**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# Form 10-Q

**[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **September 30, 2013**

**[ ] TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE ACT**
For the transition period from _________ to __________________

**000-21777**
(Commission File Number)

**GOLDEN QUEEN MINING CO. LTD.**
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **British Columbia, Canada** | **Not Applicable** |
| (State or other jurisdiction of incorporation) | (IRS Employer Identification) No.) |

**6411 Imperial Avenue**
**West Vancouver, British Columbia**
**V7W 2J5 Canada**
(Address of principal executive offices)

Issuer's telephone number, including area code: **(604) 921-7570**

Former name, former address and former fiscal year, if changed since last report: **N/A**

Check whether the registrant (1) filed all reports required to be filed by sections 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [**X**] No [ ]

Check whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [**X**] No [ ]

Check whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. Large accelerated filer [ ] Accelerated filer [**X**] Non-accelerated filer [ ] Smaller reporting company [ ]

Check whether the registrant is a shell company, as defined in Rule 12b-2 of the Exchange Act. Yes [ ] No [**X**]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of November 12, 2013 the registrant's outstanding common stock consisted of 99,133,383 shares.

# PART I.     FINANCIAL INFORMATION

## Item 1. Financial Statements

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation**

The following discussion of the operating results and financial condition of Golden Queen Mining Co. Ltd. (the "Company") is as at November 12, 2013 and should be read in conjunction with the unaudited, condensed, consolidated interim financial statements of the Company for the quarter ended September 30, 2013 and the notes thereto.

The information in this Management Discussion and Analysis and Plan of Operations is prepared in accordance with United States generally accepted accounting principles and all amounts herein are in U.S. dollars unless otherwise noted.

***The Soledad Mountain Project***

***Overview***

The Company is developing a gold-silver, open pit, heap leach operation on its fully-permitted Soledad Mountain property, located just outside the town of Mojave in Kern County in southern California. The Soledad Mountain Project (the "Project") will use conventional open pit mining methods and the cyanide heap leach and Merrill-Crowe processes to recover gold and silver from crushed, agglomerated ore.

Please refer to the Company's news release of October 25, 2012 and the Form 10-K dated March 18, 2013 for information on the Project.

***Construction of Infrastructure***

The Company started construction of infrastructure-related items during the second quarter of 2013. The widening of Silver Queen Road with turning lanes was completed on May 3. The turning lanes were extended with a concrete "dip crossing" across a floodplain.

Construction of infrastructure items continued in the third quarter with a budget referred to as the Phase 1 budget. Initial site grading was completed and this included an employee parking lot, a sediment pond and drainage channel and a pad where the sub-station will be constructed. A fuel storage facility and security building will be constructed in this area in November 2013. Work continued on the north-south access road and the overland conveyor route and was essentially completed by the end of October 2013. Work also started on the access road to the workshop and warehouse and the excavation of an area where the workshop and warehouse will be constructed. Work is also under way with the initial water supply required for construction.

It is expected that the bulk of the Phase 1 infrastructure construction will be completed by December 31, 2013.

The Company completed a number of studies such as a burrowing owl survey required to be done 30 days before the start of new disturbances on site and an archaeological survey. Work is also continuing with detailed engineering for construction of the facilities for the Project.

***Results of Operations***

The following are the results of operations for the three and nine months ended September 30, 2013, and the corresponding period ended September 30, 2012.

The Company had no revenue from operations.

The Company incurred general and administrative expenses of $766,108 and $1,668,610 during the three and nine months ended September 30, 2013 as compared to a surplus of $25,057 and an expense of $1,069,135 for the same periods in 2012. The 2012 surplus was the result of changes in the US-Canadian dollar exchange rates providing the Company with a significant gain. Costs were higher by $791,165 and $599,475 for the three and nine months ended September 30, 2013 when compared with the same periods in 2012.

