
GOLDEN TAG RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN CANADIAN DOLLARS)



Independent auditor's report

To the Shareholders of Golden Tag Resources Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Golden Tag Resources Ltd. and its subsidiary (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of profit or loss and other comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215



Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sarah Dobenko.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 25, 2023

Golden Tag Resources Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,605,991	\$ 6,317,563
Marketable securities (note 5)	49,000	49,000
Sales taxes receivable (note 6)	112,674	109,494
Prepaid expenses	326,568	75,001
Total assets	\$ 7,094,233	\$ 6,551,058
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	\$ 441,481	\$ 760,137
Total liabilities	441,481	760,137
Equity		
Share capital (note 8)	28,821,512	25,431,648
Options reserves (note 9)	2,983,559	3,017,631
Warrant reserves (note 8)	762,151	2,318,071
Accumulated other comprehensive income	301,877	432,767
Deficit	(26,216,347)	(25,409,196)
Total equity	6,652,752	5,790,921
Total equity and liabilities	\$ 7,094,233	\$ 6,551,058

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

Contingencies and commitments (note 16)
Subsequent events (note 17)

Approved on behalf of the Board:

"Talal Chehab", Director

"Dwayne Melrose", Director

Golden Tag Resources Ltd.

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

	Year Ended December 31, 2022	Year Ended December 31, 2021
Operating expenses		
Administrative costs	\$ 69,213	\$ 35,488
Foreign exchange	(154,591)	29,618
Listing, filing and transfer agency fees (note 13)	81,778	66,746
Management, consulting fees and directors' fees (note 13)	844,365	1,531,655
Mineral property expenses	1,148,146	2,225,828
Professional fees (note 13)	339,951	263,030
Promotion costs	190,791	202,893
Rent	137,407	138,060
Salaries	259,660	245,414
Shareholder information	46,308	39,171
Total operating expenses	2,963,028	4,777,903
Finance income	(83,552)	(17,316)
Realized gain on sale of marketable securities	-	(44,226)
Unrealized loss on change in fair value of marketable securities (note 5)	-	83,719
Net loss for the year	\$ (2,879,476)	\$ (4,800,080)
Other comprehensive loss		
Items that will be reclassified subsequently to loss		
Exchange differences on translating foreign operations	\$ (130,890)	\$ (15,738)
Other comprehensive loss for the year	(130,890)	(15,738)
Total comprehensive loss for the year	\$ (3,010,366)	\$ (4,815,818)
Basic and diluted net loss per share (note 10)	\$ (0.01)	\$ (0.03)
Weighted average number of common shares outstanding - basic and diluted	210,936,292	178,116,609

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

Golden Tag Resources Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Operating activities		
Net loss for the year	\$ (2,879,476)	\$ (4,800,080)
Non-cash items:		
Changes in working capital items (note 12)	(573,403)	115,271
Realized gain on sale of marketable securities	-	(44,226)
Unrealized loss on change in fair value of marketable securities (note 5)	-	83,719
Foreign exchange	(111,364)	(13,708)
Net cash used in operating activities	(3,564,243)	(4,659,024)
Investing activities		
Proceeds on sale of marketable securities	-	93,015
Net cash provided by investing activities	-	93,015
Financing activities		
Proceeds from private placements (note 8)	3,250,000	-
Share issue costs	(70,409)	-
Proceeds from options exercised	25,000	-
Proceeds from warrants exercised	667,606	2,484,445
Net cash provided by financing activities	3,872,197	2,484,445
Net change in cash and cash equivalents	307,954	(2,081,564)
Effect of exchange rate	(19,526)	(2,030)
Cash and cash equivalents, beginning of year	6,317,563	8,401,157
Cash and cash equivalents, end of year	\$ 6,605,991	\$ 6,317,563
Cash	567,896	1,356,107
Cash equivalents	6,038,095	4,961,456
Cash and cash equivalents	\$ 6,605,991	\$ 6,317,563

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

Golden Tag Resources Ltd.

