

**GOLDEN TAG RESOURCES LTD.****MANAGEMENT DISCUSSION  
REPORT TO SHAREHOLDERS**

April 27, 2020

The following Management Discussion and Analysis (“MD&A”) relates to the financial condition and results of operations of Golden Tag Resources Ltd (“we”, “our”, “us”, “Golden Tag”, or the “Company”) for the twelve months ended December 31, 2019 and should be read in conjunction with the Audited Annual Consolidated Financial Statements and related Notes for the twelve months ended December 31, 2019. The consolidated financial statements and related notes of Golden Tag have been prepared in accordance with International Financial Reporting Standards.

**2019 Year in Review:**

On behalf of the Board of Directors, we are pleased to present the 2019 Annual Report to shareholders including the consolidated financial statements for the fiscal year ended December 31, 2019.

Golden Tag undertook several measures to continue with exploration work on the San Diego property in 2019 and early 2020. The Company negotiated and signed a new 5-year agreement with Ejido San Diego, which has stewardship over surface land usage in the property area. The new agreement allows Golden Tag to conduct all types of exploration activities at San Diego. The Company also completed an environmental impact assessment and was granted a drill permit to drill up to 21 holes on the property and has 2.5 years to complete the proposed work. More detail is contained in the body of this report.

The Company in September 2019 completed a \$1.5 million private placement and welcomed Mr. Eric Sprott, who through his holding company, was the largest participant in the placement and as a result is now the single largest beneficial equity securityholder holding 13.7% of the issued and outstanding common shares in the Company.

The Company in September 2019 announced the appointment of Mr. Chad Williams as a director and Chairman of the Board. Mr. Williams is the Chairman and founder of Red Cloud Klondike Strike. He has extensive experience in mining finance and management having previously held the position of CEO of Victoria Gold Corp.

**Going Forward:**

The price of silver during the most recent drilling on the San Diego property in 2013 averaged \$28 an ounce compared to today’s price in the range of \$15 to \$17. An increase in the price to \$19-\$20 would attract a much greater interest in the Company and improve the economics of its San Diego project. The Bank of America recently forecasted a rise in the price of gold to around \$3,000 an ounce within the next 18 months. Given this forecast, notwithstanding that the price of silver has been a laggard compared to the historical price relationship between gold and silver, the price of silver could potentially increase and regain the historical price relationship with the gold price.

In the opinion of management, the Company has good potential going forward, considering its relatively good cash position, no debt, and a quality project such as San Diego. Furthermore, the Company is investigating strategic situations to broaden its asset base and increase shareholder value. We wish to thank shareholders, old and new for their continued support of the Company.

**ABOUT GOLDEN TAG:**

Golden Tag Resources Ltd. is a Montreal based Canadian mineral exploration company whose primary focus is on the acquisition, exploration, and development of gold, silver, and base metal projects in North America. Historically, exploration has been centered in eastern Canada and more specifically on the McCuaig project in Red Lake, Ontario, and the Aquilon project in James Bay, Quebec. In 2006 the Company began exploration in Mexico on the San Diego property in Durango State, Mexico in a joint operation with ECU Silver Mining Inc. a subsidiary of Golden Minerals Company and earned a 50% interest in the property. The Company in 2016 purchased Golden Minerals' remaining 50% interest in the project and Golden Tag now owns a 100% interest in the property. Golden Tag over the last two years has sold its Canadian projects namely it's 50% interest in the Aquilon Project, its 30% interest in the Verueuil Project, and its 40% interest in the McCuaig project in 2017. The resulting funds have contributed to the continuing operation of the company during the period since its last financing in early 2016 where the majority of funds raised were used to purchase the remaining 50% interest in the San Diego property giving the Company a 100% interest. Please refer to the San Diego Property section in this MD&A for more detailed information.

Golden Tag has been trading on a continuous basis on the TSX Venture Exchange and its predecessor exchanges since 1982 under the symbol "GOG".

**FINANCIAL REPORTING STANDARDS ("IFRS"):**

Consolidated financial statements for the year ended December 31, 2019 have been prepared in accordance with IFRS as published by the International Accounting Standards Board. On October 1, 2017, the Company retrospectively changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and exploration and evaluation expenditures of mineral properties to the specific mineral properties, net of recoveries received. Under the new policy, acquisition costs and deferred exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision by the board of directors to proceed with mine development are expensed as incurred.

