

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

Form 10-Q

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

For the quarterly period ended March 31, 2015

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

(State or other jurisdiction of incorporation)

Not Applicable

(IRS Employer Identification No.)

**2300 – 1066 West Hastings Street
Vancouver, British Columbia
V6E 3X2 Canada**

(Address of principal executive offices)

Issuer's telephone number, including area code: (778) 373-1557

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 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 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 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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of May 11, 2015 the registrant's outstanding common stock consisted of 99,928,683 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. ("Golden Queen" or the "Company") is as at May 11, 2015 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the quarter ended March 31, 2015 and the notes thereto.

The information in this Management's Discussion and Analysis of Financial Condition and Results of Operations is prepared in accordance with U.S. 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.

The Company closed a joint venture transaction (the "Joint Venture Transaction") with Gauss LLC ("Gauss") pursuant to which it sold 50% of its ownership in the Project for an investment of \$110 million in September 2014. Gauss is a funding vehicle owned by entities controlled by Leucadia and certain members of the Clay family, a shareholder group which, at the time of the Joint Venture Transaction, collectively owned approximately 27% of the issued and outstanding shares of Golden Queen (the "Clay Group"). Gauss is owned 67.5% by Gauss Holdings LLC ("Gauss Holdings", Leucadia's investment entity) and 32.5% by Auvergne LLC (the Clay Group's investment entity).

Golden Queen Mining Co., Inc. ("GQM Inc."), a California corporation and the wholly-owned subsidiary of the Company, was converted into a limited liability company, Golden Queen Mining Company, LLC ("GQM LLC") on September 10, 2014 in preparation for the formation of the Joint Venture Transaction.

The Company started construction of infrastructure-related items during the third quarter of 2013 and expects commissioning of the processing facilities in late 2015.

Please refer to the Company's Form 10-K dated March 16, 2015 for information on the Project and the Joint Venture Transaction.

Construction of Infrastructure and Project Facilities

Construction continued on site and proceeded smoothly with no incidents to report during the first quarter and to date in the second quarter of 2015.

- The construction of the assay laboratory was completed in March. Equipment has been purchased and is being installed. We expect to have a fully operational laboratory in mid-May;
- Construction of key footings for the crushing-screening plant is progressing well. Structural steel and equipment for the primary crusher section of the crushing-screening plant has been delivered;
- Delivery of the high-pressure grinding roll or HPGR, the key comminution equipment in the crushing-screening plant, is expected in July;
- The erection of the overland conveyor started in April. Equipment for the other components of the conveying and stacking system is being delivered on schedule;
- Construction of the footings for the Merrill-Crowe plant is under way and delivery of the Merrill-Crowe plant building is scheduled for June;
- Site grading of the Phase 1, Stage 1 heap-leach pad, the overflow pond and the solution conveyance channel has been completed. The lower, low permeability, clay-tailings layer has been placed in the overflow pond and the synthetic, impervious liner has been laid;
- The lower, low permeability, clay-tailings layer is currently being placed on the Phase 1, Stage 1 heap leach pad;

- A sub-contractor has mobilized a portable crushing-screening plant to site and this plant is being used to crush the overliner material for the Phase 1, Stage 1 heap leach pad;
- Construction of the power distribution and water supply infrastructure is 90% complete;
- Twelve pieces of Komatsu mobile mining equipment including two 40 ton haul trucks, two dozers, a water truck and a grader are now on site and this equipment is being used in the mining operation;
- Road Machinery LLC, the Komatsu dealer in southern California, is developing a facility in Mojave to be able to provide maintenance support for the mobile mining equipment;
- There are now 23 full-time employees in Mojave with an expected increase to approximately 50 full-time employees in the near term. The management team is also in place. The contractors' combined workforce varies from 50 to 75 depending upon the particular projects that are being worked on.

Please refer to *Cash used in Investing Activities* below for further details on the work done on site.

February 2015 Technical Report and Updated Feasibility Study

The Company engaged Mine Development Associates (“MDA”) in 2014 to update the Project’s geological model from first principles and to provide updated mineral resource estimates. The Company also engaged Norwest Corporation (“Norwest”) and Kappes, Cassiday & Associates (“KCA”) to update the mineral reserve estimates and prepare a feasibility study and economic analysis based upon current information. The updated mineral resource and reserve estimates and results of the feasibility study were disclosed in a news release on February 10, 2015. The Company filed a technical report pursuant to National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) titled “Soledad Mountain Technical Report and Updated Feasibility Study” with an effective date of February 25, 2015 (the “Technical Report”) on the System for Electronic Document Analysis and Retrieval (“SEDAR”) on February 27, 2015 and with the U.S. Securities And Exchange Commission (“SEC”) on March 2, 2015. The Technical Report was prepared by Carl E. Defilippi of KCA, Sean Ennis of Norwest, Michael M. Gustin of MDA and Peter Ronning of New Caledonian Geological Consulting, each of whom are Qualified Persons and independent of the Company pursuant to NI 43-101.

The updated feasibility study highlights include :
(100% Basis)

- Life of mine average annual production of 74k oz of gold and 781k oz of silver during full production Years 2-11;
- Total production of 807k oz of gold and 8.3mm oz of silver;
- Stripping ratio of 3.41:1 (waste tons : ore tons);
- First quartile total cash costs net of by-products of \$518/oz of gold (including royalties, California fees, property taxes, off-site refining charges and reclamation financial assurance) and of \$558/oz of gold including sustaining capital costs;
- Pre-production capital costs of approximately \$144mm in-line with the capital costs update provided in March 2014: \$99.3mm in pre-production capital costs, \$15mm contingency, \$10.5mm in working capital and financial assurance cost estimate and \$19.2mm for the mobile mining equipment. The mobile mining equipment is being financed through Komatsu Financial;
- Base case after-tax net present value (5% discount rate) of \$214mm with a gold price of \$1,250/oz and a silver price of \$17/oz; and
- Base case after-tax IRR of 28.3% with a gold price of \$1,250/oz and a silver price of \$17/oz.

Please refer to the Company’s news release dated February 10, 2015 and Form 10-K dated March 16, 2015 for further details on the 2015 technical report and updated feasibility study.

2015 Drill Program

The Company has completed an infill drill program within the first two phases of mining, which was announced in a news release dated March 16, 2015. Drilling started on February 9 and 4,400m of reverse-circulation drilling has been completed. A total of 3,334 samples was sent to a laboratory in Reno, Nevada. The main purpose of the drill program was to increase GQM LLC’s understanding of the North-West pit and Main pit Phase 1 mineralization. We will commence detailed mine planning for the first two phases of mining once the results have been analyzed.

The Center for Biodiversity Petition to List the Mojave Shoulderband Snail as an Endangered Species

On January 31, 2014, the Center for Biological Diversity (the "CBD") filed an emergency petition (the "Petition") with the United States Fish and Wildlife Service ("USFWS") asking the USFWS to list the Mojave Shoulderband snail as a threatened or endangered species. Citing a report published more than 80 years ago, the Petition claims that the snail exists in only three places, and that most of the snail habitat occurs on Soledad Mountain, where the Company is developing the Project.

The Company worked with its environmental and legal advisors to prepare a detailed response to the petition, which was filed with the USFWS on March 31, 2014. The Company's response is available on the Company's website at www.goldenqueen.com.

On April 22, 2014, the Company learned that the USFWS had determined that there is no emergency to justify listing the Mohave Shoulderband snail as threatened or endangered under the Endangered Species Act of 1973, as amended. The USFWS reviewed the petition filed by the CBD and concluded that there was no imminent threat to the snail that would cause them to believe an emergency listing was required.

Even though an emergency listing was not warranted, the USFWS is required by the Endangered Species Act to continue processing the listing petition. On April 10, 2015, the USFWS announced the commencement of a 60-day public comment period as part of its decision to study the merits of the assertions made in the Petition. As the USFWS states in its notice, taking this step does not mean that a listing will be justified at the end of the 12-month study period.