The following significant general and administrative expenses were incurred during the nine months ended September 30, 2013 with a comparison to costs incurred during the same period in 2012:

- $192,540 (2012 - $154,078) for auditing and accounting fees. The increase is the result of higher costs associated with the 2012 year-end audit and the quarterly reviews completed by the Company's auditors as well as an increase in the Company's overall accounting costs. With the increased activity within the

Company and a move from the exploration stage to the development stage, the amount of work required to complete the audits, reviews and monthly accounting has increased as compared to the prior period.

- $301,061 (2012 – $208,358) for legal fees. The increase is the result of the work required for indirect financing alternatives and activities as well as work completed during the Company's annual general meeting ("AGM"), and other corporate matters.

- $154,433 (2012 - $616,528) for consulting expense. The significant decrease of consulting expenses is related to the Company moving into the development stage and capitalizing consulting fees directly related to the Project. This process of capitalizing consulting fees began subsequent to the second quarter of 2012.

- $88,756 (2012 - $Nil) for corporate salary. During the period the Company hired a COO, a new CFO and introduced new Directors to the Board. These fees were not incurred during 2012 as the Company had no employees and Directors fees were not paid until the fourth quarter of any year. The COO and the CFO will both receive annual income of $150,000 each with an annual bonus of up to 200% of the base salary for the COO at the discretion of the Board and 100% of the base salary of the CFO. The new directors, Bryan Coates, Guy Le Bel and Bernard Guarnera will each be paid C$5,000, C$3,750 and US$3,750 respectively per quarter while Lutz Klingmann and Thomas Clay will continue to received C$2,000 and US$2,000 respectively for the fourth quarter.

- $49,004 (2012 - $Nil) for corporate expenses. The Company has opened an office in Mojave, California, and has since incurred expenditures that were not incurred in 2012.

- $117,660 (2012 - $56,603) for office expense. The increase is due to the costs associated with the Company's AGM and disseminating the AGM information to all shareholders during the period as well as to the significant increase in general activities within the Company.

- $42,689 (2012 – $23,524) for travel and accommodation expenses. With the Project moving to the development stage, management and Directors were required to make several trips to the Project site as compared with in 2012. In addition, with the Project moving towards production, management was involved in several additional out of country and meetings in Canada.

- $349,586 (2012 - $Nil) for interest expense. The Company received C$10,000,000 by issuing convertible debentures in July and this resulted in significant interest expense for the period. The interest expense includes an amortization of the discounted convertible debentures of $319,622 (2012 - $Nil) while the remaining $29,964 (2012 - $Nil) relates to the stated interest on the convertible debentures.

- $378,228 (2012 - $Nil) for stock based compensation. The Company granted 800,000 stock options thus far in 2013 as compared with no stock options granted during the same period in 2012.

The following significant general and administrative expenses were incurred during the three month quarter ended September 30, 2013 with a comparison to costs incurred during the same quarter in 2012:

- $59,322 (2012 - $35,167) for auditing and accounting fees. The increase is the result of higher costs associated with completing the Company's accounting and financial reporting as well as the costs associated with the reviews being completed by the Company's auditors. The Company has become significantly more active as it has moved into the development stage and as a result, accounting and auditing costs have also increased.

- $71,046 (2012 – $40,036) for legal fees. The increase is the result of the legal work required for the convertible debentures financing, increased activity on site and the purchase of several land claims during the quarter.

- $79,687 (2012 - $Nil) for consulting expense. As the Company has advanced the Project and proceeded with infrastructure construction, the Company has incurred general consulting fees.

- $68,898 (2012 - $Nil) for corporate salary. During the quarter the Company hired a new CFO, had a COO for the full quarter and also paid out Director's fees. These fees were not incurred during 2012 as the Company had no employees and Directors were not paid until the fourth quarter of any year.

- $49,004 (2012 - $Nil) for corporate expenses. The Company has opened an office in Mojave, California, and has since incurred expenditures that were not incurred in 2012.

- $67,919 (2012 - $31,052) for office expenses. The increase is due to the significant increase in general activities in the Company.

- $349,586 (2012 - $Nil) for interest expense. The Company received C$10,000,000 by issuing convertible debentures in July and this resulted in significant interest expense for the period. The interest expense includes an amortization of the discounted convertible debentures of $319,622 (2012 - $Nil) while the remaining $29,964 (2012 - $Nil) relates to the stated interest on the convertible debentures.