**OPERATING RESULTS:**  
Including General and Administrative Expenses

	2019	2018	2017
	\$	\$	\$
Management, consulting and directors' fees	145,000	145,000	100,000
Professional fees	71,332	85,593	69,963
Office services and sundry	28,885	13,621	23,653
Listing, filing and transfer agency fees	19,381	18,881	21,532
Promotion and travel	5,943	3,710	6,001
Rent	12,691	12,691	11,813
Sub Total direct expenses	<u>283,232</u>	279,496	232,962
Mineral property expenses	71,128	66,328	39,316
Stock-based compensation	8,542	74,213	9,242
Foreign exchange	41,572	9,739	39,045
	<u>404,474</u>	429,776	320,565
Finance income	(3,627)	(103)	(99)
Gain on sale of mineral property	-	-	(764,500)
Loss on sale of marketable securities	79,309	122,900	122,318
Other income	-	-	(1,000)
Unrealized loss (gain) on change in fair value of marketable securities	(9,975)	92,300	(35,250)
<b>Net income (loss) for the year</b>	<u>(470,181)</u>	(644,873)	357,966
<b>Other Comprehensive Income</b>	<u>38,061</u>	17,922	23,352
<b>Comprehensive Income (Loss) for the year</b>	<u>(432,120)</u>	(626,951)	381,318
<b>Weighted Average Number of Shares Basic &amp; Diluted</b>	<u>88,190,120</u>	79,312,311	78,926,558
<b>Basic Income (loss) per share</b>	<u>(0.005)</u>	(0.008)	0.005

The Company has no dividend policy and has no intentions of developing a dividend policy in the foreseeable future. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

The net income (loss) is significantly impacted as a result of the Company changing its accounting policy on October 1, 2017 for exploration and property expenses, whereby mineral properties are now expensed on the statement of income (loss) and comprehensive income (loss) and are no longer capitalized on the statement of financial position. The comparative results have also been restated to adhere to this change.

The Net loss in 2019 was \$470,181, \$174,692 or 27% less than the \$644,873 reported in 2018. The major reasons for the lower loss in 2019 were : the loss on the sale of marketable securities in 2018 was \$122,900, \$43,591 more than \$79,308 in 2019; unrealized loss in marketable securities in 2018 was \$92,300, \$102,275 more than the gain of \$9,975 reported in 2019; Other Comprehensive Income

in 2019 was \$38,061, \$20,139 greater than the \$17,922 in 2018; and Stock Based Compensation which was \$8,542 in 2019, \$65,671 less than the \$74,213 in the same period last year. Partially offsetting these positive numbers in 2019 compared to 2018 was Foreign Exchange charges which were \$41,572, \$31,833 greater than the \$9,739 charged in 2018. Foreign Exchange can fluctuate greatly in any given year depending on the rate of exchange between Canadian and \$U.S. as property expenses in Mexico are invoiced in \$U.S. Direct operating expenses in 2019 were \$283,232, \$3,736 or 1.34% greater than the \$279,496 reported in the same period in 2018.

The Company's comprehensive loss for the 2019 year was \$432,120, \$194,831 or 31% less than the \$626,951 reported in 2018, the reasons for which have already been explained. On a per share basis this resulted in a loss of 0.005 in 2019 compared to (0.008) in 2018. The reduction was also influenced by the higher average number of outstanding shares in 2019 of 88,190,120 compared to an average of 79,312,311 in 2018.

The Company's higher loss in years 2019 of \$432,120 and 2018 of \$626,951 compared to a gain of \$381,318 in 2017 was due to a credit received by the Company in 2017 for the sale of mineral property assets.

#### **Finance and Other Income:**

Finance Income, which represents interest revenue on funds held was \$3,627 in 2019 compared to an amount of \$103 in 2018 and \$99 in 2017. The higher amount in 2019 was due to interest held on deposit on account of the financing that took place in September 2019.

#### **FINANCING ACTIVITY:**

On September 20, 2019, the Company announced that it had completed a private placement, issuing 30,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,500,000. The largest single investor in the private placement was Mr. Eric Sprott, through his company 2176423 Ontario Ltd, which subscribed for 13,000,000 units. As a result, Mr. Sprott is now the single largest beneficial equity securityholder of Golden Tag holding 13.7% of its issued and outstanding common shares. Members of management and the Board of Directors subscribed for an aggregate 2,800,000 units in the private placement.

