
**GOLDEN TAG RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED
JUNE 30, 2021
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Golden Tag Resources Ltd. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Golden Tag Resources Ltd.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at June 30, 2021	As at December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,902,447	\$ 8,401,157
Marketable securities (note 5)	66,500	181,508
Sales taxes receivable (note 6)	446,233	185,411
Prepaid expenses	116,117	132,717
Total assets	\$ 6,531,297	\$ 8,900,793
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	\$ 187,164	\$ 778,499
Total liabilities	187,164	778,499
Equity		
Share capital (note 8)	22,810,855	21,896,373
Options reserves (note 9)	3,017,631	3,017,631
Warrant reserves (note 8)	3,212,616	3,387,453
Accumulated other comprehensive income	448,002	448,505
Deficit	(23,144,971)	(20,627,668)
Total equity	6,344,133	8,122,294
Total equity and liabilities	\$ 6,531,297	\$ 8,900,793

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Related party transactions (note 12)
Contingencies and commitments (note 13)
Subsequent event (note 14)

Golden Tag Resources Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Operating expenses				
Administrative costs	\$ 8,361	\$ 6,240	\$ 16,514	\$ 11,108
Foreign exchange	13,093	679	41,126	9,012
Listing, filing and transfer agency fees (note 12)	12,344	7,031	38,013	13,848
Management, consulting fees and directors' fees (note 12)	241,818	211,586	558,907	247,836
Mineral property expenses	599,984	18,023	1,353,251	65,338
Professional fees (note 12)	80,878	60,249	176,925	85,523
Rent	34,515	3,171	69,030	6,344
Salaries	35,466	-	88,455	-
Shareholder information	11,746	4,985	18,172	5,345
Stock based compensation (note 9)	-	175,153	-	175,153
Promotion costs	66,147	-	142,658	-
Total operating expenses	1,104,352	487,117	2,503,051	619,507
Finance income	(3,244)	(793)	(7,741)	(3,720)
Realized gain on sale of marketable securities	(44,226)	-	(44,226)	(8)
Unrealized loss (gain) on change in fair value of marketable securities	59,971	(90,067)	66,219	(26,852)
Net loss for the period	\$ (1,116,853)	\$ (396,257)	\$ (2,517,303)	\$ (588,927)
Other comprehensive loss				
Items that will be reclassified subsequently to loss				
Exchange differences on translating foreign operations	\$ (2,844)	\$ -	\$ (503)	\$ -
Other comprehensive loss for the period	(2,844)	-	(503)	-
Total comprehensive loss for the period	\$ (1,119,697)	\$ (396,257)	\$ (2,517,806)	\$ (588,927)
Basic and diluted net loss per share (note 10)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	169,872,783	116,230,939	168,858,127	113,018,749

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Golden Tag Resources Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Operating activities		
Net loss for the period	\$ (2,517,303)	\$ (588,927)
Non-cash items:		
Changes in working capital items (note 11)	(835,557)	175,681
Realized gain on sale of marketable securities	(44,226)	(8)
Unrealized loss (gain) on change in fair value of marketable securities	66,219	(26,852)
Stock based compensation (note 9)	-	175,153
Foreign exchange	16,874	-
Net cash used in operating activities	(3,313,993)	(264,953)
Investing activities		
Proceeds on sale of marketable securities	93,015	21,401
Net cash provided by investing activities	93,015	21,401
Financing activities		
Proceeds from private placements (note 8)	-	1,125,000
Share issue costs	-	(64,709)
Proceeds from warrants exercised	739,645	-
Net cash provided by financing activities	739,645	1,060,291
Net change in cash and cash equivalents	(2,481,333)	816,739
Effect of exchange rate	(17,377)	-
Cash and cash equivalents, beginning of period	8,401,157	1,271,551
Cash and cash equivalents, end of period	\$ 5,902,447	\$ 2,088,290

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Golden Tag Resources Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

