

GOLDEN SHIELD RESOURCES INC.

Condensed Interim Consolidated Financial Statements

For the three months ended October 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 Months Ended October 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 October 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.

December 15, 2023

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

	Note	October 31, 2023	July 31, 2023
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		2,419,453	3,474,363
GST receivable		67,336	59,323
Current portion of prepaid expenses	5	173,968	138,491
Securities held for trading	6	30,000	15,000
		2,690,757	3,687,177
Prepaid expenses	5	709,160	709,160
Exploration and evaluation assets	7	1,538,739	1,538,739
Total assets		4,938,656	5,935,076
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	205,543	183,305
Total liabilities		205,543	183,305
SHAREHOLDERS' EQUITY			
Share capital	8(b)	19,500,324	19,500,324
Reserves		4,233,079	4,078,046
Deficit		(19,000,290)	(17,826,599)
Total shareholders' equity		4,733,113	5,751,771
Total liabilities and shareholders' equity		4,938,656	5,935,076

Nature of operations and going concern (Note 1)

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

/s/ "Leo Hathaway"
Director

/s/ "Hilbert Shields"
Director

The accompanying notes are an integral part of these 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 October 31,	
	Note	2023	2022
		\$	\$
Operating expenses			
Bank fees		1,432	2,718
Consulting fees	9	46,500	30,000
Director and management fees	9	22,894	16,349
Exploration and evaluation expenditures	7, 9	883,830	1,565,634
Filing fees		6,364	31,542
General and administrative		58,533	57,176
Insurance		22,930	14,039
Marketing		3,340	232,764
Professional fees	9	58,029	25,416
Share-based compensation	9	155,033	413,912
		(1,258,885)	(2,389,550)
Other income (expenses)			
Change in fair value of securities held for trading	6	15,000	(7,500)
Foreign exchange gain (loss)		70,194	(19,959)
Net loss and comprehensive loss		(1,173,691)	(2,417,009)
Net loss per share:			
Basic and diluted		(0.02)	(0.06)
Weighted average number of shares:			
Basic and diluted		66,028,720	43,028,720

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

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

	Three months ended October 31,	
	2023	2022
	\$	\$
Operating activities:		
Net loss for the period	(1,173,691)	(2,417,009)
Items not affecting cash:		
Share-based compensation	155,033	413,912
Change in fair value of securities held for trading	(15,000)	7,500
Changes in non-cash working capital:		
GST receivable	(8,013)	(8,853)
Prepaid expenses	(35,477)	61,000
Loan receivable	-	(19,104)
Accounts payable and accrued liabilities	22,238	55,478
Net cash used in operating activities	(1,054,910)	(1,907,076)
Investing activities:		
Fish Creek Project option payments	-	(458,769)
Net cash used in investing activities	-	(458,769)
Net change in cash and cash equivalents	(1,054,910)	(2,365,845)
Cash and cash equivalents, beginning of period	3,474,363	5,712,597
Cash and cash equivalents, end of period	2,419,453	3,346,752
Supplemental cash flow information:		
Cash interest paid	-	-
Cash income taxes paid	-	-

The accompanying notes are an integral part of these 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, 2022	43,028,720	15,534,073	2,779,080	(10,093,288)	8,219,865
Share-based compensation	-	-	413,912	-	413,912
Net loss and comprehensive loss for the period	-	-	-	(2,417,009)	(2,417,009)
Balance, October 31, 2022	43,028,720	15,534,073	3,192,992	(12,510,297)	6,216,768
Units issued for cash	23,000,000	4,600,000	-	-	4,600,000
Share issuance costs	-	(633,749)	206,031	-	(427,718)
Share-based compensation	-	-	768,346	-	768,346
Reversed vested shares	-	-	(89,323)	89,323	-
Net loss and comprehensive loss for the period	-	-	-	(5,405,625)	(5,405,625)
Balance, July 31, 2023	66,028,720	19,500,324	4,078,046	(17,826,599)	5,751,771
Share-based compensation	-	-	155,033	-	155,033
Net loss and comprehensive loss for the period	-	-	-	(1,173,691)	(1,173,691)
Balance, October 31, 2023	66,028,720	19,500,324	4,233,079	(19,000,290)	4,733,113

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

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Nature of operations

Golden Shield Resources 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 750, 1095 West Pender Street, Vancouver, British Columbia, V6E 2M6.

