

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Golden Tag Resources Ltd. (“**Golden Tag**” or the “**Company**”)
22 Adelaide Street West, Suite 2020
Bay Adelaide Centre
Toronto, Ontario
M5H 4E3

Item 2. Date of Material Change

December 7, 2022

Item 3. News Release

A news release dated December 7, 2022 was disseminated via GlobeNewswire and subsequently filed on SEDAR. A copy of the news release is attached hereto as Schedule “A”.

Item 4. Summary of Material Change

The Company has announced the entering into of a definitive asset purchase agreement dated December 7, 2022 with First Majestic Silver Corp. (“**First Majestic**”) to acquire a 100% interest in the 69,478 hectares La Parrilla Silver Mine Complex (“**La Parrilla**”) in the locality of San Jose de la Parrilla, Durango, Mexico (the “**Transaction**”).

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

Pursuant to an asset purchase agreement entered into between First Majestic and the Company, dated December 7, 2022 (the “**Asset Purchase Agreement**”), the Company has agreed to acquire a 100% interest in La Parrilla, in consideration for:

- A. The issuance of 143,673,684 common shares in the capital Golden Tag (the “**Golden Tag Shares**”) to First Majestic at a deemed price of \$0.19 per Golden Tag Share, upon the closing date of the Transaction (the “**Closing Date**”);
- B. A one-time cash payment to First Majestic in the amount of US\$2,700,000 made within two business days following the earlier of: (i) 18 months from the Closing Date; and (ii) the date that a refund of VAT paid by Golden Tag in connection with the Transaction is received by the Company;
- C. Payment equal to US\$5,750,000 made within two business days once certain milestones are achieved with respect to La Parrilla, as further detailed in the

Asset Purchase Agreement (the “**First Deferred Payment**”);

- D. Payment equal to US\$5,050,000 made within two business days once certain milestones are achieved with respect to La Parrilla, as further detailed in the Asset Purchase Agreement (the “**Second Deferred Payment**” and together with the First Deferred Payment, the “**Deferred Payments**”).

The Deferred Payments are payable either in cash or through the issuance of Golden Tag Shares, at the discretion of Golden Tag.

Financing

In connection with the completion of the Transaction, Golden Tag shall also complete an equity financing to raise gross proceeds of at least CDN\$9,000,000 (the “**Golden Tag Financing**”), inclusive of a USD\$2,700,000 investment by First Majestic through the Golden Tag Financing.

Conditions

The completion of the Transaction is subject to several conditions customary for a transaction of this nature, including but not limited to: the completion of the Golden Tag Financing, receipt of all necessary regulatory approvals, including from the TSX Venture Exchange (the “**TSXV**”) and the applicable governmental authorities of Mexico, and receipt of shareholder approval by the Company as required by the policies of the TSXV.

This description of the terms of the Asset Purchase Agreement is a summary only and reference should be made to the full text of the Asset Purchase Agreement, a copy of which has been filed on the Company’s SEDAR profile; a copy of the corresponding news release announcing the Transaction is attached hereto as Schedule “A”.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51–102

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officer

Greg McKenzie
President & CEO
Tel: 416-504-2024
greg.mckenzie@goldentag.ca

Item 9. Date of Report

December 13, 2022



NOT FOR DISSEMINATION IN THE UNITED STATES OR FOR DISTRIBUTION TO UNITED STATES NEWS WIRE SERVICES

GOLDEN TAG TO ACQUIRE LA PARRILLA SILVER MINE COMPLEX FROM FIRST MAJESTIC SILVER

Toronto, Ontario, December 7, 2022: Golden Tag Resources Ltd. ("**Golden Tag**" or the "**Company**") (TSX.V: GOG) (OTCQB: GTAGF) is pleased to announce that the Company has entered into a definitive Asset Purchase Agreement dated December 7, 2022 (the "**Purchase Agreement**" or "**APA**") with First Majestic Silver Corp ("**First Majestic**" or "**FMS**") to acquire a 100% interest in the 69,478 hectares La Parrilla Silver Mine Complex ("**La Parrilla**") in the locality of San Jose de la Parrilla, Durango, Mexico (the "**Transaction**").

