

Consolidated interim financial statements of

GOLDEN TAG RESOURCES LTD.

June 30, 2017

(Unaudited)

GOLDEN TAG RESOURCES LTD.

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Golden Tag Resources Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

	Note	June 30, 2017 \$	December 31, 2016 \$
Assets			
Current			
Cash and cash equivalents		57,278	243,745
Marketable Securities	5	285,000	474,250
Other receivables	6	128,229	122,256
Prepaid Expenses		2,205	2,205
		472,712	842,456
Non-current			
Exploration and evaluation assets	7	10,393,736	10,372,341
Total assets		10,866,448	11,214,797
Liabilities			
Current			
Trade payables and accrued liabilities	14	36,574	84,661
		36,574	84,661
Equity			
Share capital	8	14,690,674	14,690,674
Options reserve		41,107	41,107
Warrants reserve		440,274	440,274
Deficit		(6,869,881)	(6,569,619)
Accumulated other comprehensive income		2,527,700	2,527,700
Total equity		10,829,874	11,130,136
Total liabilities and equity		10,866,448	11,214,797
Going concern	1		
Related party transactions	12		
Contingencies and commitments	15		

Approved on Behalf of the Board:

Signed by: Marc Carrier, Director

Signed by: David Rigg, Director

The accompanying notes are an integral part of the condensed interim consolidated financial statements

Golden Tag Resources Ltd.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Unaudited)

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
	\$	\$	\$	\$
Note				
Listing, filing and transfer agency fees	4,961	3,934	14,265	12,922
Office services rent and sundry	5,413	5,040	14,737	9,207
Management and consulting fees	30,000	45,000	50,000	45,000
Professional fees	43,672	53,343	54,273	54,723
Printing, promotion, shareholder information and travel	2,848	6,176	2,848	11,645
Finance cost	-	-	-	-
Foreign exchange loss	1,405	(1,721)	7,591	(2,415)
	88,299	111,772	143,714	131,082
Finance income	(18)	(2)	(82)	(8)
Other income	(1,000)	-	(1,000)	(80,000)
Unrealized loss on change in fair value of marketable securities	125,000		157,630	
Loss and comprehensive loss for the period	212,281	111,770	300,262	51,074
Basic Loss per share	10	0.003	0.002	0.004
Diluted loss per share	10	0.002	0.002	0.003
Number of shares 2017 and 2016				June 2016
Weighed average number of shares – Basic			78,926,558	56,960,805
Weighed average number of shares – Diluted			98,056,958	56,960,805

The accompanying notes are an integral part of the condensed interim consolidated financial statements

Golden Tag Resources Ltd.
Condensed Interim Consolidated Statements of Changes in Equity
Six months ended June 30, 2017 and 2016
(Unaudited)

	Number of Shares	Share capital (Note 8)	Options reserve	Warrants reserve	Deficit	Accumulated other comprehensive Income/loss	Total
		\$	\$	\$	\$	\$	\$
Balance as at January 1, 2017	78,926,558	14,690,674	41,107	440,274	(6,569,619)	2,527,700	11,130,136
Comprehensive income (loss)	-	-	-	-	(300,262)	-	(300,262)
Balance as at June 30, 2017	78,926,558	14,690,674	41,107	440,274	(6,869,881)	2,527,700	10,829,874

	Number of Shares	Share capital (Note 10)	Options reserve	Warrants reserve	Deficit	Accumulated other comprehensive Income/loss	Total
		\$	\$	\$	\$	\$	\$
Balance as at December 31, 2015	58,426,558	14,021,165	41,107	-	(7,016,106)	2,779,164	9,825,330
Comprehensive Loss	-	-	-	-	(51,074)	-	(51,074)
Balance as at June 30, 2016	58,426,558	14,021,165	41,107	-	(7,067,180)	2,779,164	9,774,256

The accompanying notes are an integral part of the condensed interim consolidated financial statements

