Golden Queen Mining Co. Ltd.
Condensed Consolidated Interim Financial Statements
March 31, 2019

(US dollars – Unaudited)

GOLDEN QUEEN MINING CO. LTD.
Condensed Consolidated Interim Balance Sheets
(amounts expressed in thousands of US dollars - Unaudited)

	March 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash	$ 5,675	$ 5,725
Inventories (Note 4)	32,984	25,031
Prepaid expenses and other current assets	531	467
Total current assets	39,190	31,223
Restricted cash (Note 5)	1,008	1,005
Deferred financing cost (Note 13(v))	2,659	3,314
Property, plant, equipment and mineral interests (Note 6)	134,769	135,818
Advance minimum royalties	497	497
Inventories (Note 4)	5,279	6,913
Total Assets	$ 183,402	$ 178,770
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 8,491	$ 6,899
Interest payable	1,637	773
Credit facility (Note 13(v))	10,000	-
Current portion of note payable (Note 13(ii))	25,481	24,690
Current portion of loan payable (Note 7)	5,381	6,578
Derivative liabilities (Note 8)	3,540	3,390
Total current liabilities	54,530	42,330
Credit facility (Note 13(v))	-	5,000
Loan payable (Note 7)	4,810	5,622
Asset retirement obligation (Note 9)	2,966	2,497
Deferred tax liability	8,588	8,588
Total liabilities	70,894	64,037
Temporary Equity		
Redeemable portion of non-controlling interest (Note 13(iv))	24,305	24,286
Shareholders' Equity		
Common shares, no par value, unlimited shares authorized (2018 - unlimited); 300,101,444 (2018 – 300,101,444) shares issued and outstanding (Note 10)	95,575	95,575
Additional paid-in capital	44,029	44,002
Deficit accumulated	(97,859)	(95,559)
Total shareholders' equity attributable to GQM Ltd.	41,745	44,018
Non-controlling interest (Note 13(iv))	46,458	46,429
Total Shareholders' Equity	88,203	90,447
Total Liabilities, Temporary Equity and Shareholders' Equity	$ 183,402	$ 178,770

Going Concern (Note 2)
Commitments and Contingencies (Notes 14 and 16)
Subsequent Events (Note 17)

Approved by the Directors:

"Paul M. Blythe"
Paul M. Blythe, Director

"Bryan A. Coates"
Bryan A. Coates, Director

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

GOLDEN QUEEN MINING CO. LTD.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(amounts expressed in thousands of US dollars, except shares amounts - Unaudited)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Revenues		
Metal Sales	$ 16,979	$ 9,585
Cost of Sales		
Direct mining costs	(12,284)	(13,016)
Depreciation and depletion (Note 6)	(2,566)	(2,976)
Accretion expense	(52)	(42)
Income (Loss) from mine operations	2,077	(6,449)
General and administrative expenses (Note 11)	(1,832)	(1,254)
Operating income (loss)	245	(7,703)
Other income (expenses)		
(Loss) gain on derivative instruments (Note 8)	(150)	138
Finance expense (Note 13(iii))	(2,420)	(1,533)
Interest income	73	35
Total other income (expenses)	(2,497)	(1,360)
Net and comprehensive loss for the period	**(2,252)**	**(9,063)**
Less: Net and comprehensive (income) loss attributable to the non-controlling interest for the period (Note 13(iv))	(48)	3,646
Net and comprehensive loss attributable to Golden Queen Mining Co Ltd. for the period	$ (2,300)	$ (5,417)
Loss per share – basic (Note 12)	$ (0.01)	$ (0.03)
Loss per share – diluted (Note 12)	$ (0.01)	$ (0.03)
Weighted average number of common shares outstanding -basic	300,101,444	188,829,263
Weighted average number of common shares outstanding - diluted	300,101,444	188,829,263

GOLDEN QUEEN MINING CO. LTD.

Condensed Consolidated Interim Statements of Shareholders' Equity, Non-controlling Interest and Redeemable Portion of Non-controlling Interest

(amounts expressed in thousands of US dollars, except shares amounts - Unaudited)