- $311,870 (2012 - $Nil) for stock based compensation. The Company granted 450,000 stock options for the three month quarter ended September 30, 2013 as compared with no stock options granted during the same period in 2012.

The Company expensed exploration expenditures of $Nil during the three and nine months ended September 30, 2013 as compared with $10,282 and $587,967 for the same periods in 2012. The Company moved into the development stage during the third quarter of 2012 and as a result, from that point onwards, all costs directly related to the Project have been capitalized. Please refer to ***The Soledad Mountain Project*** *and* ***Overview*** above.

The Company recorded a decrease in derivative liability, including foreign exchange of $475,862, for the three month period ended September 30, 2013 as compared to an increase in derivative liability of $1,832,050 for the same period in 2012. This item is a non-cash item and was recorded in accordance with accounting pronouncement ASC 850-40-15. Refer to Note 5 Related Party Transactions and 6 Derivative Liability – Stock Options of the unaudited, condensed, consolidated interim financial statements for a detailed analysis of the changes in fair value of the derivative liability.

Interest income of $2,088 (2012 - $11,870) was significantly lower by $9,782. The Company now keeps its funds in U.S. dollars and interest rates are lower on U.S. dollar deposits than interest rates on Canadian dollar deposits. Interest rates are projected to remain low for the remainder of 2013. The Company recorded interest expense of $349,586, which included $319,622 related to the amortization of the discounted convertible debentures (2012 - $Nil) and $29,964 (2012 - $Nil) of actual interest expense based on the stated interest rate on the convertible debentures during the three month period ended September 30, 2013. The interest expense was the result of the convertible debentures issued in July of 2013.

The Company recorded a net and comprehensive loss of $637,744 (or $0.01 per share) during the three month period ended September 30, 2013 as compared to a net and comprehensive loss of $1,825,831 (or $0.02 per share) during the same quarter of 2012. Refer to Note 5 Related Party Transactions and Note 6 Derivative Liability – Stock Options of the unaudited, condensed, consolidated interim financial statements regarding the impact of the change in the fair value of a derivative liability on the net and comprehensive income (loss) for both periods.

***Summary of Quarterly Results***

Results for the eight most recent quarters are set out in the table below:

| **Results for the quarter ended on:** | **Sept. 30, 2013** | **June 30, 2013** | **March 31, 2013** | **Dec. 31, 2012** |
|---|---|---|---|---|
| **Item** | **$** | **$** | **$** | **$** |
| Revenue | Nil | Nil | Nil | Nil |
| Net income (loss) for the quarter | (637,744) | 1,226,780 | 167,304 | 803,716 |
| Net income (loss) per share | (0.01) | 0.01 | 0.00 | 0.01 |

| **Results for the quarter ended on:** | **Sept. 30, 2012** | **June 30, 2012** | **March 31, 2012** | **Dec. 31, 2011** |
|---|---|---|---|---|
| **Item** | **$** | **$** | **$** | **$** |
| Revenue | Nil | Nil | Nil | Nil |

| | | | | |
|---|---|---|---|---|
| Net income (loss) for the quarter | (1,825,831) | 183,733 | (432,606) | 230,281 |
| Net income (loss) per share | (0.02) | 0.00 | 0.00 | 0.00 |

The results of operations can vary from quarter to quarter depending upon the nature, timing and cost of activities undertaken during the quarter, whether or not the Company incurs gains or losses on foreign exchange, grants stock options, or experiences movements in its derivative liability.

***Reclamation Financial Assurance***

The Company has provided reclamation financial assurance to the Bureau of Land Management, the State of California and Kern County totaling $479,559 (2012 - $339,079). The deposit earns interest at a rate of 0.1% per annum and is not available for working capital purposes.

The Company estimated its asset retirement obligations based on its understanding of the requirements to reclaim and clean-up its property based on its activities to date. As Management made the decision to capitalize all development expenditures directly related to the Project in July 2012, $124,363 was capitalized as the asset portion of the retirement obligation for the year ended December 31, 2012.