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) Going concern

These condensed interim consolidated financial statements for the three months ended October 31, 2023 and 2022 (the "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 losses since inception and had an accumulated deficit of \$19,000,290 as at October 31, 2023 (July 31, 2023 - \$17,826,599). The Company may 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.

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 years ended July 31, 2023 and 2022 (the "Annual Financial Statements"), which include the information necessary or useful to understanding the Company's business and financial statement presentation.

b) Basis of presentation

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" or "\$" are to Canadian dollars and references to "US\$" are to United States dollars.

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

2. BASIS OF PREPARATION (continued)

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 October 31, 2023 is as follows:

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

3. SIGNIFICANT ACCOUNTING POLICIES

In the preparation of these financial statements, the Company used the same accounting policies as those applied and disclosed in the Annual Financial Statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

In the preparation of these financial statements, the Company used the same accounting estimates and judgments as those applied and disclosed in the Annual Financial Statements.

5. PREPAID EXPENSES

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

	October 31, 2023	July 31, 2023
	\$	\$
Consulting fees	31,747	50,000
Exploration and evaluation expenditures	788,785	746,735
Filing fees	11,687	11,687
General and administrative	13,125	13,125
Insurance	5,585	22,959
Marketing	21,691	3,145
Professional fees	10,508	-
	883,128	847,651
Current portion	173,968	138,491
Long term portion	709,160	709,160

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

(Unaudited - Expressed in Canadian dollars, except where noted)

6. 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. ("Bullet") that were received pursuant to an option agreement with Bullet during the year ended July 31, 2022 and acquired by the Company through the reverse takeover transaction on February 15, 2022 (the "Transaction"). Bullet is in the business of acquiring, exploring, and developing mineral properties.

The Company owns less than 10% interest in the investee as at October 31, 2023 and July 31, 2023 and does not have an appointed representative as an officer or a member of the Board of Directors.

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

	October 31, 2023		July 31, 2023	
	Number of	Fair value	Number of	Fair value
	shares		shares	
	#	\$	#	\$
Bullet	500,000	30,000	500,000	15,000

During the three months ended October 31, 2023, the Company recorded a gain in change in fair value of securities held for trading of \$15,000 (2022 - loss of \$7,500).

7. EXPLORATION AND EVALUATION ASSETS

A summary of the Company's exploration and evaluation assets is as follows:

	Marudi Project	Arakaka Project	Fish Creek Project	Total
	\$	\$	\$	\$
Balance, July 31, 2022	1,538,739	750,000	-	2,288,739
Option payments	-	-	458,769	458,769
Impairment	-	(750,000)	(458,769)	(1,208,769)
Balance, October 31, 2023 and July 31, 2023	1,538,739	-	-	1,538,739

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

	Marudi Project	Arakaka Project	Total
	\$	\$	\$
Assaying	24,265	-	24,265
Camp costs	210,854	11,897	222,751
Drilling	252,836	-	252,836
General and administrative	165,224	12,049	177,273
Geological consulting	205,116	1,589	206,705
	858,295	25,535	883,830

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

(Unaudited - Expressed in Canadian dollars, except where noted)

7. EXPLORATION AND EVALUATION ASSETS (continued)

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

	Marudi Project	Arakaka Project	Total
	\$	\$	\$
Assaying	68,269	476	68,745
Camp costs	493,879	34,422	528,301
Drilling	578,043	-	578,043
General and administrative	121,582	3,550	125,132
Geological consulting	248,666	2,633	251,299
Property expenses	-	14,114	14,114
	1,510,439	55,195	1,565,634

a) Marudi Project

During the year ended July 31, 2022, pursuant to an option agreement with previous shareholders of Romanex, the Company paid \$1,384,219 to acquire 100% interest in the Marudi Project. The consideration comprised of cash of \$516,374 and 1,212,074 common shares at a price of \$0.716 to the previous shareholders of Romanex for a total fair value of \$867,845.