	Common shares	Amount	Additional Paid-in Capital	Deficit Accumulated	Total Shareholders' Equity attributable to GQM Ltd	Non-controlling Interest	Total Shareholders' Equity	Redeemable Portion of Non-controlling Interest
Balance, December 31, 2017	**111,148,683**	**$ 71,126**	**$ 43,853**	**$ (88,500)**	**$ 26,479**	**$ 36,321**	**$ 62,800**	**$ 24,214**
Issuance of common shares (Note 10)	188,952,761	24,368	-	-	24,368	-	24,368	-
Capital contribution from non-controlling interest	-	-	-	-	-	10,000	10,000	-
Stock-based compensation	-	-	45	-	45	-	45	-
Net loss for the period	-	-	-	(5,417)	(5,417)	(2,188)	(7,605)	(1,458)
Balance, March 31, 2018	**300,101,444**	**$ 95,494**	**$ 43,898**	**$ (93,917)**	**$ 45,475**	**$ 44,133**	**$ 89,608**	**$ 22,756**
Balance, December 31, 2018	**300,101,444**	**$ 95,575**	**$ 44,002**	**$ (95,559)**	**$ 44,018**	**$ 46,429**	**$ 90,447**	**$ 24,286**
Stock-based compensation	-	-	27	-	27	-	27	-
Net loss for the period	-	-	-	(2,300)	(2,300)	29	(2,271)	19
Balance, March 31, 2019	**300,101,444**	**$ 95,575**	**$ 44,029**	**$ (97,859)**	**$ 41,745**	**$ 46,458**	**$ 88,203**	**$ 24,305**

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

GOLDEN QUEEN MINING CO. LTD.
Condensed Consolidated Interim Statements of Cash Flows
(amounts expressed in thousands of US dollars - Unaudited)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Operating Activities		
Net loss for the period	$ (2,252)	$ (9,063)
Adjustment to reconcile net loss to cash used in operating activities:		
Depreciation and depletion	2,566	2,976
Amortization of debt discount and interest accrual	1,473	555
Accretion expense	52	42
Change in fair value of derivative liabilities (Note 8)	150	(138)
Stock based compensation	27	45
Unrealized foreign exchange gain	(3)	(43)
Changes in non-cash working capital items:		
Prepaid expenses & other current assets	(64)	14
Inventory	(5,388)	(900)
Accounts payable & accrued liabilities	1,595	(1,595)
Interest payable	837	713
Cash used in operating activities	(1,007)	(7,394)
Investment activities:		
Additions to property, plant, equipment and mineral interests	(2,031)	(2,071)
Cash used in investing activities	(2,031)	(2,071)
Financing activity:		
Issuance of common shares (Note 10)	-	24,368
Proceeds from credit facility	5,000	-
Repayment of credit facility	-	(3,000)
Repayments of loan payable (Note 7)	(2,009)	(1,898)
Repayments of note payable and accrued interest (Note 13(ii))	-	(4,712)
Capital contribution from non-controlling interest	-	10,000
Cash generated from financing activities	2,991	24,758
Net change in cash, cash equivalents and restricted cash	(47)	15,293
Cash, cash equivalents and restricted cash, beginning balance	6,730	2,937
Cash, cash equivalents and restricted cash, ending balance	$ 6,683	$ 18,230

Supplementary Disclosure of Cash Flow Information

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Cash paid during the period for:		
Interest on loan and note payable	$ 109	$ 235
Non-cash financing and investing activities:		
Asset retirement costs charged to mineral property interests	$ 417	$ 349
Mining equipment acquired through issuance of debt	$ -	$ 514
Mineral property expenditures included in accounts payable	$ -	$ 165
Extension fee added to principal balance	$ 75	$ -
Non-cash amortization of discount and interest expense	$ 1,473	$ 555

1. *Nature of Business*

Golden Queen Mining Co. Ltd. ("Golden Queen", "GQM Ltd." or the "Company") is engaged in the operation of the Soledad Mountain Mine ("the Mine"), located in the Mojave Mining District, Kern County, California. The Company owns 50% of Golden Queen Mining Company, LLC ("GQM LLC"), the operator of the Mine. The remaining 50% is owned by Gauss LLC ("Gauss").

2. *Basis of Presentation and Going Concern*

These unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") applicable to going concern. The accounting policies followed in preparing these condensed consolidated interim financial statements are those used by the Company as set out in the audited consolidated financial statements for the year ended December 31, 2018 other than noted below.

Certain information and note disclosures normally included for annual consolidated financial statements prepared in accordance with US GAAP have been omitted. These unaudited condensed consolidated interim financial statements should be read together with the audited consolidated financial statements of the Company for the year ended December 31, 2018.

In the opinion of Management, all adjustments considered necessary (including reclassifications and normal recurring adjustments) to present fairly the financial position, results of operations and cash flows as at March 31, 2019 and for all periods presented, have been included in these unaudited condensed consolidated interim financial statements. The interim results are not necessarily indicative of results for the full year ending December 31, 2019, or future operating periods.

The Company's access to the net assets of GQM LLC is determined by the Board of Managers of GQM LLC. The Board of Managers is not controlled by the Company and therefore there is no guarantee that any access to the net assets of GQM LLC would be provided to the Company in order to continue as a going concern. The Board of Managers of GQM LLC determine when and if distributions from GQM LLC are made to the holders of its membership units at their sole discretion.