Unaudited

	Number of shares	Share capital	Options reserve	Warrants reserve	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2019	109,806,558	\$ 15,157,617	\$ 91,997	\$ 1,369,463	\$ 459,632	\$ (15,510,538)	\$ 1,568,171
Private placement (note 8(a))	20,000,000	1,125,000	-	-	-	-	1,125,000
Warrants (note 8(a))	-	(296,986)	-	296,986	-	-	-
Share issue costs (note 8(a))	-	(77,684)	-	12,975	-	-	(64,709)
Stock based compensation (note 9)	-	-	175,153	-	-	-	175,153
Net loss and comprehensive loss for the period	-	-	-	-	-	(588,927)	(588,927)
Balance, June 30, 2020	129,806,558	\$ 15,907,947	\$ 267,150	\$ 1,679,424	\$ 459,632	\$ (16,099,465)	\$ 2,214,688
Balance, December 31, 2020	166,196,558	\$ 21,896,373	\$ 3,017,631	\$ 3,387,453	\$ 448,505	\$ (20,627,668)	\$ 8,122,294
Warrants exercised	6,758,599	914,482	-	(174,837)	-	-	739,645
Net loss and comprehensive loss for the period	-	-	-	-	(503)	(2,517,303)	(2,517,806)
Balance, June 30, 2021	172,955,157	\$ 22,810,855	\$ 3,017,631	\$ 3,212,616	\$ 448,002	\$ (23,144,971)	\$ 6,344,133

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operation

Golden Tag Resources Ltd. (the "Company") is incorporated under the Canada Business Corporations Act and is in the process of exploring its mineral properties and has not yet determined whether those properties contain ore reserves that are economically recoverable. The address of the Company's registered office and its principal place of business are 22 Adelaide Street West, Suite 2020, Bay Adelaide Centre, Toronto, Ontario, Canada.

On November 5, 2020, the Company announced that after successfully completing the application process, the Company was approved for quotation on the OTCQB operated by the OTC Market Groups. The Company's common shares started trading on the OTCQB November 5, 2020 at the opening of the market under the stock symbol "GTAGF" and remains listed on the TSX Venture Exchange ("TSXV") under the ticker symbol "GOG".

These unaudited condensed interim consolidated financial statements comprise the financial statements of Golden Tag Resources Ltd. and its wholly-owned subsidiary, Golden Tag de Mexico S.A., incorporated in Mexico.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, and the Company has not yet generated income or cash flows from its operations.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The Canadian federal government and the Mexican government have not introduced measures that have directly impeded the operational activities of the Company other than the Company had to bring new working procedures in place. From time to time various Mexican government facilities are closed temporarily, however management believes businesses will continue to be allowed to operate and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

2. Basis of presentation

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board under international Accounting Standard 34 – Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all the notes required in annual financial statements and accordingly, should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020

Approval of financial statements

The Company's Board of Directors approved these unaudited condensed interim consolidated financial statements on August 19, 2021.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

2. Basis of presentation (continued)

Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis, unless otherwise stated.

Functional and presentation currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise stated, which is the Company's functional currency. The functional currency of the Company's Mexican subsidiary is the US dollar. The Company has adopted the Canadian dollar as its presentation currency.

3. Summary of significant accounting policies

These unaudited condensed interim consolidated financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in note 3 – Summary of Significant Accounting Policies, as described in the Company's annual audited consolidated financial statements for the year ended December 31, 2020.

4. Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports on the performance of the managerial units of the Company to the Board of Directors. An analysis of the Company's business segments is set out below:

	Six Months Ended June 30, 2021			Six Months Ended June 30, 2020		
	Canada	Mexico		Canada	Mexico	
Operating expenses	\$ 1,536,158	\$ 966,893	\$ 2,503,051	\$ 532,166	\$ 87,341	\$ 619,507
Net loss for the period	\$ 1,550,410	\$ 966,893	\$ 2,517,303	\$ 501,586	\$ 87,341	\$ 588,927

	As at June 30, 2021			As at December 31, 2020		
	Canada	Mexico		Canada	Mexico	
Total assets	\$ 6,067,001	\$ 464,296	\$ 6,531,297	\$ 8,598,663	\$ 302,130	\$ 8,900,793
Total liabilities	\$ 178,037	\$ 9,127	\$ 187,164	\$ 777,277	\$ 1,222	\$ 778,499

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

5. Marketable securities

	2021	2020
Balance as at January 1,	\$ 181,508	\$ 167,625
<u>Additions (disposals) in the year:</u>		
Battle North Gold Corp. - 35,100 shares (19,900 shares in 2020)	(48,789)	(21,393)
	132,719	146,232
Unrealized (loss) gain on change in fair value of marketable securities	(66,219)	35,276
Balance as at June 30, 2021 and December 31, 2020	\$ 66,500	\$ 181,508

Marketable securities include the following components at fair value:

	June 30, 2021	December 31, 2020
Sirios Resources Inc. - 700,000 shares (700,000 shares 2020)	\$ 66,500	\$ 108,500
Battle North Gold Corp. - nil share (35,100 shares 2020)	-	73,008
Total	\$ 66,500	\$ 181,508