Consolidated Statements of Changes in Equity (Expressed in Canadian Dollars)

	Number of shares	Share capital	Options reserves	Warrants reserves	Accumulated other comprehensive income	Deficit	Total
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	28,128,599	3,535,275	-	(1,050,830)	-	-	2,484,445
Warrants expired	-	-	-	(18,552)	-	18,552	-
Net loss and comprehensive loss for the year	-	-	-	-	(15,738)	(4,800,080)	(4,815,818)
Balance, December 31, 2021	194,325,157	25,431,648	3,017,631	2,318,071	432,767	(25,409,196)	5,790,921
Private placement (note 8(a))	13,000,000	3,250,000	-	-	-	-	3,250,000
Warrants (note 8(a))	-	(762,151)	-	762,151	-	-	-
Share issue costs (note 8(a))	-	(70,409)	-	-	-	-	(70,409)
Options exercised	500,000	42,036	(17,036)	-	-	-	25,000
Options expired	-	-	(17,036)	-	-	17,036	-
Warrants exercised	8,999,409	930,388	-	(262,782)	-	-	667,606
Warrants expired	-	-	-	(2,055,289)	-	2,055,289	-
Net loss and comprehensive loss for the year	-	-	-	-	(130,890)	(2,879,476)	(3,010,366)
Balance, December 31, 2022	216,824,566	\$ 28,821,512	\$ 2,983,559	\$ 762,151	\$ 301,877	\$ (26,216,347)	\$ 6,652,752

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

Golden Tag Resources Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

1. Nature of operation

Golden Tag Resources Ltd. (the "Company" or "Golden Tag") 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 consolidated financial statements comprise the financial statements of Golden Tag Resources Ltd. and its wholly-owned subsidiary, Golden Tag Mexico SA de CV, incorporated in Mexico.

These 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.

2. Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Approval of financial statements

The Company's Board of Directors approved these consolidated financial statements on April 25, 2023.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

Basis of measurement

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

Functional and presentation currency

These 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 accounting policies have been used throughout all periods presented in the consolidated financial statements.

Basis of consolidation

The Company's consolidated financial statements represent those of the parent company and its subsidiary as at December 31, 2022 and December 31, 2021.

Intercompany transactions have been eliminated on consolidation.

Foreign currency translations

Foreign currency transactions are translated into the functional currency of each consolidated entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Exchange differences resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss whereas the Company's net investment in its foreign subsidiary is recognized in other comprehensive income. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not re-translated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

The Mexican subsidiary has the US dollar as its functional currency, and its operations have been translated into Canadian dollars for presentation purposes as follows: assets and liabilities have been translated at the closing rate at the reporting date; expenses have been translated at the average rate over the reporting period. Exchange differences are recognized in other comprehensive loss and recognized in the accumulated other comprehensive income in equity.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (continued)

Financial instruments

Classification

Financial Assets/Liabilities	Classification
Cash and cash equivalents	Financial assets at amortized cost
Marketable securities	Fair value through profit or loss
Trade payables	Financial liabilities at amortized cost

Measurement – initial recognition

Financial assets and financial liabilities are recognized in the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

Classification of financial assets

Amortized cost:

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- (i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

Financial assets measured subsequently at FVTPL:

By default, all other financial assets are measured subsequently at FVTPL.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification of financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

Impairment

The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share is calculated by adjusting loss attributable to ordinary equity holders of the parent company, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, at the date of issue of the potential ordinary shares.

For the purpose of calculating diluted loss per share, an entity shall assume the exercise of dilutive options and warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding options and warrants as explained in note 10.

Cash and cash equivalents

Cash and cash equivalents comprises of (i) cash on deposit with a bank in general non-interest bearing accounts; (ii) interest generating money market accounts with no stipulated terms of maturity and that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value; and (iii) redeemable deposits.

Marketable securities

Marketable securities comprise shares of other publicly traded companies and are recorded at fair value as of the date of the statement of financial position. The difference from the original cost base is recorded as unrealized gain or loss in the consolidated statement of loss and comprehensive loss.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (continued)

Mineral properties

Mineral property expenses include expenses directly related to the exploration and evaluation of mining properties. These expenditures are expensed in the year they are incurred.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, related mining rights and expenses are capitalized. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Reclamation obligations

Estimated reclamation costs are based on legal, environmental and regulatory requirements. The costs of active mining operations are accrued, on an undiscounted basis, as a production cost, on a unit-of-production method based on proven and probable reserves. The Company periodically reviews these estimates and updates reclamation cost estimates if assumptions change. As at December 31, 2022 and December 31, 2021, the Company has no claims or reclamations.

Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units ("CGUs")). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment. An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs of disposal and its value in use. To determine the value in use, management estimates expected future cash flows from each asset or cash-generating unit, and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows.

An impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss and reduces the asset or is charged pro rata on the basis of the carrying amount of each asset in the cash-generating unit. All the assets are assessed as to whether there is any indication that an impairment loss recognized in prior periods may no longer exist. An impairment charge is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount but only to what the carrying amount would have been if an impairment was never recognised.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (continued)

Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted when the time value of money is significant.

All contingent liabilities are continually reviewed to determine whether an outflow of economic benefits has become probable. Where a contingent liability becomes probable that an outflow of future economic benefits will be required, a provision is recognized in the period in which the change in probability occurs. If at the end of the reporting period it is no longer probable that an outflow of economic benefits will be required to settle the obligation, the provision is reversed.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities arising from present obligations are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization. Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. The Company's operations are in compliance with current laws and regulations. Any provisions resulting from mining property restorations would be charged to mineral property expenses when it is possible to reasonably estimate the amount.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (continued)

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in net loss except to the extent it relates to items recognized in other comprehensive loss or directly in equity.

Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the consolidated statement of financial position and their corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities:

- are recognized for all taxable temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled, and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset to be recovered.

Equity

Share capital represents the amount received on the issue of shares, less issuance costs. Proceeds from unit placements are allocated between shares and warrants issued by: estimating the value of the warrants using the Black-Scholes Valuation model; the fair value is allocated to warrants from the net proceeds and the balance is allocated to shares. The fair value attributed to the warrants is recorded as warrants reserve. When warrants are exercised, the value is transferred from warrants reserve to capital stock. If the warrants expire unexercised, the related amount is reallocated to deficit.

Deficit includes all current and prior period profits or losses.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (continued)

Equity-settled share-based payment transactions

The Company operates equity-settled share-based remuneration plans (share options plans) for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees are rewarded using share-based payments, the fair value of the services rendered by the employees is determined indirectly by reference to the fair value of the equity instruments granted estimated using the Black-Scholes Valuation model. This fair value is appraised at the grant date.

All equity-settled share-based payments are ultimately recognized as an expense in net loss depending on the nature of the payment with a corresponding credit to options reserve, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in the prior period if share options have already vested.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in options reserves are then transferred to share capital. If the options expire unexercised, the related amount is reallocated to deficit.

Segment reporting

In accordance with IFRS 8 - Operating Segments, it is mandatory for the Company to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board of Directors in order to assess each segment's performance. In this regard, the Company conducts its business in a single operating segment being the acquisition, exploration and development of mineral properties. The Company's only mineral property is located in Mexico as detailed in note 7.

Comprehensive loss

Comprehensive loss is the total of loss and other comprehensive loss. Other comprehensive loss comprises revenues, expenses, gains and losses that, in accordance with IFRS, require recognition, but are excluded from loss. The Company's other comprehensive loss represents foreign currency translation gains/losses related to translating the financial information of its Mexican subsidiary from its US functional currency to Canadian dollars for presentation purposes.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (continued)

Fair value hierarchy

The Company classifies financial instruments recognised at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 7 – Financial Instruments: Disclosures. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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; and

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).

Marketable securities (level 1) at December 31, 2022 and December 31, 2021 are valued at fair value. The carrying value of the Company's other financial instruments approximates their fair value due to the short period to maturity.

There were no movements between levels during 2022 and 2021.

4. Critical accounting estimates, judgments and assumptions

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Judgments

Deferred taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. As at December 31, 2022 and December 31, 2021, management has determined that deferred tax assets do not meet the criteria for recognition, and accordingly were not recorded (note 11).