Highlights:

- La Parrilla is a fully permitted former producing mine complex consisting of five underground high-grade silver mines, and an open pit
- Demonstrated history of replacing resources – operated continuously from 2004 until September 2019 when it was placed on care and maintenance due to low silver prices
- Under FMS ownership the mill produced 34.3 million ("**M**") ounces¹ of ("**oz**") silver equivalent ("**Ag.Eq**"), with average annual production of approximately 3.1 M oz of Ag.Eq^{1,2}
- Excellent infrastructure inclusive of a 2,000 tonne per day ("**tpd**") processing facility (1,000 tpd flotation and 1,000 tpd cyanidation circuits), dry stack filter plant with approximately 9 years³ of tailings capacity available, numerous buildings including a doré refinery, and a partial underground mining fleet⁴
- New labour and Ejido agreements in place
- Historical Measured and Indicated Mineral Resources of approximately 9.95 M oz Ag.Eq and Inferred Mineral Resources of approximately 12.51 M oz Ag.Eq^{5,6} (see Table 2)
- Located only 45 minutes from Durango City, paved highway to site
- Large underexplored land package totaling 69,478 ha
- Debt-free transaction with upfront consideration of US\$20M in equity, and deferred payments totaling US\$13.5M for a total acquisition price of US\$33.5M
- Requirement to raise a minimum of CAD\$9M in equity concurrent with the acquisition, with participation of US\$2.7M from First Majestic
- Support received from key existing shareholders representing 54 million shares
- First Majestic to become strategic and largest shareholder of Golden Tag, inclusive of standard support agreements in place until May 2024

Greg McKenzie, President & CEO commented "*We are honoured to partner with First Majestic in the acquisition of La Parrilla, their first producing silver mine, which has produced 34.3 million oz*

¹ Per historic operating data filed by FMS on an annual basis at www.SEDAR.com

² Average annual production calculated from 2010 – 2018, the last year of full-scale commercial operations

³ Approximately 6.5 million tonnes of tailings capacity at full run rate of 2,000 tpd

⁴ Subject to certain maintenance and rehabilitation expenditures that have yet to be determined in size and scope

of Ag.Eq under their ownership. Over the past two years we have evaluated several opportunities for growth in the silver space and La Parrilla is a great opportunity. The mine complex is fully permitted, located only 45 minutes on paved roads from Durango and, only a few hours from our existing San Diego project.

This is a transformative acquisition for Golden Tag and we strongly believe in the upside resource growth potential of this long-life prolific asset. Our short-term objective is to commence exploration within and near mine workings in order to expand the resource base, to support our ultimate goal & vision of placing the asset back into production.

We would like to thank our key shareholders for their support on this transaction and look forward to working with First Majestic to complete the acquisition.”



Figure 1 – Clockwise from top-left 1. Rosarios Portal; 2. Ag-Pb-Zn vein mineralization, Quebradillas Cuerpo 460 (1700 elevation); 3. Quebradillas Open Pit

Overview of the La Parrilla Complex

The property is located in Durango State, Mexico, approximately 76 kilometres southeast of the capital city of Durango and is comprised of 41 contiguous mining concessions, in good standing, covering 69,478 hectares. The property was acquired by First Majestic in 2004 and became their first silver mine in 2005. When placed on care and maintenance in September 2019, the complex hosted five underground mines surrounding the mill including Rosarios, La Rosa, San Jose, Quebradillas and San Marcos, as well as the Quebradillas open pit (See Figure 1). From 2010-2019 La Parrilla produced approximately 29.6 million oz Ag.Eq as outlined in Table 1 below.