Under the terms of the Note Payable, the Company was originally required to pay the following amounts to the Clay Group on the following dates: $1.7 million of interest and principal on January 1, 2019, $3.9 million of interest and principal on April 1, 2019 and $21.7 million of interest and principal on May 21, 2019. On December 27, 2018, the Company and the Clay Group agreed to postpone the January 1, 2019 payment of $1.7 million of interest and principal until February 1, 2019 for a restructuring fee of $125. On January 31, 2019, the Company and the Clay Group agreed to an additional extension to February 8, 2019 for a restructuring fee of $75. On February 9, 2019, the parties agreed to defer the payments of all principal and interest mentioned above until completion of a proposed transaction involving the sale of our 50% ownership in Soledad Mountain (see Note 16).

As at March 31, 2019, the Company had a working capital deficit of $15.3 million and during the three months ended March 31, 2019, the cash used in operating activities was $1.0 million. The Company is currently unable to repay the interest and principal payments due on the November 2017 Loan. The Company relies on cash distributions from GQM LLC to service its debt and such distributions are contingent on GQM LLC's ability to generate positive cash flows. The Company reviewed the 2019 budget and Life of Mine Plan and the results for the three months ended March 31, 2019 and has determined it is unlikely it will receive sufficient distributions from GQM LLC to service its debt in early 2019. This situation raises substantial doubt about the Company's ability to continue as a going concern. Consequently, since the third quarter of 2018, the Company had pursued discussions with the Clay Group to restructure the reimbursement of the debt payments. The discussions terminated with the February 9, 2019 proposed transaction (see Note 16).

The unaudited condensed consolidated interim financial statements do not reflect adjustments to the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

(amounts expressed in thousands of US dollars, except share amounts - Unaudited)

3. *Summary of Accounting Policies and Estimates and Judgements*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and judgements have been made by Management in several areas including the accounting for the joint venture transaction and determination of the temporary and permanent non-controlling interest, the recoverability of mineral properties interests, royalty obligations, inventory valuation, asset retirement obligations, and derivative liability – warrants. Actual results could differ from those estimates.

New Accounting Pronouncements

Adopted

(i) February 2016, FASB issued ASC 842 that requires lessees to recognize lease assets and corresponding lease liabilities on the balance sheet for all leases with terms of more than 12 months. The update, which supersedes existing lease guidance, will continue to classify leases as either finance or operating, with the classification determining the pattern of expense recognition in the income statement.

The ASU was effective for annual and interim periods beginning January 1, 2019 and is applicable on a modified retrospective basis. The Company adopted the guidance effective January 1, 2019 and has applied the guidance on a modified retrospective basis. There was an immaterial impact on the financial statements from adoption of this guidance.

Not Yet Adopted

None

4. *Inventories*

Inventories consist primarily of production from the Company's operation, in varying stages of the production process and supplies and spare parts, all of which are presented at the lower of cost or net realizable value. Inventories of the Company are comprised of:

	March 31, 2019	December 31, 2018
Stockpile inventory	$ 10,353	$ 6,913
In-process inventory	24,149	21,607
Dore inventory	892	761
Supplies and spare parts	2,869	2,663
	$ 38,263	$ 31,944
Current portion	$ 32,984	$ 25,031
Non-current portion	$ 5,279	$ 6,913

The rate of recovery of gold and silver from the leach pad is a significant area of estimation. Whilst inventory is shown as a current asset it is probable that some portion of the gold and silver on the leach pad will be recovered more than a year from the balance sheet date, depending on the length of the leaching cycle and on management's strategy for optimizing the recovery from the leach pad.

(amounts expressed in thousands of US dollars, except share amounts - Unaudited)

5. *Restricted Cash*

The Company's restricted cash consists of the following*:*

	March 31, 2019	December 31, 2018
Certificate of Deposit	$ 1,008	$ 1,005

The surety required a certificate of deposit to bond reclamation requirements of regulatory agencies. (see Note 9)

6. *Property, Plant, Equipment and Mineral Interests*

Property, plant and equipment and mineral interests, are depreciated and depleted using either the units-of-production or straight-line method over the shorter of the estimated useful life of the asset or the expected life of mine. Assets under construction in progress are recorded at cost and re-allocated to its corresponding category when they become available for use.

