

GOLDQUEST MINING CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 condensed consolidated interim financial statements of GoldQuest Mining Corp. for the nine months ended September 30, 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 condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Table of Contents

Condensed Consolidated Interim Statements of Financial Position (unaudited)	4
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)	5
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (unaudited)	6
Condensed Consolidated Interim Statements of Cash Flows (unaudited)	7
Notes to the Condensed Consolidated Interim Financial Statements (unaudited)	8
1. Corporate information and continuance of operations	8
2. Significant accounting standards and basis of preparation	9
3. Joint operation	9
4. Cash and cash equivalents	9
5. Long-term investments	10
6. Equipment	10
7. Evaluation and exploration assets	11
8. Evaluation and exploration costs	12
9. Accounts payable and accrued liabilities	12
10. Share capital	13
11. Related party transactions and balances	15
12. Commitment	15
13. Segmented information	16
14. Capital management	16
15. Financial instruments	17

GoldQuest Mining Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at	September 30,	December 31,
	Note(s)	2022	2021
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	4	12,798,778	14,052,296
Amounts receivable		47,189	26,658
Prepaid expenses		67,397	92,731
Deposits		13,232	10,255
		12,926,596	14,181,940
Non-current assets			
Long-term investments	5	19,500	31,500
Equipment	6	42,648	58,146
Evaluation and exploration assets	7	1	1
		62,149	89,647
TOTAL ASSETS		12,988,745	14,271,587
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9, 11	191,249	155,718
TOTAL LIABILITIES		191,249	155,718
SHAREHOLDERS' EQUITY			
Share capital	10	73,461,074	73,461,074
Additional paid-in capital	10	18,621,296	16,552,713
Stock options reserve	10	2,044,432	3,663,448
Accumulated other comprehensive income		(4,500)	7,500
Deficit		(81,324,806)	(79,568,866)
TOTAL SHAREHOLDERS' EQUITY		12,797,496	14,115,869
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		12,988,745	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		For the nine months ended	
		September 30,	September 30,	September 30,	September 30,
		2022	2021	2022	2021
		\$	\$	\$	\$
Expenses					
Depreciation	6	6,102	5,199	18,259	21,997
Directors' fees & management remuneration	11	238,429	93,000	424,429	279,000
Evaluation & exploration costs	8	178,141	69,553	348,480	213,973
Foreign exchange (gain) loss		(40,261)	(9,380)	(18,079)	44,867
General & administrative		47,789	60,669	125,027	136,885
Investor relations and promotion		27,740	5,439	61,092	28,024
Professional fees	11	43,703	30,318	186,632	129,907
Project evaluation costs		-	-	-	22,596
Regulatory & transfer agents		2,319	3,677	46,490	52,733
Rent		9,534	6,475	24,026	19,507
Salaries & wages	11	63,355	52,198	173,232	155,926
Share-based payments	10, 11	103,628	94,915	449,567	710,806
Travel		7,123	60	12,942	60
		(705,602)	(412,123)	(1,870,097)	(1,816,281)
Other income					
Interest income		69,712	12,468	114,157	40,882
		(635,890)	(399,655)	(1,755,940)	(1,775,399)
Other comprehensive loss					
Unrealized loss on financial assets classified as FVTOCI	5	(1,500)	(6,000)	(12,000)	(46,500)
		(637,390)	(405,655)	(1,767,940)	(1,821,899)
Basic and diluted loss per share for the period (\$ per common share)		(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding					
- basic and diluted		259,442,384	259,442,384	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
Reclassification of grant-date fair value on expired stock options	-	-	2,068,583	(2,068,583)	-	-	-
Share-based payments	-	-	-	449,567	-	-	449,567
Other comprehensive loss	-	-	-	-	(12,000)	-	(12,000)
Loss for the period	-	-	-	-	-	(1,755,940)	(1,755,940)
Balance at September 30, 2022	259,442,384	73,461,074	18,621,296	2,044,432	(4,500)	(81,324,806)	12,797,496
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	-	-	-	710,806	-	-	710,806
Other comprehensive income	-	-	-	-	(46,500)	-	(46,500)
Loss for the period	-	-	-	-	-	(1,775,399)	(1,775,399)
Balance at September 30, 2021	259,442,384	73,461,074	13,829,347	6,144,601	1,500	(78,948,744)	14,487,778

