
**GOLDEN TAG RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2023
(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 March 31, 2023	As at December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,824,485	\$ 6,605,991
Marketable securities (note 4)	56,000	49,000
Sales taxes receivable (note 5)	120,974	112,674
Prepaid expenses	576,149	326,568
Total assets	\$ 8,577,608	\$ 7,094,233
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	\$ 465,046	\$ 441,481
Total liabilities	465,046	441,481
Equity		
Share capital (note 7)	28,821,512	28,821,512
Subscription receipts (note 13)	2,013,344	-
Options reserves (note 8)	2,983,559	2,983,559
Warrant reserves (note 7)	762,151	762,151
Accumulated other comprehensive income	303,821	301,877
Deficit	(26,771,825)	(26,216,347)
Total equity	8,112,562	6,652,752
Total equity and liabilities	\$ 8,577,608	\$ 7,094,233

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

Contingencies and commitments (note 12)
Subsequent events (note 13)

Golden Tag Resources Ltd.

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating expenses		
Administrative costs	\$ 17,787	\$ 25,695
Foreign exchange	20,118	49,983
Listing, filing and transfer agency fees (note 11)	23,896	22,054
Management, consulting fees and directors' fees (note 11)	137,385	164,808
Mineral property expenses	37,898	956,341
Professional fees (note 11)	172,246	158,589
Promotion costs	114,035	49,915
Rent	28,826	34,515
Salaries	29,660	75,377
Shareholder information	35,704	9,715
Total operating expenses	617,555	1,546,992
Finance income	(55,077)	(2,565)
Unrealized gain on change in fair value of marketable securities (note 4)	(7,000)	(10,500)
Net loss for the period	\$ (555,478)	\$ (1,533,927)
Other comprehensive income		
Items that will be reclassified subsequently to loss		
Exchange differences on translating foreign operations	\$ 1,944	\$ 29,876
Other comprehensive income for the period	1,944	29,876
Total comprehensive loss for the period	\$ (553,534)	\$ (1,504,051)
Basic and diluted net loss per share (note 9)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	216,824,566	200,311,021

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)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating activities		
Net loss for the period	\$ (555,478)	\$ (1,533,927)
Non-cash items:		
Changes in working capital items (note 10)	(234,316)	(520,850)
Unrealized gain on change in fair value of marketable securities (note 4)	(7,000)	(10,500)
Foreign exchange	1,673	34,709
Net cash used in operating activities	(795,121)	(2,030,568)
Financing activities		
Proceeds from subscription receipts	2,013,344	-
Proceeds from private placements (note 7)	-	3,250,000
Share issue costs	-	(70,409)
Proceeds from warrants exercised	-	11,250
Net cash provided by financing activities	2,013,344	3,190,841
Net change in cash and cash equivalents	1,218,223	1,160,273
Effect of exchange rate	271	(4,833)
Cash and cash equivalents, beginning of period	6,605,991	6,317,563
Cash and cash equivalents, end of period	\$ 7,824,485	\$ 7,473,003
Cash	\$ 2,531,375	\$ 4,015,731
Cash equivalents	5,293,110	3,457,272
Cash and cash equivalents	\$ 7,824,485	\$ 7,473,003

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 Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of shares	Share capital	Subscription receipts	Options reserves	Warrants reserves	Accumulated other comprehensive income	Deficit	Total
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 7(a))	13,000,000	3,250,000	-	-	-	-	-	3,250,000
Warrants (note 7(a))	-	(762,151)	-	-	762,151	-	-	-
Share issue costs (note 7(a))	-	(70,409)	-	-	-	-	-	(70,409)
Warrants exercised	15,000	15,705	-	-	(4,455)	-	-	11,250
Net loss and comprehensive loss for the period	-	-	-	-	-	29,876	(1,533,927)	(1,504,051)
Balance, March 31, 2022	207,340,157	\$ 27,864,793	\$ -	\$ 3,017,631	\$ 3,075,767	\$ 462,643	\$ (26,943,123)	\$ 7,477,711
Balance, December 31, 2022	216,824,566	\$ 28,821,512	\$ -	\$ 2,983,559	\$ 762,151	\$ 301,877	\$ (26,216,347)	\$ 6,652,752
Issue of subscription receipts (note 13)	-	-	2,013,344	-	-	-	-	2,013,344
Net loss and comprehensive loss for the period	-	-	-	-	-	1,944	(555,478)	(553,534)
Balance, March 31, 2023	216,824,566	\$ 28,821,512	\$ 2,013,344	\$ 2,983,559	\$ 762,151	\$ 303,821	\$ (26,771,825)	\$ 8,112,562

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 Months Ended March 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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".