The Project has received all necessary regulatory approvals. The decision by the USFWS to proceed with a study does not affect the Project's regulatory approvals or prevent the Project from moving forward.

Other Legal Matters

National Labor Relations Board

During the second quarter of 2014, the Company filed a complaint with the National Labor Relations Board (the "NLRB") against the Building and Construction Trades Council of Kern, Inyo, and Mono Counties (the "Union"). The complaint was in response to action taken by the Union related to a 1997 project labor agreement (the "PLA") that the Company believes is not applicable to the current Project and, in any event, unenforceable under federal labor law.

The NLRB informed the Company that the NLRB's General Counsel had found in favor of the Company in the above matter in early October 2014. The NLRB has issued a Complaint against the Union with the NLRB in the role of prosecutor. In the case the NLRB, Region 31, will be acting as a representative of the NLRB General Counsel and will be prosecuting this unfair labor practice charge against the Union.

A Field Attorney for the NLRB reported that he had his first substantive conversation with legal counsel for the Union on December 4, 2014. The Field Attorney explored the possibility of a settlement whereby the Union would agree not to enforce the 1997 PLA. Legal counsel for the Union indicated that they were not interested in a settlement because the Unions believed that the PLA was lawful and enforceable. The Field Attorney then asked the Company's legal counsel about the possibility of a "non-Board" settlement, meaning a settlement between the Company and the Union. Our legal counsel's response was that we had made several attempts to settle this issue and a likelihood of a settlement at this point was low. A hearing with the NLRB originally scheduled for February 2, 2015 has now been set for June 22, 2015.

Complaint on Alleged Short-swing Trading Profits

We received notice that a complaint was filed on April 22, 2015, in United States District Court, District of Massachusetts, seeking recovery, pursuant Section 16(b) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), of alleged short-swing trading profits. The complaint was filed by Ryan T. Darby, as plaintiff, and named Landon T. Clay, a shareholder of the Company ("Clay"), and the Company as defendants, and alleges that Mr. Clay realized short-swing profits in connection with transactions in Company securities within six month periods. There can be no assurance that the Company will receive any funds as a result of this suit. Although the Company is only a nominal defendant in this action, time and money may be required to resolve it. The Company is unable to predict the timing or outcome of this litigation. Each of Mr. Clay and the Company believes that the allegations are without merit and intend to vigorously defend against the claims.

Results of Operations

The following are the results of operations for the three months ended March 31, 2015, and the corresponding period ended March 31, 2014.

The Company had no revenue from operations.

The Company incurred general and administrative expenses of \$739,533 during the three months ended March 31, 2015 as compared to \$1,065,257 for the same period in 2014. Costs were lower by \$325,724 for the three months ended March 31, 2015 when compared with the same period in 2014. The reasons for the variance in costs are highlighted below.

The following significant general and administrative expenses were incurred during the three months ended March 31, 2015 with a comparison to costs incurred during the same period in 2014:

- \$245,922 (2014 - \$389,830) for legal expenses. The legal expenses for the three months ended March 31, 2014 included significant legal costs related to the response to the Petition (please refer to ***The Center for Biodiversity Petition to List the Mojave Shoulderband Snail as an Endangered Species*** above for further details). The Company incurred minimal legal costs related to the Petition during the three months ended March 31, 2015.
- \$188,934 (2014 - \$73,514) for consulting fees. The increase is the result of the issuance of 150,000 bonus common shares valued at \$151,428 to H. Lutz Klingmann, the President of the Company, pursuant to his consulting service agreement. Please refer to the ***Transactions with Related Parties*** section below for further details.
- \$179,983 (2014 - \$157,494) for audit, tax and accounting fees. The current period increase is the result of higher costs associated with the 2014 year-end audit completed in the first quarter of 2015. With the increase in overall corporate activity, the amount of work required to complete the financial statements audit and the internal control over financial reporting audit increased as compared to the prior period. The current period fees also include fees associated with the audit of the Company's 50%-owned subsidiary GQM LLC.
- \$108,542 (2014 - \$Nil) for feasibility study costs. These expenses are one-time costs related to the feasibility study completed during the first quarter of 2015.
- \$167,540 (2014 - \$132,603) for office expense. The Company incurred greater costs during the first quarter of 2015 as compared to the same period in 2014 due to costs related to an overall increase in activity on site, including items such as office supplies, computers and software, repairs and maintenance, operating supplies and travel, meals and accommodations.
- \$65,486 (2014 - \$45,237) for regulatory fees and licenses. The increase is due to an overall increase of corporate activities.
- \$63,189 (2014 - \$13,883) for insurance expenses. The insurance expense increase is related to the general increase in corporate and site activities.
- \$56,666 (2014 - \$Nil) for pre-production expenses. The Company commenced pre-production activities in March 2015 and has incurred expenditures that were not previously.
- \$44,249 (2014 - \$171,584) for corporate expenses. The Company incurred significantly higher costs related to project financing during the first quarter of 2014 as compared to the same period in 2015. The Company also incurred significantly higher recruitment fees during the first quarter of 2014 as compared to the same period in 2015.

The Company experienced an unrealized foreign exchange gain of \$561,512 during the three months ended March 31, 2015 as compared with \$174,636 for the same period in 2014. The unrealized gain was mostly related to the convertible debentures, which are denominated in Canadian dollars.

For the three months ended March 31, 2015, the Company incurred a total interest expense of \$1,649,939 (Three months ended March 31, 2014 - \$691,297) related to its various loans and its convertible debentures. The increase was mainly due to the amortization of the discounts and the interest payable related to the convertible debentures and the December 2014 loan. Please refer to the *Transaction with Related Parties* section for a complete breakdown of the interest expense as there was a portion of the interest capitalized to mineral property interests.

The Company recorded a slight increase in the derivative liability including foreign exchange of \$101,749 as a result of an increase in the Company's share price during the quarter compared to an increase of \$5,747,376 for the same quarter in 2014. The derivative liability as of March 31, 2015 and as of March 31, 2014 is the result of the convertible debenture having a conversion price denominated in Canadian dollars as well as the fact that the final conversion price is not fixed. These derivative liability changes are a non-cash item and were recorded in accordance with accounting pronouncement ASC 850-40-15. Refer to Note 7 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 \$66,142 (2014 - \$9,292) was higher during the three months ended March 31, 2015 as compared with the same period in 2014 due to higher cash balances in 2015. Interest rates remained low during the quarter and are projected to remain low for the remainder of 2015 at least.

The Company recorded a net and comprehensive loss of \$1,436,187 * (or \$0.01 loss per basic share) during the three months ended March 31, 2015 as compared to net and comprehensive loss of \$7,494,638 (or \$0.08 loss per basic share) during the same period of 2014. The difference between the three months ended March 31, 2015 and 2014 is mainly due to the significant increase in the derivative liability recorded during the first quarter of 2014 (see above).

* - Net income (loss) for the period attributable to the Company.

Summary of Quarterly Results

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

Results for the quarter ended on:	March 31, 2015	Dec. 31, 2014	Sept. 30, 2014	June 30, 2014
Item	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Net income (loss) for the quarter	(1,436,187)*	1,543,120*	(1,811,843)*	(705,843)
Basic net income (loss) per share	(0.01)	0.02	(0.02)	(0.01)
Diluted net income (loss) per share	(0.01)	0.00	(0.02)	(0.01)

Results for the quarter ended on:	March 31, 2014	Dec. 31, 2013	Sept. 30, 2013	June 30, 2013
Item	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Net income (loss) for the quarter	(7,494,638)	1,221,564	(637,744)	1,226,780
Basic net income (loss) per share	(0.08)	0.02	(0.01)	0.01
Diluted net income (loss) per share	(0.08)	(0.01)	(0.01)	(0.00)

* - Net income (loss) for the period attributable to the Company.