Golden Tag Resources Ltd.
Condensed Interim Consolidated Statements of Cash Flows
Six months ended June 30, 2017 and 2016
(Unaudited)

Note	Three Months Ended June 30, 2017 \$	Three Months Ended June 30, 2016 \$	Six Months Ended June 30, 2017 \$	Six Months Ended June 30, 2016 \$
Operating activities				
Net loss	(212,281)	(111,770)	(300,262)	(51,074)
Adjustments				
Finance cost	-	-	-	-
Changes in working capital items	16,855	104,125	(54,060)	26,010
Disposal of marketable security	-	-	(32,630)	-
Unrealized loss on change in fair value of marketable securities	125,000	-	221,880	-
	<u>(70,426)</u>	<u>(7,645)</u>	<u>(165,072)</u>	<u>(25,064)</u>
Financing activities				
Issuance of share capital	-	-	-	-
Investing activities				
Additions to exploration and evaluation assets	(6,565)	(9,990)	(21,395)	(19,956)
Other short-term financial assets	-	-	-	-
	<u>(6,565)</u>	<u>(9,990)</u>	<u>(21,395)</u>	<u>(19,956)</u>
Net increase (decrease) in cash	(76,991)	(17,635)	(186,467)	(45,020)
Cash, beginning of period	<u>134,269</u>	<u>43,302</u>	<u>243,745</u>	<u>70,687</u>
Cash, end of period	<u>57,278</u>	<u>25,667</u>	<u>57,278</u>	<u>25,667</u>

The accompanying notes are an integral part of the condensed interim consolidated financial statements

Golden Tag Resources Ltd.
Notes to Condensed Interim Consolidated Financial Statements
For the period ended June 30, 2017

1. Nature of operation and going concern assumption

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 Golden Tag Resources Ltd.’s registered office and its principal place of business are 3608 Boul. St-Charles, Suite 16, Kirkland, Quebec, Canada. Golden Tag Resources Ltd.’s shares are listed on the TSX Venture Exchange, trading under the symbol “GOG.”

These condensed consolidated interim 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 condensed consolidated interim 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. As at June 30, 2017, the Company has an accumulated deficit of \$ 6,869, 881 (\$ 6,569,619 as at December 31, 2016).

The Company’s ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties and support its administrative overhead. The Company raised \$900,000 through a private placement funding during the third quarter of 2016, and used part of these funds to acquire the 50% ownership stake in the San Diego property. During the third quarter of 2016, the Company also sold two of its other mining properties (note 9). To continue with exploration activities the Company may need to raise additional funds in the future. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

2. Basis of presentation

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2016, as they follow the same accounting policies and methods of application as disclosed in note 3.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, unless specifically stated in the consolidated financial statements.

Golden Tag Resources Ltd.
Notes to Condensed Interim Consolidated Financial Statements
For the period ended June 30, 2017

2. Basis of presentation (*Continued from previous page*)

Functional and presentation currency

These 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

Accounting standards issued but not yet effective

IFRS 9, Financial Instruments

In July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 (2014) as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This Standard will replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted (subject to local endorsement requirements). IFRS 9 (2014) supersedes all previous versions including IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). However, an entity may elect to apply those earlier versions of IFRS 9 instead of applying IFRS (2014) if, and only if, the entity's relevant date of initial application is before February 1, 2015.

A brief overview of the previous versions of this Standard is as follows:

IFRS 9 (2009) introduced new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a "business model" test and a "cash flow characteristics" test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss
- All other instruments including all derivatives are measured at fair value with changes recognized in the profit or loss
- The concept of embedded derivatives does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

IFRS 9 (2009) was superseded by IFRS 9 (2010) and IFRS 9 (2013) but all standards remain available for application.

IFRS 9 (2010) incorporated revised requirements for the classification and measurement of financial liabilities, and carried over the existing de-recognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

IFRS 9 (2010) superseded IFRS 9 (2009) and was superseded by IFRS 9 (2013) but all standards remain available for application.