***Property Rent Payments***

The Company continues to make property rent payments to landholders and paid $11,956 and $94,020 for the three and nine months ended September 30, 2013 as compared to $13,000 and $159,300 during the same period in 2012. The Company is in ongoing discussions with landholders and has made offers to buy back royalty interests where attractive terms can be negotiated. The net effect is that property rent payments are lower as offers are accepted and transactions are concluded.

***Off-balance Sheet Arrangements***

The Company has no off-balance sheet arrangements.

***Stock Option Plan***

The Company’s current stock option plan (the “Plan”) was adopted by the Company in 2013 and approved by shareholders of the Company in 2013. The Plan provides a fixed number of 7,200,000 common shares of the Company that may be issued pursuant to the grant of stock options. The exercise price of stock options granted under the Plan shall be determined by the Company’s board of directors (the “Board”), but shall not be less than the volume-weighted, average trading price of the Company’s shares on the TSX for the five trading days immediately prior to the date of the grant. The expiry date of a stock option shall be the date so fixed by the Board subject to a maximum term of five years. The Plan provides that stock options will terminate on the earlier of the expiry of the term and (i) 12 months from the date an option holder dies, (ii) 12 months from the date from the date the option holder ceases to act as a director or officer of the Company, or (iii) 12 months from the date the option holder ceases to be employed, or engaged as a consultant, by the Company. All options granted under the 2013 Plan will be subject to such vesting requirements as may be prescribed by the Exchange, if applicable, or as may be imposed by the Board.

During the quarter ended September 30, 2013, the Company granted 300,000 options to Ms Andrée St-Germain, the Company’s new Chief Financial Officer, on September 18, 2013. The options are exercisable at a price of C$1.30 for a period of five years from the date of grant and vest over a period of 12 months with 100,000 vesting on the date of grant, 100,000 vesting in 6 and 12 months respectively. The Company also granted 150,000 stock options to the Company’s independent directors on September 4, 2013. The options are exercisable at a price of C$1.67 for a period of five years from the date of grant and vest immediately.

***Transactions with Related Parties***

**Consulting Fees**

For the three months and nine months ended September 30, 2013, the Company paid $40,047 and $114,570 (2012 - $37,300 and $105,700) to Mr. H.L. Klingmann for services as President of the Company of which $14,763 is payable as at September 30, 2013 (2012 - $Nil), paid $4,334 and $17,622 (2012 - $6,800 and $20,200) to Mr. Chester

Shynkaryk for his consulting services to the Company while also serving as Director of the Company and paid $7,224 and $21,987 (2012 - $7,500 and $22,400) to Mr. Ross Macdonald for his CFO services during his tenure with the Company.

For the three months and nine months ended September 30, 2013, the Company paid $12,172 and $19,505 (2012 - $Nil and $Nil) to three of the Company's directors for compensation in their roles as directors of the Company.

**Convertible Debentures**

On July 26, 2013, the Company entered into agreements to issue convertible debentures for aggregate proceeds of C$10,000,000 (the "Placement"). The convertible notes are unsecured and bear interest at 2% per annum, calculated on the outstanding principal balance, payable annually. The principal amounts of the notes are convertible into shares of the Company at a price of C$1.03 per share for a period of two years. If the notes have not been converted by the holder prior to the maturity date, then the Company may convert them at the lower of C$1.03 or the market price as at the maturity date. The market price on the maturity date will be determined based on the volume- weighted average price of the shares traded on the Toronto Stock Exchange for the five trading days preceding the maturity date. A total of C$7,500,000 of the offering was subscribed for by an investment vehicle managed by Thomas M. Clay, a Director and insider of the Company.

The conversion feature of the convertible debentures meets the definition of a derivative liability instrument because the conversion feature is denominated in a currency other than the Company's functional currency and therefore does not meet the "fixed-for-fixed" criteria outlined in ASC 815-40-15. As a result, the conversion feature of the notes is required to be recorded as a derivative liability recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to income.

See also Note 5 of the unaudited condensed consolidated interim financial statements for more details on this instrument.