Each unit consists of a share and one-half share purchase warrant. Each whole unit will entitle the holder to purchase one additional share at a price of \$0.07 until September 19, 2021. For more information on the placement, please refer to the Company's news release of September 20, 2019.

No financing took place in the 2018 period except for the exercising of 880,000 broker warrants at \$0.05 per share for an amount \$43,999.

#### **LIQUIDITY AND CAPITAL RESOURCES:**

At December 31, 2019, the Company had a positive net working capital of \$1,568,171 and a deficit of 15,510,538. 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. To continue with exploration activities the Company will 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 regarding the ability of the Company to continue as a going concern. The audited consolidated 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.

Positive attributes in this regard is that the Company has a reasonably good cash position, no outstanding debt, has a relatively low number of shares outstanding, and holds a 100% interest in a significant Resource Estimate in terms of quality and quantity on its San Diego property in Mexico.

**FUTURE OBLIGATIONS RELATING TO MINING PROPERTIES:**

As the Company now holds a 100% interest in the San Diego Mexico property, its only property holding, it has no future obligations except for relatively small amounts required to maintain the property in good standing.

**OFF-BALANCE SHEET AGREEMENTS:**

There were no off-balance sheet agreements as at December 31, 2019 and 2018.

**RELATED PARTY TRANSACTIONS:**

Refer to Note 14 in the annual audited consolidated financial statements.

**CHANGES IN ACCOUNTING STANDARDS:**

Refer to Note 3, Summary of significant accounting policies in the annual audited consolidated financial statements.

**CRITICAL JUDGEMENTS AND ASSUMPTIONS:**

Refer to Note 4, Critical accounting estimates, judgements and assumptions in the annual audited consolidated financial statements.

**CONTINGENCIES AND COMMITMENTS:**

Refer to Note 17, Contingencies and commitments in the annual audited consolidated financial statements.

**SUMMARY OF QUARTERLY RESULTS: (unaudited)**

The following table represents unaudited financial information for the eight most recently completed financial quarters.

	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income (Loss)	3,473	149	2	3	39	51	13	-
Net Income (Loss)	(134,135)	(56,308)	(223,930)	(55,808)	300,522	(484,276)	(229,075)	(232,044)
Net Earnings (Loss) per share (basic and diluted)	(0.001)	(0.001)	(0.003)	(0.001)	0.004	(0.006)	(0.003)	(0.003)

Income is interest earned on funds held mainly for exploration activity. In the last eight quarters the quarterly net loss fluctuated between \$484,276 Q3 2018 and \$55,808 in Q1 2019. In the eight period analysis presented, the amount of loss per quarter is largely a function of: the amount of offsetting income revenue to costs, direct operating expenses, property exploration expenses and the impact of foreign exchange and adjustments. Quarterly results may also be significantly influenced by accruals between quarters. The loss per share can also be influenced by the weighted average number of shares outstanding. The average weighted number of shares at Q1 2018 was 78,926,558 compared to an amount of 88,190,120 in Qtr4, 2019.

<b>Summary of Exploration Expenses</b> <u>Exploration Expenditures (E&amp;E)</u>	San Diego, Mexico			
	(Canadian Dollars)	2017	2018	2019
Consulting Fees	6,950	41,561	44,597	93,108
Salaries and Labour	10,469	13,267	14,226	37,962
Travel	-	-	-	-
Lodging and Expenses	21,897	11,500	12,305	45,702
<b>Total Exploration Expenditure</b>	<b>39,316</b>	<b>66,328</b>	<b>71,128</b>	<b>176,772</b>
Cumulative E&E since Inception	\$8,130,689	\$8,197,017	\$8,268,145	

#### **SAN DIEGO PROPERTY, MEXICO:**

Golden Tag owns a 100% interest in the San Diego Property. The project has been advanced through various exploration programs between 2005 and 2013 which included 6 Phases of surface diamond drilling totaling 32,933 meters. Total cumulative expenditures to date by Golden Tag on the property are \$8,268,145.

The San Diego Property consists of 4 mining concessions (91.65 hectares) in the Municipality of Cuencame, Durango State, Mexico. It is located approximately 75 km southwest of the city of Torreon, Mexico and is 12 km northeast of Peñoles Velardeña Mine. The Peñoles non-ferrous metallurgical complex (smelting and refining) is in Torreon. The property can be accessed via a 10 km dirt road from the village of San Diego, which is only 5 km east of Highway 400 and Federal Road 49.

