

GOLDEN SHIELD RESOURCES INC.

Condensed Interim Consolidated Financial Statements

For the three and six months ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-Auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Six Months Ended January 31, 2023 and 2022.

Pursuant to National Instrument 51-102 Continuous Disclosure Obligations, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Golden Shield Resources Inc. for the interim periods ended January 31, 2023 and 2022, have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of the Company's management.

The Company's independent auditors, Smythe LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

March 23, 2023

GOLDEN SHIELD RESOURCES INC.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	January 31, 2023	July 31, 2022
		\$	\$
ASSETS			
Current			
Cash		2,023,187	5,712,597
GST/HST receivable		29,019	9,202
Prepaid expenses	6	395,080	421,136
Securities held for trading	7	30,000	22,500
Loan receivable	8	11,200	-
		2,488,486	6,165,435
Exploration and evaluation assets	9	2,747,508	2,288,739
Total assets		5,235,994	8,454,174
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	117,001	234,309
Total liabilities		117,001	234,309
SHAREHOLDERS' EQUITY			
Share capital	10(b)	15,534,073	15,534,073
Reserves		3,362,385	2,779,080
Deficit		(13,777,465)	(10,093,288)
Total shareholders' equity		5,118,993	8,219,865
Total liabilities and shareholders' equity		5,235,994	8,454,174

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

Approved and authorized for issue on behalf the Board of Directors:

/s/ "Leo Hathaway"
Director

/s/ "Hilbert Shields"
Director

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

GOLDEN SHIELD RESOURCES INC.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars, except number of shares)

		Three months ended January 31,		Six months ended January 31,	
	Note	2023	2022	2023	2022
		\$	\$	\$	\$
Operating expenses					
Bank fees		994	1,347	3,712	3,045
Consulting fees	11	10,000	32,333	40,000	54,824
Director fees	11	8,281	-	10,155	-
Exploration and evaluation expenditures	9, 11	857,519	1,546,862	2,423,153	2,803,345
Filing fees		4,508	10,025	36,050	35,576
General and administrative		37,918	46,519	95,094	115,280
Insurance		23,974	112,118	38,013	112,118
Management fees	11	22,480	-	36,955	-
Marketing		41,431	93,036	274,195	93,036
Professional fees	11	82,909	155,942	108,325	232,537
Share-based compensation	11	169,393	-	583,305	-
		1,259,407	1,998,182	3,648,957	3,449,761
Other expenses (income)					
Change in fair value of securities held for trading	7	(15,000)	-	(7,500)	-
Foreign exchange loss		22,761	-	42,720	1,468
Net loss and comprehensive loss		(1,267,168)	(1,998,182)	(3,684,177)	(3,451,229)
Net loss per share:					
Basic and diluted		(0.03)	(0.10)	(0.09)	(0.18)
Weighted average number of shares:					
Basic and diluted		43,028,720	20,955,554	43,028,720	19,086,327

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

GOLDEN SHIELD RESOURCES INC.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Six months ended January 31,	
	2023	2022
	\$	\$
Operating activities:		
Net loss for the period	(3,684,177)	(3,451,229)
Items not affecting cash:		
Share-based compensation	583,305	-
Change in fair value of securities held for trading	(7,500)	-
Changes in non-cash working capital:		
GST/HST receivable	(19,817)	(26,577)
Prepaid expenses	26,056	-
Accounts payable and accrued liabilities	(117,308)	30,360
Net cash used in operating activities	(3,219,441)	(3,447,446)
Investing activities:		
Fish Creek Project option payments	(458,769)	-
Net cash used in investing activities	(458,769)	-
Financing activities:		
Proceeds from loan receivable	(11,200)	-
Proceeds from issuance of units	-	6,689,899
Net cash provided by financing activities	(11,200)	6,689,899
Net change in cash	(3,689,410)	3,242,453
Cash, beginning of period	5,712,597	563,862
Cash, end of period	2,023,187	3,806,315
Supplemental cash flow information:		
Interest expense	-	-
Income taxes	-	-

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

GOLDEN SHIELD RESOURCES INC.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$
Balance, July 31, 2021	14,821,875	1,012,250	-	(521,885)	490,365
Issuance of units in private placement	7,870,469	5,527,201	1,162,698	-	6,689,899
Net loss and comprehensive loss for the period	-	-	-	(3,451,229)	(3,451,229)
Balance, January 31, 2022	22,692,344	6,539,451	1,162,698	(3,973,114)	3,729,035
Issuance of units in private placement	14,624,302	5,557,235	731,215	-	6,288,450
Share issuance costs	-	(622,467)	169,015	-	(453,452)
Shares issued in the Transaction	4,500,000	3,192,009	-	-	3,192,009
Shares issued for the Romanex Option Agreement	1,212,074	867,845	-	-	867,845
Share-based compensation	-	-	716,152	-	716,152
Net loss and comprehensive loss for the period	-	-	-	(6,120,174)	(6,120,174)
Balance, July 31, 2022	43,028,720	15,534,073	2,779,080	(10,093,288)	8,219,865
Share-based compensation	-	-	583,305	-	583,305
Net loss and comprehensive loss for the period	-	-	-	(3,684,177)	(3,684,177)
Balance, January 31, 2023	43,028,720	15,534,073	3,362,385	(13,777,465)	5,118,993