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)

	Note	For the nine months ended	
		September 30, 2022	September 30, 2021
		\$	\$
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Loss for the period		(1,755,940)	(1,775,399)
<i>Adjustments for items not affecting cash:</i>			
Depreciation	6	18,259	21,997
Share-based payments	10	449,567	710,806
Change in non-cash working capital			
Amounts receivable		(20,531)	(800)
Prepaid expenses		25,334	17,456
Deposits		(2,977)	(409)
Accounts payable and accrued liabilities		35,531	(112,967)
Cash flow used in operating activities		(1,250,757)	(1,139,316)
INVESTING ACTIVITIES			
Purchase of equipment	6	(2,761)	-
Cash flow used in investing activities		(2,761)	-
Decrease in cash and cash equivalents		(1,253,518)	(1,139,316)
Cash and cash equivalents, beginning of period		14,052,296	15,586,288
Cash and cash equivalents, end of period		12,798,778	14,446,972
SUPPLEMENTAL CASH FLOW			
Reclassification of the fair value of options expired		2,068,583	-
Cash paid during the period for interest		-	-
Cash paid during the period 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 Nine Months Ended September 30, 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 September 30, 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 nine months ended September 30, 2022 were approved by the Board of Directors on November 25, 2022.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 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:

	September 30, 2022	December 31, 2021
	\$	\$
Cash	10,726,562	10,675,036
Cash equivalents	2,072,216	3,377,260
	12,798,778	14,052,296

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

5. LONG-TERM INVESTMENTS

Precipitate Gold Corporation ("Precipitate")

As at September 30, 2022, the Company recognized \$19,500 as the fair value of the 300,000 common shares received from Precipitate (December 31, 2021 – \$31,500). The change in fair value of \$12,000 and \$46,500 for the nine months ended September 30, 2022 and 2021, respectively, is recognized as other comprehensive loss.

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
Additions	-	-	2,761	-	2,761
Write-off fully depreciated assets	(4,989)	-	(1,721)	-	(6,710)
As at September 30, 2022	12,417	53,296	5,514	21,068	92,295
Depreciation					
As at December 31, 2021	(13,948)	(15,989)	(2,894)	(5,267)	(38,098)
Charged for the period	(1,958)	(11,992)	(359)	(3,950)	(18,259)
Write-off fully depreciated assets	4,989	-	1,721	-	6,710
As at September 30, 2022	(10,917)	(27,981)	(1,532)	(9,217)	(49,647)
Net book value					
As at December 31, 2021	3,458	37,307	1,580	15,801	58,146
As at September 30, 2022	1,500	25,315	3,982	11,851	42,648

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 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 is located north of the Romero Project.

As of September 30, 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 Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

8. EVALUATION AND EXPLORATION COSTS

The Company's evaluation and exploration costs during the nine months ended September 30, 2022 and 2021 related to projects in the Dominican Republic are broken down as follows:

	For the nine months ended	
	September 30, 2022	September 30, 2021
	\$	\$
Tireo		
Access fees	7,496	8,168
Field	75,773	44,858
Field technicians	158,691	135,110
Geological	1,868	-
Lodging and food	20,131	10,961
Mapping	464	-
Sample analysis	12,477	-
Social responsibility	52,277	806
Transportation	802	-
	329,979	199,903
General		
Access fees	2,800	1,797
Field	15,701	12,273
	18,501	14,070
Total evaluation and exploration costs incurred during the period	348,480	213,973
Cumulative costs, beginning of period	37,141,445	36,855,625
Cumulative costs, end of period	37,489,925	37,069,598

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	September 30, 2022	December 31, 2021
	\$	\$
Trade payables	155,749	115,718
Accrued liabilities	35,500	40,000
	191,249	155,718

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

10. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2022 and 2021, the Company had 259,442,384 common shares issued and outstanding with a value of \$73,461,074.

During the nine months ended September 30, 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.

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value of the Company's common shares on the date of the grant. The changes in options during the nine months ended September 30, 2022 as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	23,469,500	0.27
Granted	2,000,000	0.18
Expired	(5,167,000)	0.50
Balance, end of period	20,302,500	0.20

During the nine months ended September 30, 2022:

- On June 1, 2022, the Company granted 2,000,000 options with an exercise price of \$0.18 to the 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.
- 5,167,000 options expired, unexercised.

