

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 September 30, 2017

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 November 14, 2017, the registrant's outstanding common stock consisted of 111,148,683 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", "Company", "we", "our" or "us") is as at November 14, 2017 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2017 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 US generally accepted accounting principles ("US GAAP"). All amounts herein are in US dollars unless otherwise noted.

Cautionary Note Regarding Forward-looking Statements

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, results of operations and commodity prices. In addition, projected mining results, including quantity of ore, grade, production rates, operating costs 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.

Cautionary Note to US Investors

We advise US 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. Information concerning mineral resources and reserves set forth herein may not be comparable with information presented by companies using only US standards in their public disclosure.

Mr. Peter A. Herrera, CPG is a qualified person for the purposes of NI 43-101 and has reviewed and approved the technical information in this Form 10-Q.

The Soledad Mountain Mine

Overview

Golden Queen Mining Co. Ltd. ("Golden Queen", "GQM Ltd." or the "Company") is engaged in the operation of the Soledad Mountain Mine ("the Mine"), located in the Mojave Mining District, Kern County, California. The Mine is located just outside the town of Mojave in southern California and utilizes conventional open pit mining methods and the cyanide heap leach and Merrill-Crowe processes to recover gold and silver from crushed, agglomerated ore. The Mine also produces aggregate.

Highlights

- Total of 4.9 million tons of ore and waste were mined in the third quarter including 928 kt of ore
- Plant processed a total of 898 kt of ore at an average grade of 0.013 oz/t
- Third quarter production was 12,275 ounces of gold and 48,631 ounces of silver
- Purchase of new shovel at a capital cost of \$3.9 million
- Completion of leach pad phase 2 at a capital cost of \$8.4 million

Project Update

The mine acquired a new shovel in late August as planned at a capital cost of \$3.9 million. The performance of this unit is expected to enhance mining productivity over the life of mine. In addition, leach pad phase 2 was completed during the quarter at a capital cost of \$8.4 million, and ore leaching has commenced on the first lift. Leaching performance is matching the feasibility study - total apparent gold recovery to September 30, 2017 is 73%, which Management believes is on track to achieve the life of mine 80% gold recovery sometime in 2018.

As a result of the lower tonnage and grade in the North-West and Main (Phase 1) Pits, the ore grade was lowered to a value near cut-off in an effort to operate the pad-loading operations at capacity. However, periodic shortfalls in ore supplied to the crusher have been experienced, despite the lower target grade.

Management is accelerating the East Pit development to access higher-grade ore tons as soon as possible to make up for the shortfall in ore supplied and the lower than expected gold ore grades from the North-West and Main (Phase 1) Pits. During the period of development of the East Pit, it is expected that gold production will be lower than plan. The transition to the East Pit will provide the majority of anticipated ore production for at least the next three years. In anticipation of the development of the East Pit, an additional two trucks were recently purchased and are expected to be in service before year-end. There are an additional three trucks planned for purchase early next year.

The mine has generated positive operating cash flow year-to-date, and this is expected to resume once ore mining has been established within the defined ore-zone developed by the East Pit. In the meantime, preliminary estimates indicate that mining operations at Soledad Mountain will require between \$15m and \$20m of capital in the near term to execute this plan. This amount would likely need to be funded equally between the Company and its 50% joint venture partner.

For the nine months ended September 30, 2017, the Company recorded aggregate sales of \$0.01 million. The Company was recently added to the California AB 3098 list, which allows the Company to sell its aggregates to state and municipal agencies. The Company will not include the sale of aggregate in cash flow projections until such time as a long-term contract for the sale of products has been secured.

During the third quarter, the Company initiated the process to support permitting of additional infrastructure for ongoing operations and planned activities that are expected to extend the mine life of Soledad Mountain beyond the initial 11 years contemplated in the 2015 Feasibility Study. The process is anticipated to take approximately 2 to 3 years.

The cash balance as at September 30, 2017 was \$4.7 million. There is a total of 199 employees currently on site.

Results of Operations

The following are the results of operations for the three and nine months ended September 30, 2017, and the corresponding periods ended September 30, 2016.