For the quarters above, the main reason for the significant fluctuations in the net income (loss) has been the result of the fluctuations in the Company's derivative liabilities. For fiscal 2014, the Company experienced a significant loss related to its derivative liabilities in the amount of \$5,747,376 (2013 – Gain of \$611,949) in the first quarter whereas the second, third and fourth quarters of 2014 resulted in gains of \$1,634,681 (2013 – Gain of \$1,672,861), \$2,861,314 (2013 – Gain of \$475,862) and \$2,255,598 (2013 – Gain of \$2,624,988), respectively. The Company's derivative liabilities are a function of the Company's stock price. As the stock price rises, the derivative liabilities increase

resulting in the Company recognizing losses. When the stock price decreases, the Company recognizes gains. In addition to the derivative liabilities, the Company also incurred in 2014 a commitment fee of \$2,250,000 (2013 - \$Nil) and a joint venture transaction fee of \$2,750,000 (2013 - \$Nil) in the third quarter of fiscal 2014 that were meaningful contributing factors to the significant loss recognized in that quarter. Both fees were one-time fees not previously incurred in prior quarters or to be incurred in future quarters.

In general, 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 or grants stock options, and the movements in its derivative liability.

Please refer to the **Results of Operations** section above for the results of operations for the three month period ended on March 31, 2015.

Reclamation Financial Assurance

The Company has provided reclamation financial assurance to the Bureau of Land Management, the State and Kern County totaling \$553,343 (December 31, 2014 - \$553,329; March 31, 2014 - \$478,727). This deposit earns interest at 0.1% per annum and is not available for working capital purposes. The increase in the deposit in 2014 was to ensure the reclamation financial assurance covers the asset retirement obligation for 2014.

The Company estimates that reclamation financial assurance will increase to \$624,142 in 2015 based upon the anticipated work done on site in 2015 and recorded this anticipated obligation as at December 31, 2014. The Company expects that the estimate will be approved by the Kern County Engineering, Surveying & Permit Services Department in the second quarter of 2015 and submitted to the State Office of Mine Reclamation for approval.

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. During the three months ended March 31, 2015, there were no changes to the retirement obligations as compared with the year ended December 31, 2014, where \$71,892 was capitalized to mineral property interests as the asset portion of the retirement obligation. The amount was capitalized as the Company is in the development stage and is capitalizing all of its development costs pursuant to our policy.

The total asset retirement obligation as of March 31, 2015 is \$624,142 (December 31, 2014 - \$624,142; March 31, 2014 - \$552,250). Prior to 2013, the asset retirement obligation was expensed.

Property Rent Payments

The Company continues to make property rent payments to landholders and paid \$10,000 in cash for the three month period ended March 31, 2015, as compared to \$10,000 in cash and \$24,480 in common shares of the Company during the same period in 2014. The overall payments during the year are expected to decrease from approximately \$184,000 in 2014 to approximately \$150,000 in 2015. The Company is in ongoing discussions with landholders and has made offers to buy back royalty interests. As of March 31, 2015, \$494,266 paid in property rental payments was capitalized to mineral properties.

Mine Development Commitments

GQM LLC has entered into contracts for construction totaling approximately \$59.2 million as of March 31, 2015, of which \$26.2 million had been paid as of March 31, 2015. The major commitments relate to the construction of the crushing-screening plant for \$18.1 million, the construction of the Phase 1, Stage 1 heap leach pad for \$8.3 million, the construction of the conveying and stacking system for \$8.2 million and work related to the Merrill-Crowe plant equipment for \$7.1 million. The commitments are expected to be paid out in 2015.

In addition, GQM LLC committed, as of March 31, 2015, to \$16.2 million of Komatsu mobile mining equipment with Road Machinery LLC. The final terms of the mobile equipment financing were not known as of March 31, 2015. As of March 31, 2015, GQM LLC received the water truck, a motor grader, two dozers and two articulated trucks valued at approximately \$4.6 million (see Note 10 of the unaudited condensed consolidated interim financial statements for more details). In addition, four mining trucks and two loaders were delivered and assembled on site in April. The Company paid a 10% deposit of \$0.9 million in April and expects to finance the remaining purchase price when it officially takes possession of the equipment later this year.

GQM LLC made approximately \$1.4 million in additional construction commitments subsequent to March 31, 2015.

GQM LLC's contractual obligations as of March 31, 2015 are shown in the table below:

Contractual Obligations*	Payments Due				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations (Komatsu Financial loans)	\$3,779,115	\$931,828	\$1,947,042	\$900,245	-
Capital lease obligations	-	-	-	-	-
Operating lease obligations	-	-	-	-	-
Purchase obligations (see above)	\$ 33,049,402	\$ 33,049,402	-	-	-
Asset retirement obligations	\$624,142	-	-	-	\$624,142
Other long-term liabilities	-	-	-	-	-
Total	\$37,452,659	\$33,981,230	\$1,947,042	\$900,245	\$624,142

* Obligations shown in table above are for GQM LLC. As of March 31, 2015, the Company's obligations also include a C\$10 million convertible debenture and the December 2014 \$12.5 million loan. These obligations are due within one year. Please refer to the *Transactions with Related Parties* section for complete details.

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 Company also adopted a house keeping amendment to the plan on April 27, 2015 to clarify the procedure for fixing the earlier termination date of stock options. 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 (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 TSX, if applicable, or as may be imposed by the Board.

The Company granted 50,000 stock options to a consultant of the Company on April 19, 2010. The options are exercisable at a price of \$1.22 per share for a period of 5 years from the date of grant.

During the quarter ended June 30, 2013, the Company granted 300,000 options to an officer of the Company, on June 3, 2013. The options are exercisable at a price of \$1.16 for a period of five years from the date of grant and vest over a period of 18 months with 100,000 vesting in 6, 12 and 18 months respectively. During the fourth quarter of 2014, the officer resigned and as a result, 100,000 unvested stock options were forfeited. The remaining 200,000 remain outstanding with an accelerated expiration date of November 11, 2015. The Company also granted 50,000 stock options to a consultant of the Company on June 3, 2013. The options are exercisable at a price of \$1.16 for a period of five years from the date of grant and vest immediately.

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 \$1.26 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 \$1.59 for a period of five years from the date of grant and vest immediately.

The Company did not grant options during the quarters ended December 31, 2013, March 31, 2014, June 30, 2014, September 30, 2014, December 31, 2014 and March 31, 2015.

A total of 750,000 (750,000 exercisable) (December 31, 2014 – 750,000 (750,000 exercisable); March 31, 2014 – 1,320,000 (1,320,000 exercisable)) common shares were issuable pursuant to such stock options as at March 31, 2015.

Transactions with Related Parties

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

(i) Consulting Fees

For the three months ended March 31, 2015, the Company paid \$188,934 (Three months ended March 31, 2014 - \$45,027) to Mr. H. Lutz Klingmann for services as President of the Company of which \$Nil (December 31, 2014 - \$Nil; March 31, 2014 - \$15,287) is payable as at March 31, 2015. Included in the consulting fees for the three months ended March 31, 2015 was \$151,428 (Three months ended March 31, 2014 - \$Nil) related to 150,000 bonus shares issued in accordance with the Mr. H. Lutz Klingmann's management agreement (Refer to Note 6 – Commitments and Contingencies of the unaudited condensed consolidated interim financial statements).

During the three months ended March 31, 2015, the Company paid a total of \$18,438 (Three months ended March 31, 2014 - \$11,624) for regular director fees to the three independent directors and Thomas M. Clay. Thomas M. Clay did not receive directors fees during the three months ended March 31, 2014.

(ii) Convertible Debentures

On July 26, 2013, the Company entered into agreements to issue convertible debentures for aggregate proceeds of C\$10,000,000 (\$9,710,603), from a significant shareholder group. The convertible debentures 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 Company agreed to pay the legal fees incurred by the lenders relating to this instrument which amounted to \$10,049.

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 as well as the fact the exercise price is not a fixed price as described above. Therefore, the conversion feature 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 or loss.