6. Sales taxes receivable

	June 30, 2021	December 31, 2020
Aging analysis		
Current	\$ 19,701	\$ 15,544
30-90 days	98,177	34,810
Over 90 days (past due)	328,355	135,057
Total	\$ 446,233	\$ 185,411

7. Mineral properties

Mexico San Diego Property

The Company holds a 100% interest in the San Diego Property, Durango State, Mexico. Golden Minerals Company has a 2% net smelter return royalty on the property. This is the only mining property that the Company holds the rights to explore as at June 30, 2021 and December 31, 2020.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

8. Equity

(a) Share capital

Authorized share capital: An unlimited number of the following classes of shares:

- Common shares, voting, without par 172,955,157.
- Preferred shares, non-voting, redeemable for the amount paid thereon, all rights and privileges to be determined by the Board of Directors.

Issued during 2020

(i) During the three months ended June 30, 2020, the Company closed a private placement pursuant to which it issued 20,000,000 units at a price of \$0.05625 per unit for gross proceeds for \$1,125,000. Each unit consists of one common share in capital of the Company and one-half share purchase warrant entitling the purchase of one common share at a price per share of \$0.075. The fair value of the 10,000,000 warrants was estimated at \$0.0297 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 116%, a risk-free interest rate of 0.35%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.05625.

In connection with the private placement, fees were provided consisting of a cash payment of \$24,350 and the issuance of 392,005 broker warrants. Each whole broker warrant entitles the holder to acquire one unit for \$0.05625 for a period of two years from the date of issuance. Refer to note 8(b).

(ii) During the three months ended September 30, 2020, the Company closed a private placement pursuant to which it issued 25,000,000 units at a price of \$0.28 per unit for gross proceeds for \$7,000,000. Each unit consists of one common share in capital of the Company and one-half share purchase warrant entitling the purchase of one common share at a price per share of \$0.40. The warrants contain an acceleration provision whereby if the closing price of the common shares on the TSXV is \$0.70 or more for 10 consecutive trading days the Company will have the right to accelerate the expiry date of the warrants (the "Acceleration Provision"). The fair value of the 12,500,000 warrants was estimated at \$0.1483 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 119%, a risk-free interest rate of 0.30%, an expected unit life of 2 years, no expected dividend yield and an expected price at date of grant of \$0.28.

In connection with the private placement, fees were provided consisting of a cash payment of \$345,756 and the issuance of 1,198,130 broker warrants. Each whole broker warrant entitles the holder to acquire one unit for \$0.28 for a period of two years from the date of issuance, subject to the Acceleration Provision. Refer to note 8(b).

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

8. Equity (continued)

(b) Share purchase warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares is as follows:

	2021		2020	
	#	Weighted average exercise price \$	#	Weighted average exercise price \$
Balance as at January 1,	49,500,135	0.17	35,980,000	0.05-0.12
Issued (note 8(a))	-	-	22,500,000	0.26
Issued broker warrants (note 8(b))	-	-	1,590,135	0.22
Exercised warrants	(6,758,599)	0.11	(9,690,000)	0.11
Expired warrants	-	-	(880,000)	0.12
Balance as at June 30, 2021 and December 31, 2020	42,741,536	0.18	49,500,135	0.17

2020

During the three months ended June 30, 2020, in relation to the private placement, 392,005 broker warrants were issued entitling the holder to purchase of one common share at a price of \$0.05625 and one-half warrant (unit) at a unit price of \$0.05. The warrants included in the units entitle the holder to purchase one common share at a share price of \$0.075. The fair value of the 392,005 broker warrants was estimated at \$0.0331 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 116%, a risk free interest rate of 0.35%, an expected unit life of 2 years, no expected dividend yield and an expected unit value at date of grant of \$0.05625.

During the three months ended September 30, 2020, in relation to the private placement, 1,198,130 broker warrants were issued entitling the holder to purchase of one common share at a price of \$0.28. The fair value of the 1,198,130 broker warrants was estimated at \$0.1687 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 119%, a risk free interest rate of 0.30%, an expected unit life of 2 years, no expected dividend yield and an expected unit value at date of grant of \$0.28.

At June 30, 2021, the following exercisable warrants were outstanding:

Number of warrants	Price (\$)	Expiry date
2,100,000	0.05	19-Sep-21
12,150,000	0.07	19-Sep-21
5,710,000	0.12	27-Jul-21
8,691,401	0.075	05-Jun-22
392,005	0.05625	05-Jun-22
12,500,000	0.40	14-Aug-22
1,198,130	0.28	14-Aug-22
42,741,536	0.18	

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

9. Stock options

Outstanding Options entitle their holders to subscribe to an equivalent number of common shares is as follows:

	2021		2020	
	#	Weighted average exercise price \$	#	Weighted average exercise price \$
Balance as at January 1,	13,600,000	0.26	2,700,000	0.05
Issued	-	-	12,600,000	0.28
Exercised	-	-	(1,700,000)	0.05
Balance as at June 30, 2021 and December 31, 2020	13,600,000	0.26	13,600,000	0.26

As at June 30, 2021, 13,600,000 (December 31, 2020 - 13,600,000) options are exercisable.

