

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

April 20, 2017

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, 2016 and should be read in conjunction with the Audited Annual Consolidated Financial Statements and related Notes for the twelve months ended December 31, 2016. The consolidated financial statements and related notes of Golden Tag have been prepared in accordance with International Financial Reporting Standards.

2016 Year In Review:

On behalf of the Board of Directors, we are pleased to present the 2016 Annual Report to shareholders including the consolidated financial statements for the fiscal year ending December 31, 2016.

A Letter of Intent was signed with Golden Minerals in April, 2016, which gave the Company for a period up to and including June 17, 2016 the option to purchase the remaining 50% interest in the San Diego property held by Golden Minerals for a payment of \$500,000 CDN and 2,500,000 shares of the Company with Golden Minerals retaining a 2% NSR on the property. The option period was extended by Golden Minerals to allow the Company sufficient time to complete a financing to fund the purchase. Subsequent to the closing of the Company’s financing on July 29, 2016, particulars of which can be found in the Financing Activity section of this report, the formal agreements to purchase the 50% interest were agreed and signed. The Company now holds a 100% interest in the San Diego property.

The Company had announced on August 14, 2015 that it had signed a purchase option agreement for the sale of the Company’s 50% interest in the Aquilon property with an arms-length private company for a price of \$1 million plus any applicable transfer costs and taxes payable in increments with a final payment of \$900,000 due before or on June 1, 2016. However, due to failure of the optionee to make required payments, the Company announced on April 12, 2016 that it had terminated the option agreement. Subsequent to this termination, the Company announced on August 4, 2016, that it had completed the sale of its 50% interest in the Aquilon property to joint operation partner Sirios Resources Inc. The consideration paid by Sirios is comprised of \$250,000 in cash and issuance of 1,000,000 shares of Sirios Resources Inc. valued at \$1,060,000 based on the share price on the date of issuance, resulting in a reversal for prior year’s write-down of \$1,011,318 and a gain on sale of \$298,682.

The Company has recently completed steps to better establish its operations in Mexico. A representative has been contractually engaged to represent locally the Company's subsidiary, Golden Tag de Mexico in Mexico. In addition, the Company through regular on site visits has completed a detailed review of the project and is planning for future work programs including advancing studies based on 3-D block modeling completed with the Resource evaluation of SGS. There are several areas of approach being evaluated and planned including diamond drill programs to increase Resources in specific areas of the deposit and to upgrade the quality of these Resources. Timing of future work is totally dependent on the amount of funding available to the Company to perform the next phase of work. The Company has updated its website www.goldentag.ca and included a presentation geared to the layman to better explain the Resource at the Company's San Diego property.

Please refer to this report for greater detail including comprehensive information on the San Diego project and the Company's other exploration projects.

Furthermore, the Company sold its 30% interest on the Verneuil property for \$10,000 cash and 150,000 shares of Cartier Resources Inc. valued at \$18,000 based on the share price on the date of issuance, resulting in a reversal for prior years' write-down of \$28,000.

While the last three years has been a difficult time in the junior resource sector, the Company is committed in an effort to maximize shareholder value. Although the financing in 2016 was completed at historically low prices as dictated by market conditions at that time, management believes that dilution was warranted given the opportunity to purchase the remaining 50% interest in the San Diego property at a very advantageous price, which post transaction results in an increase of eighteen million shares to the present 78,926558 shares issued and outstanding. The Management and Board of Directors 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. The Company in 2016 purchased Golden Minerals' 50% interest in the project and the joint operation was effectively dissolved.

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”):

Consolidated financial statements for the year ending December 31, 2016 have been prepared in accordance with IFRS as published by the International Accounting Standards Board.

For each reporting period in 2016, comparative information for 2015 has also been presented, both for interim and annual consolidated financial statements, as applicable, on an IFRS basis. For further information, please refer to the Company’s Audited Annual Consolidated Financial Statements and Notes for the twelve months ended December 31, 2016.