		Three months ended		Nine months ended	
		30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
Mining - Key Metrics ⁽¹⁾					
Ore mined	k ton	928	808	2,790	1,759
Waste mined: ore mined ratio	ore mined ratio	4.3:1	2.2:1	3.9:1	2.2:1
Gold grade placed	oz/ton	0.013	0.015	0.016	0.013
Silver grade placed	oz/ton	0.180	0.362	0.203	0.349
Gold sold	oz	12,255	8,715	36,068	11,197
Silver sold	oz	47,977	97,430	163,856	124,930
Apparent cumulative recovery - gold ⁽²⁾	%	73.0%	53.1%	73.0%	53.1%
Apparent cumulative recovery - silver ⁽²⁾	%	25.8%	21.9%	25.8%	21.9%
Financial ⁽¹⁾					
Revenue	\$	16,496	13,451	48,182	16,915
Income (loss) from mine operations	\$	(1,839)	2,108	(580)	160
General and administrative expenses	\$	(1,171)	(657)	(3,297)	(3,167)
Total other income (expenses)	\$	(214)	2,140	(970)	(6,250)
Net and comprehensive income (loss)	\$	(3,224)	3,591	(4,847)	(9,257)
Net and comprehensive income (loss) attributable to Golden Queen Mining Co Ltd.	\$	(1,889)	2,738	(3,352)	(8,296)
Average realized gold price ⁽²⁾	\$/oz sold	1,280	1,329	1,257	1,303
Average realized silver price ⁽²⁾	\$/oz sold	16.89	19.22	17.23	18.60
Total cash costs - net of by-product credits ⁽²⁾	\$/Au oz produced	1,177	1,086	1,074	1,948

All-in sustaining costs - net of by-product credits ⁽²⁾	\$/Au oz produced	1,502	1,200	1,517	2,102
Total cash costs	\$/t placed	16.99	13.80	15.40	13.69
Off-site costs ⁽²⁾	\$/t placed	0.78	0.67	0.77	0.38

⁽¹⁾ For accounting purposes, the transition to the production phase commenced on April 1, 2016. As such, comparative figures for certain measures or data are not available or are not meaningful.

⁽²⁾ Total cash costs, all-in sustaining costs, apparent cumulative recovery and off-site costs are financial performance measures with no standard meaning under US GAAP. Refer to “**Non-GAAP Financial Performance Measures**” for further information. As transition to the production phase commenced April 1, 2016, year-to-date amounts for these measures only include data starting April 1, 2016.

The strip ratio and gold grade for the three and nine months ended September 30, 2016 were not representative of the life-of-mine estimated averages due to the commencement of production on April 1, 2016 and the limited equipment and crew available during these periods. Notwithstanding the strip ratio and gold grade for the three and nine months ended September 30, 2016, the higher strip ratio as a result of mining more waste than ore for the three and nine months ended September 30, 2017 compared to the same periods in 2016, contributed to the higher total cost per ton placed.

Financial Results

The Company generated revenues from operations of \$16.5 million from the sale of 12,255 ounces of gold and 47,977 ounces of silver for the three months ended September 30, 2017 and \$48.2 million from the sale of 36,068 ounces of gold and 163,586 ounces of silver during the nine months ended September 30, 2017. The Company generated revenues of \$13.5 million from the sale of 8,715 ounces of gold and 97,430 ounces of silver for the three months ended September 30, 2016 and \$16.9 million from the sale of 11,197 ounces of gold and 124,930 ounces of silver during the nine months ended September 30, 2016. Production commenced on April 1, 2016 and therefore the Company did not generate any revenues during the first fiscal quarter of 2016.

The Company generated \$0.39 million less revenue during the three months ended September 30, 2017 compared to the three months ended June 30, 2017, mostly as a result of fewer ounces of gold and silver sold. Although the average realized gold price per ounce was \$18 higher for the three months ended September 30, 2017 compared to the three months ended June 30, 2017 (\$1,280 vs. \$1,262 respectively), 398 fewer ounces of gold were sold in the current quarter compared to the previous quarter (12,255 ounces of gold sold vs. 12,653 ounces of gold sold respectively). The average realized silver price per ounce was slightly lower for the three months ended September 30, 2017 compared to the three months ended June 30, 2017 and 5,537 fewer ounces of silver were sold in the current quarter compared to the previous quarter (47,977 ounces of silver sold vs. 53,514 ounces of silver sold respectively).

The costs, excluding depreciation and depletion, applicable to sales incurred during the three and nine months ended September 30, 2017 were \$15.4 million and \$40.3 million (three and nine months ended September 30, 2016 - \$9.1 million and \$12.7 million), respectively. The cost of sales, excluding depreciation and depletion, increased mainly as a result of higher mining costs due to mining more waste and less ore compared to the prior quarter (three months ended June 30, 2017 - \$13.4 million) and recording an inventory allowance of \$0.80 million in the current quarter. Costs of sales include mining, processing, maintenance and site support costs. Also, included in the costs of sales are refining, transportation costs, royalties and property taxes.