Table 1 – Historical Production at La Parrilla from 2010 - 2019¹

Production	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Ore processed/ tonnes milled	303,869	362,947	679,788	788,335	711,915	667,702	610,509	543,985	491,637	167,535
Average silver grade (g/t)	209	200	170	162	158	145	140	130	108	139
Recovery (%)	76%	77%	78%	76%	79%	78%	81%	76%	76%	75%
Total silver ounces produced	1,548,832	1,793,728	2,876,810	3,115,997	2,876,452	2,434,095	2,220,874	1,730,383	1,340,385	557,603
Gold ounces produced	413	344	923	1,051	982	1,161	1,009	1,014	963	0
Pounds of lead produced	4,280,167	7,888,943	13,240,889	18,503,451	21,259,559	10,441,510	10,648,161	6,544,745	6,550,602	4,659,549
Pounds of zinc produced	363,288	178,767	4,952,899	6,723,878	12,619,352	17,524,223	10,577,434	3,944,232	5,695,657	3,691,100
Total production - ounces silver equivalent	1,813,788	2,057,172	3,487,392	4,219,374	4,673,186	4,036,398	3,388,434	2,517,199	2,323,056	1,120,490
Underground development (m)	7,545	13,242	20,606	12,004	8,981	7,371	9,416	12,313	11,443	6,660
Diamond drilling (m)	1,581	14,447	26,204	10,974	5,789	9,750	15,326	28,839	30,713	24,440

*Care and maintenance procedures began in September 2019

The metallurgical processing plant at La Parrilla (see Figure 2) consists of parallel 1,000 tpd flotation and 1,000 tpd cyanidation leach circuits to treat both oxide and sulfide ores, for a total capacity of 2,000 tpd, using a conventional flowsheet. Both ore types are polymetallic containing silver as their principal economic component as well as significant amounts of lead and zinc, and minor amounts of gold. Oxide ore is processed by cyanide leaching to produce doré bars while sulphide ore is processed by differential flotation to produce a silver-rich lead concentrate and a zinc concentrate.



Figure 2 – View of the La Parrilla Mill Complex

During 2018, the last year of open pit operations, metallurgical recoveries in the cyanidation circuit were 74% for silver and 81% for gold, and metallurgical recoveries in the flotation circuit were 76% for silver, 73% for lead and 55% for zinc. Tailings from both circuits are filtered separately before being dry-stacked in the tailings storage facility, which currently holds approximately 6.5 million tonnes of capacity, sufficient for nine years of operations at a throughput rate of 2,000 tpd.

Table 2 – La Parrilla Historic Mineral Resources^{5, 6}

Category / Area	Mineral Type	Tonnage	Grades					Metal Content				
			kt	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Pb (M lb)	Zn (M lb)
Measured Quebradillas (UG)	Sulphides	15	193	-	1.27	1.27	250	90	-	0.4	0.4	120
Total Measured (UG)	Sulphides	15	193	-	1.27	1.27	250	90	-	0.4	0.4	120
Indicated Rosarios (UG)	Sulphides	519	179	0.08	1.71	1.33	257	2,980	1.4	19.6	15.2	4,290
Indicated Quebradillas (UG)	Sulphides	321	177	0.08	2.59	2.70	303	1,820	0.8	18.3	19.0	3,120
Indicated San Marcos (UG)	Sulphides	188	260	0.04	0.57	0.56	289	1,570	0.2	2.4	2.3	1,750
Total Indicated (UG)	Sulphides	1,028	193	0.07	1.78	1.62	277	6,370	2.4	40.3	36.6	9,160
Indicated Rosarios (UG)	Oxides	23	300	0.04	-	-	304	220	-	-	-	220
Indicated San Marcos (UG)	Oxides	53	256	0.12	-	-	266	440	0.2	-	-	450
Total Indicated (UG)	Oxides	76	270	0.09	-	-	278	660	0.2	-	-	670
Total Indicated (UG)	Oxides + Sulphides	1,104	182	0.07	1.67	1.52	261	7,030	2.6	40.3	36.6	9,830
Total Measured & Indicated (UG Oxides + Sulphides)		1,119	198	0.07	1.65	1.50	277	7,120	2.6	40.7	37.0	9,950