The fair value of the derivative liability related to the conversion feature as at March 31, 2015 is \$1,931,519 (December 31, 2014 - \$1,829,770). The derivative liability was calculated using an acceptable option pricing valuation model with the following assumptions:

	2015	2014
Risk-free interest rate	0.50%	1.00% - 1.09%
Expected life of derivative liability	0.32 years	0.57 - 1.32 years
Expected volatility	77.00%	73.03 - 98.21%
Dividend rate	0.00%	0.00%

The changes in the derivative liability related to the conversion feature are as follows:

	March 31, 2015	December 31, 2014
Balance, beginning of the period	\$ 1,829,770	\$ 2,833,987
Change in fair value of derivative liability including foreign exchange	101,749	(1,004,217)
Balance, end of the period	<u>\$ 1,931,519</u>	<u>\$ 1,829,770</u>

The change in the convertible debentures is as follows:

	March 31, 2015	December 31, 2014
Balance, beginning of the period	\$ 6,649,967	\$ 4,642,620
Discounted convertible debentures	-	-
Amortization of discount	747,870	2,510,611
Foreign exchange	(574,344)	(503,264)
Balance, end of the period	<u>\$ 6,823,493</u>	<u>\$ 6,649,967</u>

During the three months ended March 31, 2015, in addition to the amortization of the discount on the convertible debenture, the Company incurred interest expense of \$40,285 (Three months ended March 31, 2014 - \$45,717) based on the 2% per annum stated interest rate for a total interest expense of \$788,155 for the three months ended March 31, 2015 (Three months ended March 31, 2014 - \$566,297). Interest payable relating to the convertible debenture as at March 31, 2015 was \$104,248 (December 31, 2014 - \$70,721).

(iii) Notes Payable

On January 1, 2014, the Company entered into an agreement to secure a \$10,000,000 loan (the “January Loan”). The January Loan was provided by members of the Clay family, who are shareholders of the Company, including \$7,500,000 provided by an investment vehicle managed by Thomas M. Clay, a Director and insider of the Company. The January Loan had a twelve-month term and an annual interest rate of 5%, payable on the maturity date.

The January Loan was repaid on a date that was less than 183 days before the maturity date. As a result, the Company paid the Lenders an additional charge in the amount that is equivalent to 5% of the principal amount, plus interest on the principal amount at the rate of 5% per annum accrued to the date the January Loan was repaid. The Company repaid \$7,500,000 loan plus the \$375,000 accrued interest and \$375,000 additional charge on December 31, 2014. The remaining balance of the loan, \$2,500,000, the accrued interest of \$125,000 and the additional charge of \$125,000, were paid on January 5, 2015. In total, the Company incurred \$500,000 in interest expense and \$500,000 in additional charge related to the January Loan.

On December 31, 2014 the Company also entered into a new loan (the “December Loan”) with the same parties for an amount of \$12,500,000. The December Loan is due on demand on July 1, 2015 and bears an annual interest rate of 10% payable at the end of each quarter. The loan is guaranteed by GQM Holdings, and secured by a pledge of the Company's interests in GQM Canada, GQM Canada's interest in GQM Holdings and GQM Holdings' 50% interest in GQM LLC. The Company also incurred a closing fee to secure the loan in the amount of \$1,000,000, of which, \$750,000 was paid on December 31, 2014 and the remaining \$250,000 was paid on January 5, 2015. The Company agreed to pay the legal fees incurred by the lenders relating to this instrument which amounted to \$90,916. The total legal fees paid for the transaction were \$118,695. The Company has presented these transaction costs as a contra liability as substantially all of these costs were paid to the lenders.

	March 31, 2015	December 31, 2014
Balance, beginning of the period	\$ 13,881,305	\$ -
Proceeds from loans	-	22,500,000
Repayment of loans	(2,500,000)	(7,500,000)
Amortization of closing and legal fees	536,729	
Capitalized closing fee and legal fees	-	(1,118,695)
Balance, end of the period	<u>\$ 11,918,034</u>	<u>\$ 13,881,305</u>

(iv) Advance

In July 2014, GQM Inc. entered into a \$10,000,000 short-term advance agreement (the “Advance”) with Leucadia and Auvergne (the “Lenders”), with the Company as guarantor. Leucadia provided \$6,500,000 of the loan and Auvergne provided \$3,500,000. The Advance had an interest rate of 10.0% per annum, compounded monthly. Auvergne is an investment vehicle managed by Thomas M. Clay, a Director and insider of the Company. On closing of the joint venture transaction on September 15, 2014, GQM LLC applied part of the investment of \$110,000,000 to repayment of principal and accrued interest on the \$10,000,000 bridge loan advanced by the Lenders in July 2014. GQM LLC paid \$209,607 in interest payment, including \$73,632 paid to Auvergne on the July 2014 Advance, of which \$45,264 was capitalized to mineral property interests.

(v) Amortization of Discounts and Interest Expense

The following table summarizes the amortization of discount and interest on loan and convertible debentures as at March 31, 2015 and as at March 31, 2014.

	March 31, 2015	March 31, 2014
Interest expense related to the convertible debentures	\$ 40,285	\$ 45,717
Interest expense related to notes payable	(311,644)	125,000
Interest expense related to Komatsu Financial loans	13,411	-
Amortization of the convertible debentures	747,870	520,580
Amortization of the December 2014 loan closing fees	536,729	-
Amortization of discount and interest on loan and convertible debentures	<u>\$ 1,649,939</u>	<u>\$ 691,297</u>

The Company’s loans were contracted to fund significant development costs. The Company capitalizes a portion of the interest expense as it related to funds borrowed to complete development activities at the Project site.

	March 31, 2015	March 31, 2014
Amortization of discounts and interest on loan, advance and convertible debenture	\$ 1,649,939	\$ 691,297
Less: Interest costs capitalized	(702,186)	-
Amortization of discounts and interest expensed	<u>\$ 947,753</u>	<u>\$ 691,297</u>

(vi) Joint Venture Transaction

On September 15, 2014, the Company closed the JV with Gauss resulting in both parties owning a 50% interest in the Project. Pursuant to the JV, Golden Queen converted its wholly-owned subsidiary GQM Inc., the entity developing the Project, into a California limited liability company named GQM LLC. On closing of the transaction, Gauss acquired 50% of GQM LLC by investing \$110 million cash in exchange for newly issued membership units of GQM LLC. GQ Holdings, a newly incorporated subsidiary of the Company, holds the other 50% of GQM LLC.

Gauss is a funding vehicle owned by entities controlled by Leucadia National Corporation (NYSE: LUK) (“Leucadia”) and certain members of the Clay family, a shareholder group which collectively owned approximately 27% of the issued and outstanding shares of Golden Queen (the “Clay Group”) at the time of the transaction. Gauss is owned 67.5% by Gauss Holdings LLC (“Gauss Holdings”, Leucadia’s investment entity) and 32.5% by Auvergne LLC (“Auvergne”, the Clay Group’s investment entity). Pursuant to the transaction, Leucadia was paid a transaction fee of \$2,000,000 and \$275,000 was paid to Auvergne through GQM LLC. The Company has adopted an accounting policy of expensing these transaction costs.

Variable Interest Entity (“VIE”)

In accordance with ASC 810-10-30, the Company has determined that GQM LLC meets the definition of a VIE and that the Company is part of a related party group that, in its entirety, would meet the definition of a primary beneficiary. Although no individual variable interest holder individually meets the definition of a primary beneficiary in the absence of the related party group, Golden Queen has determined it is considered the member of the related party group most closely associated with GQM LLC. As a result, the Company has consolidated 100% of the accounts of GQM LLC in these consolidated financial statements, while presenting a non-controlling interest portion representing the 50% interest of Gauss in GQM LLC on its balance sheet. A portion of the non-controlling interest has been presented as temporary equity on the Company’s balance sheet representing the initial value of the non-controlling interest that could potentially be redeemable by Gauss in the future. The net assets of GQM LLC as of March 31, 2015 and December 31, 2014 are as follows:

	March 31, 2015	December 31, 2014
Assets, GQM LLC	\$ 123,774,153	\$ 118,937,371
Liabilities, GQM LLC	(10,179,339)	(4,769,144)
Net assets, GQM LLC	<u>\$ 113,594,814</u>	<u>\$ 114,168,227</u>

Included in assets above, is \$64,508,799 (December 31, 2014 - \$83,282,403) in cash held as at March 31, 2015. The cash in GQM LLC is directed specifically to fund capital expenditures required to take the Project to production and settle GQM LLC’s obligations. The liabilities of GQM LLC do not have recourse to the general credit of the primary beneficiary.