Operating segment

The ability to aggregate the Company's operating segments based on similar economic characteristics requires judgment to be applied and is dependent on entity-specific facts and circumstances.

Functional currency

The functional currency of Golden Tag Mexico SA de CV is US dollars. The determination of the subsidiary's functional currency is determined based on management's assessment of the economic environment in which it operates.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

4. Critical accounting estimates, judgments and assumptions (continued)

Estimates

Stock based compensation

The Company uses the fair value method of valuing compensation expense associated with the Company's share-based compensation plan whereby notional shares are granted to employees, Board of Directors and key consultants. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The assumptions are discussed in note 9.

Warrant valuation

The Company uses the fair value method of valuing warrants associated with the Company's equity instrument issuances. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The assumptions are discussed in note 8.

5. Marketable securities

	2022	2021
Balance as at January 1,	\$ 49,000	\$ 181,508
<u>Disposals in the period:</u>		
Battle North Gold Corp. - nil shares (35,100 shares in 2021)	-	(48,789)
	49,000	132,719
Unrealized loss on change in fair value of marketable securities	-	(83,719)
Balance as at December 31, 2022 and December 31, 2021	\$ 49,000	\$ 49,000

Marketable securities include the following components at fair value:

	December 31, 2022	December 31, 2021
Sirios Resources Inc. - 700,000 shares (700,000 shares 2021)	\$ 49,000	\$ 49,000

6. Sales taxes receivable

Aging analysis	December 31, 2022	December 31, 2021
Current	\$ 4,609	\$ 10,854
30-90 days	32,236	20,307
Over 90 days	75,829	78,333
Total	\$ 112,674	\$ 109,494

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 December 31, 2022 and December 31, 2021.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

8. Equity

(a) Share capital

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

- Common shares, voting, without par 216,824,566.
- Preferred shares, non-voting, redeemable for the amount paid thereon, all rights and privileges to be determined by the Board of Directors.

Issued during 2022

(i) On February 8, 2022, the Company closed the first tranche of a non-brokered private placement. Under the first tranche, the Company issued 7,166,670 units at a price of \$0.25 per unit for aggregate gross proceeds of \$1,791,668. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant issued pursuant to the first tranche entitles the holder thereof to acquire one common share at a price of \$0.40 until February 8, 2024. 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 3,583,335 warrants was estimated at \$0.117 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 110%, a risk-free interest rate of 1.35%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.25.

In connection with the first tranche, the Company paid aggregate cash finder's fees of \$39,800 and issued 140,000 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.25 for a period of 24 months following closing of the first tranche, subject to Acceleration Provision. The fair value of the 140,000 broker warrants was estimated at \$0.143 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 110%, a risk-free interest rate of 1.35%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.25.

(ii) On February 28, 2022, the Company completed the second and final tranche of the non-brokered private placement. In connection with the second tranche, the Company issued an aggregate of 5,833,330 units at a price of \$0.25 per unit for aggregate gross proceeds of \$1,458,332. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant issued pursuant to the first tranche entitles the holder thereof to acquire one common share at a price of \$0.40 until February 28, 2024. The warrants are subject to the Acceleration Provision. The fair value of the 2,916,665 warrants was estimated at \$0.110 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 105%, a risk-free interest rate of 1.45%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.25.

In connection with the second tranche, the Company paid aggregate cash finder's fees of \$7,000 and issued 28,000 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.25 for a period of 24 months following closing of the second tranche, subject to Acceleration Provision. The fair value of the 28,000 broker warrants was estimated at \$0.137 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 105%, a risk-free interest rate of 1.45%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.25.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

8. Equity (continued)

(b) Share purchase warrants

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

	2022		2021	
	#	Weighted average exercise price \$	#	Weighted average exercise price \$
Balance as at January 1,	22,501,536	0.27	50,380,135	0.17
Issued (note 8(a)(b))	6,696,003	0.39	1,050,000	0.07
Issued broker warrants (note 8(a))	168,000	0.25	-	-
Exercised warrants	(8,999,409)	0.07	(28,128,599)	0.08
Expired warrants	(13,698,130)	0.39	(800,000)	0.12
Balance as at December 31, 2022 and December 31, 2021	6,668,000	0.40	22,501,536	0.27

2022

During the three months ended June 30, 2022, 392,005 broker warrants were exercised for \$0.056 per broker unit. Each broker warrant entitled the holder to one common share and one-half warrant at a price of \$0.075. The fair value of the 196,003 additional warrants issued was estimated at \$0.0001 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 101%, a risk free interest rate of 2.50%, an expected unit life of 0.02 year, no expected dividend yield and an expected unit value at date of grant of \$0.06.