***Fair Value of Financial Instruments***

The carrying amount reported in the balance sheets for cash and cash equivalents, receivables, accounts payable and accrued liabilities approximates fair value because of the immediate or short-term maturity of these financial instruments. The carrying amount of the convertible debt instrument is being recorded at amortized cost using the effective interest rate method. The Company does not hold any bank or non-bank asset-backed commercial paper. The fair value of the reclamation financial assurance approximates carrying value because the stated interest rate reflects recent market conditions. The fair value of the option, warrants and conversion feature are measured at fair value and re-valued at each reporting date to profit or loss.

It is the opinion of management that the Company is not exposed to significant interest, currency or credit risk arising from the use of these financial instruments.

Refer also to the note on fair value of derivative liability under ***Results of Operations*** above.

***Liquidity and Capital Resources***

The Company held $8,089,943 in cash and cash equivalents on September 30, 2013 as compared to $5,445,110 held on the same date in 2012. The change in liquidity is the result of the issuance in the third quarter of 2013 of convertible debentures (refer to ***Cash from Financing Activities*** below) and a significant increase in activity on site in 2013.

*Cash used in Operating Activities*:

Cash was used to fund the general and administrative work on the Project and for legal, accounting, consulting and regulatory fees.

*Cash from Financing Activities:*

A former director of the Company exercised stock options as follows for the three month period ending September 30, 2013:

- 20,000 options for proceeds of $5,017 (C$5,200)

During the previous two quarters of the 2013 fiscal year, additional options were exercised by two former directors as follows:

- 200,000 options for proceeds of $50,674 (C$52,000) and
- 100,000 options for proceeds of $25,722 (C$26,000).

Issued two convertible debentures for net proceeds of C$10,000,000 ($9,710,603) on July 26, 2013. See Note 5 of the unaudited condensed consolidated interim financial statements for more details.

The proceeds of the convertible debentures will be used exclusively to advance the Project, including construction of infrastructure-related items that is now underway.

*Cash used in Investing Activities:*

The Company continued its work on the Project with the main work done as follows:

- Consulting engineering fees remained high due to the significant amount of ongoing, detailed engineering for Project facilities;

- Costs were incurred for ongoing environmental work, more specifically sampling and analysis of groundwater from monitoring and production wells to meet the requirements set in the Waste Discharge Requirements by the Lahontan Regional Water Quality Control Board.

- Mineral property acquisition costs were incurred to increase the Company's land holdings in and around the Project.

- Construction of infrastructure items continued in the third quarter with a budget referred to as the Phase 1 budget (refer to ***Construction of Infrastructure*** above).

*Working Capital:*

As at September 30, 2013, the Company had current assets of $8,184,884 (2012 - $4,130,223) and current liabilities of $2,625,871 (2012 - $155,280) or working capital of $5,559,013 (2012 - $3,974,943). The increase in working capital is the result of the issuance of convertible debentures (refer to ***Liquidity and Capital Resources*** above) mostly offset by an increase in current liabilities due to increased activity on site in 2013, especially during the three months ended September 30, 2013. Current assets are mainly composed of cash and cash equivalents. The slight increase in cash and cash equivalents can be explained by the reasons listed above.

The Company will use its cash on hand for buying back royalty interests, for detailed engineering of facilities for the Project, for additional land purchases, for ongoing work on site to the end of 2013 (refer to ***Construction of Infrastructure*** above) and for legal, accounting and regulatory fees.

***Outstanding Share Data***

The number of shares issued and outstanding and the fully diluted share position are set out in the table below:

| Item | No. of Shares | | |
|---|---|---|---|
| Shares issued and outstanding on December 31, 2012 | 97,998,383 | | |
| Shares issued for mineral properties | 15,000 | | |
| Shares issued pursuant to the exercise of stock options | 320,000 | | |
| **Shares issued and outstanding on September 30, 2013** | **98,333,383** | **Exercise or Conversion Price** | **Expiry Date** |
| Director and consultants stock options* | 2,280,000 | C$0.26 & C$1.67 | From 01/28/14 to 09/18/18 |
| Shares to be issued as a finder's fee | 100,000 | Not Applicable | Not Applicable |

| | | | |
|---|---|---|---|
| Bonus shares to H.L. Klingmann | 600,000 | Not Applicable | Not Applicable |
| **Fully diluted on Sept. 30, 2013** | **101,313,383** | | |
| Shares to be issued on conversion of convertible debenture**s**** | 9,708,737 | Lower of $1.03 or market price on maturity date** | 25/07/15 |
| **Fully diluted on November 12, 2013** | **111,022,120** | | |
| The company's authorized share capital is 150,000,000 common shares with no par value. | | | |