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

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Nature of operations

Golden Shield Resources Inc. (formerly Goldblock Capital Inc.) (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on January 29, 2018. The Company completed a reverse takeover transaction on February 15, 2022, as further described below. The Company's head office and principal address is Suite 700, 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

The Company is in the business of acquiring, exploring, and developing mineral properties, primarily those containing gold and associated base and precious metals. The Company will be required to obtain additional financing to explore and develop its future resource properties. The Company is listed on the Canadian Securities Exchange (the "CSE") under the stock symbol "GSRI".

b) Reverse takeover

Virgin Gold Corp. ("Virgin Gold") was incorporated under the Business Corporations Act (British Columbia) on November 27, 2020.

On April 19, 2021, the Company entered into a definitive agreement with Virgin Gold, pursuant to which the Company will acquire all of the issued and outstanding shares of Virgin Gold (the "Transaction"). The Transaction was completed by way of a three-cornered amalgamation under the Business Corporations Act (British Columbia), whereby Virgin Gold amalgamated with 1294320 B.C. Ltd., a wholly owned subsidiary of the Company (the "Amalgamation").

Pursuant to the Transaction on February 15, 2022, Virgin Gold completed the Amalgamation with 1294320 B.C. Ltd. under the Business Corporations Act (British Columbia) to form 1348135 B.C. Ltd., a wholly owned subsidiary of the Company. In connection with the Transaction, the Company changed its name to "Golden Shield Resources Inc.". As part of the Amalgamation, shareholders of Virgin Gold exchanged their shares of Golden Shield Resources Inc. on a one-to-one basis, which resulted in the reverse takeover of the Company.

For accounting purposes, Virgin Gold is treated as the accounting acquirer (legal subsidiary) in these condensed interim consolidated financial statements for the three and six months ended January 31, 2023 and 2022 (the "financial statements"). As Virgin Gold was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these financial statements at their historical carrying values. The Company's results of operations are included from the date of the Transaction on February 15, 2022. The comparative figures are those of Virgin Gold prior to the reverse takeover.

Effective February 15, 2022, any unexercised options and warrants of the Company were cancelled. Prior to closing of the Transaction, the Company consolidated its common shares on a two-to-one basis. As a result, all information relating to basic and diluted loss per share, issued, and outstanding common shares, and per share amounts in these financial statements have been restated retrospectively to reflect the share consolidation.

c) Going concern

These financial statements have been prepared based on accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company is a resource exploration stage company, which does not generate any revenue and has been relying on equity-based financing to fund its operations. The Company has recurring losses since inception and had an accumulated deficit of \$13,777,465 as at January 31, 2023 (July 31, 2022 - \$10,093,288). As at January 31, 2023 the Company had cash of \$2,023,187 (July 31, 2022 - \$5,712,597) and working capital of \$2,371,485 (July 31, 2022 - \$5,931,126). The Company will require additional financing, either through equity or debt financing, sale of assets, joint venture arrangements, or a combination thereof to meet its administrative costs and to continue to explore and develop its exploration and evaluation assets. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern is in significant doubt. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern, and these adjustments may be material.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

As of the date of these financial statements, COVID-19 has had minimal impact on the Company's ability to access and explore its current properties but may impact the Company's ability to raise funding or explore its properties should travel restrictions related to COVID-19 be extended or expanded in scope. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results of the Company in future periods.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended July 31, 2022 and the period from November 27, 2020 (incorporation) to July 31, 2021 (the "Annual Financial Statements"), which include the information necessary or useful to understanding the Company's business and financial statement presentation.

b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and presentation currency

These financial statements have been prepared in Canadian dollars, which is the Company's and its subsidiaries' functional and presentation currency. The functional currency is the currency of the primary economic environment in which an entity operates. References to "CAD" are to Canadian dollars, references to "US\$" are to United States dollars, and references to "GYD\$" are to Guyanese dollars.

d) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intercompany transactions and balances are eliminated on consolidation.

A summary of the Company's subsidiaries included in these financial statements as at January 31, 2023 is as follows:

Name of subsidiary	Country of incorporation	Percentage ownership	Functional currency	Principal activity
Aurous Guyana Inc.	Guyana	100%	CAD	Mining company
Manticore Resources Inc.	Guyana	100%	CAD	Mining company
Romanex Guyana Exploration Limited	Guyana	100%	CAD	Mining company
StrataGold Guyana Inc.	Guyana	100%	CAD	Mining company

e) Significant accounting policies, estimates, and judgements

The significant accounting policies, estimates, and judgments followed in preparing these financial statements are the same as those followed in preparing the most recent Annual Financial Statements. For a complete summary of significant accounting policies, estimates, and judgments, please refer to Note 3 of the Company's Annual Financial Statements.

f) Reclassification of prior year comparable period presentation

Certain amounts on the statements of loss and comprehensive loss of the prior year comparable period have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

3. REVERSE TAKEOVER

On February 15, 2022, the Company closed the Transaction as outlined in Note 1.