Golden Tag Resources Ltd.
Notes to Condensed Interim Consolidated Financial Statements
For the period ended June 30, 2017

3. Summary of significant accounting policies (*Continued from previous page*)

IFRS 9 (2013) introduced hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. Also, IFRS 9 (2013) permitted an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss. IFRS 9 (2013) removed the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalization of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application. In February 2014, the IASB then tentatively decided to set January 1, 2018 as the effective date for the mandatory application of IFRS 9. IFRS 9 (2013) was superseded by IFRS 9 (2014) in July 2014 but all standards remain available for application. The Company is assessing the impact of these standards, if any, on the consolidated financial statements.

IFRS 16, Leases

Replaces the current guidance in IAS 17. The standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. For lessors, the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts). Management is currently reviewing the impact of the adoption of this standard and has yet to determine if it will have a material impact on the consolidated financial statements. This standard is effective for periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

4. Critical accounting estimates, judgments and assumptions

When preparing the condensed consolidated interim 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

Going Concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as, expectations of future events that are believed to be reasonable under the circumstances (Note 1).

Deferred taxes

Exploration and evaluation assets

Indications of impairment and of reversal of impairment loss and recoverable amount:

The assessment of indications of impairment loss and the reversal of an impairment loss and the measuring of the recoverable amount when impairment tests has been done involve judgment. If there is an indication of impairment or reversal of an impairment loss, an estimate of the recoverable amount of the asset or the cash generating unit is performed and an impairment loss or reversal of impairment loss is recognized to the extent that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its

Golden Tag Resources Ltd.
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value in use. The management determines for each property if there are any facts and circumstances indicating impairment loss or reversal of impairment losses. Facts and circumstances indicating impairment include, but are not limited to the following:

- a. the period for which the entity has the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- b. substantive expenditure on further exploration for an evaluation of mineral resources in a specific area is neither budgeted nor planned;
- c. exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- d. sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, management has to evaluate the recoverable amount of the asset or the cash-generating unit, and this requires management to make assumptions as to the future events or circumstances. The assumptions are based on the Company's exploration and evaluation program which consider whether results from exploration works justify further investments, the confirmation of the interest of the Company in the mining claims, the ability of the Company to obtain the necessary financing to complete the future development or if the disposal of the properties for proceeds is in excess of their carrying value. As at June 30, 2017, management does not believe that further write-offs are required (Note 9).

Estimates

Share-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 11.

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 10.

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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:

	Canada	Mexico	June 30, 2017
	\$	\$	\$
Other operating expenses (recovery)	124,311	19,403	143,714
Exploration and evaluation assets	-	10,393,736	10,393,736
	Canada	Mexico	June 30 2016
	\$	\$	\$
Other operating expenses	136,168	(5,086)	131,082
Exploration and evaluation assets	-	9,832,554	9,832,554

5. Marketable securities

	June 30, 2017	June 30, 2016
	\$	\$
Balance as at January 1, 2017	474,250	-
Additions (disposals)	(31,620)	-
	442,630	-
Unrealized loss on change in fair value of marketable securities	(157,630)	-
Balance as at June 30,,2017	285,000	-

Marketable securities include the following components at fair value:

	June 30, 2017	June 30, 2016
	\$	\$
Sirios Resources Inc. 1,000,000 shares	285,000	-
		-
Total	285,000	-

6. Other receivables

Other receivables include the following components:

	June 30, 2017	December 31, 2016
	\$	\$
Sales taxes receivable	124,848	118,875
Other	3,381	3,381
Total	128,229	122,256

Aging analysis	March 31, 2017	December 31, 2016
	\$	\$
Current	11,821	8,831
30-90 days	1,406	3,400
Over 90 days (past due)	115,002	110,025
Total	128,229	122,256

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7. Exploration and evaluation assets