* Includes 800,000 options exercised in October 2013 (refer to ***Subsequent Events*** below).
**The principal amounts of the convertible debentures, being an aggregate of C$10,000,000, are convertible into shares of the Company at a price of C$1.03 per share for a period of two years. If the convertible debentures have not been converted by the holder prior to the maturity date, then either the Company or the holder may convert them at the lower of C$1.03 or the market price as at the maturity date. The market price on the maturity date will be determined based on the volume weighted average price of the shares as traded on the TSX for the five trading days preceding the maturity date.

***Outlook***

The Project is now fully permitted.

The Company completed site preparations and started construction of infrastructure-related items for the Project during the second quarter and this continued through the third quarter.

Once a production decision is made, the Company will need significant additional financing to develop the Project into an operating mine. Estimated capital costs, including working capital and assuming purchase of the mining equipment, are approximately $120 million. The Company believes that financing for the Project can be secured if gold and silver prices remain at or near current levels. Gold and silver prices averaged $1,224.53/oz and $20.19/oz in 2010, $1,563.93 and $36.61 in 2011, and $1,668.82/oz and $31.15/oz in 2012. The trailing 36-month average prices for gold and silver were $1,557.40 and $30.50/oz respectively to the end of September 2013. The London p.m. fix for gold and silver was $1,285.50/oz and $21.70/oz respectively on November 8, 2013 and project economics remain robust at these prices.

The Company estimates that construction can be completed in approximately 15 months once project financing has been secured.

The Company is evaluating various financing options for the Project, including debt and equity.

It is not expected that the Company will hedge any of its gold or silver production.

The ability of the Company to develop a mine on the property is subject to numerous risks, certain of which are disclosed in the Company's latest Form 10-K filing with the SEC, dated March 18, 2013. Readers should evaluate the Company's prospects in light of these and other risk factors.

***Mineral Properties***

The Company received notice that it had met all remaining major conditions of the conditional use permits for the Project in July 2012. As a result, management of the Company made the decision to begin capitalizing all expenditures related to the Project. Refer also to Note 2 Mineral Properties of the unaudited, condensed, consolidated Interim financial statements for a more detailed discussion.

***Subsequent Events***

Two Directors of the Company exercised stock options during the month of October 2013 as follows:

- 500,000 options for proceeds of C$130,000
- 300,000 options for proceeds of C$78,000

***Application of Critical Accounting Estimates***

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

*Mineral Property and Exploration Costs*

Costs related to the development of our mineral reserves are capitalized when it has been determined an ore body can be economically developed. The development stage begins when an ore body is determined to be economically recoverable based on proven and probable reserves and appropriate permits are in place, and ends when the production stage or exploitation of reserves begins. Major mine development expenditures are capitalized, including primary development costs such as costs of building access ways, heap leach pads, ramps and infrastructure developments.

Costs for exploration, pre-development, if and when applicable, and maintenance and repairs on capitalized property, plant and equipment are charged to operations as incurred. Exploration costs include those relating to activities carried out: (a) in search of previously unidentified mineral deposits, or (b) at undeveloped concessions. Pre-development activities involve costs incurred in the exploration stage that may ultimately benefit production that are expensed due to the lack of evidence of economic development, which is necessary to demonstrate future recoverability of these expenses. Secondary development costs are incurred for preparation of an ore body for production in a specific ore block, stope or work area, providing a relatively short-lived benefit only to the mine area they relate to, and not to the ore body as a whole.