OPERATING RESULTS:

Including General and Administrative Expenses

	2016	2015	2014
	\$	\$	\$
Management, consulting and directors’ fees	155,500	34,000	85,000
Professional fees	90,373	58,637	64,902
Office services and sundry	21,217	20,963	20,431
Listing, filing and transfer agency fees	27,369	18,517	19,065
Promotion and travel	16,709	13,209	16,447
Rent	12,264	12,228	11,979
Sub Total direct expenses	323,432	157,554	217,824
Foreign exchange loss (gain)	44,716	356,966	(21,280)
	368,148	514,520	196,544
Write-down (reversal of write-down) on exploration and evaluation assets	(1,039,318)	2,296,358	-
Finance income	(385)	(88)	(256)
Gain on sale of exploration and evaluation assets	(298,682)	-	-
Other income	(80,000)	-	(51,654)
Unrealized loss on change in fair value of marketable securities	603,750	-	-
Net income (loss) for the year	446,487	(2,810,790)	(114,634)
Other Comprehensive Income (Loss)	(251,464)	1,905,620	684,043
Comprehensive Income (Loss) for the year	195,023	(905,170)	539,409
Weighted Average Number of Shares Basic & Diluted	68,653,995	56,960,805	53,426,558
Basic and diluted Income (loss) per share	0.007	(0.049)	0.003

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 in 2016 was \$446,487, \$3,257,277 or 115.9% more than the loss of \$2,810,790 in 2015. The net income in 2016 is mainly attributable to the reversal of prior years' write-down on the sale of the Verneuil property and particularly the sale of the Aquilon property as these properties had been written-off in prior years. Lower overall Administrative Expenses in 2016 compared to 2015 also contributed to the income as operating expenses in 2016 were \$368,148, \$146,372 or 28.5% lower than the \$514,520 reported in 2015. The higher Foreign Exchange loss of \$356,966 in 2015 compared to a loss of only \$44,716 in 2016 had the impact of reducing the total amount of operating costs in 2016 compared to 2015 when total direct operating expenses in 2016 were significantly higher in 2016 compared to 2015.

Direct Expenses, defined as operating costs excluding foreign exchange charges were \$323,432 in 2016, \$165,878 or 105.3% higher than the \$157,554 reported in 2015. The expense category experiencing the largest variance in dollar and percentage terms was Management, Consulting and Directors' fees as expenses in 2016 were \$155,500, \$121,500 or 357.4% higher than the \$34,000 reported in 2015. The increase in 2016 is chiefly attributable to the payment of prior years' management fees which were waived per note # 17 of the December 31, 2015 audited consolidated financial statements as the conditions in the note were met in 2016. This was necessary to preserve funds and all accrual from the previous period has now been paid. The other expense categories experiencing significant variances were: Listing, filing, and transfer agency fees which at \$27,639 in 2016 were \$8,852 or 47.8% higher than 2015; and Professional fees at \$90,373 in 2016, were \$31,736 or 54.1% higher than the \$58,637 in 2015. The higher amounts for both of these categories in 2016 are related to the sale and purchase of properties which occurred in 2016. The major variable in expenses in each of the three year period 2014 to 2016 is in the Management, consulting and directors' fees category. Lower compensation remuneration as part of cash conservation initiatives were taken in 2014 and particularly in 2015.

The Company's Comprehensive Income for the year 2016 was \$195,023 compared to a loss of \$905,170 reported in 2015 and income in \$539,409 in 2014. The income in 2016 compared to a loss in the previous year is chiefly attributable to the sale of two of the Company's properties and particularly the Aquilon, Quebec property, which resulted in the reversal of write downs on the properties taken in previous years for an amount of \$1,039,318 and a gain on the sale of these properties for an amount of \$298,682. On a per share basis this resulted in an income of 0.007 in 2016, and a loss per share of 0.049 in 2015, and income of 0.003 in 2014. The average number of outstanding shares in 2016 was 68,653,995, compared to an average of 56,960,805 in 2015 and 53,426,558 in 2014. The higher average in 2016 is attributable to the company's financing which resulted in the addition of 18,000,000 shares and the purchase of the 50% interest in San Diego property which resulted in the addition of 2,500,000 shares.