	Land	Mineral property interest and claims	Mine development	Machinery and equipment	Buildings and infrastructure	Construction in progress	Interest capitalized	Total
Cost								
At December 31, 2017	**$ 3,969**	**$ 5,280**	**$ 50,773**	**$ 70,066**	**$ 28,397**	**$ 54**	**$ 5,886**	**$ 164,425**
Additions	173	5	492	-	-	6,902	-	7,572
Transfers	(5)	550	711	5,375	48	(6,679)	-	-
Disposals	-	-	-	(213)	-	-	-	(213)
At December 31, 2018	**$ 4,137**	**$ 5,835**	**$ 51,976**	**$ 75,228**	**$ 28,445**	**$ 277**	**$ 5,886**	**$ 171,784**
Additions	132	-	416	89	-	1,862	-	2,499
Disposals	-	-	-	-	(50)	-	-	(50)
At March 31, 2019	**$ 4,269**	**$ 5,835**	**$ 52,392**	**$ 75,317**	**$ 28,395**	**$ 2,139**	**$ 5,886**	**$ 174,233**
Accumulated depreciation and depletion								
At December 31, 2017	**$ -**	**$ 328**	**$ 3,415**	**$ 13,353**	**$ 5,010**	**$ -**	**$ 471**	**$ 22,577**
Additions	-	278	2,682	7,789	2,357	-	430	13,536
Disposals	-	-	-	(147)	-	-	-	(147)
At December 31, 2018	**$ -**	**$ 606**	**$ 6,097**	**$ 20,995**	**$ 7,367**	**$ -**	**$ 901**	**$ 35,966**
Additions	-	55	772	1,981	582	-	108	3,498
At March 31, 2019	**$ -**	**$ 661**	**$ 6,869**	**$ 22,976**	**$ 7,949**	**$ -**	**$ 1,009**	**$ 39,464**
Carrying values								
At December 31, 2018	**$ 4,137**	**$ 5,229**	**$ 45,879**	**$ 54,233**	**$ 21,078**	**$ 277**	**$ 4,985**	**$ 135,818**
At March 31, 2019	**$ 4,269**	**$ 5,174**	**$ 45,523**	**$ 52,341**	**$ 20,446**	**$ 2,139**	**$ 4,877**	**$ 134,769**

(amounts expressed in thousands of US dollars, except share amounts - Unaudited)

7. *Loan Payable*

As at March 31, 2019 and December 31, 2018, equipment financing balances are as follows:

		March 31, 2019		December 31, 2018
Balance, beginning of the period	$	12,200	$	17,243
Additions		-		3,751
Principal repayments		(2,009)		(8,156
Down payments and taxes		-		(638)
Balance, end of the period	$	10,191	$	12,200
Current portion	$	5,381	$	6,578
Non-current portion	$	4,810	$	5,622

The terms of the equipment financing agreements are as follows:

		March 31, 2019		December 31, 2018
Total acquisition costs	$	39,443	$	39,443
Interest rates		0.00% ~ 4.50%		0.00% ~ 4.50%
Monthly payments	$	5 ~ 74	$	5 ~ 74
Average remaining life (years)		1.27		1.27

For the three months ended March 31, 2019, the Company made total down payments of $nil (December 31, 2018 – $638). The down payments consisted of the sales tax on the assets and a 10% payment of the pre-tax purchase price. All of the loan agreements are for a term of four years, except two which are for three years, and are secured by the underlying asset.

The following table outlines the principal payments to be made for each of the remaining years:

Years		Principal Payments
2019	$	4,220
2020		3,204
2021		2,184
2022		583
Total	$	10,191

8. *Derivative Liabilities*

Share Purchase Warrants

The Company has 10,000,000 share purchase warrants outstanding exercisable at $0.7831 per share and 8,000,000 share purchase warrants outstanding exercisable at $0.665 per share (the "Clay Group share purchase warrants"). The Company has an additional 6,317,700 share purchase warrants outstanding with an exercise price of C$2.00 per share. The share purchase warrants meet the definition of a derivative liability instrument as the exercise price is not a fixed price as described above. Therefore, the settlement feature does not meet the "fixed-for-fixed" criteria outlined in ASC 815-40-15.

The fair value of the derivative liabilities related to the share purchase warrants as at March 31, 2019 was $63 (December 31, 2018 – $76). The derivative liabilities were calculated using the Black-Scholes pricing valuation model with the following weighted average assumptions:

(amounts expressed in thousands of US dollars, except share amounts - Unaudited)

8. Derivative Liabilities (continued)

Warrants derivative liabilities	March 31, 2019	December 31, 2018
Risk-free interest rate	1.37%	1.37%
Expected life of derivative liability	1.44 years	1.69 years
Expected volatility	173.18%	93.96 %
Dividend rate	0.00%	0.00 %

GQM LLC Warrants (Note 13(v))

In connection with the 2018 Credit Facility (Note 14(v)), GQM LLC issued 21,486 warrants (the "GQM LLC Warrants"), with each warrant entitling the holder to purchase a unit of GQM LLC for a period of five (5) years at an exercise price of $475.384 per unit. The warrants are classified as a derivative liability due to a clause in the warrant agreement that offers the warrant holders price protection. The fair value of the derivative liabilities related to the warrants as at March 31, 2019 was $3,477 (December 31, 2018 - $3,314). The derivative liability was calculated using the Black-Scholes pricing valuation model.