Drilling and related costs are either classified as exploration or secondary development, as defined above, and charged to operations as incurred, or capitalized, based on the following criteria:

- Whether or not the costs are incurred to further define mineralization at and adjacent to existing reserve areas or intended to assist with mine planning within a reserve area;
- Whether or not the drilling costs relate to an ore body that has been determined to be commercially mineable, and a decision has been made to put the ore body into commercial production; and
- Whether or not, at the time that the cost is incurred, the expenditure: (a) embodies a probable future benefit that involves a capacity, singly or in combination, with other assets to contribute directly or indirectly to future net cash inflows, (b) we can obtain the benefit and control others' access to it, and (c) the transaction or event giving rise to our right to or control of the benefit has already occurred.

If all of these criteria are met, drilling and related costs are capitalized. Drilling costs not meeting all of these criteria are expensed as incurred. The following factors are considered in determining whether or not the criteria listed above have been met, and capitalization of drilling costs is appropriate:

- Completion of a favorable economic study and mine plan for the targeted ore body;
- Authorization of development of the ore body by management and/or the Board of Directors; and
- All permitting and/or contractual requirements necessary for us to have the right to or control of the future benefit from the targeted ore body have been met.

Once production has commenced, capitalized costs will be depleted using the units-of-production method over the estimated life of the proven and probable reserves. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to the Consolidated Statements of Loss and Comprehensive Loss in that period.

We assess the carrying cost of our mineral properties for impairment whenever information or circumstances indicate the potential for impairment. Such evaluations compare estimated future net cash flows with our carrying costs and future obligations on an undiscounted basis. If it is determined that the future undiscounted cash flows are less than the carrying value of the property, a write down to the estimated fair value is charged to the Consolidated Statements of Loss and Comprehensive Loss for the period. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses if the carrying value can be recovered.

Proceeds received under option agreements and/or earn-in agreements are recorded as a cost recovery against the carrying value of the underlying project until the carrying value is reduced to zero. Any proceeds received in excess of the carrying value of the project are recorded as a realized gain in the Consolidated Statements of Income and Comprehensive Income.

*Asset Retirement Obligations*

The Company's provision for reclamation of the property is estimated each year by an independent consulting engineer. This estimate, once approved by state and county authorities, forms the basis for a cash deposit to support the reclamation financial assurance mechanism. The Company estimated its asset retirement obligations based on its understanding of the requirements to reclaim and clean-up its property based on its activities to date. As a result, the Company has recorded an asset retirement obligation of $475,938.

The Company has provided reclamation financial assurance to the Bureau of Land Management, the State of California and Kern County totaling $479,559.

*Derivative Liabilities*

Our stock options, warrants and convertible debentures' conversion feature are denominated in a currency other than our reporting currency and the instruments were required to be accounted for as separate derivative liabilities. These liabilities were required to be measured at fair value. These instruments were adjusted to reflect fair value at each period end. Any increase or decrease in the fair value was recorded in results of operations as change in fair value of derivative liabilities. In determining the appropriate fair value, we used an acceptable option pricing model commensurate with the instruments complexity.

*Recently Issued Accounting Standards*

There were no recently issued accounting standards that affected the Company and its financial reporting or any of its accounting policies**.**

***Qualified Person and Caution With Respect to Forward-looking Statements***

Mr. H.L. Klingmann, P.Eng., the President of the Company, is a qualified person for the purposes of National Instrument 43-101 and has reviewed and approved the technical information contained in this report.

This Form 10-Q contains certain forward-looking statements, which relate to the intent, belief and current expectations of the Company's management, as well as assumptions and parameters used in the feasibility study referenced in this report. These forward-looking statements are based upon numerous assumptions that involve risks and uncertainties and other factors that may cause actual results to differ materially from those indicated by such forward-looking statements. Such factors include among other things the receipt and compliance with the terms of required approvals and permits, the costs of and availability of sufficient capital to fund the projects to be undertaken by the Company and commodity prices. In addition, projected mining results, including quantity of ore, grade, production rates, and recovery rates, are subject to numerous risks normally associated with mining activity of the nature described in this report and in the feasibility study, and as a result actual results may differ substantially from projected results. Readers are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date the statements were made.