Depreciation and depletion expenses during the three and nine months ended September 30, 2017 were \$2.9 million and \$8.4 million (three and nine months ended September 30, 2016 - \$2.2 million and \$4.1 million), respectively. Production commenced on April 1, 2016 and therefore the Company did not record significant depreciation and depletion until after this date. The depreciation and depletion expenses for three months ended September 30, 2017 increased slightly compared to the previous quarter (three months ended June 30, 2017 - \$2.7 million) as a result of recording more expense due to a change in Management’s estimate of the useful lives of certain pieces of equipment being reduced from ten to seven years.

General and administrative expenses increased by \$0.5 million to \$1.2 million during the three months ended September 30, 2017 compared to \$0.7 million for the same period in 2016 primarily as a result of a decrease in foreign exchange gains as the Canadian dollar has strengthened against the US dollar. General and administrative expenses increased slightly by \$0.1 million to \$3.3 million during the nine months ended September 30, 2017 compared to \$3.2 million for the same period in 2016.

For the three and nine months ended September 30, 2017, the Company incurred total interest expense of \$1.3 million and \$3.6 million (three and nine months ended September 30, 2016 - \$1.8 million and \$4.4 million, respectively), related to its various loans. The decrease resulted from the fact the June 2015 Loan was replaced by a new loan in November 2016 with a lower principal and a reduction of 2% on the interest rate. Please refer to Note 9(ii) and 9(iii) of the unaudited condensed consolidated interim financial statements. Also, during the nine months ended September 30, 2017 there was no interest capitalized to mineral properties, compared to \$1.0 million in the same periods of 2016.

The Company's derivative liability as at September 30, 2017 and for the nine months then ended includes the warrants issued in conjunction with the November 2016 Clay Loan, the June 2015 Loan and the July 2016 Financing. During the three and nine months ended September 30, 2017, the Company recorded a decrease in the derivative liability of \$1.1 million and \$3.0 million (three and nine months ended September 30, 2016 – a decrease of \$3.9 million and an increase of \$2.0 million, respectively). The significant decrease during the nine months ended September 30, 2017 was due to a decrease in the Company's share price whereas the significant increase for the comparable period in 2016 was due to an increase in the Company's share price. Refer to Note 10 of the unaudited condensed consolidated interim financial statements for a detailed analysis of the changes in fair value of the derivative liability.

Summary of Quarterly Results (in thousands of US dollars, except per share)

Results for the eight most recent quarters are set out in the table below (in \$000 other than per share amounts):

	Results for the quarter ended on:			
	30-Sep-17	30-Jun-17	31-Mar-17	31-Dec-16
Revenue	\$ 16,496	\$ 16,882	\$ 14,804	\$ 10,278
Net and comprehensive income (loss)	\$ (3,224)	\$ 1,192	\$ (2,816)	\$ (434)
Net and comprehensive income (loss) attributable to Golden Queen Mining Co Ltd.	\$ (1,889)	\$ 962	\$ (2,426)	868
Basic net income (loss) per share	\$ (0.02)	\$ 0.01	\$ (0.02)	\$ 0.01
Diluted net income (loss) per share	\$ (0.02)	\$ 0.01	\$ (0.02)	\$ 0.01

	Results for the quarter ended on:			
	30-Sep-16	30-Jun-16	31-Mar-16	31-Dec-15
Revenue	\$ 13,451	\$ 3,464	\$ Nil	\$ Nil
Net and comprehensive income (loss)	\$ 3,591	\$ (3,568)	\$ (9,280)	\$ (1,217)
Net and comprehensive income loss attributable to Golden Queen Mining Co Ltd.	\$ 2,738	\$ (2,109)	(8,926)	(722)
Basic net loss per share	\$ 0.03	\$ (0.02)	\$ (0.09)	\$ (0.01)
Diluted net loss per share	\$ 0.03	\$ (0.02)	\$ (0.09)	\$ (0.01)

During the three months ended September 30, 2017, net and comprehensive loss was \$3.2 million compared to net and comprehensive income of \$1.2 million during the three months ended June 30, 2017. This change is primarily due to the movement in the value of the Company's derivative liability (discussed above) and the loss from mine operations of \$1.8 million during the three months ended September 30, 2017 compared to income from mine operations of \$0.8 million during the three months ended June 30, 2017.

In general, the results of operations can vary from quarter to quarter depending upon the nature, timing and cost of activities undertaken, 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 and nine months ended September 30, 2017.