Category / Area	Mineral Type	Tonnage	Grades					Metal Content				
			kt	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag-Eq (g/t)	Ag (k Oz)	Au (k Oz)	Pb (M lb)	Zn (M lb)
Inferred												
Inferred Rosarios (UG)	Sulphides	265	154	0.16	1.85	1.48	245	1,310	1.4	10.8	8.6	2,090
Inferred Quebradillas (UG)	Sulphides	578	214	0.08	1.85	2.65	319	3,970	1.6	23.6	33.8	5,920
Inferred San Marcos (UG)	Sulphides	185	304	0.03	0.25	0.22	317	1,810	0.2	1.0	0.9	1,890
Total Inferred (UG)	Sulphides	1,028	215	0.09	1.56	1.91	299	7,090	3.2	35.4	43.3	9,900
Inferred Rosarios (UG)	Oxides	280	198	0.08	-	-	205	1,780	0.7	-	-	1,840
Inferred Quebradillas (UG)	Oxides	43	196	0.14	-	-	208	270	0.2	-	-	290
Inferred San Marcos (UG)	Oxides	70	211	0.04	-	-	214	480	0.1	-	-	480
Total Inferred (UG)	Oxides	393	200	0.08	-	-	207	2,530	1.0	-	-	2,610
Total Inferred (UG)	Oxides + Sulphides	1,421	211	0.09	1.13	1.38	274	9,620	4.2	35.4	43.3	12,510

Cautionary Statement: Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The resource estimate stated in Table 2 is as reported by First Majestic with an effective date of December 31, 2020. Golden Tag is not treating these estimates as current Mineral Resources because a Qualified Person on behalf of Golden Tag has not performed sufficient work⁵ to classify these estimates as current resources^{5, 6}.

Notes for Historic Mineral Resources Estimates:

5. These figures are historic in nature, have not been verified by Golden Tag and while relevant as the most recent mineral resource estimates for La Parrilla, should not be relied upon. A thorough review by Golden Tag's "Qualified Person" of all historic data, along with additional exploration and validation work to confirm results and estimation parameters, would be required in order to produce a current mineral resource estimate for the La Parrilla Mine Complex. No more recent estimates or data are available to Golden Tag.
6. First Majestic reported that its La Parrilla mineral resource estimates were:
 - a. classified in accordance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards on Mineral Resources and Mineral Reserves
 - b. The Historic Mineral Resource estimates were updated to December 31, 2020 and were compliant with NI 43-101 at that time. The estimates were prepared by FMS Internal QP's, who have appropriate relevant qualifications, and experience in geology and resource estimation, The information provided was compiled by David Rowe, CPG and reviewed by Ramon Mendoza Reyes, P.Eng., both Internal QP's for FMS.
 - c. Sample data was collected through a cut-off date of December 31, 2020
 - d. cut-off grades and cut-off values used to report Historic Mineral Resources are different for all FMS mines. The cut-off grades, values and economic parameters are listed in the applicable section describing each mine section of the FMS AIF

- e. Metal prices considered for Historic Mineral Resources estimates on December 31, 2020 were \$22.50/oz Ag, \$1,850/oz Au, \$0.90/lb Pb and \$1.05/lb Zn
- f. Silver-equivalent grade is estimated considering: metal price assumptions, metallurgical recovery for the corresponding mineral type/mineral process and the metal payable of the corresponding contract of each mine
- g. Tonnage is expressed in thousands of tonnes, metal content is expressed in thousands of ounces. The totals may not add up due to rounding

Please refer to the FMS Annual Information Form for The Year Ended December 31, 2021 dated March 31, 2022 available on at www.SEDAR.com.