Caution to U.S. Investors

Management advises U.S. investors that while the terms "measured resources", "indicated resources" and "inferred resources" are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission (the "SEC") does not recognize these terms. U.S. investors are cautioned not to assume that any part or all of the material in the mineral resource categories will be converted into mineral reserves. References to such terms are contained in the Company's Form 10-K and other publicly available filings. We further advise U.S. investors that the mineral reserve estimates disclosed in this report have been prepared in accordance with Canadian regulations and may not qualify as "reserves" under the SEC Industry Guide 7. Accordingly, information concerning mineral resources and reserves set forth herein may not be comparable with information presented by companies using only U.S. standards in their public disclosure.

***Additional Information***

Further information on Golden Queen Mining Co. Ltd. is available on the SEDAR web site at www.sedar.com and on the Company's web site at www.goldenqueen.com.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

**Interest Rate Risk**

We hold all of our cash in bank deposits with a single Canadian financial institution. Based on the average cash balances during the three months ended September 30, 2013, a 1% decrease in interest rates would have reduced the interest income for the quarter ended September 30, 2013 to a trivial amount.

### Foreign Currency Exchange Risk

Currency exchange fluctuations may impact the costs of our operations. Specifically, the appreciation of the Canadian dollar against the U.S. dollar may result in an increase in our Canadian operating costs in U.S. dollar terms. The Company now holds approximately 85% of funds in a U.S. dollar deposit with a single Canadian financial institution to eliminate currency exchange risks.

We currently do not engage in any currency hedging activities.

### Commodity Price Risk

Our primary business activity is the development of a gold-silver, open pit, heap leach operation on the Soledad Mountain property. Decreases in the price of either gold or silver from current levels has the potential to negatively impact our ability to secure the significant additional financing required to develop the Project into an operating mine**.** We do not currently engage in hedging transactions and we have no hedged mineral resources.

## Item 4. Controls and Procedures

*Timely Disclosure*

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the "Exchange Act." These rules refer to the controls and other procedures of a company that are designed to ensure that the information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the required time periods. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our Exchange Act reports is accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. It is management's responsibility to establish and maintain adequate internal control over financial reporting for the Company.

As of September 30, 2013, our Chief Executive Officer and Chief Financial Officer, and our external Sarbanes-Oxley consultants carried out an evaluation of the effectiveness of our disclosure controls and procedures. Based upon this evaluation, and the material weaknesses outlined below, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

*Internal Control over Financial Reporting*

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Under the supervision of our Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2013 using the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. In its assessment of the effectiveness of internal control over financial reporting as of September 30, 2013, the Company determined that there were deficiencies that constituted material weaknesses, as described below:

1. Lack of segregation of duties and weakness around timely and consistent management review of financial statements, account reconciliations, and technical accounts in the financial closing and reporting process; and
2. Lack of segregation of duties in daily cash management and limited approval of capital expenditures and general and administrative spending.

Management is currently evaluating and implementing remediation plans for control deficiencies.

In light of the existence of these control deficiencies, management concluded that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by the Company's internal controls.

As a result, management has concluded that the Company did not maintain effective internal control over financial reporting as of September 30, 2013 based on criteria established in Internal Control—Integrated Framework issued by COSO.

*Changes in Internal Control*

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) during the quarter ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

**Item 4. Mine Safety Disclosures**

The Company is the operator of the Soledad Mountain Project located in Mojave in Kern County, California. The Company is currently preparing the Project for production. The Company has no safety violations or other regulatory matters to report.

**Item 6. Exhibits**

31.1 Certification of the Principal Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934.

31.2 Certification of the Principal Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934.

32.1 Section 1350 Certification of the Principal Executive Officer.

32.2 Section 1350 Certification of the Principal Financial Officer.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 12, 2013

**GOLDEN QUEEN MINING CO. LTD.**
(Registrant)

By: ________________________________
**H. Lutz Klingmann**
Principal Executive Officer

By: ________________________________
**Andrée St-Germain**
Principal Financial Officer