
**GOLDEN TAG RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED
JUNE 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice To Reader

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

Golden Tag Resources Ltd.

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

	As at June 30, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,088,290	\$ 1,271,551
Marketable securities (note 6)	173,084	167,625
Sales taxes receivable (note 7)	75,529	136,837
Prepaid expenses	-	13,383
Total assets	\$ 2,336,903	\$ 1,589,396
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	\$ 122,215	\$ 21,225
Total liabilities	122,215	21,225
Equity		
Share capital (note 9)	15,907,947	15,157,617
Options reserves (note 10)	267,150	91,997
Warrant reserves (note 9)	1,679,424	1,369,463
Accumulated other comprehensive income	459,632	459,632
Deficit	(16,099,465)	(15,510,538)
Total equity	2,214,688	1,568,171
Total equity and liabilities	\$ 2,336,903	\$ 1,589,396

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

Going concern (note 1)
Related party transactions (note 12)
Contingencies and commitments (note 15)
Subsequent events (note 16)

Golden Tag Resources Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Operating expenses				
Administrative costs	\$ 6,240	\$ 1,783	\$ 11,108	\$ 10,544
Foreign exchange	679	(2,293)	9,012	(1,172)
Listing, filing and transfer agency fees	7,031	1,027	13,848	9,903
Management and consulting fees (note 12)	211,586	36,250	247,836	72,500
Mineral property expenses	18,023	18,017	65,338	39,330
Professional fees (note 12)	60,249	32,498	85,523	40,721
Rent	3,171	3,173	6,344	6,346
Shareholder information	4,985	1,057	5,345	1,057
Stock based compensation (note 10)	175,153	-	175,153	-
Travel costs	-	-	-	565
Total operating expenses	487,117	91,512	619,507	179,794
Finance income	(793)	(2)	(3,720)	(5)
Realized loss (gain) on sale of marketable securities	-	5,245	(8)	7,149
Unrealized (gain) loss on change in fair value of marketable securities	(90,067)	127,175	(26,852)	92,800
Net loss and comprehensive loss for the period	\$ (396,257)	\$ (223,930)	\$ (588,927)	\$ (279,738)
Basic and diluted net loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	116,230,939	79,806,558	113,018,749	79,806,558

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

Golden Tag Resources Ltd.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Operating activities		
Net loss for the period	\$ (588,927)	\$ (279,738)
Non-cash items:		
Changes in working capital items (note 11)	175,681	3,553
Realized (gain) loss on sale of marketable securities	(8)	7,149
Unrealized (gain) loss on change in fair value of marketable securities	(26,852)	92,800
Stock based compensation (note 10)	175,153	-
Net cash used in operating activities	(264,953)	(176,236)
Investing activities		
Proceeds on sale of marketable securities	21,401	166,641
Net cash provided by investing activities	21,401	166,641
Financing activities		
Proceeds from private placement (note 9)	1,125,000	-
Share issue costs	(64,709)	-
Net cash provided by financing activities	1,060,291	-
Net change in cash and cash equivalents	816,739	(9,595)
Cash and cash equivalents, beginning of period	1,271,551	43,385
Cash and cash equivalents, end of period	\$ 2,088,290	\$ 33,790

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	Options reserve	Warrants reserve	Accumulated other comprehensive loss	Deficit	Total
Balance, December 31, 2018	79,806,558	\$ 14,734,673	\$ 83,455	\$ 440,274	\$ 421,571	\$ (15,040,357)	\$ 639,616
Net loss for the period	-	-	-	-	-	(279,738)	(279,738)
Balance, June 30, 2019	79,806,558	\$ 14,734,673	\$ 83,455	\$ 440,274	\$ 421,571	\$ (15,320,095)	\$ 359,878
Balance, December 31, 2019	109,806,558	\$ 15,157,617	\$ 91,997	\$ 1,369,463	\$ 459,632	\$ (15,510,538)	\$ 1,568,171
Private placement (note 9(a))	20,000,000	1,125,000	-	-	-	-	1,125,000
Warrants (note 9(b))	-	(296,986)	-	296,986	-	-	-
Share issue costs (note 9(a))	-	(77,684)	-	12,975	-	-	(64,709)
Stock based compensation (note 10)	-	-	175,153	-	-	-	175,153
Net loss for the period	-	-	-	-	-	(588,927)	(588,927)
Balance, June 30, 2020	129,806,558	\$ 15,907,947	\$ 267,150	\$ 1,679,424	\$ 459,632	\$ (16,099,465)	\$ 2,214,688

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

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operation

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

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

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

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 ("IAS") 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, 2019

Approval of financial statements

The Company's Board of Directors approved these unaudited condensed interim consolidated financial statements on August 31, 2020.