Transaction Summary

The Company will acquire 100% of the assets of the La Parrilla Silver Mine Complex from First Majestic and the remaining employees associated directly with the Complex. In consideration, Golden Tag will pay to First Majestic the following:

- 143,673,684 common shares of Golden Tag (“**Consideration Shares**”), or US\$20M at a deemed price of C\$0.19 per Golden Tag share;
- Deferred payments totaling US\$13.5M, comprised of the following:
 - I. US\$2.7M on the earlier of 18 months post-closing, or upon receipt of certain approvals from the Mexican government;
 - II. US\$5.75M when either (a) 5 million ounces of Ag.Eq reserves are declared from the La Parrilla claims, or (b) 22 million ounces of Ag.Eq of measured and indicated resources are declared, from the La Parrilla claims;
 - III. US\$5.05M when a new zone is discovered on the La Parrilla claims inclusive of a NI 43-101 resource of 12.5 million ounces of Ag.Eq;

Both II and III are payable in cash or common shares, at the election of Golden Tag.

- FMS may distribute shares held in excess of a 19.9% issued and outstanding Golden Tag holding (on a non-diluted basis) pro-rata to its shareholders (“**Excess Shares**”).
- After closing, FMS will have a participation right to maintain its pro-rata interest in Golden Tag (to a maximum of 19.9%) in any future Golden Tag share issuances, subject to customary exceptions.
- The Consideration Shares held by FMS will be subject to the following contractual resale restrictions, in addition to any securities laws resale restrictions:
 - I. 25% subject to a 6-month resale restriction;
 - II. 25% subject to a 12-month resale restriction;
 - III. 25% subject to a 18-month resale restriction;
 - IV. 25% subject to a 24-month resale restriction.
- The resale restrictions above will not apply to the Excess Shares and will be subject to customary carve-outs in the event of a takeover bid or merger or acquisition transaction involving the common shares of Golden Tag.
- Shareholders, along with certain directors and officers of Golden Tag holding a total of 54M shares (representing approximately 25% of the Golden Tag’s issued and outstanding

shares), have entered into voting and support agreements with Golden Tag pursuant to which they have agreed, among other things, to support the Transaction (which creates a new control person of Golden Tag) and to vote their Golden Tag shares in favour of the Transaction.

- FMS has also entered into a standard and customary voting support agreement with Golden Tag for a period that is the longer of (i) May 24, 2024, or (ii) First Majestic's ownership percentage of Golden Tag is greater than or equal to 19.9%.

Closing of the Transaction is expected to occur in H1 2023, and is subject to certain conditions including, but not limited to: (i) the approval of Golden Tag shareholders as a result of the Transaction creating a new control person; (ii) the completion by the Company of a Private Placement for minimum gross proceeds of C\$9,000,000, as described below; (iii) the receipt of all necessary consents, approvals and authorizations (including the TSX Venture Exchange (the "TSXV") and the Mexican Antitrust Commission) for the Transaction; and (iv) other conditions which are customary for a transaction of this type.

The Company has engaged SRK Consulting (Canada) Inc. to prepare an independent National Instrument 43-101 resource report on La Parrilla.

There are no finder's fee payable in connection with the Transaction; First Majestic and the Company are arm's length parties from each other and the Transaction is an Arm's Length Transaction (as such term is defined under the corporate finance manual of the TSXV).

Financing for the Acquisition

Concurrent with or prior to the closing of the Transaction, Golden Tag will complete a private placement to raise gross aggregate proceeds of C\$9 million (the "**Private Placement**"), inclusive of US\$2.7M subscribed for by First Majestic. Further details regarding the Private Placement will be announced once final terms of the Private Placement have been determined.

Change of Name

On the closing of the Transaction, subject to regulatory approval, the Company will undertake a rebranding initiative. Further details will follow.

Financial Advisors and Legal Counsel

Golden Tag is represented by McMillan LLP as legal counsel. First Majestic is being advised by National Bank as financial advisor and Bennett Jones LLP as legal counsel.