Non-Controlling Interest

In accordance with ASC 810, the Company has presented Gauss’ ownership in GQM LLC as a non-controlling interest amount on the balance sheet within the equity section. However, the Amended and Restated Limited Liability Company Agreement (“LLC Agreement”) contains terms within Section 12.5 that provides for the exit from the investment in GQM LLC for an initial member whose interest in GQM LLC becomes less than 20%. The following is a summary of the terms of the clause:

Pursuant to Section 12.5, if a member becomes less than a 20% interest holder, its remaining unit interest will (ultimately) be terminated through one of three events at the non-diluted member’s option within 60 days of the diluted member’s interest dropping below 20% (the “triggering event”):

- a. Through conversion to a net smelter royalty (“NSR”) (in which case the conversion ratio is based on a pro rata percentage, determined on a linear basis, based on the following: 0-20% membership interest translates to 0-5% NSR) obligation of GQM LLC;
- 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
 - If such sale process does not result in a binding offer acceptable to the non-diluted member within six months after the election by the non-diluted member, the sale process terminates and the non-diluted member has 15 days to choose between (a) and (b).

If the non-diluted member does not make an election pursuant to the above within 60 days, the diluted member may choose (a) or (b) above. If no election is made by the diluted member, option (a) is deemed to have been elected.

This clause in the JV constitutes contingent redeemable equity as outlined in Accounting Series Release No. 268 (“ASR 268”) and has been classified as temporary equity.

On initial recognition the amount of the temporary equity is calculated using the guidance that specifies that the initial measurement of redeemable instruments should be the carrying value. The amount allocated to temporary equity and the permanent equity on initial recognition is shown below. Temporary equity represents the amount of redeemable equity within Gauss' ownership interest in the net assets of GQM LLC. The remaining 60% of their interest is considered permanent equity as it is not redeemable.

	<u>September 15, 2014</u>
Net assets, GQM LLC before JV	\$ 16,973,184
Investment by Gauss	110,000,000
Net assets, GQM LLC after JV	<u>126,973,184</u>
Gauss' ownership percentage	50%
Net assets of GQM LLC attributable to Gauss	<u>\$ 63,486,592</u>
Allocation of non-controlling interest between permanent equity and temporary equity:	
Permanent non-controlling interest (60% of total non-controlling interest)	<u>\$ 38,091,955</u>
Temporary non-controlling interest (40% of total non-controlling interest)	<u>\$ 25,394,637</u>

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

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Net and comprehensive loss in GQM LLC	\$ (573,413)	\$ (2,804,957)
Non-controlling interest percentage	50%	50%
Net and comprehensive loss attributable to non-controlling interest	<u>(286,706)</u>	<u>(1,402,479)</u>
Net and comprehensive loss attributable to permanent non-controlling interest	\$ (172,024)	\$ (841,487)
Net and comprehensive loss attributable to temporary non-controlling interest	<u>\$ (114,682)</u>	<u>\$ (560,992)</u>

Non-Controlling Interest - Continued

	<u>Permanent Non-Controlling Interest</u>	<u>Temporary Non-Controlling Interest</u>
Carrying value of non-controlling interest, December 31, 2014	\$ 34,250,468	\$ 22,833,645
Net and comprehensive loss for the period	<u>(172,024)</u>	<u>(114,682)</u>
Carrying value of non-controlling interest, March 31, 2015	<u>\$ 34,078,444</u>	<u>\$ 22,718,963</u>
	<u>Permanent Non-Controlling Interest</u>	<u>Temporary Non-Controlling Interest</u>
Carrying value of non-controlling interest, September 15, 2014	\$ 38,091,955	\$ 25,394,637
Distributions to non-controlling interests	(3,000,000)	(2,000,000)
Net and comprehensive loss for the period	<u>(841,487)</u>	<u>(560,992)</u>
Carrying value of non-controlling interest, December 31, 2014	<u>\$ 34,250,468</u>	<u>\$ 22,833,645</u>

Dilution of Interest in Subsidiary

As a result of the JV transaction, the Company's interest in GQM LLC was diluted from 100% to 50% and ordinarily, the Company would recognize a charge on dilution. However, since the transaction was with a related party and the Company retained control, the excess has not been recognized in net income but rather has been recorded in equity as an increase to APIC based on guidance provided in ASC 810-10-55-4D and -4E.

	<u>September 15, 2014</u>
Investment by Gauss	\$ 110,000,000
Less:	
Initial carrying value of permanent equity	(38,091,955)
Initial carrying value of temporary equity	<u>(25,394,637)</u>
Effect of dilution of subsidiary recorded to APIC	<u>\$ 46,513,408</u>

Management Agreement

GQM LLC is managed by a board of managers comprising an equal number of representatives of each of Gauss and GQ Holdings. The initial officers of GQM LLC are H. Lutz Klingmann as Chief Executive Officer, and Andrée St-Germain as Chief Financial Officer. As long as a member of the Clay family holds greater than 25% of the Company, the Clay Group is entitled to appoint one of the Company's representatives to the GQM LLC board of managers.

Capital Contribution Agreement

Pursuant to the JV, GQ Holdings will have the right to make a single capital contribution to GQM LLC of between \$15 million and \$25 million (the "Top-Up Contribution"), with each such threshold to be reduced by 50% of the amount of any proceeds received by GQM LLC from any debt financing transaction. Pursuant to the JV Agreement, if the Company (through GQ Holdings) makes the Top-Up Contribution, Gauss is committed to fund an amount equal to the Top-Up Contribution to GQM LLC, and the aggregate amount of such contributions are anticipated to provide GQM LLC with the necessary funds to fully develop the Project. If the Company does not make the Top-Up Contribution, Gauss will be obligated to make up to a \$40 million capital contribution to GQM LLC, in which case GQ Holdings' ownership interest in GQM LLC will be diluted and GQ Holdings will surrender one of its board seats in GQM LLC. If Gauss makes the \$40 million capital contribution, the Company will need to reassess whether the resulting dilution of its interest in the JV affects the accounting treatment of the variable interest entity and if consolidation of GQM LLC is still appropriate.

Standby Commitment

Golden Queen also entered into a backstop guarantee agreement with Gauss (the "Backstop Agreement") whereby, if the Company conducts a rights offering, Gauss has agreed to purchase, upon the terms set forth in the Backstop Agreement, any common shares which have not been acquired pursuant to the exercise of rights under the Rights Offering at a purchase price to be determined but not to exceed \$1.10 per common share, up to a maximum amount of \$45 million in the aggregate. In consideration for entering into the Backstop Agreement, on closing of the Joint Venture, the Company paid Leucadia and Auvergne a standby guarantee fee of \$2,250,000, of which \$731,250 was paid to Auvergne.

The Transaction Agreement and Backstop Agreement contemplated that the Company would file a registration statement in connection with the rights offering by October 15, 2014, however, the Company is conducting a full review of available financing alternatives, and as a result, whether the Company will proceed with a possible rights offering (if any), and the size of any such rights offering, is not known at this time. The Company will not be subject to additional fees or expenses as a result of not filing a registration statement in connection with a rights offering.

Fair Value of Financial Instruments

The carrying amounts reported in the balance sheets for cash, receivables, accounts payable and accrued liabilities, interest payable, closing fee payable and notes payable approximate fair values because of the immediate or short-term

maturity of these non-level 3 financial instruments. The fair value of the loans payable approximates the carrying value as the interest rates are based on the market rates as they were initiated during the quarter or just before December 31, 2014. The carrying amount of the convertible debt instrument is being recorded at amortized cost using the effective interest rate method. As at March 31, 2015, the estimated fair value of the convertible debt using a discounted cash flow analysis based on an interest rate for a similar type of instrument without a conversion feature was \$8,456,064. The fair value of the reclamation financial assurance approximates the carrying value due to its short term nature. The embedded derivative in connection with the convertible debenture is being recorded at its fair value using an acceptable valuation model at each reporting period.