Reclamation Financial Assurance and Asset Retirement Obligation

Reclamation Financial Assurance

The Company is required to provide the Bureau of Land Management, the State Office of Mine Reclamation and Kern County, California with a reclamation cost estimate on an annual basis. An independent consulting engineer provides this estimate. This cost estimate, once approved by state and county authorities, forms the basis for a surety bond for

reclamation financial assurance. The reclamation assurance provided as at September 30, 2017 is \$1.5 million (December 31, 2016 - \$1.5 million).

The Company is also required to provide financial assurance with the Lahontan Regional Water Quality Control Board (the “Regional Board”) for closure and reclamation costs related to the lined impoundments, which are defined as the Stage 1 and Stage 2 heap leach pad, the overflow pond, and the solution collection channel. The reclamation financial assurance estimate as of September 30, 2017 is \$1.2 million (December 31, 2016 - \$1.2 million).

In addition to the above, the Company is required to obtain and maintain financial assurance for initiating and completing corrective action and remediation of a reasonably foreseeable release from the Mine’s waste management units as required by the Regional Board. The reclamation financial assurance estimate as of September 30, 2017, is \$0.3 million (December 31, 2016 - \$0.3 million).

During 2016, the Company entered into \$3.0 million in surety bond agreements to maintain the necessary financial assurance as required by the relevant regulatory bodies, as described in the paragraphs above, and in order to release its reclamation deposits. The Company pays a yearly premium of \$0.1 million. Golden Queen Mining Co. Ltd. has provided a corporate guaranty on the surety bonds (see Note 12 of the unaudited condensed consolidated financial statements).

Asset Retirement Obligation

The total asset retirement obligation as of September 30, 2017, was \$1.7 million (December 31, 2016 - \$1.4 million). The Company estimated its asset retirement obligation based on its requirements to reclaim and remediate its property based on its activities to date. As at September 30, 2017, the Company estimates the primary cash outflow related to these reclamation activities will commence in 2028. Reclamation provisions are measured at the expected value of future cash flows discounted to their present value using a discount rate based on a credit adjusted risk-free interest rate of 8.7% and an inflation rate of 2.45%.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

Except as noted elsewhere in this Form 10-Q, related party transactions are disclosed as follows:

(i) Management Agreement

During the three and nine months ended September 30, 2017, the Company paid a total of \$0.03 million and \$0.09 million (the three and nine months ended September 30, 2016 - \$0.03 million and \$0.09 million, respectively), respectively, to the three independent directors of the Company.

(ii) Amortization of Discounts and Interest Expense

The following table summarizes the amortization of discounts and interest on loan (\$000):

	Three Months Ended Sep 30, 2017	Three Months Ended Sep 30, 2016	Nine Months Ended Sep 30, 2017	Nine Months Ended Sep 30, 2016
Accretion of the Nov 2016 Loan discount	\$ 510	\$ -	\$ 1,250	\$ -
Interest expense related to the Nov 2016 Loan	642	-	1,914	-
Interest expense related to Komatsu financial loans ⁽¹⁾	143	144	428	464
Accretion of the June 2015 Loan discount	-	621	-	1,853
Interest expense related to the June 2015 Loan	-	1,050	-	3,057
Accretion of discount and interest on loan	<u>\$ 1,295</u>	<u>\$ 1,815</u>	<u>\$ 3,592</u>	<u>\$ 5,374</u>

	Three Months Ended Sep 30, 2017	Three Months Ended Sep 30, 2016	Nine Months Ended Sep 30, 2017	Nine Months Ended Sep 30, 2016
Accretion of discounts and interest on loan ⁽¹⁾	\$ 1,295	\$ 1,815	\$ 3,592	\$ 5,374
Less: Interest costs capitalized ⁽²⁾	-	-	-	(1,005)
Interest expense	\$ 1,295	\$ 1,815	\$ 3,592	\$ 4,369

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

⁽²⁾ Interest capitalization ended on March 31, 2016 because the mine went into production on April 1, 2016.

(iv) Joint Venture

The net assets of GQM LLC as of September 30, 2017, and December 31, 2016 are as follows:

	September 30, 2017	December 31, 2016
Assets, GQM LLC	\$ 152,193	\$ 151,802
Liabilities, GQM LLC	(24,092)	(20,710)
Net assets, GQM LLC	\$ 128,101	\$ 131,092

Included in the assets above is \$3.8 million (December 31, 2016 - \$11.1 million) in cash held as at September 30, 2017. The cash in GQM LLC is directed specifically to fund capital expenditures required to continue with production and settle GQM LLC's obligations. The liabilities of GQM LLC do not have recourse to the general credit of the primary beneficiary except for 2 mining drill loans and \$3.0 million in surety bond agreements.