Internal Control:

In terms of internal control over financial reporting, the Company as a matter of general policy has an audit committee that reviews and approves annual audited consolidated financial statements. 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.

Finance and Other Income:

Finance Income, which represents interest revenue on funds held was \$385 in 2016, \$297 or 337.5% higher than \$88 reported in 2015. The higher amount in 2016 is due to higher balances held by the company in 2016. Other Income in the current 2016 year is \$80,000 compared to nil in each of 2015 and 2014. This amount is related to an option payment on the sale of the Company's 50% interest in the Aquilon property, which it previously agreed to sell to a private company, which was not completed.

FINANCING ACTIVITY:

The company announced on July 29, 2016 that it had completed a financing which raised \$900,000 through issuance of 18 million units at an offering price of \$0.05 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company for a period of five years at a price of \$0.07 per warrant share if exercised in the first year and \$0.12 per warrant share if exercised in years two to five. Insiders of the company purchased a total of 3,000,000 Units for aggregate proceeds of \$150,000. A registered dealer received referral fees of \$35,200 plus 880,000 two year finders warrants exercisable into Units at the offering price. Of the proceeds raised, \$500,000 was used to purchase the remaining 50% interest in the San Diego property and the remaining funds will be used for general working capital.

LIQUIDITY and CAPITAL RESOURCES:

At December 31, 2016, the Company had a positive net working capital of \$757,795 and a deficit of 6,569,619. 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. 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 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 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 major property holding, it has no future obligations except for minimal amounts required to maintain the property in good standing

SUMMARY OF QUARTERLY RESULTS: (unaudited)

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

	<u>2016</u>				<u>2015</u>			
	<u>Q4</u>	<u>Q3</u>	<u>Q2</u>	<u>Q1</u>	<u>Q4</u>	<u>Q3</u>	<u>Q2</u>	<u>Q1</u>
Income (loss)	(804,570)	1,171,043	8	80,006	6	4	59	19
Net Income (Loss)	(823,588)	1,008,989	(51,074)	60,696	(2,700,525)	(31,821)	(48,273)	(30,171)
Net Earnings (Loss) per share (basic and diluted)	(0.054)	0.016	(0.001)	0.046	(0.046)	(0.001)	(0.001)	(0.001)

Income is interest earned on funds held mainly for exploration activity and in Quarter 3 and 4 of 2016, income derived from the sale of exploration and evaluation assets, namely the Verneuil and Aquilon properties. In the last eight quarters, the quarterly net loss fluctuated between an income of 1,008,989 in Q3 2016 and a loss of \$823,588 in Q4 2016. This is largely a result of adjustments during the last quarter relating to the sales of the exploration and evaluation transactions and the change in fair value of marketable securities from one quarter to another. 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, write-off and reversal of write-off of exploration and evaluation assets and the impact of foreign exchange and adjustments as in Q4, 2015 and Q4, 2016. Quarterly results may also be significantly influenced by accruals between quarters.

Note that the loss per share can also be influenced by the weighted average number of shares outstanding. The average weighted number of shares in 2016 was 68,653,955 compared to an amount of 56,960,805 in 2015.

EXPLORATION ACTIVITY:

	Quebec Aquilon Main Property	Quebec Verneuil Property	Ontario McCuaig Property	Mexico San Diego Property	Total
	\$	\$	\$	\$	\$
Balance January 1, 2015	1,002,671	-	1,285,040	8,017,105	10,304,816
Additions					
Exploration	8,647	-	-	55,909	64,556
Extension of joint operation Agreement	-	-	-	175,000	175,000
Exchange differences arising on the translation of US dollar functional currency to reporting currency	-	-	-	1,564,583	1,564,583
Write-off	(1,011,318)	-	(1,285,040)	-	(2,296,358)
	(1,002,671)	-	(1,285,040)	1,795,392	(492,219)
Balance December 31, 2015	-	-	-	9,812,597	9,812,597