In accordance with the Transaction, all 14,821,875 pre-concurrent financing outstanding common shares of Virgin Gold were exchanged for 14,821,875 common shares of the Company. As a result, the shareholders of Virgin Gold acquired control of the Company, thereby constituting a reverse takeover. The Transaction is considered a purchase of the Company's net assets by the shareholders of Virgin Gold. The Company did not qualify as a business according to the definition in IFRS 3 *Business Combinations* as the significant processes and outputs that together constitute a business did not exist in Goldblock Capital Inc. at the time of acquisition. Therefore, the Transaction was accounted for in accordance with guidance provided in IFRS 2 *Share-based Payment*. Accordingly, no goodwill was recorded with respect to the Transaction. In the Transaction, the fair value of the 4,500,000 common shares of the Virgin Gold was determined to be approximately \$0.709 per common share, which was the share price of the concurrent private placements (Note 10(b)).

A summary of the Company's consideration paid and the net assets acquired as at February 15, 2022 is as follows:

	\$
Purchase price:	
Fair value of the Company common shares (4,500,000 common shares at approximately \$0.709 per share)	3,192,009
	3,192,009
Purchase price allocation:	
Cash	12,326
GST/HST receivable	9,202
Securities held for trading	30,000
Deposit paid	175,000
Exploration and evaluation assets	122,201
Accounts payable and accrued liabilities	(73,032)
Due to related parties	(6,000)
Net assets acquired	269,697
Listing expense	2,922,312

As of February 23, 2022, upon completion of the Transaction, the Company had an additional 7,586,250 escrow common shares. These escrowed shares may not be transferred, assigned, or otherwise dealt without the consent of the regulatory authorities (Note 10(c)). The deposit paid for \$175,000 was eliminated upon consolidation.

As the fair value of the consideration is \$3,192,009, which is greater than the fair value of the net assets acquired and because the Company cannot specifically identify any goods or services that relate to this excess, the excess consideration of \$2,922,312 was recognized as listing expense in the statements of loss and comprehensive loss.

4. ACQUISITION OF ROMANEX

On March 10, 2021, the Company signed an option agreement with the shareholders of Romanex Guyana Exploration Limited ("Romanex") to acquire 100% of the right, title, and interest in Romanex (the "Romanex Option Agreement"). Romanex owns 100% of the Marudi Project. During the period from November 27, 2020 (incorporation) to July 31, 2021, the Company paid a non-refundable exclusivity payment to Romanex of \$154,520 (US\$120,000) in consideration for a 12-month due diligence period and capitalized it as part of the acquisition costs.

Under the terms of the agreement, the Company paid Romanex US\$10,000 per month beginning April 1, 2021 until the satisfactory completion of the due diligence process as property maintenance fees. The Company has paid a total of \$75,190 (US\$60,000) to Romanex. These amounts are expensed as exploration and evaluation expenditures in the statements of loss and comprehensive loss.

GOLDEN SHIELD RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended January 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars)

4. ACQUISITION OF ROMANEX (continued)

Upon satisfactory completion of the due diligence process, the Company elected to satisfy the option agreement for 100% of right, title, and interest in Romanex through the option payment of US\$800,000 in a combination of cash and shares as follows:

- \$516,374 (US\$400,000) in cash (paid on December 23, 2021); and
- US\$400,000 as consideration shares of the resulting issuer following an initial public offering or a reverse takeover transaction, with the number of consideration shares issued to be calculated based on the pricing terms of the resulting issuer's shares on the date of the final payment. An additional US\$400,000 consideration shares of the resulting issuer were issued (issued 1,212,074 common shares at a price of \$0.716 per common share with the total fair value of \$867,845 on March 22, 2022) (Note 10(b)).

The acquisition of Romanex has been accounted for by the Company as a purchase of assets. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant processes and outputs that together constitute a business did not exist in these projects at the time of acquisition. Therefore, the asset acquisition transaction was accounted for in accordance with guidance provided in IFRS 2 *Share-based Payment*. Accordingly, no goodwill was recorded with respect to the acquisition.

A summary of the Company's consideration paid and the net assets acquired as at March 10, 2021 is as follows:

	\$
Purchase price:	
Cash consideration for due diligence period	154,520
Fair value of common shares issued	867,845
Cash consideration	516,374
	1,538,739
Purchase price allocation:	
Exploration and evaluation assets	1,538,739
	1,538,739

5. ACQUISITION OF ARAKAKA

On May 26, 2021, the Company signed an agreement to acquire StrataGold Guyana Inc. and Manticore Resources Inc., which are 100% owned entities of Alicanto Minerals Limited ("Alicanto"). These two entities make up the Arakaka Gold Project in Guyana ("Arakaka Project").

In consideration for the purchase of the Arakaka Project the Company has agreed to the following terms:

- To pay \$50,000 in cash within 5 business days of execution of the agreement (paid on June 6, 2021);
- To pay \$700,000 in cash on completion of the listing capital raise (paid on February 15, 2022);
- To issue common shares of the Company with a value of \$1,000,000 value upon the satisfaction of every resource target set out in the table below (which amounts to the sum of any resources issued by the Canadian Securities Administrator national instrument 43-101) delineated on the tenements, the designated area or a combination of the tenements and the designated area in the two years (the "Deferred Consideration Shares").