The property lies within the Velardeña Mining District where several mines have produced silver, zinc, lead and gold over the past century from polymetallic mineralization associated with intermediate to felsic intrusive bodies. The mineral deposits of the Velardeña Mining District consist primarily of quartz-calcite veins with associated silver, lead, zinc, gold and copper mineralization typical of the polymetallic, intrusive related skarn and low-sulfidation epithermal deposits of northern Mexico.

A Mineral Resource Estimate (Table 1 and 2) was completed by SGS Canada and a NI 43-101 Independent Technical Report was published in April 2013. This report is available on the Company web site as well as at [www.sedar.com](http://www.sedar.com). The Estimated Indicated and Inferred Resources at San Diego include:

- Indicated Resources of 16.5 Million tonnes grading 60 g/t Ag, 0.71% Pb and 1.22% Zn
- Inferred Resources of 42 Million tonnes grading 62 g/t Ag, 0.90 % Pb and 1.31% Zn

SGS Canada also recognized that there is Additional Target Potential of between 20 to 50 million tonnes grading 100 to 150 g/t silver equivalent. This Additional Target Potential is conceptual in nature as there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

**Table 1.** Summary of Resources in 23 Mineralized Zones on the San Diego Property (SGS, 2013)

SAN DIEGO RESOURCE ESTIMATE	CoG <sup>(1)</sup> (g/t)	Indicated Resources							Inferred Resources						
		Tonnes (Mt)	Au g/t	Ag g/t	Pb %	Zn %	Ag.EQ <sup>(2)</sup> g/t	Ag Oz (M)	Tonnes (Mt)	Au g/t	Ag g/t	Pb %	Zn %	Ag.EQ <sup>(2)</sup> g/t	Ag Oz (M)
<b>Fernandez Zone</b>															
Endoskarn	52 <sup>(1)</sup>	9.3	0.06	55	0.59	1.33	100	16.5	9.6	0.04	57	0.6	1.3	101	17.4
Fringe	52	5.5	0.06	43	0.74	0.89	83	7.6	19.1	0.05	41	0.7	0.97	81	25.1
<b>Sub-total</b>		<b>14.8</b>	<b>0.06</b>	<b>51</b>	<b>0.65</b>	<b>1.17</b>	<b>94</b>	<b>24.1</b>	<b>28.7</b>	<b>0.05</b>	<b>46</b>	<b>0.7</b>	<b>1.08</b>	<b>88</b>	<b>42.4</b>
<b>Vein &amp; Mantos Zones</b>															
Trovador	52	0.29	0.09	87	0.72	4.15	194	0.81	4.41	0.04	68	0.9	1.55	124	9.6
Montanez (3)	125	0.56	0.31	101	1.36	1.43	170	1.82	1.57	0.18	91	1.5	1.9	174	4.6
Vein Zones (17)	52-125	0.53	0.14	166	1.38	1.03	227	2.80	7.12	0.14	109	1.7	1.99	200	25.0
Oxide Zones	133	0.31	0.43	211	1.15	0.9	234	2.11	0.29	0.43	238	0.8	0.91	261	2.2
<b>Sub-total</b>		<b>1.69</b>	<b>0.24</b>	<b>139</b>	<b>1.22</b>	<b>1.68</b>	<b>204</b>	<b>7.54</b>	<b>13.39</b>	<b>0.12</b>	<b>96</b>	<b>1.40</b>	<b>1.81</b>	<b>173</b>	<b>41.4</b>
<b>TOTAL RESOURCES (Oxide &amp; Sulfide Zones)</b>		<b>16.5</b>	<b>0.08</b>	<b>60</b>	<b>0.71</b>	<b>1.22</b>	<b>105</b>	<b>31.6</b>	<b>42.0</b>	<b>0.07</b>	<b>62</b>	<b>0.9</b>	<b>1.31</b>	<b>115</b>	<b>83.8</b>

(1) CoG: Cut-Off Grade; Block Caving/Mechanized Bulk Mining CoG of 52 g/t Ag.EQ. See Table 2 for more details.

(2) Ag.EQ: Silver Equivalent based on commodity prices applying estimated mill and smelter recoveries as per Table 2.

(3) Totals may not add up correctly due to rounding.

Cautionary Statement: Mineral Resources that are not mineral reserves do not have demonstrated economic viability.

