

**GOLDQUEST MINING CORP. (GQC – TSXV, \$0.40)**

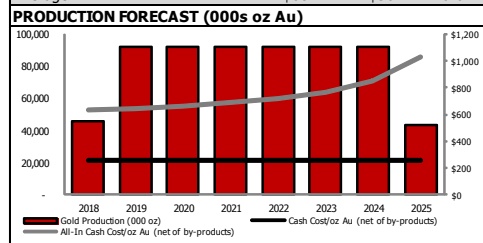
**Rating: BUY**  
**12-Month Target: \$1.25**

**MIXED RESULTS FROM TARGET A BELIEVE OVERALL POTENTIAL**

GOLDQUEST MINING CORP.		TSXV:GQC	
<i>(Currency is C\$ unless noted otherwise)</i>			
Closing Price			\$0.40
Target Price			\$1.25
Potential Return			216%
52 Week Low / High		\$0.12 /	\$0.68
Net Asset Value Per Share			\$1.24
CAPITALIZATION		Basic	Diluted
Shares Outstanding (M)		215.7	248.8
Market Capitalization (\$M)		\$85.2	\$98.3
Enterprise Value (\$M)			\$75.6
Reported Cash (\$M)			\$9.6
Total Debt (\$M)			\$0.0

Romero Project (100%)			
Stage of development		Pre-feasibility	
	Tonnes	Au g/t	Au oz
Proven and Probable	7.0	3.72	0.84
Indicated	20.2	2.67	1.74
Inferred	3.02	2.03	0.20
Est. start date			Q3 2019
Est. LOM annual Au production			92,000 oz
Est. LOM annual Cu production			18.5M lbs
Est. LOM cash costs, net of by-prod.			US\$256/oz
Est. pre-production capex			US\$160M

RELATIVE VALUATION (US)	Ev/M&Ioz	EV/T.oz	P/NAV
GoldQuest Corp. (M Partners)	\$32	\$29	0.32x
Almaden Minerals Ltd.	\$66	\$55	0.68x
Integra Gold Corp.	\$154	\$55	0.60x
Eastmain Resources Inc.	\$84	\$50	0.61x
Dalradian Resources Inc.	\$93	\$44	0.62x
Osisko Mining Inc.	\$64	\$41	0.70x
IDM Mining Ltd.	\$47	\$38	0.46x
East Africa Metals Inc.	\$51	\$30	na
Sabina Gold & Silver Corp.	\$37	\$27	0.80x
Falco Resources Ltd.	\$20	\$16	0.41x
Unigold Inc.	na	\$4	na
Average	\$68	\$36	0.61x



**MAJOR SHAREHOLDERS**  
Management (12.6%), Rosseau Asset (9.43%), AgaNola AG (2.1%), RBC Global (1.3%), Aegis Financial (1.3%) GAM Investment Manag. (1.3%)

**DISCLOSURE CODE:** None  
(Please refer to the applicable disclosures listed on the back page)

Source: M Partners, Company Information, Capital IQ



**Event:** Yesterday, GQC released results from the first of 20 regional exploration targets outlined for drill-testing at its 100%-owned Tiroo Formation concessions in the Dominican Republic. The update follows a positive prefeasibility study on the Romero deposit announced in late September (Research Flash, published 9/29/16).

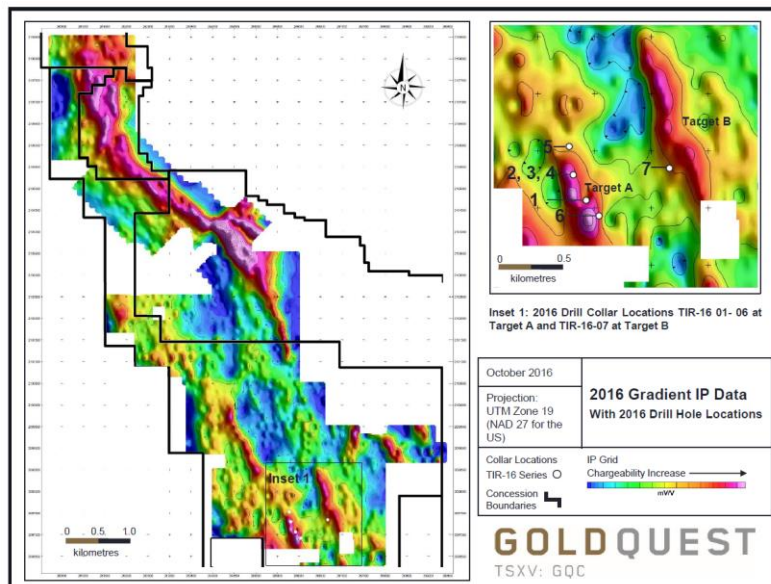
**Summary:** Target A was tested by six diamond drill holes, three of which were fanned from the same pad. All intersected massive-to-disseminated sulphides hosted by the same dacitic and andesitic rocks that host Romero. Results include:

- Hole TR-16-01, which cut 18.7m grading 0.48 g/t Au, 0.19% Cu and 0.76 g/t Ag;
- Hole TR-16-03, which cut 3.9m grading 1.26 g/t Au, 0.02% Cu and 2.59 g/t Ag, including 0.93m at 3.39 g/t Au, 0.04% Cu and 4.0 g/t Au, and a separate 18.6m interval that averaged 0.3 g/t Au, 0.47% Cu and 0.67 g/t Ag. **A third intercept further down hole averaged 0.75% Cu, plus gold and silver, over 9.0m;** and
- Hole TR-16-04, which cut ~3.0m grading 0.53 g/t Au, 0.17% Cu and 1.05 g/t Ag.

**Takeaway:** The results are obviously mixed, but we consider it too early in the campaign to go any further than this. Recall that the belt is characterized by widespread mineralization containing high-grade pockets, including Romero and the Ginger Ridge discovery of **Precipitate Gold Corp. (PRG – TSXV, \$0.21 | N/R)**. In 2014, following up similar geophysical results, that company intersected 18m grading 4.54 g/t Au, including 5.0m at 13.37 g/t Au. The gap between that hole and Goldquest’s hole TR-16-06, which cut 81.2m of anomalous mineralization, is 1.3km long, providing considerable areas for potential enrichment.

**Next Steps:** GoldQuest is currently planning further work to test the noted gap and, in the meantime, has moved the drill rig 1km to the east, in order to test the next geophysical anomaly, known as Target B.

**Figure 1: Regional Drill Target Locations**



Source: Company Reports

**POTENTIAL CATALYSTS AND EVENTS**

- Q4/16 – Ongoing exploration results
- H1/17 – Launch of environmental permitting and completion of feasibility study
- 2017 – Exploration updates and project advancement

# M | PARTNERS

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Hold:	Properly priced
Sell:	Price is inflated and expected to decrease
Under Review:	Not currently rated

Summary of Recommendations (as of October 26, 2016)		
Buy	26	96%
Hold	1	4%
Sell	0	0%
Total	27	100%