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.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

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, 2019, except for the changes in accounting policies resulting from the adoption of new standards as described below.

IAS 1 - Presentation of Financial Statements

IAS 1 sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 has been revised to refer to this new definition in IAS 1.

The adoption of the standard did not impact the unaudited condensed interim consolidated financial statements.

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.

The adoption of the standard did not impact the unaudited condensed interim consolidated financial statements.

4. Critical accounting estimates, judgments and assumptions

When preparing the unaudited condensed interim 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 detailed in note 4 of the Company's annual consolidated financial statements for the year ended December 31, 2019.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

5. 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, 2020	Canada	Mexico	June 30, 2019
Operating expenses	\$ 532,166	\$ 87,341	\$ 619,507	\$ 135,457	\$ 44,336	\$ 179,793

6. Marketable securities

	June 30, 2020	December 31, 2019
Balance as at January 1,	\$ 167,625	\$ 470,400
<u>Additions (disposals) in the period:</u>		
Rubicon Minerals Corporation 19,900 shares (225,000 shares in 2019)	(21,393)	(312,750)
	146,232	157,650
Unrealized gain on change in fair value of marketable securities	26,852	9,975
Balance as at June 30, 2020 and December 31, 2019	\$ 173,084	\$ 167,625

Marketable securities include the following components at fair value:

	June 30, 2020	December 31, 2019
Sirios Resources Inc.- 700,000 shares (700,000 shares 2019)	\$ 108,500	\$ 108,500
Rubicon Minerals Corporation - 35,100 shares (55,000 shares 2019)	64,584	59,125
Total	\$ 173,084	\$ 167,625

7. Sales taxes receivable

	June 30, 2020	December 31, 2019
Aging analysis		
Current ⁽¹⁾	\$ 4,807	\$ 11,782
30-90 days ⁽¹⁾	36,018	2,800
Over 90 days (past due) ⁽²⁾	34,704	122,255
Total	\$ 75,529	\$ 136,837

⁽¹⁾ The balance consists of Canadian sales taxes receivable. The balance is in good standing.

⁽²⁾ The balance consists of VAT receivable.

8. Mineral properties

Mexico San Diego Property

The Company held a 100% interest in the San Diego Property, Durango State, Mexico. Golden Minerals Company will retain a 2% net smelter return royalty on the property. This is the only mining property that the Company holds the rights to explore as at June 30, 2020 and December 31, 2019.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

9. Equity

(a) Share capital

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

- Common shares, voting, without par 129,806,558
- Preferred shares, non-voting, redeemable for the amount paid thereon, all rights and privileges to be determined by the Board of Directors.

Issued 2020

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

In connection with the private placement, fees were provided consisting of a cash payment of \$24,350 and the issuance of 392,005 broker warrants. Each whole broker warrant entitles the holder to acquire one unit for \$0.05625 for a period of two years from the date of issuance. Refer to note 9(b).

All securities issued are subject to a four-month hold period.

Issued 2019

During the year, the Company closed a private placement pursuant to which it has issued 30,000,000 units at a price of \$0.05 per unit for gross proceeds for \$1,500,000. Each unit consists of one common share in capital of the Company and one-half share purchase warrant entitling the purchase of one common share at a price per share of \$0.07. The fair value of the 15,000,000 warrants was estimated at \$0.0615 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 128%, a risk-free interest rate of 1.57%, an expected unit life of 2 years, no expected dividend yield and an expected price at date of grant of \$0.09.