On May 9, 2023, the Company announced the listing of the Company's common share on the Frankfurt Stock Exchange under the trading symbol "GTD".

These unaudited condensed interim 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 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.

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 ("IASB") 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, 2022.

Approval of financial statements

The Company's Board of Directors approved these unaudited condensed interim consolidated financial statements on May 25, 2023.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023

(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, 2022.

4. Marketable securities

	2023	2022
Balance as at January 1,	\$ 49,000	\$ 49,000
Unrealized gain on change in fair value of marketable securities	7,000	-
Balance as at March 31, 2023 and December 31, 2022	\$ 56,000	\$ 49,000

Marketable securities include the following components at fair value:

	March 31, 2023	December 31, 2022
Sirios Resources Inc. - 700,000 shares (700,000 shares 2022)	\$ 56,000	\$ 49,000

5. Sales taxes receivable

	March 31, 2023	December 31, 2022
Aging analysis		
Current	\$ 8,207	\$ 4,609
30-90 days	37,189	32,236
Over 90 days	75,578	75,829
Total	\$ 120,974	\$ 112,674

6. 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 March 31, 2023 and December 31, 2022.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

7. 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 Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

7. Equity (continued)

(b) Share purchase warrants

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

	2023		2022	
	#	Weighted average exercise price \$	#	Weighted average exercise price \$
Balance as at January 1,	6,668,000	0.40	22,501,536	0.27
Issued (note 7(a)(b))	-	-	6,696,003	0.39
Issued broker warrants (note 7(a))	-	-	168,000	0.25
Exercised warrants	-	-	(8,999,409)	0.07
Expired warrants	-	-	(13,698,130)	0.39
Balance as at March 31, 2023 and December 31, 2022	6,668,000	0.40	6,668,000	0.40

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.

At March 31, 2023, 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 Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023

(Expressed in Canadian Dollars)

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8. Stock options

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

	2023		2022	
	#	Weighted average exercise price \$	#	Weighted average exercise price \$
Balance as at January 1	12,600,000	0.28	13,600,000	0.26
Expired	-	-	(500,000)	0.05
Exercised	-	-	(500,000)	0.05
Balance as at March 31, 2023 and December 31, 2022	12,600,000	0.28	12,600,000	0.28

As at March 31, 2023, 12,600,000 (December 31, 2022 - 12,600,000) options are exercisable.

9. 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 March 31, 2023 and March 31, 2022. Details of share options and warrants issued that could potentially dilute loss per share in the future are given in note 7 and note 8.

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 months ended March 31, 2023 and March 31, 2022 respectively.

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Loss for the period	\$ (555,478)	\$ (1,533,927)
Weighted average number of shares in circulation	216,824,566	200,311,021
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

10. Additional cash flow information

The changes in working capital items are as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Sales taxes receivable	\$ (8,300)	\$ (94,232)
Prepaid expenses	(249,581)	(69,296)
Trade payables	23,565	(357,322)
	\$ (234,316)	\$ (520,850)

11. 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 March 31, 2023	Three months ended March 31, 2022
Management and administration fees paid to private companies controlled by directors and officers	\$ 137,385	\$ 143,812
Professional fees paid to private companies controlled by directors and officers	7,762	36,377
Listing, filing and transfer agency fees paid to private companies controlled by officers	695	958
	\$ 145,842	\$ 181,147

Included in trade payables are amounts due to companies owned and controlled by key management personnel of \$83,423 and to directors of \$65,000 (December 31, 2022 - \$85,305 and \$65,000).

Of the 13,000,000 units issued during 2022 as part of the private placement (note 7(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 Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

12. 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.

13. 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 Parilla Silver Mine Complex ("La Parilla") in the locality of San Jose de la Parilla, 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 Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

13. 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.

As at March 31, 2023, \$2,013,344 was received by the Company related to the subscription receipts.