GOLDEN SHIELD RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended January 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars)

5. ACQUISITION OF ARAKAKA (continued)

The Deferred Consideration Shares will be issued upon achieving the following resource targets:

Resources targets in millions of ounces of gold ("Moz Au")	Equivalent share value
	\$
0.50 Moz Au	1,000,000
0.75 Moz Au	1,000,000
1.00 Moz Au	1,000,000
2.00 Moz Au	1,000,000
	4,000,000

- The Deferred Consideration Shares will be issued by the Company to Alicanto within 60 days of the date that the Company announces the relevant resource to the market;
- The Deferred Consideration Shares will be issued at the price equal to the volume weighted average price of the listed entity's common shares as traded on the CSE in the ordinary course of trade over the 30 trading days following the release of a new resource estimate to the market by the listed entity; and
- In the event that there is a consolidation or share split of listed entity's shares prior to completion, the number of Deferred Consideration Shares will be adjusted by the same ratio.

The acquisition of Arakaka has been accounted for by the Company as a purchase of assets. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant processes and outputs that together constitute a business did not exist in these projects at the time of acquisition. Therefore, the asset acquisition transaction was accounted for in accordance with guidance provided in IFRS 2 *Share-based Payment*. Accordingly, no goodwill was recorded with respect to the acquisition.

A summary of the Company's consideration paid and the net assets acquired as at May 26, 2021 is as follows:

	\$
Purchase price:	
Cash consideration	750,000
Total consideration paid	750,000
Purchase price allocation:	
Exploration and evaluation assets	750,000
	750,000

6. PREPAID EXPENSES

A summary of the Company's prepaid expenses is as follows:

	January 31, 2023	July 31, 2022
	\$	\$
Exploration and evaluation expenditures	325,073	263,084
Filing fees	1,187	-
General and administrative	-	31,012
Insurance	57,710	-
Marketing	11,110	127,040
	395,080	421,136

GOLDEN SHIELD RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended January 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars)

7. SECURITIES HELD FOR TRADING

Securities held for trading are investments that the Company measures at fair value through profit or loss and that are revalued at the end of each reporting period. The fair value of investments in private companies is referenced to the most recent equity financing completed by each private company. The fair value of investments in public companies is referenced to their quoted market price.

Securities held for trading consist of common shares of Bullet Exploration Inc. (formerly 2294253 Alberta Ltd.) that were received pursuant to an option agreement with Bullet Exploration Inc. during the year ended July 31, 2022 and acquired by the Company through the Transaction (Note 3). Bullet Exploration Inc. is in the business of acquiring, exploring, and developing mineral properties.

On March 26, 2021, Bullet Exploration Inc. listing was approved by the Toronto Stock Exchange Venture ("TSXV") and Bullet Exploration Inc. began trading on the TSXV under the symbol "AMMO".

The Company owns less than 10% interest in the investee as at January 31, 2023 and does not have an appointed representative as an officer or board of director.

A summary of the Company's investment in securities held for trading is as follows:

	January 31, 2022		July 31, 2022	
	Number of	Fair value	Number of	Fair value
	shares		shares	
	#	\$	#	\$
Bullet Exploration Inc.	500,000	30,000	500,000	22,500

During the three and six months ended January 31, 2023, the Company recorded a change in fair value of securities held for trading of \$15,000 and \$7,500, respectively (2022 - \$nil and \$nil, respectively).

8. LOAN RECEIVABLE

On September 27, 2022, the Company entered into a loan agreement with an individual (the "Borrower") for \$23,065 (GYD\$3,500,000). Pursuant to the loan agreement, the loan is interest-free, unsecured, and is repayable to the Company in six payments: GYD\$583,335 in October 2022 and GYD\$583,333 per month for five months thereafter. As of January 31, 2023, the balance of the loan receivable is \$11,200 (GYD\$1,749,999) (July 31, 2022 - \$nil).

9. EXPLORATION AND EVALUATION ASSETS

A summary of exploration and evaluation assets is as follows:

	Marudi Project	Arakaka Project	Fish Creek Project	Copper Canyon Property	Total
	\$	\$	\$	\$	\$
Balance, July 31, 2021	154,520	50,000	-	-	204,520
Acquisition costs	1,384,219	700,000	-	122,201	2,206,420
Impairment of exploration and evaluation assets	-	-	-	(122,201)	(122,201)
Balance, July 31, 2022	1,538,739	750,000	-	-	2,288,739
Option payments	-	-	458,769	-	458,769
Balance, January 31, 2023	1,538,739	750,000	458,769	-	2,747,508

GOLDEN SHIELD RESOURCES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended January 31, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

A summary of the Company's exploration and evaluation expenditures for the three months ended January 31, 2023 is as follows:

	Marudi Project	Arakaka Project	Fish Creek Project	Sardine Hill Project	Total
	\$	\$	\$	\$	\$
Assaying	15,357	-	-	-	15,357
Camp costs	68,796	-	-	-	68,796
Drilling	49,868	39	-	-	49,907
General and administrative	304,890	39,353	-	-	344,243
Geological consulting	340,807	3,226	-	-	344,033
Property expenses	22,635	12,548	-	-	35,183
	802,353	55,166	-	-	857,519