Additions					
Exploration	-	-	-	60,641	60,641
Acquisition	-	-	-	773,758	773,758
Exchange differences arising on the translation of US dollar functional currency to reporting currency and other	-	-	-	(274,655)	(274,655)
Reversal of Write-off	1,011,318	28,000	-	-	1,039,318
Sale	(1,011,318)	(28,000)	-	-	(1,039,318)
	-	-	-	559,744	559,744
Balance December 31, 2016	-	-	-	10,372,341	10,372,341

Summary of Exploration Expenses <u>Exploration Expenditures (E&E)</u> (Canadian Dollars)	San Diego, Mexico			
	2014	2015	2016	Total
Consulting Fees	24,629	-	25,142	49,771
Salaries and Labour	62,131	40,716	24,149	126,996
Travel	-	-	1,359	1,359
Lodging and Expenses	797	15,193	9,990	25,980
Total Exploration Expenditure	87,557	55,909	60,640	204,106
Cumulative E&E since Inception	\$8,006,653	\$9,812,597	\$10,372,341	

SAN DIEGO JOINT VENTURE PROPERTY, MEXICO:

On November 2, 2005, Golden Tag entered into an option agreement with ECU Silver Mining Inc., (“ECU”) (now “Golden Minerals”) whereby the Company could earn a 50% interest in the San Diego property, Durango State, Mexico by expending a total of \$1.5 million US on exploration over three years. In 2008 Golden Tag vested into a 50% interest in the project. The project has advanced since 2008 and total cumulate expenditures to-date by Golden Tag are \$10,372,341 In 2016, Golden Tag acquired the remaining 50% interest in the property by paying joint venture partner, Golden Minerals, \$598,758 and granting them a 2% NSR on the project.

The San Diego property, Durango State, is situated approximately 75 km southwest of the city of Torreon in the state of Coahuila and is 9 km northeast of Golden Mineral’s San Juana Mine property. It can be accessed via 10km of dirt road from the village of San Diego de Arriba, which is located only 5 km east from Highway #40-49, a four-lane toll highway, and Federal Road #40, a free, two-lane highway.

The property consists of the Unificacion, El Refugio, San Jose, Dino Catarino, and Ampliacion de San Jose claims covering 91.65 hectares and is located in the Velardeña Mining District, Municipality of Cuencame, in the northeast quadrant of Durango State, central Mexico. The San Diego property is part of a group of 3 properties held by Golden Minerals within the Velardeña mining district. The property is underlain by a thick sequence of limestone that corresponds to

Cretaceous rocks of the Aurora and Cuesta del Cura Formation, intruded by a large Tertiary Diorite Stock. The deposits of the Velardeña mining district consist of quartz-calcite veins with associated silver, lead, zinc, gold and copper mineralization typical of the polymetallic, low-sulphidation epithermal deposits of northern Mexico.

EXPLORATION RESULTS

A total of 32,933 meters of surface diamond drilling has been completed on the property in six phases of exploration between 2006 and 2012. Exploration was initially focused on testing for shallow depth extensions to several, laterally extensive veins mapped in surface outcrop and the location of historical, near surface mining activity. The generally east-west trending veins and adjacent stringer zones were found to lie within a broad structural corridor (the Central Corridor) which cuts across the large Diorite stock located in the center of the property, the Central Diorite. The Diorite intrudes into the dominantly limestone sequence of country rock. Results from an initial 17,033 meters of surface diamond drilling, the Phase I to Phase IV programs, were reported in a NI 43-101 technical report and Mineral Resource Estimate in 2009. The 43-101-compliant technical report was published on January 27, 2009 and it is available at www.SEDAR.com. The Resource Estimate was independently audited and verified by William J. Lewis, P.Geol, MICON International Ltd., qualified person as defined under NI 43-101 guidelines.