2021

During the three months ended September 30, 2021, 2,100,000 broker warrants were exercised for \$0.05 per broker unit. Each broker warrant entitled the holder to one common share and one-half warrant at a price of \$0.07. The fair value of the 1,050,000 additional warrants issued was estimated at \$0.0001 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 69%, a risk free interest rate of 0.43%, an expected unit life of 0.01 year, no expected dividend yield and an expected unit value at date of grant of \$0.07.

At December 31, 2022, the following exercisable warrants were outstanding:

Number of warrants	Price (\$)	Expiry date
3,583,335	0.40	08-Feb-24
140,000	0.25	08-Feb-24
2,916,665	0.40	28-Feb-24
28,000	0.25	28-Feb-24
6,668,000	0.40	

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

9. Stock options

The Company has adopted share-based payment plans under which members of the Board of Directors may award options for ordinary shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plans is a maximum of 10% of the common shares issued and outstanding at the time of any grant and the maximum number of shares which may be reserved for issuance to any one optionee may not exceed 5% of the common shares outstanding at the time of the grant. The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the ordinary shares on the day prior to the award date, and the term of the options cannot exceed ten years and unexercised options are cancelled 90 days after termination of employment or directorship. The option's exercise price and vesting period is established by the Board of Directors at the time of grant. All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

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

	2022		2021	
	#	Weighted average exercise price \$	#	Weighted average exercise price \$
Balance as at January 1	13,600,000	0.26	13,600,000	0.26
Expired	(500,000)	0.05	-	-
Exercised	(500,000)	0.05	-	-
Balance as at December 31	12,600,000	0.28	13,600,000	0.26

As at December 31, 2022, 12,600,000 (December 31, 2021 - 13,600,000) options are exercisable.

10. Loss per share

The calculation of basic loss per share is based on the loss for the year divided by the weighted average number of shares in circulation during the year. 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 December 31, 2022 and December 31, 2021. 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 three and year ended December 31, 2022 and December 31, 2021 respectively.

	Year Ended December 31, 2022	Year Ended December 31, 2021
Loss for the period	\$ (2,879,476)	\$ (4,800,080)
Weighted average number of shares in circulation	210,936,292	178,116,609
Basic and diluted loss per share	\$ (0.01)	\$ (0.03)

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

11. Income taxes

(a) Rate reconciliation

A reconciliation of income tax (expense) recovery and the product of accounting loss before income tax multiplied by the combined Canadian federal and provincial statutory income tax rate is as follows:

	December 31, 2022	December 31, 2021
Loss before income taxes	\$ (2,879,476)	\$ (4,800,080)
	26.50%	26.50%
Tax recovery calculated using statutory rates	(763,061)	(1,272,021)
Statutory permanent differences	55,496	185,607
Difference in foreign tax rates	(32,065)	(57,818)
Movement in tax benefits not recognized	739,630	1,144,232
Income tax expense	\$ -	\$ -

(b) Unrecognized deferred tax assets

Deferred income tax assets have not been recognized in respect of the following:

	December 31, 2022	December 31, 2021
Canada		
Non-capital losses carried forward	\$ 2,424,069	\$ 1,829,714
Capital losses carried forward	5,478	5,478
Marketable securities	91,823	91,823
Share issue costs	104,701	140,671
Tax reserves	(370,825)	(370,825)
	\$ 2,255,246	\$ 1,696,861

Mexico

	December 31, 2022	December 31, 2021
Net operating loss carried forward	\$ 656,119	\$ 589,601
Exploration and evaluation assets	2,889,162	2,340,055
	\$ 3,545,281	\$ 2,929,656

As at December 31, 2022, the Company did not recognize the benefit related to the deferred tax assets for the above items in the consolidated financial statements as management did not consider it probable that the Company will be able to realize these deferred tax assets in the future.