A summary of the Company's exploration and evaluation expenditures for the three months ended January 31, 2022 is as follows:

	Marudi Project	Arakaka Project	Fish Creek Project	Sardine Hill Project	Total
	\$	\$	\$	\$	\$
Camp costs	629,872	-	-	-	629,872
Drilling	640,209	-	-	-	640,209
General and administrative	10,343	-	-	-	10,343
Geological consulting	243,395	22,652	72	319	266,438
	1,523,819	22,652	72	319	1,546,862

A summary of the Company's exploration and evaluation expenditures for the six months ended January 31, 2023 is as follows:

	Marudi Project	Arakaka Project	Fish Creek Project	Sardine Hill Project	Total
	\$	\$	\$	\$	\$
Assaying	83,626	-	-	-	83,626
Camp costs	562,675	31,930	-	-	594,605
Drilling	627,911	39	-	-	627,950
General and administrative	426,472	45,871	-	-	472,343
Geological consulting	589,473	5,859	-	-	595,332
Property expenses	22,635	26,662	-	-	49,297
	2,312,792	110,361	-	-	2,423,153

A summary of the Company's exploration and evaluation expenditures for the six months ended January 31, 2022 is as follows:

	Marudi Project	Arakaka Project	Fish Creek Project	Sardine Hill Project	Total
	\$	\$	\$	\$	\$
Camp costs	1,412,001	-	-	-	1,412,001
Drilling	921,731	-	-	-	921,731
General and administrative	31,056	-	-	-	31,056
Geological consulting	309,995	64,600	10,336	28,083	413,014
Property expenses	25,543	-	-	-	25,543
	2,700,326	64,600	10,336	28,083	2,803,345

9. EXPLORATION AND EVALUATION ASSETS (continued)

a) Marudi Project

During the year ended July 31, 2022, the Company paid \$1,384,219 acquisition cost for Marudi Project. The acquisition cost comprised of cash of \$516,374 and 1,212,074 common shares at a price of \$0.716 per share to the shareholders of Romanex for a total fair value of \$867,845 (Note 4, 10(b)).

The Marudi Project is located in the Rupununi Mining District in southern Guyana. The project comprises Mining License ML1/2009.

b) Arakaka Project

During the year ended July 31, 2022, the Company paid \$700,000 acquisition cost for Arakaka Project. The acquisition cost comprised of cash of \$700,000 (Note 5).

The Arakaka Project (the "Arakaka Project") is situated in the Barama-Waimi District of northwestern Guyana. The project comprises 137 tenements.

c) Fish Creek Project

On December 29, 2020, the Company and its subsidiary Aurous Guyana Inc. ("AGI") entered into a joint venture and option agreement with Guiana Shield Resources Inc. ("GSR") ("Fish Creek Agreement"), a related party private company controlled by a director of the Company with regards to the Fish Creek prospecting license, which is owned and controlled by GSR. There are no liens, mortgages, or encumbrances on or conflicting claims of ownership or right to ownership of the property or the mineral rights. The mineral rights are in good standing.

The Company, through its subsidiary AGI, is responsible for paying all rentals or other fees that become due during the term of the agreement to keep the mineral rights in good standing with the Guyana Geology and Mines Commission. The term of the agreement is for five years with possible extensions.

If the Company provides payments as indicated in the table below, the term of the agreement will be automatically extended for an additional year:

Date (to be paid on or before the anniversary of the initial payment date)	Payment
	US\$
Within 6 months of December 29, 2020 (paid)	150,000
First anniversary (paid)	200,000
Second anniversary	200,000
Third anniversary	200,000
Fourth anniversary	300,000
	1,050,000

During the year ended July 31, 2022, the Company and GSR agreed to defer the payments to a mutually agreeable schedule. During the six months ended January 31, 2023, the Company made payments in total of \$458,769 (US\$350,000) to GSR in connection to the Fish Creek Agreement.

d) Sardine Hill Option Agreement

On May 24, 2021, the Company, through its subsidiary AGI, signed an Exclusive Right and Option Agreement ("Letter of Agreement") with the property owners of the Mariwa Property ("Sardine Hill"). AGI has paid an exclusivity payment of US\$1 to begin the due diligence process and will enter into a definitive agreement with the property owners within 60 days of the letter of agreement. As of January 31, 2023, the Company has not entered into a definitive agreement.

AGI will assume responsibility of ensuring all rents and renewal fees are remitted on a timely basis to maintain the property in good standing. AGI will cover all costs of the transfer of permits upon completion of all payments to the property owners. The property owners will retain all surface mining rights until all remaining payments of US\$4,500,000 are completed.

GOLDEN SHIELD RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended January 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

e) Copper Canyon Property

On April 25, 2018, the Company entered into an option agreement to acquire a 100% interest in the Copper Canyon Property, located in the Nicola Mining Division of British Columbia, Canada, for the following consideration:

Date	Option payments	Minimum exploration expenditures
April 25, 2018	Payment of \$22,500 (paid)	N/A
April 25, 2020	Payment of an additional \$20,000 (paid)	Incur \$100,000 (met)
April 25, 2021	Payment of an additional \$150,000 (paid)	Incur an additional \$100,000 (met)
April 25, 2022	N/A	Incur an additional \$250,000 (not met)

Exploration expenditures in excess of the minimum amount in any period will be applied towards the next period's minimum required amount.