GQM LLC Warrants derivative liability	March 31, 2019	December 31, 2018
Risk-free interest rate	2.23%	2.65%
Expected life of derivative liability	4.75 years	4.89 years
Expected volatility	20.00%	20.00 %
Dividend rate	0.00%	0.00 %

The change in the derivative liabilities is as follows:

	March 31, 2019	December 31, 2018
Balance, beginning of the period	$ 3,390	$ 441
GQM LLC Warrants (Note 13(v))	-	3,314
Change in fair value	150	(365)
Balance, end of the period	$ 3,540	$ 3,390

9. Asset Retirement Obligations

Reclamation Financial Assurance

GQM LLC is required to provide the Bureau of Land Management, the State Office of Mine Reclamation and Kern County with a revised reclamation cost estimate annually. The financial assurance is adjusted once the cost estimate is approved.

This estimate, once approved by state and county authorities, forms the basis of reclamation financial assurance. The reclamation assurance provided as at March 31, 2019 was $1,749 (December 31, 2018 – $1,749).

GQM LLC is also required to provide financial assurance with the Lahontan Regional Water Quality Control Board (the "Regional Board") for closure and reclamation costs related to the lined impoundments, which are defined as the Stage 1 and Stage 2 heap leach pads, the overflow pond, and the solution collection channel. The reclamation financial assurance estimate as at March 31, 2019 was $2,450 (December 31, 2018 – $2,450).

In addition to the above, GQM LLC is required to obtain and maintain financial assurance for initiating and completing corrective action and remediation of a reasonably foreseeable release from the Project's waste management units as required by the Regional Board. The reclamation financial assurance estimate as at March 31, 2019 is $320 (December 31, 2018 – $278).

As at March 31, 2019 GQM LLC had entered into $5,507 (December 31, 2018 – $4,921) in surety bond agreements in order to release its reclamation deposits and a bond for power of $443 (December 31, 2018 - $443). GQM LLC pays a yearly premium of $100 (2018 – $100). Golden Queen Ltd. has provided a corporate guarantee on the surety bonds. In addition, a certificate of deposit for $1,000 was posted as collateral to reclamation bonding in 2018.

(amounts expressed in thousands of US dollars, except share amounts - Unaudited)

9. Asset Retirement Obligations (continued)

Asset Retirement Obligation

The total asset retirement obligation as at March 31, 2019 was $2,966 (December 31, 2018 – $2,497).

The Company estimated its asset retirement obligations based on its understanding of the requirements to reclaim and remediate its property based on its activities to date. As at March 31, 2019, the Company estimates the cash outflow related to these reclamation activities will be incurred in 2029. Reclamation provisions are measured at the expected value of future cash flows discounted to their present value using a discount rate based on a credit adjusted risk-free interest rate of 7.9% and an inflation rate of 2.4%.

The following is a summary of asset retirement obligations:

	March 31, 2019	December 31, 2018
Balance, beginning of the period	$ 2,497	$ 1,838
Accretion	52	167
Changes in cash flow estimates	417	492
Balance, end of the period	$ 2,966	$ 2,497

10. Share Capital

The Company's common shares outstanding are no par value, voting shares with no preferences or rights attached to them.

Common shares

On February 22, 2018, the Company closed a rights offering and issued 188,952,761 shares for total gross proceeds of $25,036. The Company paid associated fees of $587 which were classified as share issue costs.

Stock options

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 Toronto Stock Exchange ("TSX") for the five (5) 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 (5) years.

The Company has elected to use the Black-Scholes option pricing model to determine the fair value of stock options granted. The compensation expense is amortized on a straight-line basis over the requisite service period, which approximates the vesting period.

The following is a summary of stock option activity during the three months ended March 31, 2019 and the year ended December 31, 2018:

	Shares	Weighted Average Exercise Price per Share
Options outstanding, December 31, 2017	2,600,001	$ 0.54
Options forfeited	(75,000)	$ 0.29
Options expired	(200,000)	$ 1.48
Options outstanding, March 31, 2019 and December 31, 2018	2,325,001	$ 0.46

During the three months ended March 31, 2019, the Company recognized $27 (2018 - $45) in stock-based compensation relating to the vesting of employee stock options.

(amounts expressed in thousands of US dollars, except share amounts - Unaudited)

10. Share Capital (continued)

Stock options (continued)

The following table summarizes information about stock options outstanding and exercisable as at March 31, 2019:

Expiry Date	Number Outstanding	Number Exercisable	Remaining Contractual Life (years)		Exercise Price
September 8, 2020	430,000	430,000	1.44	$	0.58
November 30, 2021	365,000	243,332	2.67	$	0.66
March 20, 2022	400,002	266,668	2.97	$	0.65
October 20, 2022	1,129,999	376,666	3.56	$	0.29
	2,325,001	1,316,666	2.91		

As at March 31, 2019, the aggregate intrinsic value of the outstanding exercisable options was $nil (December 31, 2018 – $nil).