**Table 2.** Parameters used in the San Diego Mineral Resource Estimate (SGS, 2013)

Parameters	Silver	Lead	Zinc	Gold	Copper
Metal Pricing <sup>(1)</sup>	\$28.10/oz	\$1.00/lb	\$0.96/lb	\$1,455/oz	\$3.65/lb
Sulfides - Net Recoveries	64.9%	76.4%	57.5%	0.0%	0.0%
Conversion Factor to AgEQ g/t <sup>(2)</sup>	1.0	1% = 28.7	1% = 20.8	-	-
Oxides - Net Recoveries	60.5%	0.0%	0.0%	62.5%	0.0%
Conversion Factor to AgEQ g/t <sup>(2)</sup>	1.0	-	-	53.4%	-
Potential Mining Methods	Cut-Off Grades (COG)		Minimum Horizontal Mining Width (m)		
	\$/t <sup>(3)</sup>	Ag.EQ (g/t)			
COG 133 Narrow vein Shrinkage- Oxide	\$73	133	1.0		
COG 125 Narrow vein Shrinkage	\$73	125	1.0		
COG 102 Long Hole Mining	\$60	102	2.5		
COG 81 Bulk Mining	\$47.50	81	5.0		
COG 52 Mechanized Bulk /Block Cave	\$30	52	Greater than 5 meters		

(1) \$US pricing based on 3-year trailing average.

(2) g/t Ag.EQ with estimated mill and smelter recoveries.

(3) Estimated mining cost (US\$/t) in Mexico.

After the closure of the acquisition agreement with Golden Minerals late in 2016, the Company has taken steps to better establish its operations in Mexico. Golden Tag continues planning for future work programs and is advancing studies based on the 3-D modelling completed with the resource evaluation of SGS Canada. There are quite a few avenues of approach being evaluated and planned which include diamond drill programs to increase resources in specific areas of the deposit and to upgrade the quality of these resources.

There are several areas which have been identified in the 3D model of each of the 23 zones of mineralization where additional drilling could be conducted to potentially increase tonnage. These areas can occur within the mineralized envelopes where the required drill hole density was not sufficient for classification of these blocks within the zones into the resource categories or along the strike, dip, and plunge extensions of the zones.

During Phase 5 and 6 drilling, many of the zones in the southern portion of the property were intersected at a significant depth but do not have drill holes above these intersections along trend closer to surface. The following zones are projected to continue upwards along trend towards the surface and could be tested by shallower drill holes which could potentially outline mineralization closer to surface:

<b>Zone</b>	<b>Strike Length (m)</b>	<b>Untested Vertical Depth (m)</b>	<b>Target</b>
Fernandez (2)	200	0 to 400	Bulk Zone
Trovador	600	200 to 700	Sulfide Vein
MS Zone	300	200 to 700	Sulfide Vein
Arroyo	600	0 to 200	Oxide and Sulfide Vein
El Jal	600	0 to 200	Oxide and Sulfide Vein
Lorenzo	250	0 to 700	Sulfide Vein
South Skarn	250	0 to 700	Sulfide Vein
Panda	250	0 to 300	Sulfide Vein
San Jose	200	150 to 400	Sulfide Vein

The exploration programs conducted on the property to date have mainly focused on finding silver-rich polymetallic vein mineralization as was previously mined on the property. During Phase 5 and 6 exploration, holes were drilled for the first time within the area south of the Montanez Zone and higher-grade intersections of zinc were encountered. Examples include:

- **MS Zone**- SD-11-44: 1020.68 to 1025.68 m: 5 m @ 0.37 g/t Au, 152.16 g/t Ag, 2.59% Pb, 3.65% Zn<sup>1</sup>
- **South Skarn**- SD-11-46: 1055.50 to 1066.15 m: 10.65 m @ 177.26 g/t Ag, 2.26% Pb, 5.54% Zn<sup>2</sup>
- **Trovador**- SD-11-44: 988.20 to 1016.62 m: 28.4 m @ 0.11 g/t Au, 177.92 g/t Ag, 1.86% Pb, 4.2% Zn<sup>1</sup>

1: News Release November 15, 2011; 2: News Release January 21, 2012 and NI 43-101 Technical Report Updated Mineral Resource Estimate, San Diego Project, Velardeña Mining District, Durango State, Mexico written by SGS Canada Inc with an effective date of April 12, 2013

The Company is considering following up on these areas with drilling focused on delineating zinc and silver mineralization on the property. Within the district, the Peñoles Velardeña mine, currently in operation, and the Peñoles El Cobre project, undergoing a PEA, primarily contain zinc mineralization.