Please refer also to the note on fair value of derivative liability under **Results of Operations** above for more information.

Liquidity and Capital Resources

The Company and GQM Holdings (100%-owned by the Company) held \$4,574,805 in cash on March 31, 2015 as compared to \$10,939,301 on March 31, 2014. The decrease in cash is due to corporate and project-related expenditures, and repayment of the \$10 million January 2014 Loan, partly off-set by proceeds from the \$12.5 million December 2014 Loan. It is expected that the cash held by the Company will fund the Company's corporate expenses until the start of production in late 2015 or early 2016. The only near term commitment of the Company, other than \$237,184 in accounts payable as of March 31, 2015, is the \$12.5 million December 2014 Loan, which will mature in July 2015. The Company also has outstanding convertible debentures in the principal amount of C\$10 million maturing and payable in July 2015, unless otherwise converted. The Company holds the right to decide whether or not to convert or pay back the debenture. It is not known at this time if the Company will decide to convert or to pay back the debentures.

The Company's 50%-owned subsidiary, GQM LLC, held \$64,508,799 in cash as of March 31, 2015. The cash will be used to fund capital expenditures required to take the Project to production. GQM LLC has entered into contracts for construction totaling approximately \$59.2 million as at March 31, 2015, of which \$26.2 million had been paid as of March 31, 2015. The major commitments relate to the construction of the crushing-screening plant for \$18.1 million, the construction of the Phase 1, Stage 1 heap leach pad for \$8.3 million, the construction of the conveying and stacking system for \$8.2 million and work related to the Merrill-Crowe plant equipment for \$7.1 million. The commitments are expected to be paid out in 2015 with the cash on hand. The capital expenditures significantly increased in the first quarter of 2015 as the Company started full construction. The trend will continue until the Company reaches the commissioning phase in late 2015. It is expected that the current cash on hand will fund capital expenditures until the third quarter of 2015. The remaining capital expenditures, estimated to be between \$30 million and \$40 million will be shared by the joint venture partners. The portion related to mobile mining equipment will be financed through loans with Komatsu Financial. The Company is evaluating various financing options to fund its attributable remaining capital expenditures, including debt and equity.

Cash used in Operating Activities:

Cash used to fund operating activities, including general and administrative expenses such as legal fees, accounting, taxation and auditing fees, corporate expenses, office expenses and corporate salary was \$1,351,647 (Three months ended March 31, 2014 - \$ 1,016,685) for the three month period ended March 31, 2015. The increase in cash used in operating activities is the result of an increase in overall corporate activity. With the Company preparing the Project for production, the corporate expenses, office expenses and corporate salaries significantly increased. In addition, the Company paid \$125,000 in accrued interest and a \$125,000 additional charge related to the January 2014 Loan this quarter.

In July 2012, the Company received notice that it had met all the remaining major conditions of the conditional use permits for development of the Project. As a result, Management made the decision to begin capitalizing all development expenditures directly related to the Project (please refer to ***Cash used in Investing Activities*** below for further details on 2015 project expenditures). Prior to July 2012, all Project-related expenditures were written off due to uncertainties around obtaining the necessary permits. In 2012 cash was used mainly for the ongoing development of the Project. Major expenditures included consulting engineering fees, costs incurred for ongoing sampling and analysis of groundwater, legal fees and consulting fees incurred to prepare a NI 43-101 Technical Report.

These expenditures are now being treated as investing activities since 2012 as the Company is preparing the Project for production.

Cash used in Investing Activities:

The Company began capitalizing all development expenditures directly related to the Project in July 2012. Prior to July 2012, all Project-related expenditures were written off due to uncertainties around obtaining the necessary approvals for proceeding with the Project.

Cash used in investing activities totaled \$18,222,393 during the three month period ended March 31, 2015 (Three months ended March 31, 2014 - \$3,087,257).

The development costs incurred/capitalized, by the Company totalled \$18,222,379 (Three months ended March 31, 2014 - \$3,087,272) for the three months ended March 31, 2015, which was an increase of \$15,135,107 as compared to the same period in 2014. See Note 8 – Supplementary Disclosures of Cash Flow Information in the unaudited condensed consolidated interim financial statements for non-cash adjustments to mineral property interest investing activities. There was a significant increase in activity on site during the first quarter 2015 due to the initiation of full construction in the fourth quarter of 2014. The following is a breakdown of significant development costs incurred during the three month period ended March 31, 2015 as compared with the same period in 2014:

- \$5,200,795 (2014 - \$Nil) in costs related to the construction of the crushing-screening plant. Approximately \$1 million was paid as a progress payment on the high pressure grinding rolls or HPGR. The remaining was spent on progress payments for the equipment, the construction of the Hilfiker wall and concrete foundations.
- \$665,379 (2014 - \$Nil) for the purchase of Komatsu mobile mining equipment. GQM LLC received two dozers and two articulated trucks in the first quarter of 2015. The equipment was financed through loans with Komatsu Financial.
- \$3,084,041 (2014 - \$22,158) in costs related to the construction of the Phase 1, Stage 1 heap leach pad. The contractor started the preparation of the heap leach pad in early 2015 and site grading was completed in March.
- \$2,749,505 (2014 - \$Nil) in costs related to the construction of the conveying and stacking system. GQM LLC entered into a turn-key contract for the conveying and stacking system during the fourth quarter of 2014. Progress payments were made during the first quarter of 2015.
- \$2,512,373 (2014 - \$Nil) in costs related to the construction of the Merrill-Crowe plant. Approximately \$1.8 million in progress payments were made on plant equipment with the remainder spent on the Merrill-Crowe plant building and for the construction of the pump box.
- \$1,131,902 (2014 - \$640,222) in engineering and consulting costs. Engineering costs mostly comprised of engineering and project management costs related to the crushing-screening plant.
- \$1,073,761 (2014 - \$Nil) in costs related to the water supply and water storage infrastructure.
- \$935,994 (2014 - \$85,414) related to costs to prepare the power supply for the site.
- \$702,186 (2014 - \$Nil) in interest expense capitalized to mineral property interests.
- \$76,023 (2014 - \$1,096,743) in site preparation costs. Site preparation costs decreased because the site preparation is nearly complete and the construction has advanced.
- \$245,535 (2014 - \$605,626) in costs related to the construction of the workshop and warehouse. The decrease is attributable to the fact that construction of the workshop and warehouse is essentially complete.

The Company, through GQM LLC, continued its work on the Project as described in ***Construction of Infrastructure and Project Facilities*** above. Construction is advancing smoothly and is approximately 40% complete. All turn-key projects have been awarded to independent contractors.

Workshop-Warehouse: This project was completed on time and on budget in 2014. The workshop-warehouse was fully equipped with the necessary lubrication equipment, compressor, work benches and a waste oil storage tank in February. Work on four offices constructed on the floor above the warehouse was completed in March. We received approval for

early occupancy of both the workshop-warehouse and the assay laboratory in April. Both buildings are not currently being used.

Assay Laboratory: The construction started in the fourth quarter of 2014 and was completed on time and on budget during the first quarter of 2015. The laboratory equipment was ordered and we expect to have a fully operational assay laboratory by mid-May.

Water Supply & Water Storage: The construction of the basic water supply infrastructure for the Project is well under way. The electrical installations at water well PW-1 were completed in March and water supply from the well is now fully automated. We will start drilling backup production water well (PW-4) in mid-May. Delivery of five water storage tanks is expected in late May.

Power Supply: Construction of the site-wide power distribution system is advancing rapidly and all power poles have been set. Foundations for the primary sub-station will be constructed in late May. Nine transformers were ordered in October 2014 and delivery is expected in late May. We expect to connect to the Southern California Edison power line in July.