Subsequent exploration in 2011 and 2012 was focused on the depth extension of the known veins and on an ever increasing number of new zones and mineralized environments encountered in drilling within, to the East of, and to the south of, the Central Diorite. An additional 15,900 meters of surface drilling completed in Phase V and Phase VI has proven that the property is centered over a very large hydrothermal system with alteration and mineralization extending beyond the current limits of drilling and to depths of over 800 to 1,000 meters.

The geological understanding of the interplay between structure, alteration and mineralization on the property has grown with each program of diamond drilling. There are now at least 23 recognized zones of Silver-Lead-Zinc mineralization on the property. The overall styles of mineralization varies significantly with depth and with distance from the Central Diorite.

Mineralization in the upper 300 to 400 meters of the deposit is generally restricted to narrow, high grade sulphide veins. This style of mineralization is relatively typical of brittle deformation in an epithermal setting. Close to surface the veins are oxidized and were the focus of historical mining on the property. The veins generally strike East-West and are constrained within the steeply-dipping Central Corridor. Several veins crosscut the Corridor and strike to the Northeast. Where veins crosscut each other, or where subparallel veins come into close proximity due to variations in dip, they can form “blow-outs”, areas where the wall rock between or surrounding the veins becomes intensely fractured and mineralized. “Blow-outs” contribute significantly to the potential of these near surface vein zones.

Below 300 to 400 meters, the environment of mineralization changes substantially and is typical of deposits occurring in a mesothermal setting. Limestone becomes increasingly recrystallized to form marble, deformation becomes brittle-ductile in nature, and there is a substantially greater interaction between host rocks and mineralizing hydrothermal solutions. Mineralization encountered in Phase V and Phase VI drilling includes the depth extensions of the near surface veins but often in association

with sulphide replacement of the adjacent wall rocks resulting in greater widths of mineralization; Mantos-type replacement zones in limestone/marble (massive to semi-massive sulphide zones parallel to bedding); Pipe-like carbonate replacement zones (massive to semi-massive sulphide zones along the intersection of cross-cutting veins), widespread areas of stringer or disseminated sulphide mineralization; and very large areas of skarn-type mineralization which straddle massive sulphide replacement zones developed along the contact of the Central Diorite. Exploration drilling also encountered a second, major structural corridor trending east-northeast and located to the south of the Central Diorite. This new corridor hosts several broad and well mineralized vein zones and is termed the Southern Corridor.

From a regional prospective the character of mineralization at San Diego is very similar to that of the Santa Maria and San Jose deposits in the Velardeña Camp to the West. Research has developed a model which identifies trends in alteration, metal zonation and environment indicative of a hydrothermal cell which extends vertically for a distance of 1.8 km. San Diego fits easily within this model but lacks the uppermost gold-rich style of veining present at the San Juana deposit. San Diego does demonstrate an increase in Zinc and decrease in lead with depth. The deepest drill hole at San Diego also shows an increase in Copper at depth which may suggest that the San Diego system may overlie a Copper Porphyry zone at greater depth.

Mineral Resource Estimate – San Diego Property

A Mineral Resource Estimate was completed by SGS Canada Inc.- SGS Geostat Group in Montreal upon completion of Phase 6 drilling in November 2012. A NI 43-101 Independent Technical Report was published in April 2013 in support of the mineral resources disclosed in a Press Release on February 26, 2013.

On May 28th, 2015, as a result of a review by the British Columbia Securities Commission, the Company issued a news release to clarify disclosure on the Mineral Resources on the San Diego Property. Certain deficiencies in filing and technical disclosure were identified and corrective action was taken. Mineral Resources on the San Diego property presented in a news release dated February 26 2013, as corrected in the press release of March 4 2013, remain unchanged. A corrected NI 43-101 Resource report was filed on June 12, 2015. The report is available through www.SEDAR.com

The results from the independent estimate of resources are summarized below as Table 1 and 2. Parameters used in the Resource Estimate are summarized in Table 3.