(c) Tax loss carry-forwards

As at December 31, 2022, the Company had the following income tax attributes to carry forward:

	Amount	Expiry date
Canadian non-capital losses	\$ 9,147,429	2030 - 2042
Canadian capital loss	-	Indefinite
Mexican net operating loss carryforwards	2,187,064	2022 - 2037

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

12. Additional cash flow information

The changes in working capital items are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Sales taxes receivable	\$ (3,180)	\$ 75,917
Prepaid expenses	(251,567)	57,716
Trade payables	(318,656)	(18,362)
	\$ (573,403)	\$ 115,271

13. 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:

	Year ended December 31, 2022	Year ended December 31, 2021
Management and administration fees paid to private companies controlled by directors and officers	\$ 555,967	\$ 1,113,900
Professional fees paid to private companies controlled by directors and officers	96,532	89,100
Listing, filing and transfer agency fees paid to private companies controlled by officers	3,525	8,145
Director fees	146,000	292,000
	\$ 802,024	\$ 1,503,145

Included in trade payables are amounts due to companies owned and controlled by key management personnel of \$85,305 and to directors of \$65,000 (December 31, 2021 - \$577,516 and \$90,000).

Of the 13,000,000 units issued during 2022 as part of the private placement (note 8(a)(i)(ii)), Eric Sprott, through 2176423 Ontario Ltd., a corporation beneficially controlled by him, subscribed for 4,000,000 units.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

14. Capital management policies and procedures

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company's capital items are cash and cash equivalents, marketable securities and share capital. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The property in which the Company currently has an interest is in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management during the year ended December 31, 2022. The Company is not subject to externally imposed capital requirements.

15. Financial instruments risks

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in note 3 in the Company's consolidated financial statements. The main types of risks are market risk, credit risk and liquidity risk. The Company's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes.

The most significant financial risks to which the Company is exposed are described below. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and market risk on the marketable securities. No changes were made in the objectives, policies and processes during the reporting periods.

Foreign currency risk

Most of the Company's transactions are carried out in Canadian dollars. Exposures to currency exchange rates arise from the Company's expenses in foreign currency, which are primarily denominated in US dollars and Mexican Pesos since a portion of the Company's expenditures related to exploration and evaluation activities are incurred in US dollars and Mexican Pesos. The Company does not enter into arrangements to hedge its foreign exchange risk.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

15. Financial instruments risks (continued)

Financial instruments denominated in foreign currency are as follows:

	December 31, 2022	December 31, 2021
Short term exposure		
<i>US Dollars</i>		
Cash and cash equivalents	\$ 190,843	\$ 375,889
Trade payables	(57,414)	(26,764)
Total short term exposure	\$ 133,429	\$ 349,125
	December 31, 2022	December 31, 2021
Short term exposure		
<i>Mexican Pesos</i>		
Cash and cash equivalents	\$ 54,059	\$ 213,389
Total short term exposure	\$ 54,059	\$ 213,389

At December 31, 2022, with other variables unchanged, a 10% change in the US/CDN and Peso/CDN exchange rate would impact pre-tax income by approximately \$18,072 and \$376, respectively (2021 - \$44,262 and \$1,043, respectively). Exposure to foreign exchange rates varies during the period depending on the volume of foreign transaction.

Credit risk

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets. The credit risk is considered not material, since the counterparties are reputable banks with high quality external credit ratings and Canadian and Mexican sales taxes receivable.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

The Company's liabilities have contractual maturities of 30 days from receipt as summarized below:

	December 31, 2022	December 31, 2021
Trade payables	\$ 441,481	\$ 760,137

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Where the counterparty has a choice of when an amount is paid, the liability has been included on the earliest date on which payment can be required.

Golden Tag Resources Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

16. Contingencies and commitments

The Company's operations are subject to governmental laws and regulations regarding environmental protection. Environments' 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.