Crushing-Screening Plant: The Hilfiker wall was completed in February, on time and slightly below budget. Construction of the footings and construction of a retaining wall in the primary crusher area was completed in April. Structural steel and equipment for the primary crusher will be delivered in late May. This turn-key project is expected to be completed in September. The order for the high pressure grinding roll or HPGR was placed with ThyssenKrupp Industrial Solutions (USA), Inc. in the third quarter of 2014. We expect to receive the HPGR on site in July, slightly ahead of schedule.

Heap Leach Pad Phase 1/Stage 1: The contractor started the preparation of the heap leach pad in early 2015. Site grading was completed in March. This turn-key project is expected to be completed in August.

Merrill-Crowe plant: The contract for the equipment was awarded during the fourth quarter of 2014 and the contract for the building was awarded in January 2015. The contractor has placed orders for the equipment and the supporting steel is being fabricated in Mexico. The building is on order. Excavation for construction of the footings was completed in April. Basic construction of the pump box was completed in March. This turn-key project is expected to be completed in October.

Stacking and Conveying System: The erection of the overland conveyor started in April. Equipment for the other components of the conveying and stacking system is being delivered on schedule. This turn-key project is expected to be completed in September.

Cash from Financing Activities:

Cash used in investing activities totaled \$2,750,000 during the three month period ended March 31, 2015 (Three months ended March 31, 2014 - proceeds of \$10,012,721). The remaining balance of the January 2014 Loan, \$2,500,000 and closing fees of \$250,000 on the December 2014 Loan were paid during the first quarter of 2015.

On January 1, 2014, the Company entered into the \$10,000,000 January Loan. The January Loan had a twelve-month term and an annual interest rate of 5%, payable on the maturity date. The Company repaid \$7,500,000 of the loan on December 31, 2014. The remaining balance of the loan, \$2,500,000 was repaid on January 5, 2015 (please see ***Transactions with Related Parties*** above for more information).

Working Capital:

As at March 31, 2015, the Company had current assets of \$69,375,847 (December 31, 2014 - \$91,574,405; March 31, 2014 - \$11,010,573) and current liabilities of \$27,887,261 (December 31, 2014 - \$26,464,078; March 31, 2014 - \$12,150,352) or working capital of \$41,488,586 (December 31, 2014 - \$65,110,327; March 31, 2014 - working capital deficiency of \$1,139,779). The increase in working capital from March 31, 2014 is the result of amounts advanced in connection with the Joint Venture Transaction, partially off-set by project-related expenditures.

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

Please refer also to ***Outlook*** below.

The Company is evaluating various options for financing its Joint Venture obligations and repaying its debt obligations, including debt, equity and other alternatives.

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, 2014	99,778,683		
Shares issued for mineral properties	Nil		
Shares issued pursuant to the exercise of stock options	Nil		
Shares issued pursuant to a management agreement *	150,000		
Shares issued and outstanding on March 31, 2015	99,928,683	Exercise Price	Expiry Date
Director and consultants stock options	750,000	US\$1.16 to US\$1.59	From 04/18/15 to 09/18/18
Shares to be issued as a finder's fee	100,000	Not Applicable	Not Applicable
Additional bonus shares issuable to H. Lutz Klingmann	150,000	Not Applicable	Not Applicable
Fully diluted on March 31, 2015	100,928,683		
Expired stock options	(50,000)	\$1.22	04/18/2015
Shares to be issued on conversion of convertible debentures**	9,708,736	Lower of C\$1.03 or market price on maturity date**	07/25/15
Fully diluted on May 11, 2015	110,587,419		
The company has an unlimited authorized share capital			

*150,000 bonus common shares were issued on March 27, 2015 to H. Lutz Klingmann, the President of the Company, pursuant to his management agreement. Refer to Note 6 – Commitments and Contingencies of the unaudited condensed consolidated interim financial statements for further details on H. Lutz Klingmann's management agreement.

** 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 estimated capital costs, including contingency, working capital and mining equipment, are \$144 million.

The net proceeds from the Joint Venture Transaction will be applied to the continued development of the Project. It is expected that the current cash on hand will fund capital expenditures until the third quarter of 2015. The remaining capital expenditures, estimated to be between \$30 million and \$40 million will be shared by the Joint Venture partners. The portion related to mobile mining equipment will be financed through loans with Komatsu.

The Company is evaluating various financing options, including debt and equity, to fund its attributable remaining capital expenditures. The \$12.5 million December Loan will also mature in July 2015 and the Company will need to raise the capital required to retire the loan and accrued interest. The Company also has outstanding convertible debentures in the principal amount of C\$10 million maturing and payable in July 2015, unless otherwise converted. The Company holds the right to decide whether to convert or pay back the debenture. It is not known at this time if the Company will decide the convert or to pay back the debentures.

Construction is advancing smoothly and has progressed to a 40% completion rate; all turn-key projects have been awarded to independent contractors. The Company expects commissioning of the processing facilities in late 2015.

Recent developments include:

- We will start drilling backup production water well PW-4 in mid-May. Delivery of five water storage tanks is expected in late May.

- The equipment for the overland conveyor has been delivered and our contractor is in the process of erecting the overland conveyor.
- The Merrill-Crowe plant equipment has been ordered and the supporting steel is being fabricated in Mexico. The building is on order, the excavation of the footings was completed in April and the construction of the footings will be completed in late May.
- The earthmoving phase of the Phase 1, Stage 1 heap-leach pad, the events pond and the solution conveying channel has been completed. A sub-contractor to our prime contractor has mobilized a portable crushing-screening plant to site and overliner material is being crushed and stockpiled.
- Construction of footings in the primary and secondary crusher sections of the crushing-screening plant has essentially been completed. Structural steel and equipment for the primary crusher section will be delivered by mid-May.
- The primary mobile mining equipment, two rubber-tired loaders and four 100 ton haulage trucks, have been delivered to site and assembled.

It is not expected that GQM LLC 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 16, 2015. Readers should evaluate the Company's prospects in light of these and other risk factors.

Mineral Properties

In July 2012, the Company received notice that it had met all remaining major conditions of the conditional use permits for the Project. As a result, Management made the decision to begin capitalizing all development expenditures related to the Project while all other expenses not related to the development of the project continue to be expensed as incurred. Refer also to Note 3 Mineral Properties of the unaudited condensed consolidated interim financial statements for a more detailed discussion.

Subsequent Events

Subsequent to March 31, 2015, mobile mining equipment was delivered to site. Shortly after receiving the equipment, the Company paid \$0.2 million, which represented the sales tax and a 10% deposit. The remaining \$0.8 million will be financed over 48 months at an interest rate of 2.99%.

In addition, four mining trucks and two loaders were delivered and assembled on site in April. The Company paid a 10% deposit of \$0.9 million in April and expects to finance the remaining purchase price when it officially takes possession of the equipment later this year.

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. An ore body is determined to be economically minable based on proven and probable reserves and when appropriate permits are in place. Major mine development expenditures are capitalized, including primary development costs such as costs of building access roads, heap leach pads, processing facilities, and infrastructure development.

Costs for exploration, pre-production 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 in search of previously unidentified mineral deposits. Pre-production 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 favourable economic study and mine plan for the ore body targeted;
- 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 Comprehensive Income (Loss) for 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 Statement of Comprehensive Income (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 Statement of Comprehensive Income (Loss).

Capitalized Interest

For significant exploration and development projects, interest is capitalized as part of the historical cost of developing and constructing assets in accordance with ASC 835-20 ("capitalization of interest"). Interest is capitalized until the asset is ready for service. Capitalized interest is determined by multiplying the Company's weighted-average borrowing cost on general debt by the average amount of qualifying costs incurred. Once an asset subject to interest capitalization is completed and placed in service, the associated capitalized interest is expensed through depletion or impairment. See Note 7(v) of the unaudited condensed consolidated interim financial statements.

Non-controlling Interest

Non-controlling interest consists of equity in GQM LLC not attributable, directly or indirectly, to Golden Queen. GQM LLC meets the definition of a Variable Interest Entity ("VIE"). Golden Queen has determined it is the member of the related party group that is most closely associated with GQM LLC and, as a result, is the primary beneficiary who consolidates GQM LLC. The non-controlling interest has been classified into two categories; permanent equity and temporary equity.