	Quebec Aquilon Main Property \$	Quebec Verneuil property \$	Ontario McCuaig Property \$	Mexico San Diego Property \$	Total \$
Balance December 31, 2016	-	-	-	10,372,341	10,372,341
Additions Exploration			-	21,395	21,395
	-		-	21,395	21,395
Balance June 30, 2017	-	-	-	10,393,736	10,393,736

Mexico San Diego Property

The Company, through its wholly-owned subsidiary, and Golden Minerals Company (formerly ECU Silver Mining Inc.) held a 50% interest in the San Diego Property, Durango State, Mexico. The original agreement dated 2005 was amended in 2013 whereby Golden Tag has acquired the right to increase its interest in the property by an additional 10% to 60% by funding \$3,000,000 US dollars of exploration expenses within a two-year period. During the 2015 year, the Company had incurred \$55,910 Canadian dollars of exploration expenses. Of the \$3,000,000 US dollars funding requirement set out in the 2013 amendment, an amount of approximately \$868,000 USD remained to be spent.

An amendment to the joint venture agreement was signed on March 23, 2015 to extend the company's earn-in deadline to March 24, 2017. Fulfillment of the conditions in the earn-in period allows a transfer of 10% of the ownership interest in the property to be made to the Company from Golden Minerals Company. As consideration for the extension, the Company paid \$5,000 US dollars to Golden Minerals Company on execution of the amendment, and issued to them 5,000,000 common shares of the Company, which were valued at \$175,000, based on the stock price on the date of the issuance. The Company was also to spend the remaining \$824,000 USD on projects as set out in the amending agreement. Furthermore, once the Company had spent the remaining \$824,000 USD, it shall proceed with a High Grade Drilling Program.

During the third quarter of 2016, the Company acquired the remaining 50% of the San Diego property for \$500,000 in cash consideration and 2,500,000 shares of the Company, which were valued at \$275,000, based on the stock price on the date of the issuance. Golden Minerals will retain a 2% NSR on the property.

8. Equity

Share capital

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

Common shares, voting

Preferred shares, non-voting, redeemable for the amount paid thereon, all rights and privileges to be determined by the Board of Directors.

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Shares issued and fully paid	#	\$
Total common shares issued and fully paid December 31, 2014	53,426,558	13,846,165
Issuance of shares for joint operation extension (note 9)	5,000,000	175,000
Total common shares issued and fully paid December 31, 2015	58,426,558	14,021,165
Issuance of shares on acquisition of exploration and evaluation assets (note 9)	2,500,000	275,000
Issuance of shares on private placement, net of issue costs of \$88,065	18,000,000	394,509
Total common shares issued and fully paid December 31, 2016 and June 30, 2017	78,926,558	14,690,674

During the previous 2016 period, the Company issued 18,000,000 units for \$900,000. Each unit is made up of one common share and one purchase warrant expiring July 27, 2021 and exercisable at \$0.07 in the first year and \$0.12 in the second to fifth year. The warrants fair value was determined to be \$417,426 using the Black Scholes model with the following assumptions: life of 5 years, volatility of 164%-165%, risk free interest rate of 0.54%-0.62% and dividends yield of 0%.

In connection with the private placement, the Company paid \$30,017 in legal fees, \$35,200 in commissions and issued 880,000 broker warrants expiring July 28, 2018 and exercisable at \$0.07 in the first year and \$0.12 in the second year. The warrants fair value was determined to be \$22,848 using the Black Scholes model with the following assumptions: life of 2 years, volatility of 162%, risk free interest rate of 0.58% and dividends yield of 0%.

During the previous 2016 period, the Company issued 2,500,000 shares in conjunction with the acquisition of the other 50% of the San Diego property (Note 9) valued at \$275,000, based on the stock price on the date of the issuance.