The vendors will retain a 1.5% Net Smelter Royalty ("NSR"). The Company has the option to purchase 0.5% of the NSR for \$1,000,000.

On October 14, 2020, the Company entered into an option agreement with Bullet Exploration Inc. (previously 2294253 Alberta Ltd.) (the "Optionee"), a public company, providing for it to acquire a 75% interest in the Company's Copper Canyon project. The Optionee is required to pay to the Company a total of \$245,000 in cash, issue a total of 1,300,000 common shares, and spend a total of \$575,000 in qualified expenditures on the Copper Canyon property, all over a three-year period.

A summary of the key terms of the option agreement with the Optionee is as follows:

- Within 14 days of signing the option agreement, a \$15,000 cash payment (received), within 60 days of signing the option agreement a \$10,000 cash payment and the issuance of 200,000 common shares of the Optionee, subject to regulatory approvals (cash received and common shares received with a fair value of \$60,000).
- On or before April 25, 2021, a cash payment of \$50,000 (received), and the issuance of an additional 300,000 common shares of the Optionee (received with a fair value of \$45,000), and a work commitment of \$125,000 in qualifying expenditures to be incurred by the Optionee on the property (incurred).
- On or before April 25, 2022, a cash payment of \$70,000, and the issuance of an additional 300,000 common shares of the Optionee, and a further work commitment of \$200,000 in qualifying expenditures to be incurred by the Optionee on the property.
- On or before April 25, 2023, a cash payment of \$100,000, and the issuance of an additional 500,000 common shares of the Optionee, and an additional work commitment of \$250,000 in qualifying expenditures to be incurred by the Optionee on the property.

During the year ended July 31, 2021, the Company amended the option agreement, providing for an extension of the work commitment of \$90,273 from April 25, 2021 to July 25, 2021 and allowing for the Optionee to assume the exploration expenditure requirement. With regards to the \$250,000 in exploration expenditures that are to be incurred on the property on or before April 25, 2022, this will be partially funded by the Optionee by incurring a minimum of \$200,000 on the property on or before July 25, 2022.

Under the terms of the various option agreements related to Copper Canyon Project, the \$250,000 work commitment requirement by April 25, 2022 was not met. As a result, during the year ended July 31, 2022, it was determined that the value in use of the property was \$nil, and the Company impaired all of the costs incurred on the property in the amount of \$122,201 in accordance with level 3 of the fair value hierarchy.

10. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

10. SHARE CAPITAL (continued)

b) Issued and outstanding

During the six months ended January 31, 2023, there were no share transactions.

During the year ended July 31, 2022, the Company completed the following transactions:

- On September 16, 2021, the Company completed a private placement for gross proceeds of \$4,106,423 through the issuance of 4,831,086 units at \$0.85 per unit. Each unit consists of one common share and one half of a share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share in the capital of the Company for a period of two years at a price of \$1.35. As a result, \$712,590 was recorded in reserves for the fair value of the warrants.
- On December 23, 2021, the Company completed a private placement for gross proceeds of \$2,583,476 through the issuance of 3,039,383 units at \$0.85 per unit. Each unit consists of one common share and one half of a share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share in the capital of the Company for a period of two years at a price of \$1.35. As a result, \$450,108 was recorded in reserves for the fair value of the warrants.
- On February 15, 2022, as consideration in the Transaction, the Company issued 4,500,000 common shares with a fair value of approximately \$0.709 per share resulting in an increase to share capital of \$3,192,009 (Note 3).
- On March 22, 2022, pursuant to the Romanex Option Agreement, the Company issued 1,212,074 at a price of \$0.716 per common share to the shareholders of Romanex for a total fair value of \$867,845 (Note 4, 9(a)).
- On July 5, 2022, the Company completed a private placement for gross proceeds of \$6,288,450 through the issuance of 14,624,302 units at \$0.43 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one common share in the capital of the Company for a period of two years at a price of \$0.60. As a result, \$731,215 was recorded in reserves for the fair value of the warrants. In connection with the issuance, the Company paid cash share issuance costs of \$453,452 and issued 691,412 broker warrants with a fair value of \$169,015. Each broker warrant allows the holder to acquire 691,412 shares of the Company at an exercise price of \$0.43 per share for a period of two years.

c) Escrowed shares

Prior to the Transaction (Note 3), the Company had 1,136,869 escrowed shares (the "Escrowed Shares"), of which one third were released on March 3, 2022, one third were released on September 3, 2022, and one third will be released on and March 3, 2023 (Note 15).

On February 18, 2022, an escrow agreement (the "Escrow Agreement") between the Company and certain shareholders of the Company has been completed resulting in 7,586,250 common shares being deposited in escrow. Pursuant to the Escrow Agreement, 10% of the Escrowed Shares were released from escrow on the Escrow Agreement date (the "Initial Release") and an additional 15% is to be released every six months thereafter following the Initial Release. These Escrowed Shares may not be transferred, assigned, or otherwise dealt without the consent of the regulatory authorities.