Qualified Person

The scientific and technical information in this document has been reviewed and approved by Bruce Robbins, P.Geo., a Qualified Person as defined by National Instrument 43-101.

About Golden Tag Resources

Golden Tag Resources Ltd. is a Toronto based mineral resource exploration company. The Company holds a 100% interest, subject to a 2% NSR, in the San Diego Project, in Durango, Mexico. The San Diego property is among the largest undeveloped silver assets in Mexico and is located within the prolific Velardeña Mining District. Velardeña hosts several mines having produced silver, zinc, lead and gold for over 100 years. For more information regarding the San Diego property please visit our website at www.goldentag.ca.

For additional information, please contact:

Greg McKenzie, President & CEO

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Cautionary Statement:

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this news release. Certain statements in this news release are forward-looking and involve a number of risks and uncertainties. Such forward-looking statements are within the meaning of the phrase 'forward-looking information' in the Canadian Securities Administrators' National Instrument 51-102 – Continuous Disclosure Obligations. Forward-looking statements are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information in this news release includes, but is not limited to, the completion of the acquisition of the La Parrilla Mine Complex on the terms set out in the definitive Asset Purchase Agreement, the completion of the Private Placement on terms anticipated by the Company (or at all), First Majestic's distribution of the Excess Shares, the Company's plans to prepare a technical report on La Parrilla, to initiate a rebranding process & change the name of the Company, the ability to obtain requisite corporate and regulatory approvals, including but not limited to the approval from the TSXV for the Transaction and the Private Placement, obtain applicable and customary approvals from the Mexican government, the Company's plans and expectations for La Parrilla, the ability of the Company, upon closing of the Transaction, to incorporate La Parrilla into the business of the Company, and the ability to eventually place the asset back into production.

In making the forward-looking statements included in this news release, the Company has applied several material assumptions, including that the Company's financial condition and development plans do not change because of unforeseen events, that future metal prices and the demand and market outlook for metals will remain stable or improve, management's ability to execute its business strategy, the receipt of all necessary approvals, the Company's and First Majestic's satisfaction of all closing conditions with respect to APA, the closing of the Private Placement, and no unexpected or adverse regulatory changes with respect to La Parrilla. Forward-looking statements and information are subject to various known and unknown risks and uncertainties,

many of which are beyond the ability of the Company to control or predict, that may cause the Company's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein, including, but not limited to, the risk that the Company is not able to complete the acquisition of La Parrilla on the terms set out in the definitive Asset Purchase Agreement (or at all), the risk that the Company is unable to complete the Private Placement on the terms anticipated by the Company (or at all), the risk that the Company is unable to obtain requisite corporate and regulatory approvals, including but not limited to the approval of the TSXV, the Mexican government, and shareholder approval, the risk that the Company will be unable to incorporate La Parrilla into the business of the Company, the risk that the Company is unable to achieve its goal of placing La Parrilla back into production, the risk that the assumptions referred to above prove not to be valid or reliable, market conditions and volatility and global economic conditions including increased volatility and potentially negative capital raising conditions resulting from the continued or escalation of the COVID-19 pandemic, risk of delay and/or cessation in planned work or changes in the Company's financial condition and development plans; risks associated with the interpretation of data (including in respect of third party mineralized material) regarding the geology, grade and continuity of mineral deposits, the uncertainty of the geology, grade and continuity of mineral deposits and the risk of unexpected variations in mineral resources, grade and/or recovery rates; risks related to gold, silver and other commodity price fluctuations; employee relations; relationships with and claims by local communities and indigenous populations; availability and increasing costs associated with mining inputs and labour, the speculative nature of mineral exploration and development, including the risks of obtaining necessary licenses and permits and the presence of laws and regulations that may impose restrictions on mining; risks relating to environmental regulation and liability; the possibility that results will not be consistent with the Company's expectations.

Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed, and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

TSX Venture Exchange Inc. has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this press release.