Warrants

As at March 31, 2019, 24,317,700 warrants were outstanding (December 31, 2018 – 24,317,700).

The following table summarizes information about share purchase warrants outstanding as at March 31, 2019:

Expiry Date	Number Outstanding	Remaining Contractual Life (years)		Exercise Price
June 8, 2020	10,000,000	1.19	$	0.7831
July 25, 2019 [(1)]	6,317,700	0.32	C$	2.0000
November 18, 2021	8,000,000	2.64	$	0.6650
	24,317,700	1.44		

[(1)] Non-tradable share purchase warrants.

In addition, as at March 31, 2019, the Company had 21,486 GQM LLC Warrants (Note 13(v)) outstanding, with each warrant entitling the holder to purchase a unit of GQM LLC for a period of five (5) years at an exercise price of $475.384 per unit.

11. General and Administrative Expenses

General and administrative expenses are incurred to support the administration of the business that are not directly related to production. Significant components of general and administrative expenses are comprised of the following:

		Three Months Ended March 31, 2019		Three Months Ended March 31, 2018
Audit, legal and professional fees	$	103	$	240
Salaries and benefits and director fees		799		503
Regulatory fees and licenses		25		79
Insurance		171		139
Corporate administration		268		293
Transaction costs (Note 16)		466		-
	$	1,832	$	1,254

(amounts expressed in thousands of US dollars, except share amounts - Unaudited)

12. Loss Per Share

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Numerator:		
Net loss attributable to the shareholders of the Company - numerator for basic and diluted loss per share	$ (2,300)	$ (5,417)
Denominator:		
Weighted average number of common shares outstanding -basic and diluted	300,101,444	188,829,263
Loss per share – basic and diluted	$ (0.01)	$ (0.03)

Weighted average number of shares for the three months ended March 31, 2019 excludes 2,325,001 options (December 31, 2018 – 2,325,001) and 24,317,700 warrants (December 31, 2018 – 24,317,700) that were antidilutive.

13. Related Party Transactions

Except as noted elsewhere in these consolidated financial statements, related party transactions are disclosed as follows:

(i) Compensation of Key Management Personnel, Transactions with Related Parties and Related Party Balances

For the three months ended March 31, 2019, the Company recognized $361 (2018 –$195) salaries and fees for Officers and Directors.

(ii) Note Payable

As at December 31, 2018, The Company had a loan with the Clay Group with a principal balance of $25,625 (the "Clay Group Loan"). The Clay Group Loan had principal and accrued interest due as follows: $1.7 million of principal and accrued interest on January 1, 2019; $3.9 million of principal and accrued interest on April 1, 2019; and the balance due on May 21, 2019. On December 27, 2018, the Company and the Clay Group agreed to amend the Clay Group Loan, extending the due date of $1.7 million of principal as well as interest from the original due date of January 1, 2019 to February 1, 2019. An extension fee of $125 was added to the principal amount owing. On February 1, 2019, the due date was extended to February 8, 2019 for an extension fee of $75 that was added to the principal amount owing. On February 8, 2019, the due dates of principal and interest on the Clay Group Loan were extended until completion of the proposed transaction (Note 16). The amendments were accounted for as debt modifications.

The following table summarizes activity on the notes payable:

	March 31, 2019	December 31, 2018
Balance, beginning of the year	$ 24,690	$ 30,099
Accretion of discount on loans	526	2,040
Capitalized financing, extension and legal fees	(75)	(125)
Extension fee added to principal	75	125
Accretion of capitalized financing, extension and legal fees	265	262
Repayment of loans and interest	-	(7,711
Balance, end of the year	$ 25,481	$ 24,690
Current portion	$ 25,481	$ 24,690
Non-current portion	$ -	$ -

(amounts expressed in thousands of US dollars, except share amounts - Unaudited)

13. Related Party Transactions (continued)

(iii) Amortization of Discounts and Interest Expense

The following table summarizes the amortization of discount and interest on loans:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Accretion of the Clay Group Loan discount	$ 526	$ 490
Accretion of capitalized financing and legal fees	265	65
Amortization of deferred financing fees	655	-
Interest expense related to the Clay Group Loan	658	713
Interest expense related to the 2018 Credit Facility	180	-
Closing and commitment fees related to credit facilities	27	30
Interest expense related to Komatsu financial loans (1)	109	235
Accretion of discount and interest on loan	$ 2,420	$ 1,533

(1) Komatsu is not a related party and has only been included in the above table to reconcile the total interest expense incurred for the period … to the amounts capitalized and expensed.