As at January 31, 2023, 2,654,475 shares have been released from escrow with 6,068,644 (July 31, 2022 - 7,585,538) Escrowed Shares remaining.

d) Share purchase warrants

On September 16, 2021, in connection with the issuance of units, 2,415,543 share purchase warrants were issued with a fair value of \$712,590.

On December 23, 2021, in connection with the issuance of units, 1,519,692 share purchase warrants were issued with a fair value of \$450,108.

On July 5, 2022, in connection with the issuance of units, 14,624,302 share purchase warrants were issued with a fair value of \$731,215.

GOLDEN SHIELD RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended January 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

A summary of the assumptions used in the Black-Scholes option pricing model to determine the fair value of the share purchase warrants issued are as follows:

	July 5, 2022	December 23, 2021	September 16, 2021
Share price	\$0.38	\$0.70	\$0.70
Exercise price	\$0.43	\$1.35	\$1.35
Expected life (years)	2.00	2.00	2.00
Expected volatility	133.00%	110.00%	110.00%
Risk-free rate	3.00%	0.98%	0.44%
Dividend yield	0.00%	0.00%	0.00%

The volatility is based on historical observations of comparable companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the warrants' expected life. The Company has not paid and does not anticipate paying dividends on its common stock.

A summary of the Company's share purchase warrants activity is as follows:

	Warrants outstanding	Weighted average exercise price
	#	\$
Balance, July 31, 2021	-	-
Issued	18,559,537	0.76
Balance, January 31, 2023 and July 31, 2022	18,559,537	0.76

A summary of the Company's share purchase warrants outstanding and exercisable as at January 31, 2023 is as follows:

Expiry date	Warrants outstanding	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
September 16, 2023	2,415,543	1.35	0.62
December 23, 2023	1,519,692	1.35	0.89
July 5, 2024	14,624,302	0.60	1.43
	18,559,537	0.76	1.28

e) Broker warrants

On July 5, 2022, in connection with the issuance of units, the Company issued 691,412 broker warrants with a fair value of \$169,015. Each broker warrant allows the holder to acquire one common share of the Company at an exercise price of \$0.43 per share for a period of two years.

A summary of the assumptions used in the Black-Scholes option pricing model to determine the fair value of the broker warrants issued as at July 5, 2022 is as follows:

Share price	\$0.38
Exercise price	\$0.43
Expected life (years)	2.00
Expected volatility	133.00%
Risk-free rate	3.00%
Dividend yield	0.00%

The volatility is based on historical observations of comparable companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the warrants' expected life. The Company has not paid and does not anticipate paying dividends on its common stock.

GOLDEN SHIELD RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended January 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

A summary of the Company's broker warrants activity is as follows:

	Warrants outstanding	Weighted average exercise price
	#	\$
Balance, July 31, 2021	-	-
Issued	691,412	0.43
Balance, January 31, 2023 and July 31, 2022	691,412	0.43

As at January 31, 2023, the Company had 691,412 broker warrants outstanding and exercisable (July 31, 2022 - 691,412) with an exercise price of \$0.43 and expire on July 5, 2024. As at January 31, 2023, the remaining life of these warrants is 1.43 years.

f) Stock options

The Company has a rolling stock option plan ("the Plan") whereby a maximum of 10% of the issued common shares will be reserved for issuance under the Plan. Options granted under the Plan vest immediately or over a period at the discretion of the Board of Directors.

Under the Plan, the number of shares reserved for issuance to any optionee will not exceed 5% of the then issued and outstanding shares unless the Company has obtained shareholder approval. The options are non-assignable and non-transferable and will be exercisable up to 10 years from the date of grant. The exercise price of an option will be set by the Board of Directors and cannot be less than the discounted market price, as such term is defined in policies of the CSE and other applicable regulatory authorities.

On February 15, 2022, the Company granted 2,525,000 incentive stock options to certain directors, officers, and consultants of the Company. The options are exercisable at a price of \$0.85 per share, have a term of five years, and will vest in equal tranches of 25% on the date, which is six, twelve, eighteen and twenty-four months after the grant date, with a total fair value of \$1,500,013.

On August 11, 2022, the Company granted 1,380,000 incentive stock options to certain directors, officers, and consultants of the Company. The options are exercisable at a price of \$0.35 per share, have a term of five years, and will vest 25% immediately, and in equal tranches of 25% on the date, which is twelve, twenty-four, and thirty-six months after the grant date, with a total fair value of \$398,666.

On August 11, 2022, the Company granted 100,000 incentive stock options to a consultant of the Company. The options are exercisable at a price of \$0.35 per share, have a term of five years, and will vest 20% immediately, and in equal tranches of 20% on the date, which is three, six, nine, twelve months after the grant date, with a total fair value of \$28,889.

On January 27, 2023, the Company granted 779,000 incentive stock options to certain directors, officers, and consultants of the Company. The options are exercisable at a price of \$0.265 per share, having a term of five years, and will vest in four equal tranches with the first 25% on the grant date and 25% every twelve months thereafter.