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

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

SGS-Canada also recognized that there are many areas within the known and modeled structures, and as depth extensions to mineralized zones, that require additional drilling to meet the geo-statistical resource parameters applied in the study. They conclude that these areas potentially host:

- Additional Target Potential of between 20 to 50 million tonnes grading 100 to 150 g/t Silver Equivalent

The 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.

Additional Target Potential includes tonnes contained within 23 mineralized envelopes that were outlined in three dimensions and form the base for 34 geo-statistical block models. These areas do not meet with the required drill hole density for classification as Indicated or Inferred Resources. This Potential within the models falls under “Unclassified tonnes above applicable cut-offs” or “Unclassified resources that are below cut-off”. Additional potential exists also on various dip, strike or plunge extensions to the numerous zones.

The updated Resource Estimate represented a very significant increase in tonnage over the previous Resource Estimate in 2009 with the most noteworthy, an expansion of Indicated Resources from 370,000 tonnes to 16.5 million tonnes (Mt). Inferred Resources double in tonnage from 22 million tonnes to 42 million tonnes. Silver ounces increase in comparison to 2009 and now stand at 31.6 M oz Ag Indicated and 83.8 M oz Ag Inferred versus 3 M oz. and 76.5 M oz. respectively in 2009. This represents a very large increase in higher quality Resources.

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

SAN DIEGO RESOURCE ESTIMATE	CoG (g/t)	Indicated Resources							Inferred Resources						
		Tonnes (Mt)	Au g/t	Ag g/t	Pb %	Zn %	Ag.EQ ⁽²⁾ g/t	Ag Oz (M)	Tonnes (Mt)	Au g/t	Ag g/t	Pb %	Zn %	Ag.EQ ⁽²⁾ g/t	Ag Oz (M)
Fernandez Zone															
Endoskarn	52 ⁽¹⁾	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
Sub-total		14.8	0.06	51	0.65	1.17	94	24.1	28.7	0.05	46	0.7	1.08	88	42.4
Vein & Mantos Zones		Indicated Resources							Inferred Resources						
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
Sub-total		1.69	0.24	139	1.22	1.68	204	7.54	13.39	0.12	96	1.40	1.81	173	41.4
TOTAL RESOURCES (Oxide & Sulphide Zones)		16.5	0.08	60	0.71	1.22	105	31.6	42.0	0.07	62	0.9	1.31	115	83.8

Note: Errata in Table 5 and 6 were corrected in a Press Release on March 4th 2013. March 4th Tables are reproduced here.

(1) Block Caving/Mechanized Bulk Mining Cut-Off Grade (CoG) of 52 g/t Ag.EQ or NSR \$30/t. See Table 6 for more details
(2) Ag.EQ: Silver Equivalent ounces based on 3-yr trailing average commodity prices of US\$1455/oz.Au; US\$28.10/oz.Ag; US\$1.00/lb Pb and US\$0.96/lb Zn applying estimated Mill and Smelter recoveries. (3) Bulk Zones includes the Fernandez Zone (Fringe & Endoskarn); (4) Totals may not add up correctly due to rounding.

Table 2. Summary of Mineral Resources, San Diego Property, Durango State, Mexico (SGS, 2013)

INDICATED RESOURCES	Cut-Off (g/t)	Tonnage (t)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)	Ag.EQ (g/t)	Silver ounces	Ag.EQ ounces
TOTAL BULK ZONES ⁽³⁾	52	14,800,000	0.06	51	0.65	1.17	0.12	94	24,070,000	44,510,000
TOTAL OXIDE VEINS	133	311,000	0.43	211	1.15	0.90	0.00	234	2,110,000	2,330,000
TOTAL SULPHIDE VEINS	52-125	1,373,000	0.20	123	1.23	1.85	0.10	197	5,430,000	8,680,000
TOTAL INDICATED		16,484,000	0.08	60	0.71	1.22	0.11	105	31,610,000	55,520,000