The Marudi Project is located in the Rupununi Mining District in southern Guyana. The project comprises Mining License ML1/2009. The mineral rights are in good standing.

b) Arakaka Project

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. These two entities make up the Arakaka Gold Project in Guyana ("Arakaka Project"). The Arakaka Project is situated in the Barama-Waimi District of northwestern Guyana. The project comprises 137 tenements.

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

- To pay \$50,000 in cash within five 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); and
- To issue common shares of the Company with a value of \$1,000,000 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* ("CSA") *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").

A summary of the Company's Deferred Consideration Shares that will be issued upon achieving the resource targets is as follows:

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

During the year ended July 31, 2023, the Arakaka Project was fully impaired due to management focusing on Marudi Project. As a result, the Company recorded \$750,000 as an impairment of exploration and evaluation assets in accordance with level 3 of the fair value hierarchy.

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

(Unaudited - Expressed in Canadian dollars, except where noted)

7. EXPLORATION AND EVALUATION ASSETS (continued)**c) Fish Creek Project**

On December 29, 2020, the Company and its subsidiary 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 \$192,360)	150,000
First anniversary (paid \$266,409)	200,000
Second anniversary	200,000
Third anniversary	200,000
Fourth anniversary	300,000
	1,050,000

During the year ended July 31, 2023, the Fish Creek Project was fully impaired due management focusing on Marudi Project. As a result, the Company recorded \$458,769 as an impairment of exploration and evaluation assets in accordance with level 3 of the fair value hierarchy.

8. SHARE CAPITAL**a) Authorized**

Unlimited number of common shares without par value.

b) Issued and outstanding

During the three months ended October 31, 2023, the Company had no share capital transactions.

During the year ended July 31, 2023, the Company completed the following transactions:

- On April 18, 2023, the Company completed a private placement (the "Private Placement") for gross proceeds of \$4,600,000 through the issuance of 23,000,000 units at \$0.20 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 thereof to purchase one common share until April 18, 2025, at an exercise price of \$0.30 until April 18, 2024 and thereafter the exercise price will increase to \$0.40 for the remaining term of the share purchase warrants. As the fair value of the common shares issued exceeded the cash proceeds, there was \$nil residual value allocated to the share purchase warrants (Note 8(d)). In connection with the Private Placement, the Company paid cash finder's fees of \$295,528 and issued 1,043,863 broker warrants to the finders. Each broker warrant allows the holder to acquire one common share at an exercise price of \$0.30 per share until April 18, 2025 (Note 8(e)). In addition, the Company incurred consulting fees of \$60,000, professional fees of \$67,077, and filing fees of \$5,113 in connection with the private placement, which were classified as share issuance costs.

c) Escrowed shares

Prior to the Transaction, the Company had 1,136,869 escrowed shares, all of which were released by March 3, 2023.

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

8. SHARE CAPITAL (continued)

c) Escrowed shares (continued)

On February 18, 2022, the Company and certain shareholders completed an escrow agreement (the "Escrow Agreement") resulting in 7,586,250 common shares (the "Escrowed 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. On August 18, 2023, an additional 1,137,938 shares were released from escrow. As at October 31, 2023, 4,172,438 shares have been released from escrow with 3,413,813 (July 31, 2023 - 3,414,881) Escrowed Shares remaining.

d) Share purchase warrants

During the three months ended October 31, 2023, the Company had no share purchase warrant transactions.