During the nine months ended September 30, 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.
- 4,852,500 options with an expiry date of August 12, 2021 expired, unexercised.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (CONTINUED)

Stock options (continued)

The estimated grant date fair value of the options granted during the nine months ended September 30, 2022 and 2021 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the nine months ended	
	September 30, 2022	September 30, 2021
Number of options granted	2,000,000	3,525,000
Risk-free interest rate	2.83%	0.36%
Expected annual volatility	88%	82%
Expected life (in years)	5.00	5.00
Expected dividend yield	0%	0%
Grant date fair value per option (\$)	0.13	0.22
Share price at grant date (\$)	0.18	0.34

During the nine months ended September 30, 2022 and 2021, the Company recognized share-based payments expense of \$449,567 and \$710,806, respectively.

The following summarizes information about stock options outstanding and exercisable at September 30, 2022:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
July 19, 2023	0.25	632,500	632,500	70,334	0.80
January 21, 2024	0.15	4,750,000	4,750,000	308,275	1.31
March 6, 2024	0.15	500,000	500,000	35,947	1.43
April 30, 2025	0.20	3,400,000	3,400,000	255,270	2.58
January 22, 2026	0.36	3,525,000	3,525,000	762,196	3.32
December 17, 2026	0.15	5,495,000	3,663,333	479,300	4.22
June 1, 2027	0.18	2,000,000	666,667	251,832	4.67
		20,302,500	17,137,500	2,163,154	2.98
Weighted average exercise price (\$)		0.20	0.21		

Subsequent to September 30, 2022, the Company granted 200,000 options to certain employees of the Company, at an exercise price of \$0.16. 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.

GoldQuest Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 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>
Luis Santana	CEO
David Massola	Former 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 nine months ended September 30, 2022 and 2021 is as follows:

	<u>For the nine months ended</u>	
	<u>September 30, 2022</u>	<u>September 30, 2021</u>
	<u>\$</u>	<u>\$</u>
Directors' fees	90,000	90,000
Management remuneration	334,429	189,000
Salaries and wages	104,553	99,815
Share-based compensation	429,615	676,905
	958,597	1,055,720

During the nine months ended September 30, 2022, the Company paid professional fees of \$59,418 (September 30, 2021 – \$58,740) 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 \$12,165 as at September 30, 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 \$924,000 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 Nine Months Ended September 30, 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 September 30, 2022			
Non-current assets			
Long-term investments	19,500	-	19,500
Equipment	961	41,687	42,648
Evaluation and exploration assets	-	1	1
	20,461	41,688	62,149
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 nine months ended September 30, 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 Nine Months Ended September 30, 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 September 30, 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:

	September 30, 2022	FVTPL	Amortized cost	FVTOCI
	\$	\$	\$	\$
Financial assets:				
ASSETS				
Cash and cash equivalents	12,798,778	12,798,778	-	-
Amounts receivable	47,189	-	47,189	-
Long-term investments	19,500	-	-	19,500
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	191,249	-	191,249	-

	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 Nine Months Ended September 30, 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 September 30, 2022 in the amount of \$12,798,778, in order to meet short-term business requirements. At September 30, 2022, the Company had accounts payable and accrued liabilities of \$191,249. All accounts payable and accrued liabilities are current.

Market risk

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

- Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 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 September 30, 2022 would result in an approximately \$128,000 change to the Company's loss for the nine months ended September 30, 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 Nine Months Ended September 30, 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 September 30, 2022:

	CA\$	US\$	DOP
Cash and cash equivalents	11,628,138	784,896	3,602,964
Amounts receivable	28,666	6,962	349,697
Long-term investments	19,500	-	-
Accounts payable and accrued liabilities	(70,818)	(179)	(4,691,449)
	11,605,486	791,679	(738,788)
Rate to convert to \$1.00 CAD	1.00000	1.37386	0.02562
Equivalent to CAD	11,605,486	1,087,658	(18,926)

Based on the above net exposures as at September 30, 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 September 30, 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 September 30, 2022 would result in a \$1,950 change to the Company's comprehensive loss for the nine months ended September 30, 2022.

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.