Share purchase warrants

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

	2016 and June 30, 2017		2015	
	#	Weighted average exercise price \$	#	Weighted average exercise price \$
Balance as at January 1, 2016	-	-	-	-
Issued – on private placement	18,000,000	0.07-0.12	-	-
Issued – broker warrants	880,000	0.07-0.12	-	-
Expired	-	-	-	-
Balance as at December 31, 2016 and June 30, 2017	18,880,000	0.07-0.12	-	-

At June 30, 2017, the following exercisable warrants were outstanding:

Warrants	Price	Expiry
18,000,000	0.07-.012	June 27, 2021
880,000	0.07-.012	June 28, 2018
18,880,000	0.07-.012	

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9. Share-based payments

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 7,834,191 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 five years and unexercised options are cancelled 30 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.

At December 31, 2016 and June 30, 2017, the Company had 250,000 options outstanding and exercisable at a weighted average price of \$0.22 expiring July 5, 2017.

10. Income (loss) per share

The calculation of basic income (loss) per share is based on the income (loss) for the year divided by the weighted average number of shares in circulation during the quarter. In calculating the diluted income (loss) per share, potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the income (loss) per share. Decreasing the income (loss) per share would be antidilutive. Details of share options and warrants issued that could potentially dilute income (loss) per share in the future are given in Note 10 and Note 11.

	Six months ended June 30, 2017	Six months ended June 30, 2016
Income (loss) for the period	\$ (300,262)	\$ 51,074
Weighted average number of shares in circulation	78,926,558	56,960,805
Diluted income (loss) per share	\$ (0.004)	\$ 0..001

11. Additional cash flow information

The changes in working capital items are as follows:

	Six months ended June 30, 2017	Six Months ended June 30, 2016
	\$	\$
Other receivables	(5,972)	(7,038)
Prepaid expenses	-	(2,350)
Trade Payables and accrued liabilities	(48,088)	35,398
	(54,060)	26,010

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For the period ended June 30, 2017

12. Related party transactions

The Company owned a 100% (2015 - 50%) interest in the San Diego property through its wholly-owned subsidiary Golden Tag De Mexico S.A.

The Company's related parties include private companies controlled by directors, immediate family member of a director, 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:

Related party	Three Months ended June 30, 2017	Six Months ended June 30, 2016
	\$	\$
Management and administration fees paid to private companies controlled by directors	50,000	45,000
Management and administrative fees paid to directors	-	-
Exploration expenditures paid to private companies controlled by directors and capitalized to Exploration and evaluation assets	-	-

13. 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 common shares. 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 properties in which the Company currently has an interest are 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 period. The Company is not subject to externally imposed capital requirements.

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14. 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. 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, interest rate risk and certain other price risks, which result from both its operating and investing activities. 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.

Financial instruments denominated in foreign currency are as follows:

Short-term exposure	June 30, 2017	December 31, 2016
	\$	\$
<i>US dollars</i>		
Cash	9,334	26,269
Trade and other receivables	80,516	76,903
Trade payables and accrued liabilities	7,232	14,057
Total short-term exposure	97,082	117,229

Short-term exposure	June 30, 2017	December 31, 2016
	\$	\$
<i>Mexican Pesos</i>		
Cash	41,627	37,564
Trade and other receivables	49,564	113,371
Trade payables and accrued liabilities	51,390	199,277
Total short-term exposure	142,581	350,212

Credit risk

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets. The Company has no trade accounts. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk

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

Golden Tag Resources Ltd.
Notes to Condensed Interim Consolidated Financial Statements
For the period ended June 30, 2017

The Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	Within 3 months	
	June 30, 2017	December 31, 2016
	\$	\$
Trade payables and accrued liabilities	36,574	84,661

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.

15. 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 and recorded against exploration and evaluation assets when environmental remedial efforts are likely and costs can be reasonably estimated.

The Company has an executive services agreement in place, with a private company controlled by one of its directors, dated October 1, 2013 for a 5 year term, whereby a sum equivalent to both the Base Fees (\$65,000) and the Conditional Fees for the next two-year period, irrespective of the Company's financial condition, is to be made should the director die or become permanently incapacitated in a manner that prevents his private company from properly performing the services. In the last two years of this 5 year contract, the foregoing amounts shall be recued to one year future fees from two years.