(iv) Joint Venture Transaction

The Company has presented Gauss' ownership in GQM LLC as a non-controlling interest amount on the balance sheet within the equity section. However, there are terms in the agreement that provide for the exit from the investment in GQM LLC for an initial member whose interest in GQM LLC becomes less than 20%.

If a member becomes less than a 20% interest holder, its remaining interest will (ultimately) be terminated through one of 3 events at the non-diluted member's option:
a. Through conversion to a net smelter royalty ("NSR");
b. Through a buy-out (at fair value) by the non-diluted member; or
c. Through a sale process by which the diluted member's interest is sold.

The net assets of GQM LLC as at December 31, 2018 and 2017 are as follows:

	March 31, 2019	December 31, 2018
Assets, GQM LLC	$ 176,635	$ 171,334
Liabilities, GQM LLC	(24,782)	(29,904)
Net assets, GQM LLC	$ 151,853	$ 141,430

Included in the assets above, is $4,713 (December 31, 2018 – $4,149) in cash held by GQM LLC which is directed specifically to fund capital expenditures required to continue with production and to settle GQM LLC's obligations.

The liabilities of GQM LLC do not have recourse to the general credit of Golden Queen except for $349 for a mining drill loan and $5,507 in surety bond agreements.

(amounts expressed in thousands of US dollars, except share amounts - Unaudited)

13. Related Party Transactions (continued)

(iv) Joint Venture Transaction (continued)

Non-Controlling Interest

The carrying value of the non-controlling interest is adjusted for net income and loss, distributions and contributions pursuant to ASC 810-10 based on the same percentage allocation used to calculate the initial book value of temporary equity.

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net and comprehensive income (loss) in GQM LLC	$ 95	$ (7,294)
Non-controlling interest percentage	50%	50%
Net and comprehensive income (loss) attributable to non-controlling interest	$ 48	$ (3,646)
Net and comprehensive income (loss) attributable to permanent non-controlling interest	$ 29	$ (2,188)
Net and comprehensive income (loss) attributable to temporary non-controlling interest	$ 19	$ (1,458)

	Permanent Non-Controlling Interest	Temporary Non-Controlling Interest
Carrying value of non-controlling interest, December 31, 2017	$ 36,321	$ 24,214
Capital contribution	10,000	-
Net and comprehensive income for the year	108	72
Carrying value of non-controlling interest, December 31, 2018	$ 46,429	$ 24,286
Net and comprehensive income for the period	29	19
Carrying value of non-controlling interest, March 31, 2019	$ 46,458	$ 24,305

(v) Credit Facility

On October 12, 2018, GQM LLC entered into an agreement with Gauss Holdings LLC and Auvergne LLC (the "Lenders") whereby the Lenders are providing GQM LLC a revolving credit loan facility (the "2018 Credit Facility") in the amount of $20 million. The 2018 Credit Facility bears interest at a rate of 8% per annum and in addition, is subject to a commitment fee of 1% per annum on available loan balance. As per terms of the agreement, GQM LLC accrued commitment fees of $45 for the year ended December 31, 2018. The loan matures March 31, 2020. As at March 31, 2019, GQM LLC had drawn $10,000 (December 31, 2018 - $5,000) from the 2018 Credit Facility and accrued interest of $327 (December 31, 2018 - $121). Subsequent to the period end GQM LLC drew an additional $5,000 from the 2018 Credit Facility (Note 17).

In connection with the 2018 Credit Facility, the Lenders were issued 21,486 warrants (the "GQM LLC Warrants"), with each warrant entitling the holder to purchase a unit of GQM LLC for a period of five (5) years at an exercise price of $475.384 per unit. The warrants are classified as a derivative liability due to a clause in the warrant agreement that offers the warrant holders price protection (Note 8). The fair value of GQM LLC Warrants at the issuance date of $3,314 is accounted for as a finance cost and amortized to the statement of loss over the term of the 2018 Credit Facility. During the three months ended March 31, 2019, the Company recorded amortization expense of $655.

The GQM LLC Warrants represent a fully-diluted 7.5% interest in the equity of GQM LLC. If the GQM LLC warrants are exercised, the Company's interest in GQM LLC will be diluted to 46.25%. The Company's current interest in GQM LLC is 50%.

The 2018 Credit Facility is secured by a pledge of the Company's equity interest in GQM LLC.

(amounts expressed in thousands of US dollars, except share amounts - Unaudited)

14. *Commitments and Contingencies*

Royalties

The Company has acquired a number of mineral property interests outright. It has acquired exclusive rights to explore, develop and mine other portions of the Mine under various mining lease agreements with landowners. Royalty amounts due to each landholder over the life of the Mine vary with each property.