INFERRED RESOURCES	Cut-Off (g/t)	Tonnage (t)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)	Ag.EQ (g/t)	Silver ounces	Ag.EQ ounces
TOTAL BULK ZONES ⁽³⁾	52	28,650,000	0.05	46	0.67	1.08	0.10	88	42,440,000	80,690,000
TOTAL OXIDE VEINS	133	288,000	0.43	238	0.81	0.91	0.10	261	2,200,000	2,410,000
TOTAL SULPHIDE VEINS	52-125	13,100,000	0.11	93	1.41	1.83	0.10	171	39,170,000	72,230,000
TOTAL INFERRED		42,038,000	0.07	62	0.90	1.31	0.10	115	83,810,000	155,330,000

See Notes at bottom of Table 1.

Cautionary Statement:

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The Additional Potential is conceptual in nature and there has been insufficient exploration to define a mineral resource. It is uncertain if further exploration will result in this potential being delineated as a mineral resource.

Table 3. Parameters used in the San Diego Mineral Resource Estimate (SGS, 2013)

Parameters	Silver	Pb	Zn	Au	Cu
Metal Pricing ⁽¹⁾	\$28.10/oz	\$1.00/lb	\$0.96/lb	\$1,455/oz	3.65/lb
Sulphides - Net Recoveries	64.9%	76.4%	57.5%	0.0%	0.0%
Conversion Factor to AgEQ g/t ⁽²⁾	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 ⁽²⁾	1.0	-	-	53.4%	-
Potential Mining Methods	Cut-Off Grades(COG)		Minimum Horizontal Mining Widths		
	\$/t ⁽³⁾	Ag.EQ (g/t)	(m)		
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	Over 5 m (Fernandez /Trovador)		

Footnotes: (1) \$US Pricing based on 3-year trailing average

(2) g/t Ag.EQ with estimated Mill and Smelter recoveries.

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

The SGS Study and Resource Estimate confirmed that San Diego is a large, new Silver-Lead-Zinc-rich deposit which lies on the Velardeña Mine trend to the east of the Santa Juana Mine and the Santa Maria Mine.

The Updated Resource Estimate contains 21 Vein Zones of primarily sulphide mineralization with oxide portions limited to the near-surface environment. The Estimate also reports the newly

discovered Fernandez Skarn Zone and confirms it is a large and well constrained body of mineralization.

Resource Estimate Methodology

A three-dimensional model of level plans and cross-sections was constructed that enabled a better understanding of the interrelationships between the various mineralized structures found on the San Diego Property. Wireframe envelopes were created for the 23 mineralized bodies of which, 10 cross the oxide-sulphide interface. Two of the bodies (Endoskarn and Fringe) have an ovoid shape, whereas the remainder represent thin (typically 1-5m) veins. Fernandez Zone envelopes were filled with isotropic blocks measuring 5m x 5m x 5m whereas the Vein Zones were populated with thin rotated blocks of 0.5m x 5m x 5m to better respect the geometry and thickness of these narrow structures. The blocks were interpolated from equal length composites calculated from the mineralized intervals. Prior to compositing, high grade silver and gold assays were capped respectively to 1,400 Ag g/t and 5 g/t Au. Mineralized intervals having less than 1 meter true thickness were diluted with adjacent wall-rock. For the various cut-off grades ("CoG"), minimum horizontal mining widths were set at >5.0 m for CoG 52 g/t Ag.EQ; 5.0 m for CoG 81 g/t Ag.EQ; 2.5 m for CoG 102 g/t Ag.EQ; and 1.0 m for CoG 125 g/t Ag.EQ.

Block grades were interpolated from the composites in three separate passes using the inverse distance to the square methodology. Blocks were classified automatically requiring a minimum of three drill holes within a 65m distance (40m extrapolation) for Indicated Resources and a minimum of 2 drill holes within a 125 m distance (80 m extrapolation) for Inferred Resources.

In addition, a 60m radius around a single drill hole was also defined as Inferred Resource. Each mineralized body was validated visually to ensure that grade and classification was geologically reasonable. The San Diego drill hole database includes 54 diamond drill holes totaling 31,000 m of HQ, NQ and BQ size core with over 22,000 assayed samples. Density factors were estimated from a linear regression formula based on SG measurements performed on 777 mineralized intervals of core.