During the year ended July 31, 2023, the Company completed the following share purchase warrant transaction:

- On April 18, 2023, in connection with the Private Placement, 11,500,000 share purchase warrants were issued. As the fair value of the common shares issued exceeded the cash proceeds, there was \$nil residual value allocated to the share purchase warrants. Each share purchase warrant entitles the holder thereof to purchase one common share until April 18, 2025, at an exercise price of \$0.30 until April 18, 2024 and thereafter the exercise price will increase to \$0.40 for the remaining term of the warrants.

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

	Warrants outstanding	Weighted average exercise price
	#	\$
Balance, July 31, 2022	18,559,537	0.76
Issued	11,500,000	0.30
Balance, July 31, 2023	30,059,537	0.58
Expired	(2,415,543)	1.35
Balance, October 31, 2023	27,643,994	0.52

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

Expiry date	Warrants outstanding	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
December 23, 2023	1,519,692	1.35	0.15
July 5, 2024	14,624,302	0.60	0.68
April 18, 2025	11,500,000	0.30	1.47
	27,643,994	0.52	0.98

e) Broker warrants

During the three months ended October 31, 2023, the Company had no broker warrant transactions.

During the year ended July 31, 2023, the Company completed the following broker warrant transaction:

- On April 18, 2023, in connection with the Private Placement, the Company issued 1,043,863 broker warrants with a fair value of \$206,031. Each broker warrant allows the holder to acquire one common share at an exercise price of \$0.30 per share until April 18, 2025 and increase the exercise price of \$0.40 until April 18, 2025.

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

8. SHARE CAPITAL (continued)

e) Broker warrants (continued)

A summary of the Company's inputs used in the Black-Scholes option pricing model to determine the fair value of the broker warrants issued is as follows:

	April 18, 2023
Share price	\$0.26
Exercise price	\$0.30
Expected life (years)	2.00
Expected volatility	168.92%
Risk-free rate	3.54%
Dividend yield	0.00%

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

	Warrants outstanding	Weighted average exercise price
	#	\$
Balance, July 31, 2022	691,412	0.43
Issued	1,043,863	0.30
Balance, October 31, 2023 and July 31, 2023	1,735,275	0.35

A summary of the Company's broker warrants outstanding as at October 31, 2023 is as follows:

Expiry date	Warrants outstanding	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
July 5, 2024	691,412	0.43	0.68
April 18, 2025	1,043,863	0.30	1.47
	1,735,275	0.35	1.16

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 for a period of 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 defined in policies of the CSE and other applicable regulatory authorities.

During the three months ended October 31, 2023, the Company had no stock options transactions.

During the year ended July 31, 2023, the Company completed the following stock option transactions:

- On April 19, 2023, the Company granted 1,875,000 incentive stock options to certain directors, officers, and consultants of the Company. The stock options are exercisable at a price of \$0.26 per share until April 19, 2028 and will vest in four equal tranches with the first 25% on the grant date and 25% every twelve months thereafter, with a total fair value of \$486,415.
- On April 19, 2023, the Company granted 375,000 incentive stock options to a consultant of the Company. The stock options are exercisable at a price of \$0.26 per share April 19, 2028 and will fully vest on August 20, 2023, with a total fair value of \$97,283.

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

8. SHARE CAPITAL (continued)

f) Stock options (continued)

- 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 \$0.27 per share until January 27, 2028 and will vest in four equal tranches with the first 25% on the grant date and 25% every twelve months thereafter, with a total fair value of \$183,003.
- 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 until August 11, 2027 and will vest in four equal tranches with the first 25% on the grant date and 25% every twelve months thereafter, 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, until August 11, 2027 and will vest in four equal tranches with the first 25% on the grant date and 25% every twelve months thereafter, with a total fair value of \$28,889.