Non-controlling interests in temporary equity represent the estimated portion of non-controlling interest that could potentially be convertible through either a conversion of the non-controlling interest into a net smelter royalty obligation of GQM LLC or a buy-out of the non-controlling interest at fair value by the Company. The convertible portion of non-

controlling interest recorded in temporary equity is initially recorded at the carrying value and then adjusted for net income or loss and distributions attributable to the temporary equity.

The non-controlling interest in permanent equity represents the portion of the non-controlling interest that is not convertible. Please refer to Note 7(vi) of the unaudited condensed consolidated interim financial statements for complete details of how the transaction has been accounted for.

Asset Retirement Obligations

GQM LLC'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. GQM LLC 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, GQM LLC has recorded an asset retirement obligation of \$624,142.

GQM LLC has provided reclamation financial assurance to the Bureau of Land Management, the State of California and Kern County totaling \$553,343.

Derivative Liabilities

If the Company's 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 convertible debentures were required to be accounted for as separate derivative liabilities due to this possible variability in conversion price. 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 the Binomial pricing model.

New Accounting Policies

(i) Effective August 2014, FASB issued Accounting Standards update ("ASU") 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40 – Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. The update essentially requires management of all entities, for annual and interim periods, to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued.

If conditions or events raise substantial doubt about an entity's ability to continue as a going concern, but the substantial doubt is alleviated as a result of consideration of management's plans, the entity should disclose information that enables users of the financial statements to understand all of the following:

1. Principal conditions or events that raised substantial doubt about the entity's ability to continue as a going concern (before consideration of management's plans).
2. Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations.
3. Management's plans that alleviated substantial doubt about the entity's ability to continue as a going concern.

If conditions or events raise substantial doubt about an entity's ability to continue as a going concern, and substantial doubt is not alleviated after consideration of management's plans, an entity should include a statement in the footnotes indicating that there is *substantial doubt about the entity's ability to continue as a going concern* within one year after the date that the financial statements are issued (or available to be issued). Additionally, the entity should disclose information that enables users of the financial statements to understand all of the following:

1. Principal conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.
2. Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations.
3. Management's plans that are intended to mitigate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.

This update will come into effect for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The Company is assessing the impact of this standard.

ii) In February 18, 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810) – Amendments to the Consolidation Analysis* which focuses on the consolidation evaluation for reporting organizations (public and private companies and not-for-profit organizations) that are required to evaluate whether they should consolidate certain legal entities. In addition to reducing the number of consolidation models from four to two, the new standard simplifies the standards and improves current GAAP by:

- Placing more emphasis on risk of loss when determining a controlling financial interest. A reporting organization may no longer have to consolidate a legal entity in certain circumstances based solely on its fee arrangement, when certain criteria are met.
- Reducing the frequency of the application of related-party guidance when determining a controlling financial interest in a variable interest entity (VIE).
- Changing consolidation conclusions for public and private companies in several industries that typically make use of limited partnerships or VIEs.

The ASU will be effective for periods beginning after December 15, 2015, for public companies. Early adoption is permitted, including adoption in an interim period. The Company is assessing the impact of this standard.

iii) In April, 2015, FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30)* which focuses on simplifying the presentation of debt issuance costs, the amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update.

The ASU will be effective for periods beginning after December 15, 2015, for public companies. Early adoption is permitted, including adoption in an interim period. The Company is assessing the impact of this standard.

Qualified Person and Caution With Respect to Forward-looking Statements

Mr. H. Lutz Klingmann, P.Eng., the President of the Company, is a qualified person for the purposes of NI 43-101 and has reviewed and approved the technical information in this Form 10-Q.

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 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

The Company holds 90% of its cash in bank deposit accounts with a single major financial institution. The interest rates received on these balances may fluctuate with changes in economic conditions. Based on the average cash balances during the quarter ended March 31, 2015, a 1% decrease in interest rates would have reduced the interest income for the period by a trivial amount.

Foreign Currency Exchange Risk

Certain purchases of labour are denominated in Canadian dollars. As a result, 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 the Canadian operating expenses in U.S. dollar terms. As of March 31, 2015, the Company maintained the majority of its cash balance in U.S. dollars. The Company currently does not engage in any currency hedging activities.

Commodity Price Risk

The Company's primary business activity is the development of the open pit, gold and silver, heap leach project on the Property. Decreases in the price of either of these metals from current levels has the potential to negatively impact the Company's ability to secure 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.

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 March 31, 2015, 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 our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were 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

Management is responsible for establishing and maintaining adequate internal control over our financial reporting, which is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements due to the possibility that a control can be circumvented or

overridden or that misstatements due to error or fraud may occur that are not detected. Also, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the effectiveness of our internal control over financial reporting as of March 31, 2015, using criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and concluded that we have maintained effective internal control over financial reporting as of March 31, 2015, based on these criteria.

An evaluation was performed under the supervision and with the participation of management, including the CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures as required by Exchange Act Rules 13a-15(e) and 15(d)-15(e) as of the end of the reporting period covered by this report. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures, including controls and procedures designed to ensure that information required to be disclosed by us is accumulated and communicated to our management (including our CEO and CFO), were effective as of March 31, 2015, in assuring them in a timely manner that material information required to be disclosed in this report has been properly recorded, processed, summarized and reported.

Changes in Internal Control

There were no material 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 three month period ended March 31, 2015.

Fraud Analysis

The Company is committed to preventing fraud and corruption and is developing an anti-fraud culture. To achieve this goal, the Company has committed to the following:

1. Developing and maintaining effective controls to prevent fraud;
2. Ensuring that if fraud occurs a vigorous and prompt investigation takes place;
3. Taking appropriate disciplinary and legal actions;
4. Reviewing systems and procedures to prevent similar frauds;
5. Investigating whether there has been a failure in supervision and take appropriate disciplinary action if supervisory failures occurred; and
6. Recording and reporting all discovered cases fraud.

The following policies have been developed to support the Company’s goals:

- Insider Trading Policy
- Managing Confidential Information Policy
- Whistleblower Policy
- Anti-corruption Policy

All policies can be viewed in full on the Company’s website at www.goldenqueen.com

For the three month period ended March 31, 2015 and year ended December 31, 2014, there were no reported instances of fraud.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See “The Center for Biodiversity Petition to List the Mojave Shoulderband Snail as an Endangered Species” and “Other Legal Matters” contained in Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations of this Form 10-Q.

Item 1A. Risk Factors

There are no material changes from the risk factors previously disclosed in our Form 10-K for the fiscal period ended December 31, 2014, as filed with the SEC on March 16, 2015.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>	<u>Manner of Filing</u>
3.1	Notice of Articles	Incorporated by reference to Exhibit 3.03 to the Form S-3 of the Company, filed with the SEC on August 21, 2014
3.2	Articles	Incorporated by reference to Exhibit 3.2 to the Form 8-K of the Company, filed with the SEC on September 2, 2010
10.1	Amendment to Pledge Agreement between the Company, Golden Queen Mining Holdings Inc., Golden Queen Mining Canada Ltd., The Landon T. Clay 2009 Irrevocable Trust Dated March 6, 2009 and Jonathan C. Clay dated February 27, 2015	Filed herewith
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	Filed herewith
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	Filed herewith
32.1	Section 1350 Certification of the Principal Executive Officer	Filed herewith
32.2	Section 1350 Certification of the Principal Financial Officer	Filed herewith
101	Financial Statements from the Quarterly Report on Form 10-Q of the Company for the three months ended March 31, 2015, formatted in XBRL	Filed herewith

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: May 11, 2015

GOLDEN QUEEN MINING CO. LTD.
(Registrant)

By: /s/ H. Lutz Klingmann
H. Lutz Klingmann
Principal Executive Officer

By: /s/ Andrée St-Germain
Andrée St-Germain
Principal Financial Officer