17. Subsequent events

Definitive asset purchase agreement

On December 7, 2022, the Company entered into a definitive asset purchase agreement with First Majestic Silver Corp. ("FMS") to acquire a 100% interest in the La Parrilla Silver Mine Complex ("La Parrilla") in the locality of San Jose de la Parrilla, Durango, Mexico (the "Transaction").

Transaction Summary

The Company will acquire 100% of the assets of the La Parrilla from FMS. In consideration, Golden Tag will pay to FMS the following:

- 143,673,684 common shares of Golden Tag ("Consideration Shares"), which at December 7, 2022 would equate to approximately US\$20 million at a deemed price of \$0.19 per Golden Tag share;
- Deferred payments totaling US\$13.5 million, comprised of the following:
 - I. US\$2.7 million on the earlier of 18 months post-closing, or upon receipt of certain approvals from the Mexican government;
 - II. US\$5.75 million when either (a) 5 million ounces of Ag.Eq reserves are declared from the La Parrilla claims, or (b) 22 million ounces of Ag.Eq of measured and indicated resources are declared, from the La Parrilla claims;
 - III. US\$5.05 million when a new zone is discovered on the La Parrilla claims inclusive of a NI 43-101 resource of 12.5 million ounces of Ag.Eq;Both II and III are payable in cash or common shares, at the election of Golden Tag.
- FMS may distribute shares held in excess of a 19.9% issued and outstanding Golden Tag holding (on a non-diluted basis) pro-rata to its shareholders ("Excess Shares").
- After closing, FMS will have a participation right to maintain its pro-rata interest in Golden Tag (to a maximum of 19.9%) in any future Golden Tag share issuances, subject to customary exceptions.
- The Consideration Shares held by FMS will be subject to the following contractual resale restrictions, in addition to any securities laws resale restrictions:
 - I. 25% subject to a 6-month resale restriction;
 - II. 25% subject to a 12-month resale restriction;
 - III. 25% subject to a 18-month resale restriction;
 - IV. 25% subject to a 24-month resale restriction.
- The resale restrictions above will not apply to the Excess Shares and will be subject to customary carve-outs in the event of a takeover bid or merger or acquisition transaction involving the common shares of Golden Tag.
- Shareholders, along with certain directors and officers of Golden Tag holding a total of 54 million shares (representing approximately 25% of the Golden Tag's issued and outstanding shares as at December 7, 2022), have entered into voting and support agreements with Golden Tag pursuant to which they have agreed, among other things, to support the Transaction (which creates a new control person of Golden Tag) and to vote their Golden Tag shares in favour of the Transaction.

Golden Tag Resources Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

17. Subsequent events

Definitive asset purchase agreement (continued)

Transaction Summary (continued)

- FMS has also entered into a standard and customary voting support agreement with Golden Tag for a period that is the longer of (i) May 24, 2024, or (ii) FMS's ownership percentage of Golden Tag is greater than or equal to 19.9%.

Closing of the Transaction is expected to occur in the second half of 2023, and is subject to certain conditions including, but not limited to: (i) the approval of Golden Tag shareholders as a result of the Transaction creating a new control person; (ii) the completion by the Company of a private placement for minimum gross proceeds of \$9,000,000, as described below; (iii) the receipt of all necessary consents, approvals and authorizations (including the TSXV and the Mexican Antitrust Commission) for the Transaction; and (iv) other conditions which are customary for a transaction of this type.

There is no finder's fee payable in connection with the Transaction; FMS and the Company are arm's length parties from each other and the Transaction is an Arm's Length Transaction (as such term is defined under the corporate finance manual of the TSXV).

Financing for the Acquisition

Concurrent with or prior to the closing of the Transaction, Golden Tag must complete a private placement to raise gross aggregate proceeds of \$9 million, inclusive of US\$2.7 million subscribed for by FMS.

On March 30, 2023 and April 14, 2023, the Company announced that it closed the first and second tranche respectively of a non-brokered private placement of subscription receipts. The gross proceeds received under the two tranches combined with those to be received pursuant to subscription commitments secured by the Company will result in aggregate gross proceeds of \$6.89 million.