Qualified persons – Resource:

The Resource Study was undertaken by SGS Canada Inc.- SGS Geostat Group under the management and supervision of M. Claude Duplessis, Ing. with the assistance of M. Guy Desharnais Ph.D., P.Geo.; Independent Qualified Persons (QP) and in accordance with NI 43-101.

SAN DIEGO EXPENDITURES:

Exploration expenditures of \$60,641 were incurred in 2016 mainly related to maintenance and security on the property. The total balance for Exploration and Evaluation assets at Q4, 2016 including an amount of \$773,758 to acquire the remaining 50% interest formally held in the property by Golden Minerals, is \$10,372,341.

Subsequent to the closure of the acquisition agreement with Golden Minerals in Q3-2016, the Company has taken steps to better establish its operations in Mexico. The Company has contractually engaged Mr. Arturo Lavin to represent our subsidiary, Golden Tag de Mexico in its mining

operations locally. A resident of Torreon, Mr. Lavin has long term experience with Peñoles and Minera Williams purchasing and selling ores and concentrates and managing material contracts. His background experience will help in Golden Tag programs and potential operations at San Diego. Golden Tag continues planning for future work programs and is advancing studies based on the 3-D block modelling completed with the Resource evaluation of SGS. There are several avenues of approach being evaluated and planned including diamond drill programs to increase Resources in specific areas of the deposit and to upgrade the quality of these Resources.

AQUILON MAIN GOLD PROPERTY, JAMES BAY, QUEBEC:

The Company on August 14, 2015 signed a purchase option agreement for the sale of the Company's 50% interest in the Aquilon property with an arms-length company for a price of \$1 million plus any applicable transfer costs and taxes payable in increments with a final payment \$900,000 due before or on June 1, 2016. The Company in a news release dated April 12, 2016 terminated the option agreement due to failure of the optionee to make required payments. The company received \$60,000 in 2015 and \$20,000 in 2016 for a total amount of \$80,000 in non-refundable option payments under the terminated option.

Subsequent to the terminated option agreement, the Company announced in a news release dated August 4, 2016 that it had completed the sale of its 50% interest in the Aquilon property to joint venture partner Sirios Resources Inc who retained the remaining 50% interest in the property. The consideration paid by Sirios is \$820,000 comprised of \$250,000 in cash and issuance of 1,000,000 common shares of Sirios Resources Inc. valued at \$1,060,000 based on the share price on the date of issuance, resulting in a reversal for prior year's write-down of \$1,011,318 and a gain on sale of \$298,682.

McCUAIG JV PROPERTY, RED LAKE ONTARIO:

The McCuaig Property comprises three unpatented mining claims (10 claim units) seven kilometers northwest of the Red Lake mine complex and is a Joint Venture between Golden Tag (40%) and Rubicon Minerals Corp (60%). Rubicon is the operator. The property is strategically located in the heart of the Red Lake gold camp and is underlain in part by the Balmer stratigraphy of the Red Lake Greenstone Belt. The geological setting is considered to be analogous to the Bruce Channel mineralization currently being explored at the adjacent Gold Eagle Mines discovery and also to the setting of the major gold deposits of the camp.

Work was undertaken on the property in 2007 and 2010. The Company to date has incurred its share of exploration expenditures on the property amounting to \$1,285,040. The property was written off in 2015 in accordance with IFRS standards given that there are no plans to further explore this property in the near future, as the Company focuses its efforts on the San Diego property.

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.

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.

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, 2016 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, 2016 and 2015 and additional information about the Company can be found on SEDAR at www.sedar.com. Further, the Company posts all publicly filed documents, including the Management Discussion and Analysis, on its website www.goldentag.ca.

On behalf of the Board of Directors,

Signed by: David Rigg

Signed by: Marc A. Carrier

Chief Executive Officer

President and CFO