(b) Share purchase warrants

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

	2020		2019	
	#	Weighted average exercise price \$	#	Weighted average exercise price \$
Balance as at January 1,	35,980,000	0.05-0.12	18,880,000	0.07-0.12
Issued (note 9(a))	10,000,000	0.075	15,000,000	0.07
Issued broker warrants (note 9(b))	392,005	0.05625	2,100,000	0.05
Balance as at June 30, 2020 and December 31, 2019	46,372,005	0.05-0.12	35,980,000	0.05-0.12

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

9. Equity (continued)

(b) Share purchase warrants (continued)

2020

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

2019

During the year, in relation to the private placement, 2,100,000 broker warrants were issued entitling the holder to purchase of one common share at a price of \$0.07 and one-half warrant (unit) at a unit price of \$0.05. The warrants included in the units entitle the holder to purchase one common share at a share price of \$0.07. The fair value of the 2,100,000 warrants was estimated at 0.0944 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 128%, a risk free interest rate of 1.57%, an expected unit life of 2 years, no expected dividend yield and an expected unit value at date of grant of \$0.12.

At June 30, 2020, the following exercisable warrants were outstanding:

Number of warrants	Price (\$)	Expiry date
2,100,000	0.05	19-Sep-21
15,000,000	0.07	19-Sep-21
18,000,000	0.07-0.12	27-Jun-21
880,000	0.07-0.12	24-Jul-20
10,000,000	0.075	05-Jun-22
392,005	0.06-0.08	05-Jun-22
46,372,005	0.05-0.12	

10. 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 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.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

10. Stock options (continued)

	2020		2019	
	#	Weighted average exercise price \$	#	Weighted average exercise price \$
Balance as at January 1,	2,700,000	0.05	3,200,000	0.05
Issued	2,500,000	0.10	-	-
Cancelled	-	-	(500,000)	0.05
Balance as at June 30, 2020 and December 31, 2019	5,200,000	0.07	2,700,000	0.05

As at June 30, 2020 5,200,000 (December 31, 2019 - 2,700,000) options are exercisable.

2020

On May 28, 2020, 1,500,000 stock options were granted to officers of the Company to purchase common shares at a price of \$0.08 per share until May 28, 2025. The options vested immediately. The fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 127%; risk-free interest rate - 0.41% and an expected life of 5 years. The fair value attributed to these options was \$69,009 and was expensed in the unaudited condensed interim consolidated statements of loss and credited to options reserves. During the three and six months ended June 30, 2020, included in stock based compensation is \$69,009 (three and six months ended June 30, 2019 - \$nil) related to the vested portion of these options.

On June 30, 2020, 1,000,000 stock options were granted to directors of the Company to purchase common shares at a price of \$0.125 per share until June 30, 2025. The options vested immediately. The fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 128%; risk-free interest rate - 0.36% and an expected life of 5 years. The fair value attributed to these options was \$106,144 and was expensed in the unaudited condensed interim consolidated statements of loss and credited to options reserves. During the three and six months ended June 30, 2020, included in stock based compensation is \$106,144 (three and six months ended June 30, 2019 - \$nil) related to the vested portion of these options.

11. Additional cash flow information

The changes in working capital items are as follows:

	June 30, 2020	June 30, 2019
Sales taxes receivable	\$ 61,308	\$ (4,815)
Prepaid expenses	13,383	11,536
Trade payables	100,990	(3,168)
	<u>\$ 175,681</u>	<u>\$ 3,553</u>

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

12. Related party transactions

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

Transactions with key management personnel

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

Remuneration includes the following expenses:

	Three months ended June 30, 2020	Three months ended June 30, 2020	Six months ended June 30, 2020	Six months ended June 30, 2019
Management and administration fees paid to private companies controlled by directors and officers	\$ 199,211	\$ 36,250	\$ 235,461	\$ 72,500
Mineral properties expenditures paid to private companies controlled by directors	9,129	7,829	19,386	-
Professional fees paid to private companies controlled by directors and officers	10,628	-	10,628	-
Stock based compensation	175,153	-	175,153	-
	\$ 394,121	\$ 44,079	\$ 440,628	\$ 72,500

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

Included in trade payables are amounts due to companies owned and controlled by key management personnel of \$36,875 and to directors of \$2,935 (2019 - \$819 and \$60).

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

Of the 30,000,000 units issued during 2019 as part of the private placement, members of management and the Board of Directors subscribed for an aggregate of 2,800,000 units.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

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 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 period ended June 30, 2020. The Company is not subject to externally imposed capital requirements.