A summary of the Company's inputs used in the Black-Scholes option pricing model to determine the fair value of the stock options granted is as follows:

	April 19, 2023	January 27, 2023	August 11, 2022
Share price	\$0.29	\$0.265	\$0.35
Exercise price	\$0.26	\$0.265	\$0.35
Expected life (years)	5.00	5.00	5.00
Expected volatility	139.00%	138.00%	118.00%
Risk-free rate	3.24%	3.01%	2.94%
Dividend yield	0.00%	0.00%	0.00%

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

	Number of options outstanding	Weighted average exercise price
	#	\$
Balance, July 31, 2022	2,525,000	0.85
Granted	4,509,000	0.27
Forfeited	(675,000)	0.68
Balance, October 31, 2023 and July 31, 2023	6,359,000	0.46

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

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
February 15, 2027	2,050,000	1,325,000	0.85	3.30
August 11, 2027	1,280,000	425,000	0.35	3.78
January 27, 2028	779,000	194,750	0.27	4.24
April 19, 2028	2,250,000	468,750	0.26	4.47
	6,359,000	2,413,500	0.46	3.93

During the three months ended October 31, 2023, the Company recognized share-based compensation of \$155,033 (2022 - \$413,912), relating to the vesting of stock options.

9. 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.

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

(Unaudited - Expressed in Canadian dollars, except where noted)

9. RELATED PARTY TRANSACTIONS (continued)

The Company and its subsidiary AGI were parties to a joint venture and option agreement in connection with the Fish Creek Project with GSR, a related party being controlled by a director of the Company. During the three months ended October 31, 2023, the Company paid \$nil in option payments relating to Fish Creek Project (2022 - \$458,769) pursuant to the termination of the option agreement.

As at October 31, 2023, there was \$1,240 (July 31, 2023 - \$1,240) due to related parties included in accounts payable and accrued liabilities. The amounts due are unsecured, due on demand and are non-interest bearing.

A summary of the Company's related party transactions for the three months ended October 31, 2023 and 2022 is as follows:

	2023	2022
	\$	\$
Consulting fees	-	30,000
Director and management fees	22,894	16,349
Exploration and evaluation expenditures	136,533	208,810
Professional fees	27,500	22,500
Share-based compensation	93,305	300,251
	280,232	577,910

10. CAPITAL MANAGEMENT

The Company's capital structure consists 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 three months ended October 31, 2023. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, securities held for trading, 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 and cash equivalents, and accounts payable and accrued liabilities are measured at amortized cost and approximate their carrying values due to the short-term nature of these instruments.

As at October 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. There have been no movements between fair value levels during the year.

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

(Unaudited - Expressed in Canadian dollars, except where noted)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 cash equivalents. The Company manages its credit risk relating to cash and cash equivalents through the use of a major financial institution which has a high credit quality as determined by rating agencies. As at October 31, 2023, the Company had cash and cash equivalents of \$2,419,453 (July 31, 2023 - \$3,474,363) held with large established banks in Canada and Guyana. The Company assesses its credit risk as low.

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 October 31, 2023, the Company had a working capital surplus of \$2,485,214 (July 31, 2023 - \$3,503,872). The Company assesses liquidity risk as low.

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. The Company is exposed to foreign currency risk, as certain monetary financial instruments are denominated in United States dollars and Guyanese dollars. A summary of the Company's financial assets and liabilities that are denominated in United States dollars and Guyanese dollars is as follows:

	October 31, 2023	July 31, 2023
	\$	\$
Cash and cash equivalents	215,714	322,566
Accounts payable and accrued liabilities	(84,010)	(42,428)
	131,704	280,138

The Company has not entered any foreign currency contracts to mitigate this risk. Assuming all other variables constant, an increase or a decrease of 10% of the US dollar and the Guyanese dollar against the Canadian dollar would result in approximately \$13,000 impact to the Company.

Price risk is the risk of the Company realizing a loss as a result of a decline in value with respect to its equity investments. The Company is exposed to price risk through its securities held for trading.

12. 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.