During the six months ended January 31, 2023, 487,500 stock options with a weighted average exercise price of \$0.67 were forfeited. These options were not fully vested by the time of cancellation and as a result, the share-based compensation recognized associated with the options was reversed.

During the three and six months ended January 31, 2023, the Company recognized share-based compensation of \$169,393 and \$583,305, respectively (2022 - \$nil and \$nil, respectively) relating to the vesting of stock options.

GOLDEN SHIELD RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended January 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

A summary of the Company's stock options activity is as follows:

	Number of options outstanding	Weighted average exercise price
	#	\$
Balance, July 31, 2021	-	-
Granted	2,525,000	0.85
Balance, July 31, 2022	2,525,000	0.85
Granted	2,259,000	0.32
Cancelled	(487,500)	0.67
Balance, January 31, 2023	4,296,500	0.59

A summary of the Company's stock options outstanding and exercisable as at January 31, 2023 is as follows:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Remaining contractual life
	#	#	\$	Years
February 15, 2027	2,212,500	662,500	0.85	4.04
August 11, 2027	1,305,000	385,000	0.35	4.53
January 27, 2028	779,000	194,750	0.27	4.99
	4,296,500	1,242,250	0.59	4.36

A summary of the assumptions used in the Black-Scholes option pricing model to determine the fair value of the stock options granted are as follows:

	January 27, 2023	August 11, 2022	February 15, 2022
Share price	\$0.265	\$0.35	\$0.75
Exercise price	\$0.265	\$0.35	\$0.85
Expected life (years)	5.00	5.00	5.00
Expected volatility	138.00%	118.00%	114.00%
Risk-free rate	3.01%	2.94%	1.82%
Dividend yield	0.00%	0.00%	0.00%

The volatility is based on historical observations of comparable companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company has not paid and does not anticipate paying dividends on its common stock.

11. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Corporate Officers.

On December 29, 2020, the Company and its subsidiary AGI entered into a joint venture and option agreement with GSR relating to Fish Creek Project, a related party controlled by a director of the Company. During the three and six months ended January 31, 2023, the Company paid \$458,769 in option payments relating to Fish Creek Project (2022 - \$nil) (Note 9(c)).

As at January 31, 2023, there was \$24,238 (July 31, 2022 - \$105,033) due to related parties included in accounts payable and accrued liabilities. The amounts due are unsecured, due on demand and are non-interest bearing.

11. RELATED PARTY TRANSACTIONS (continued)

A summary of the Company's related party transactions in profit or loss is as follows:

	Three months ended January 31,		Six months ended January 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Consulting fees	10,000	32,083	40,000	52,083
Director fees	8,281	-	10,155	-
Exploration and evaluation expenditures	245,184	304,899	453,994	952,883
Management fees	17,478	-	31,954	-
Professional fees	27,500	22,500	50,000	42,500
Share-based compensation	154,459	-	454,710	-
	462,902	359,482	1,040,813	1,047,466

12. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support current operations comprising the acquisition and development of its exploration and evaluation assets. The Company obtains funding primarily through issuing common shares. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the six months ended January 31, 2023. The Company is not subject to externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The Company's financial instruments consist of cash, securities held for trading, loan receivable, and accounts payable and accrued liabilities.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The carrying value of cash, loan receivable, and accounts payable and accrued liabilities are measured at amortized cost.

As at January 31, 2023, securities held for trading were measured at fair value using Level 1 inputs. The fair value of securities held for trading was measured based on the quoted market price of the related common shares at each reporting date, and changes in fair value are recognized in profit or loss.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's primary exposure to credit risk is on its cash and loan receivable. The Company manages its credit risk relating to cash through the use of a major financial institution which has a high credit quality as determined by rating agencies. As at January 31, 2023, the Company had cash of \$2,023,187 (July 31, 2022 - \$5,712,597) held with a large Canadian bank. The Company assessed its credit risk as low.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its obligations under financial instruments. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has no sources of revenue and has obligations to meet its exploration and evaluation commitments and to settle amounts payable. As at January 31, 2023, the Company had a working capital surplus of \$2,371,485 (July 31, 2022 - \$5,931,126). The Company assesses liquidity risk as moderate.

c) Market risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Assuming all other variables constant, an increase or a decrease of 10% of the US dollar and Guyanese dollar against the Canadian dollar, the net loss of the Company and the equity for the three and six months ended January 31, 2023 would have varied by a negligible amount.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

14. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of exploration and evaluation assets. The Company's exploration and evaluation assets are located in Guyana.

15. SUBSEQUENT EVENTS

On February 18, 2023 and March 3, 2023, additional 1,137,938 and 378,956 shares were released from escrow, respectively. As a result, the remaining balance of escrowed shares is 4,551,750.

On March 22, 2023, the Company announced that it has entered into an agreement with Canaccord Genuity Corp. for a private placement of up to 20,000,000 units of the Company at a price of \$0.175 per unit for gross proceeds to the Company of up to \$3,500,000 (the "Offering"). Each unit will consist of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one common share of the Company for a period of twenty-four months following the closing date of the Offering at an exercise price of \$0.25 for the twelve-month period following the closing date of the Offering and thereafter the exercise price will increase to \$0.35 for the remaining term of the warrants.