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 in the Company's annual audited consolidated financial statements for the year ended December 31, 2019. 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 Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

14. Financial instruments risks (continued)

Financial instruments denominated in foreign currency are as follows:

	June 30, 2020	December 31, 2019
Short term exposure		
<i>US Dollars</i>		
Cash and cash equivalents	\$ 2,439	\$ 7,559
Trade payables	(2,011)	(8,628)
Total short term exposure	\$ 428	\$ (1,069)

	June 30, 2020	December 31, 2019
Short term exposure		
<i>Mexican Pesos</i>		
Cash and cash equivalents	\$ 531,632	\$ 12,034
Trade payables	(81)	(82,667)
Total short term exposure	\$ 531,551	\$ (70,633)

At June 30, 2020, with other variables unchanged, a 10% change in the US/CDN and Peso/CDN exchange rate would impact pre-tax income by approximately \$58 and \$3,141 respectively (2019 - \$107 and \$486). 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 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 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 as summarized below:

	June 30, 2020	December 31, 2019
Trade payables	\$ 122,215	\$ 21,225

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 Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

15. 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.

16. Subsequent events

(i) On July 17, 2020, David Rigg and Jamie Levy, former directors of the Company, each exercised 500,000 options at \$0.05 per share and expiry date of December 1, 2022 for an aggregate gross proceeds of \$50,000.

(ii) On July 24, 2020, the Company announced the resignation of James Levy as a director of the Company effective immediately.

(iii) On July 24, 2020, 880,000 warrants with an exercise price of \$0.12 expired unexercised.

(iv) On July 31, 2020, 500,000 warrants with an exercise price of \$0.07 and expiry date of September 19, 2021 were exercised for gross proceeds of \$35,000 and 225,000 warrants with an exercise price of \$0.12 and expiry date of June 27, 2021 were exercised for gross proceeds of \$27,000.

(v) On August 4, 2020, shareholders of the Company approved the following at the annual general and special meeting of shareholders: (a) a new 10% rolling stock option plan; (b) the repealing and replacing of general by-laws governing the business and affairs of the Company; (c) the amendment to the articles of continuance of the Company dated July 11, 1995 (the "Articles"), changing the province of the Company's registered office from Quebec to Ontario; and (d) to amendment to the Articles to permit the directors of the Company to increase the size of the Board by up to one-third (1/3) of the number of directors elected at the last previous shareholders' meeting.

(vi) On August 4, 2020, 300,000 warrants with an exercise price of \$0.12 and expiry date of June 27, 2021 were exercised for gross proceeds of \$36,000.

(vii) On August 4, 2020, Dwayne Melrose was elected to the Company's board of directors, replacing David Rigg.

(viii) On August 5, 2020, 750,000 warrants with an exercise price of \$0.07 and expiry date of September 19, 2021 were exercise for gross proceeds of \$52,500.

(ix) On August 10, 2020, 1,000,000 warrants with an exercise price of \$0.07 and expiry date of September 19, 2021 were exercised for gross proceeds of \$70,000 and 2,750,000 warrants with an exercise price of \$0.12 and expiry date of June 27, 2021 were exercised for gross proceeds of \$330,000.

Golden Tag Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

16. Subsequent events (continued)

(x) On August 14, 2020, the Company announced that it closed a non-brokered private placement pursuant to which it issued 25,000,000 units at a price of \$0.28 per unit to raise aggregate proceeds of \$7,000,000.

Mr. Eric Spratt, through 2176423 Ontario Ltd., a corporation beneficially controlled by him, subscribed for 42.8% or 10,700,550 units in the private placement.

Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant (each, a "Warrant"). Each whole Warrant shall entitle the holder thereof to acquire one common share at a price of \$0.40 for 24 months following the closing of the private placement, whereupon the Warrants expire. 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.

In connection with the private placement, eligible finders were paid an aggregate cash commission of \$345,756 and an aggregate of 1,198,130 finder's warrants (the "Finder's Warrants"). Each Finder's Warrant shall entitle the holder thereof to acquire one common share at a price of \$0.28 for 24 months following the closing of the private placement, subject to the acceleration provision.

The securities issued and issuable pursuant to the private placement will be subject to a four month and one day hold period. The Company intends to use the net proceeds of the private placement to fund advancement of the Company's 100% owned San Diego Project, in Durango Mexico, and for working capital and general corporate purposes.

(xi) On August 20, 2020, 740,000 warrants with an exercise price of \$0.12 and expiry date of June 27, 2021 were exercised for gross proceeds of \$88,800.

(xii) On August 31, 2020, the Company announced it granted 9,900,000 stock options to management and directors at a price of \$0.325 per share which vest over time and are exercisable for a period of up to 5 years.