Compliance with Environmental Regulations

The Company's exploration and development activities are subject to laws and regulations controlling not only the exploration and mining of mineral properties, but also the effect of such activities on the environment. Compliance with such laws and regulations may necessitate additional capital outlays or affect the economics of a mine, and cause changes or delays in the Company's activities.

Corporate Guaranties

The Company has provided corporate guaranties for two of GQM LLC's mining drill loans. The Company has also provided a corporate guaranty for GQM LLC's surety bonds.

15. *Financial Instruments*

Fair Value Measurements

All financial assets and financial liabilities are recorded at fair value on initial recognition. Transaction costs are expensed when they are incurred, unless they are directly attributable to the acquisition of qualifying assets, in which case they are added to the costs of those assets until such time as the assets are substantially ready for their intended use or sale.

The three levels of the fair value hierarchy are as follows:

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2	Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;
Level 3	Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

	March 31, 2019			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Share purchase warrants – Related Party (see Note 8)	$ 63	$ -	$ 63	$ -
GQM LLC Warrants – Related Party (see Note 8)	3,477	-	3,477	-
	$ 3,540	$ -	$ 3,540	$ -

	December 31, 2018			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Share purchase warrants – Related Party (see Note 8)	$ 76	$ -	$ 76	$ -
GQM LLC Warrants – Related Party (see Note 8)	3,314	-	3,314	-
	$ 3,390	$ -	$ 3,390	$ -

Under fair value accounting, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The fair value measurement of the financial instruments above use observable inputs in option price models such as the binomial and the Black-Scholes valuation models.

15. Financial Instruments (continued)

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. To mitigate exposure to credit risk on financial assets the Company has established policies to ensure liquidity of funds and ensure counterparties demonstrate minimum acceptable credit worthiness.

The Company maintains its US Dollar and Canadian Dollar cash in bank accounts with major financial institutions with high credit standings. Cash deposits held in the United States are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to $250 and Canadian Dollar cash deposits held in Canada are insured by the Canada Deposit Insurance Corporation ("CDIC") for up to C$100.

Certain United States and Canadian bank accounts held by the Company exceed these federally insured limits or are uninsured as they relate to US Dollar deposits held in Canadian financial institutions. As at March 31, 2019, the Company's cash balances held in United States and Canadian financial institutions include $4,713, which are not fully insured by the FDIC or CDIC. The Company has not experienced any losses on such accounts and management believes that using major financial institutions with high credit ratings mitigates the credit risk in cash.

Interest Rate Risk

The Company holds approximately its cash in bank deposit accounts with major financial institutions. The interest rates received on these balances may fluctuate with changes in economic conditions. Based on the average cash balances during the three months ended March 31, 2019, a 1% decrease in interest rates would have reduced the interest income for the three months ended March 31, 2019, by an immaterial amount.

Foreign Currency Exchange Risk

Certain purchases of corporate overhead items are denominated in Canadian Dollar. As a result, currency exchange fluctuations may impact the costs of operations. Specifically, the appreciation of the Canadian Dollar against the US Dollar may result in an increase in the Canadian operating expenses in US dollar terms. As at March 31, 2019, the Company maintained the majority of its cash balance in US Dollars. The Company currently does not engage in any currency hedging activities.

16. Proposed Transaction

On February 9, 2019, the Company announced that it had entered into a binding share purchase agreement with a group of purchasers including Thomas M. Clay and certain members of the Clay family and associated entities (the "Purchaser"), whereby the Purchaser will acquire 100% of the Company's 50% ownership interest in the Soledad Mountain Project (the "Transaction").

The consideration from the Purchasers is comprised of (1) $4.25 million in cash; (2) the extinguishment of all amounts owing to the Purchasers by the Company under Clay Group Loan (Note 13(ii)); and (3) the cancellation of all of the Purchasers' ownership interest in the Company (consisting of 177,701,229 Shares, 457,500 options and 18,000,000 share purchase warrants). In addition, the Purchasers may pay a contingent payment to the Company if the Soledad Mountain Project is subsequently sold or transferred to a third party in certain circumstances. The Company incurred $466 of costs relating to the Transaction during the three months ended March 31, 2019.

The transaction is subject to the approval of the shareholders of the Company. The shareholders will vote on the transaction at the Annual General and Special meeting to be held on May 13, 2019.

All payments of interest and principal on the Clay Group Loan (Note 13(ii)) are not due until completion of the proposed Transaction. If the shareholders vote against the Transaction, then the Clay Group Loan principal and accrued interest will be due immediately. Under this scenario, should the Company be unable to negotiate an extension to the Clay Group Loan, the independent directors and management will have no alternative but to pursue a reorganization or, at worst, bankruptcy, where the likely outcome for shareholders is the total loss of equity value.

17. Subsequent Events

Subsequent to March 31, 2019, GQM LLC drew an additional $5,000 from the 2018 Credit Facility (Note 13(v)).