(v) Revolving credit

On May 23, 2017, GQM LLC entered into a revolving credit facility of \$5 million with Gauss Holdings and Auvergne LLC. The revolving credit is available until May 23, 2018 and bears a 12% simple annual interest. GQM LLC paid a closing fee of \$0.1 million which was classified as prepaid expenses and other current assets. \$0.02 million of the closing fee was amortized during the nine months ended September 30, 2017. As at September 30, 2017 and November 9, 2017, no amounts had been drawn under this facility.

Fair Value of Financial Instruments

Fair Value Measurements

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

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

	September 30, 2017 (\$000)			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Share purchase warrants – Related Party (Note 10)	\$ 3,129	\$ -	\$ 3,129	\$ -
Share purchase warrants – (Note 10)	268	-	268	-
	<u>\$ 3,397</u>	<u>\$ -</u>	<u>\$ 3,397</u>	<u>\$ -</u>
	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Share purchase warrants – Related Party (Note 10)	\$ 5,458	\$ -	\$ 5,458	\$ -
Share purchase warrants – (Note 10)	972	-	972	-
	<u>\$ 6,430</u>	<u>\$ -</u>	<u>\$ 6,430</u>	<u>\$ -</u>

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

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

Select Non-Consolidated Figures

The Company has a 50% interest in GQM LLC, which meets the definition of a Variable Interest Entity (“VIE”). The Company consolidates entities which meet the definition of a VIE for which it is the primary beneficiary. The Company 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 following table shows figures attributable to the Company only as of September 30, 2017 and for nine months then ended (\$000):

	GQM LLC 100%	GQM LLC 50% Attributable to LTD (1)	LTD on a Non- Consolidated Basis * (2)	LTD Attributable (1) + (2)
Cash	\$ 3,755	\$ 1,878	\$ 928	\$ 2,806
Short Term Debt	\$ 7,024	\$ 3,512	\$ 9,061	\$ 12,573
Long Term Debt	\$ 9,372	\$ 4,686	\$ 20,096	\$ 24,782
Working Capital / (Deficit)	\$ (9,114)	\$ (4,557)	\$ (12,133)	\$ (16,690)

	GQM LLC 100%	GQM LLC 50% Attributable to LTD (1)	LTD on a Non- Consolidated Basis * (2)	LTD Attributable (1) + (2)
Revenue	\$ 48,182	\$ 24,091	\$ -	\$ 24,091
Cost of sales including depreciation and depletion	\$ (48,431)	\$ (24,216)	\$ (331)	\$ (24,547)
Accretion expense	\$ (94)	\$ (47)	\$ -	\$ (47)
G&A Expenses	\$ (1,896)	\$ (948)	\$ (1,316)	\$ (2,264)
Share based payments	\$ -	\$ -	\$ (133)	\$ (133)
Foreign exchange gain (loss)	\$ -	\$ -	\$ 48	\$ 48
(Increase) / Decrease in fair value of derivative liability	\$ -	\$ -	\$ 3,033	\$ 3,033
Interest Expense	\$ (428)	\$ (214)	\$ (3,164)	\$ (3,378)
Interest Income	\$ 70	\$ 35	\$ 7	\$ 42
Others	\$ (394)	\$ (197)	\$ -	\$ (197)
Net Loss	\$ (2,991)	\$ (1,496)	\$ (1,856)	\$ (3,352)

Liquidity and Capital Resources

The Company has generated \$75.4 million in revenues from operations since inception and as at September 30, 2017 had an accumulated deficit of \$90.7 million and a working capital deficit of \$9.1 million. The Company used \$1.2 million in operations for the three months ended September 30, 2017 and generated \$4.3 million in operations for the nine months ended September 30, 2017.

On December 31, 2014, the Company entered into a loan (the “December 2014 Loan”) with the Clay Group for \$12.5 million, due on July 1, 2015. On June 8, 2015, the Company amended the December 2014 Loan to extend the maturity to December 8, 2016 and increased the principal amount from \$12.5 million to \$37.5 million (the “June 2015 Loan”). On November 18, 2016, the Company repaid \$12.2 million of the June 2015 Loan and accrued interest with cash on hand and net proceeds of \$10.1 million from an equity financing. The Company restructured the remaining debt with a new loan with a principal amount of \$31.0 million (the “November 2016 Loan”). The November 2016 Loan has a thirty-month term and an annual interest rate of 8%, payable on a quarterly basis commencing during the first quarter of 2017.