Golden Tag undertook several measures to continue exploration work on the property in 2019 and early 2020 (please refer to News Release- Update on the San Diego Project- March 25, 2020). The Company negotiated and signed a new 5-year agreement with Ejido San Diego, which has stewardship over surface land usage in the property area. The new agreement allows Golden Tag to conduct all types of exploration activities at San Diego. The Company also completed an environmental impact assessment and filed an application with the Mexican Environmental Agency (SEMARNAT), to drill up to 21 holes on the property. The permit was approved by SEMARNAT on March 13, 2020, granting Golden Tag 2.5 years to complete the proposed work. An initial 2,000-meter drill program comprised of 8 holes has been planned to focus on the near-surface continuity of mineralization encountered during prior drill programs in 2 target areas: the Trovador-MS and El Jal-Arroyo Zones. The Company is uncertain as to the timing for the commencement of work.

#### **SAN DIEGO EXPENDITURES:**

Exploration expenditures of \$71,128 mainly related to support of the review conducted, the negotiation of an agreement with Ejido San Diego, completing an environmental impact assessment, and maintenance and security on the property were incurred in 2019. The total spending on the property as at December 31, 2019, including an amount of \$792,421 in 2016 to acquire the remaining 50% interest in the property is \$8,268,145.

#### Risks and Uncertainties:

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, and exploration of mineral properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

#### *COVID-19*

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

#### *Nature of Mining, Mineral Exploration and Development Projects*

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration, including environmental hazards, and unusual or unexpected geological occurrences. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, monetary losses and possible legal liability.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change.

Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

#### *No Revenues*

To date the Company has recorded no revenues from operations and the Company has not commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years related to consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming development. There can be no assurance that the Company will generate any revenues or achieve profitability.

#### *Foreign Exchange*

Exploration is paid in United States dollars in Mexico and consequently, the Company is subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the US dollar.

#### *Mineral Resource and Mineral Reserve Estimates may be Inaccurate*

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different.

#### *Title to Properties*

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

#### *Commodity Price Risk:*

The ability of the Company to develop its properties and the future profitability of the Company are directly related to the market price of certain minerals.

**Internal Control:**

In terms of internal control over financial reporting, the Company as a matter of general policy has an audit committee that reviews annual audited consolidated financial statements and recommends the approval of them to the board of directors. Also, as part of this policy, unaudited quarterly interim statements are provided to members of the audit committee and directors for review prior to release to shareholders.

**Disclosure Controls and Procedures:**

Disclosure controls and procedures over financial reporting within the Corporation have been designed to provide reasonable assurance that all relevant information is identified to ensure appropriate and timely decisions are made regarding public disclosure. The Corporation's CEO and CFO certify the completeness, accuracy and fair presentation of the financial information in the annual filing. The Corporation's Audit Committee reviewed this MD&A, and the audited consolidated financial statements, and the Corporation's Board of Directors approved these documents prior to their release.

It should be noted that as a small organization, the Company's management is composed of a small number of key individuals, resulting in situations where limitations in segregation of duties have to be compensated by more effective monitoring by the Chief Executive Officer and the Chief Financial Officer. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties.

Quarterly and annual consolidated financial statements are reviewed by the Company's Audit Committee and Board of Directors. Since the increased funding costs of such hiring could place a burden on the Company's finances, the Company's management has chosen to disclose the potential risk in its filings and is assessing the company's future needs in this regard as activity in the Company grows.

There have been no changes to the Corporation's internal controls over financial reporting during the year ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking information. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of gold and other minerals; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" "be taken", "occur" or "be achieved". Forward - looking information is based on the opinions and estimates of management as of the date

such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays or failure to receive government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of gold and other minerals; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; as well as the risks and uncertainties identified elsewhere in this document. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Additional Information:

This analysis should be read in conjunction with the most recent consolidated financial statements. Financial information about the Company is contained in its comparative consolidated financial statements for the fiscal years ended December 31, 2019 and 2018 and additional information about the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Further, the Company posts all publicly filed documents, including the Management Discussion and Analysis, on its website [www.goldentag.ca](http://www.goldentag.ca).

On behalf of the Board of Directors,

Signed by: Bruce Robbins

Interim Chief Executive Officer

Signed by: Marc A. Carrier

President and CFO