2020

On May 28, 2020, 1,500,000 stock options were granted to officers of the Company to purchase common shares at a price of \$0.08 per share until May 28, 2025. The options vested immediately. The fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 127%; risk-free interest rate - 0.41% and an expected life of 5 years. The fair value attributed to these options was \$69,009.

On June 30, 2020, 1,000,000 stock options were granted to directors of the Company to purchase common shares at a price of \$0.125 per share until June 30, 2025. The options vested immediately. The fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 128%; risk-free interest rate - 0.36% and an expected life of 5 years. The fair value attributed to these options was \$106,144.

On August 31, 2020, 9,900,000 stock options were granted to management and directors of the Company to purchase common shares at a price of \$0.33 per share until August 30, 2025. The options vested immediately. The fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 128%; risk-free interest rate - 0.40% and an expected life of 5 years. The fair value attributed to these options was \$2,725,819.

On October 8, 2020, 200,000 stock options were granted to an employee of the Company to purchase common shares at a price of \$0.36 per share until October 8, 2025. The options vested immediately. The fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 128%; risk-free interest rate - 0.37% and an expected life of 5 years. The fair value attributed to these options was \$49,998.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

10. Loss per share

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential ordinary shares such as share options and warrants have not been included as their exercise prices were higher than the Company's share price as at June 30, 2021 and June 30, 2020. Details of share options and warrants issued that could potentially dilute loss per share in the future are given in note 8 and note 9.

Both the basic and diluted loss per share have been calculated using the loss as the numerator, i.e. no adjustment to the loss were necessary for the six months ended June 30, 2021 and June 30, 2020 respectively.

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Loss for the period	\$ (1,116,853)	\$ (396,257)	\$ (2,517,303)	\$ (588,927)
Weighted average number of shares in circulation	169,872,783	116,230,939	168,858,127	113,018,749
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)

11. Additional cash flow information

The changes in working capital items are as follows:

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Sales taxes receivable	\$ (260,822)	\$ 61,308
Prepaid expenses	16,600	13,383
Trade payables	(591,335)	100,990
	\$ (835,557)	\$ 175,681

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

12. Related party transactions

The Company's related parties include private companies controlled by directors and joint key management, as described below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors as well as members of key management personnel

Remuneration includes the following expenses:

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Management and administration fees paid to private companies controlled by directors and officers	\$ 167,385	\$ 199,211	\$ 328,770	\$ 235,461
Mineral properties expenditures paid to private companies controlled by directors	-	9,129	-	19,386
Professional fees paid to private companies controlled by directors and officers	48,954	10,628	64,460	10,628
Listing, filing and transfer agency fees paid to private companies controlled by officers	1,775	-	4,903	-
Director fees	-	175,153	146,000	175,153
	\$ 218,114	\$ 394,121	\$ 544,133	\$ 440,628

Included in management and administration fees paid to private companies controlled by directors and officers for the three and six months ended June 30, 2021 is \$nil (three and six months ended June 30, 2020 - \$145,000) paid to a private company controlled by the former Chief Financial Officer according to the executive services agreement as a severance payment. This is a non-recurrent payment.

Included in trade payables are amounts due to companies owned and controlled by key management personnel of \$18,326 and to directors of \$12,363 (December 31, 2020 - \$569,744 and \$23,006).

Of the 20,000,000 units issued during 2020 as part of the private placement (note 8(a)(i)), members of management subscribed for an aggregate of 6,333,500 units.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

13. Contingencies and commitments

The Company's operations are subject to governmental laws and regulations regarding environmental protection. Environmental consequences, their impact and their duration are difficult to determine. To the best of its knowledge, management believes that the Company's operations are in compliance with all applicable laws and regulations. Provisions for estimated costs are recorded when environmental remedial efforts are likely and costs can be reasonably estimated.

14. Subsequent event

(i) Subsequent to period end, 200,000 warrants with an exercise price of \$0.075 and expiry date June 5, 2022 were exercised for gross proceeds of \$15,000 and 5,780,000 warrants with an exercise price of \$0.12 and expiry date July 27, 2021 were exercised for gross proceeds of \$685,200.