As per terms of the November 2016 Loan, the Company is required to pay the following to the Clay Group on the following dates: \$5.4 million of accrued interest and principal on January 1, 2018; \$3.1 million of interest and principal on April 1, 2018; \$3.0 million of interest and principal on July 1, 2018; \$3.0 million of interest and principal on and October 1, 2018. The Company will need to receive cash distributions from GQM LLC to service its debt and such distributions are contingent on GQM LLC’s ability to generate positive cash flows. The Company reviewed the mine plan in light of the nine months ended September 30, 2017 results and has determined it is unlikely it will receive sufficient distributions from GQM LLC during this fiscal year to service its debt in early 2018. This situation raises substantial doubt about the Company’s ability to continue as a going concern. Consequently, discussions with the Clay Group to restructure the reimbursement schedule have been initiated. While the Company has been successful in re-negotiating the debt reimbursement schedule with the Clay Group on previous occasions, there can be no assurance that will be achieved going forward.

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

Cash from operating activities:

Cash generated by operating activities was \$6.0 million for the nine months ended September 30, 2017 (used in the nine months ended September 30, 2016 - \$3.1 million). The increase in cash generated by operating activities is primarily due to the increase in revenues since the Company started production in the second quarter of 2016, improvements in working capital and operating cost.

Cash used in investing activities:

Cash used in investing activities totaled \$10.0 million during the nine months ended September 30, 2017 (nine months ended September 30, 2016 – \$10.5 million). Construction of the second stage of the leach pad commenced in the first quarter of 2017 and was completed in September.

Cash from financing activities:

Cash used in financing activities totaled \$4.6 million during the nine months ended September 30, 2017 (nine months ended September 30, 2016 – cash generated of \$7.2 million). The main financing activities of the Company during the nine months ended September 30, 2017 were related to loans payable on mining equipment and machinery.

Working capital (\$000):

	LTD on a Non-Consolidated Basis *	LTD on a Consolidated Basis **
Current Assets	\$ 959	\$ 16,979
Current Liabilities	\$ (13,092)	\$ (26,093)
Working Capital / (Deficit)	\$ (12,133)	\$ (9,114)

* Includes GQM Holdings

**Includes GQM Holdings and GQM LLC

Golden Queen and GQM Holdings

As at September 30, 2017, Golden Queen and GQM Holdings had current assets of \$1.0 million (December 31, 2016 - \$2.3 million) and current liabilities of \$13.1 million (December 31, 2016 - \$6.9 million) for a working capital deficit of \$12.1 million (December 31, 2016 – \$4.6 million). The decrease in current assets from December 31, 2016 is the result of general corporate expenditures such as corporate salary expenses, legal fees, audit fees, and interest expenses. The increase in current liabilities is the result of the principal payments of the November 2016 Clay Loan due within 12 months now being included in current liabilities.

Golden Queen will use its cash for general corporate expenditures such as accounting fees, legal fees and corporate salary expenses. Interest expenses on the November 2016 Clay Loan due during 2017 have been added to the loan principal balance rather than paid in cash, at the Company's option.

GQM LLC

As at September 30, 2017, GQM LLC had current assets of \$16.0 million (December 31, 2016 - \$22.7 million) and current liabilities of \$13.0 million (December 31, 2016 - \$9.9 million) for a working capital surplus of \$3.0 million (December 31, 2016 – \$12.8 million). The decrease in current assets from December 31, 2016 is a result of cash spent on project-related expenditures and working capital. The increase in current liabilities is due to an increase in accounts payable and an increase of the short-term portion of the mobile equipment loans.

GQM LLC will use its cash on hand for sustaining capital expenditures and for working capital needs.

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, 2016	111,048,683		
Shares issued as the result of a purchase agreement	100,000		
Shares issued pursuant to the exercise of stock options	Nil		
Shares issued and outstanding on September 30, 2017	111,148,683	Exercise Price	Expiry Date
Shares to be issued on exercise of directors and employees stock options	2,600,001	\$0.29 to \$1.59	From 06/03/18 to 10/20/22
Shares to be issued on exercise of warrants	24,317,700	\$0.85 to \$0.95 and CAD \$2.00	From 06/08/20 to 11/18/21
Fully diluted November 9, 2017	138,066,384		
The company has an unlimited authorized share capital			

Subsequent Events

On October 20, 2017, the Company granted 1,204,999 options to certain directors and employees of Golden Queen. The options are exercisable at a price of \$0.29 for a period of five years from the date of grant. 401,666 options vest on October 20, 2018; 401,666 options vest on October 20, 2019; and 401,667 options vest on October 20, 2020.

