13,720,389	13,720,389	-	-
Amounts receivable	37,873	-	37,873	-
Long-term investments	37,500	-	-	37,500
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	209,551	-	209,551	-

	December 31, 2021	FVTPL	Amortized cost	FVTOCI
	\$	\$	\$	\$
Financial assets:				
ASSETS				
Cash and cash equivalents	14,052,296	14,052,296	-	-
Amounts receivable	26,658	-	26,658	-
Long-term investments	31,500	-	-	31,500
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	155,718	-	155,718	-

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company manages its credit risk through its counterparty ratings and credit limits.

The Company's cash and cash equivalents are primarily held through large Canadian financial institutions. Guaranteed investment certificates are composed of financial instruments issued by Canadian banks and companies with high investment-grade ratings. These instruments mature at various dates over the current operating period and are cashable on the maturity date.

The total cash and cash equivalents and amounts receivable represent the maximum credit exposure. The Company limits its credit risk exposure by holding cash and cash equivalents with reputable financial institutions with high credit ratings. The Company's amounts receivable balance is not significant and does not represent significant credit exposure as it is principally due from the Government of Canada.

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 maintained sufficient cash and cash equivalents at March 31, 2022 in the amount of \$13,720,389, in order to meet short-term business requirements. At March 31, 2022, the Company had accounts payable and accrued liabilities of \$209,551. All accounts payable and accrued liabilities are current.

Market risk

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

- Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2022.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on cash and cash equivalents outstanding as of March 31, 2022 would result in an approximately \$140,000 change to the Company's loss for the three months ended March 31, 2022.

- Currency risk

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

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

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk (continued)

- Currency risk (continued)

The Company had the following balances in foreign currency as at March 31, 2022:

	CA\$	US\$	DOP
Cash and cash equivalents	12,623,504	763,672	6,279,228
Amounts receivable	22,055	6,962	314,697
Long-term investments	37,500	-	-
Accounts payable and accrued liabilities	(107,557)	(4,799)	(4,247,279)
	12,575,502	765,835	2,346,646
Rate to convert to \$1.00 CAD	1.00000	1.25049	0.02260
Equivalent to CAD	12,575,502	957,671	53,037

Based on the above net exposures as at March 31, 2022, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and DOP would increase/decrease comprehensive loss by \$100,000.

- Other price risk

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

As of March 31, 2022, the Company held 300,000 common shares of Precipitate which is publicly traded on the TSX Venture Exchange. A 10% change in share price of Precipitate's shares at March 31, 2022 would result in a \$3,750 change to the Company's comprehensive loss for the three months ended March 31, 2022.

As of March 31, 2022, the Company held 15,151,273 common shares of Portex Minerals Inc. ("Portex") which is delisted from the Canadian National Stock Exchange on September 9, 2016. During the year ended December 31, 2015, the Company reduced the fair value of the 15,151,273 shares of Portex to \$nil; as a result of the fair value adjustment, the Company believes the price risk from the investment in Portex is minimal.

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

- Commodity risk

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