On November 10, 2017, the Company and the Clay Group agreed to amend the November 2016 Loan (the "November 2017 Loan") by reducing the quarterly principal payments that commence the first quarter of 2018 from \$2.5 million to \$1.0 million and increasing the annual interest rate from 8% to 10% effective January 1, 2018. As well, all interest payments in 2017 that were deferred at the Company's option along with a \$2.5 million principal payment and a \$0.40 amendment fee are payable on January 1, 2018. At the Company's option, interest and principal payments due on January 1, 2018 can be delayed until February 15, 2018 to accommodate delays in the Offering process.

On November 13, 2017, the Company filed a preliminary prospectus with the securities regulatory authorities in each of the provinces of British Columbia, Alberta and Ontario, Canada and the United States except for the states of Arizona, Arkansas, California, Minnesota and Wisconsin in connection with qualifying an offering of the Company (the "Offering"), in connection with a marketed offering of common shares in the capital of the Company for aggregate gross proceeds of \$25.0 million. Closing of the Offering is subject to receipt of applicable regulatory approvals including approval of the Toronto Stock Exchange. The net proceeds of the Offering will be used to reduce the corporate debt, purchase additional equipment for the mine and general corporate and working capital purposes.

Non-GAAP Financial Performance Measures

Non-GAAP financial measures are intended to provide additional information only and do not have any standard meaning prescribed by generally accepted accounting principles. These measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP.

Total Cash Costs

Total cash costs are derived from amounts included in the statement of operations and include direct mining costs and site general and administrative costs. The direct mining costs shown on the table below include mine site operating costs such as mining, processing, smelting, refining, third party transportation costs, advanced minimum royalties and production costs less silver metals revenues. Management has determined that silver metals revenues when compared with gold metals revenues, are immaterial and therefore are considered a by-product of the production of gold.

The table below shows a reconciliation of total cash costs per gold ounce and cash costs per gold ounce on a by-product basis (expressed in thousands of US dollars except ounce and per ounce amounts):

	Three Months Ended			
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Total Cash Costs				
Mining	\$ 7,178	\$ 6,583	\$ 5,624	\$ 4,933
Processing	5,055	4,797	4,379	4,243
Indirect mining cost	2,189	1,795	1,880	1,901
Inventory changes and others	982	192	(322)	(2,181)
Direct mining costs	15,404	13,367	11,561	8,896
Site general and administrative	830	658	838	776
Cash costs before by-product credits	16,234	14,025	12,399	9,672
Divided by gold produced (oz)	12,275	12,632	11,406	7,779
Cash costs per ounce of gold produced (\$/oz)	1,323	1,110	1,087	1,243
Less: By-product silver credits per ounce (\$/oz)	(66)	(72)	(98)	(148)
Total cash cost per ounce of gold produced on a by-product	\$ 1,257	\$ 1,038	\$ 989	\$ 1,096

basis (\$/oz)				
Ore placed (tons)	897,549	1,026,332	791,232	894,754
Total Cash Costs (\$/t placed)	16.99	13.48	16.08	13.25
Crusher mechanical availability (%)	74%	81%	63%	70%
Apparent cumulative recovery ⁽¹⁾				
– gold	73.0%	68.0%	64.2%	59.7%
Apparent cumulative recovery ⁽¹⁾				
- silver	25.8%	25.3%	25.3%	24.0%

⁽¹⁾ Note: Apparent cumulative recovery is the ratio of metal produced since beginning of leaching over total estimated metal contained in ore loaded to pad since beginning of operation.

All-in Sustaining Costs

Golden Queen defines all-in sustaining costs as the sum of direct mining costs (as defined under total cash costs), site and corporate general and administrative costs, share based payments, reclamation liability accretion and capital expenditures that are sustaining in nature. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. Other companies may calculate these measures differently.

The table below shows a reconciliation of cash costs per gold ounce on a by-product basis and all-in sustaining costs per ounce (expressed in thousands of US dollars except ounce and per ounce amounts):

	Three Months Ended			
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
All-in sustaining costs				
Cash costs before by-product credits	\$ 16,234	\$ 14,025	\$ 12,399	\$ 9,672
Silver by-product	(810)	(915)	(1,092)	(1,150)
Total cash cost after by-product	15,424	13,110	11,307	8,522
Corporate general and administrative expenses	341	54	578	311
Share based payments	48	51	34	17
Accretion expense	93	32	31	23
Sustaining capital	3,990	4,781	7,288	2,648
All-in sustaining costs	19,896	18,028	19,238	11,521
Divided by gold produced (oz)	12,275	12,632	11,406	7,779
All-in sustaining costs per gold ounce on a by-product basis	\$ 1,621	\$ 1,427	\$ 1,687	\$ 1,481

Summary of Significant Accounting Policies and Estimates

Full disclosure of the Company's significant accounting policies and estimates in accordance with US GAAP can be found in notes of its audited consolidated financial statements as at December 31, 2016.

Other Legal Matters

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

As a result of a petition filed by the Center for Biological Diversity ("CBD") to list the Mohave Shoulderband snail as an endangered species under the Endangered Species Act, the United States Fish and Wildlife Service ("USFWS") is required to issue a 12-Month Finding on the species by November 30, 2017. The Company, the USFWS, and the CBD have jointly surveyed for the presence of the snail on and around Soledad Mountain. The Company believes that conservation of the snail can be accomplished without material adjustments to the Mine plan, but if the USFWS ultimately finds that the snail is 'endangered' or 'threatened' and no agreed conservation plan is established, material adjustments to the Mine plan may be required.

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

Credit Risk

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

The Company maintains its US Dollar and Canadian Dollar cash in bank accounts with major financial institutions with high credit standings. Cash deposits held in the United States are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 and Canadian Dollar cash deposits held in Canada are insured by the Canada Deposit Insurance Corporation ("CDIC") for up to C\$100,000.

Certain United States and Canadian bank accounts held by the Company exceed these federally insured limits or are uninsured as they relate to US Dollar deposits held in Canadian financial institutions. As of September 30, 2017, the Company's cash balances held in United States and Canadian financial institutions include \$4.7 million, which are not fully insured by the FDIC or CDIC. The Company has not experienced any losses on such accounts and management believes that using major financial institutions with high credit ratings mitigates the credit risk in cash.

Interest Rate Risk

The interest rates received on these balances may fluctuate with changes in economic conditions. Based on the average cash balances during the three and six months ended September 30, 2017, a 1% decrease in interest rates would have reduced the interest income 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 US dollar may result in an increase in the Canadian operating expenses in US dollar terms. As of September 30, 2017, the Company maintained the majority of its cash balance in US currency.

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 have the potential to negatively impact the future viability of the Mine. A 10% change in the gold spot price would have a trivial impact on the change in the fair value of the derivative contracts held by the Company. The Company may enter into hedging contracts from time to time to protect the cash flows from commodity price volatility.

Item 4. Controls and Procedures.

Disclosure controls and procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report.

The Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the applicable Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's report on internal control over financial reporting

Changes in Internal Control

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) during the quarter ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, other than the Company has implemented a remediation plan and has addressed the deficiency previously noted in the areas of personnel and controls and has engaged an external consultant to assist in the documentation and review of its internal controls.

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 of 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 and nine months ended September 30, 2017 and year ended December 31, 2016, 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

Golden Queen and its future business, operations and financial condition are subject to various risks and uncertainties due to the nature of its business and the present stage of development of the Mine. Certain of these risks and uncertainties are under the heading “Risk Factors” under Golden Queen's Form 10-K dated March 15, 2017 which is available on SEDAR at www.sedar.com, EDGAR at www.sec.gov and on our website at www.goldenqueen.com.

Item 4. Mine Safety Disclosures

GQM LLC is the operator of the Project, which is located in Mojave in Kern County, California. The mine safety disclosures required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K are included in Exhibit 95.1 of this Quarterly Report. There were no lost-time accidents at GQM LLC during the three months ended September 30, 2017.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>	<u>Manner of Filing</u>
3.1	Notice of Articles	Filed herewith
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
4.1	Warrant Indenture dated July 25, 2016	Incorporated by reference to Exhibit 4.1 to the Form 8-K of the Company, filed with the SEC on July 25, 2016
4.2	Form of Warrant Certificate	Incorporated by reference to Exhibit 4.1 to the Form 8-K of the Company, filed with the SEC on July 28, 2016
31.1	Certification of the Principal Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the US 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 US 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
95.1	Mine Safety Disclosure	Filed herewith
101	Financial Statements from the Quarterly Report on Form 10-Q of the Company for the three months ended September 30, 2017, 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: November 14, 2017

GOLDEN QUEEN MINING CO. LTD.
(Registrant)

By: /s/ Thomas M. Clay
Thomas M. Clay
Principal Executive Officer

By: /s/ Guy Le Bel
Guy Le Bel
Principal Financial Officer