# FILING STATEMENT

# OF

# PALISADES VENTURES INC.

**Dated as at May 29, 2017**

***Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover described in this filing statement.***

## TABLE OF CONTENTS

## GLOSSARY

The following terms used in this Filing Statement have the following meanings. This is not an exhaustive list of defined terms used in this Filing Statement and additional terms are defined throughout this Filing Statement.

"**1027344 B.C.**" means 1027344 B.C. Ltd., a company existing under the laws of British Columbia.

"**1027344 B.C. Board**" means the board of directors of 1027344 B.C.

"**1027344 B.C. Shareholders**" means the registered and/or beneficial holders of 1027344 B.C. Shares, as the context requires.

"**1027344 B.C. Shares**" means the common shares in the capital of 1027344 B.C.

"**Affiliate**" means a company that is affiliated with another company as described below.

A company is an "Affiliate" of another company if:

(a) one of them is the subsidiary of the other; or

(b) each of them is controlled by the same Person.

A company is "controlled" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(a) a company controlled by that Person; or

(b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"**Arm's Length Transaction**" means a transaction that is not a Related Party Transaction.

"**Associate**" when used to indicate a relationship with a Person, means:

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;

(b) any partner of the Person;

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity;

(d) in the case of a Person, who is an individual:

(i) that Person's spouse or child, or
(ii) any relative of the Person or his spouse who has the same residence as that Person;

but

(e) where the TSX-V determines that two Persons shall, or shall not, be deemed to be associates with respect to a member firm, member corporation or holding company of a member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that member firm, member corporation or holding company.

"**BCBCA**" means the *Business Corporations Act* (British Columbia) and all regulations thereunder, as amended from time to time.

"**Binding Letter Agreement**" means the amended and restated binding letter agreement dated February 22, 2017, between Palisades, 1027344 B.C., Intermont, Alan Carter, Barry Miller, Paul Hansed, Dennis Moore and Clay Newton, as amended April 28, 2017.

"**business day**" means any day other than a Saturday, Sunday or a statutory holiday in Vancouver, British Columbia.

"**Closing**" means the closing of the Transaction.

"**Control Person**" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

"**Effective Date**" means the date upon which all of the conditions to the completion of the Transaction as set out in the Binding Letter Agreement have been satisfied or waived in accordance with the Binding Letter Agreement and all documents agreed to be delivered thereunder have been delivered to the satisfaction of Palisades, 1027344 B.C. and Intermont, acting reasonably, or such other date as the Parties may agree.

"**Effective Time**" means 4:00 pm (*Vancouver Time*) on the Effective Date.

**"Encumbrance**" means, with respect to any property or asset, any mortgage, pledge, assignment, hypothecation, charge, lien, security interest, adverse right or claim, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing.

"**Filing Statement**" means this filing statement of Palisades Ventures Inc. dated May 29, 2017, together with schedules and appendices hereto and including the summary hereof.

"**Goldrun Project**" means the gold exploration project that is the principal asset of Intermont and located in Humbolt County, Nevada.

"**Hurricane Project**" means the gold exploration project that is the principal asset of 1027344 B.C. and located in Lander County, Nevada.

"**Insider**" if used in relation to an issuer, means:

(a) a director or senior officer of the issuer;
(b) a director or senior officer of a company that is an insider or subsidiary of the issuer;
(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or
(d) the issuer itself if it holds any of its own securities.

"**Intermont**" means Intermont Exploration, LLC, a company existing under the laws of Nevada.

"**Intermont Unitholders**" means the registered and/or beneficial holders of Intermont Units, as the context requires.

"**Intermont Units**" means the outstanding units of Intermont.

"**NEO**" or "**Named Executive Officer**" means a named executive officer, which includes:

(a) the chief executive officer (the “**CEO**”);
(b) the chief financial officer (the “**CFO**”);
(c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the relevant period in question whose total compensation was, individually, more than $150,000; and
(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that period.

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

“**Non-Arm’s Length Party**” means in relation to a company, a promoter, officer, director, other Insider or Control Person of that company (including an issuer) and any Associates or Affiliates of any such Persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.

“**Palisades**” means Palisades Ventures Inc., a company existing under the laws of British Columbia.

“**Palisades Board**” means the board of directors of Palisades.

“**Palisades Board Reconstitution**” means the reconstitution of the Palisades Board as set out in “*Summary- General- Terms of the Transaction- Palisades Board Reconstitution*”.

“**Palisades Consolidation**” means the consolidation of the Palisades Shares on a 3:4 basis.

“**Palisades Management Reconstitution**” means the reconstitution of the management of Palisades as set out in “*Summary- General- Terms of the Transaction- Palisades Management Reconstitution*”.

“**Palisades Private Placement**” means the private placement of Units for gross minimum proceeds of CDN$1,500,000 and gross maximum proceeds of CDN$2,000,000 at a price of $0.15 per Unit, to be completed by Palisades in connection with the Transaction.

“**Palisades Shareholders**” means the registered and/or beneficial holders of Palisades Shares, as the context requires.

“**Palisades Shares**” means common shares in the capital of Palisades.

“**Palisades Stock Option Plan**” means the rolling 10% stock option plan of Palisades.

“**Palisades TSX-V Approval**” means the necessary approvals of the TSX-V for the Transaction.

“**Parties**” means each of Palisades, 1027344 B.C., Intermont, Alan Carter, Barry Miller, Paul Hansed, Dennis Moore, and Clay Newton and “**Party**” means any one of them, as applicable.

“**Person**” means a company or individual.

“**Post-Consolidation Palisades Shares**” means the Palisades Shares after giving effect to the Palisades Consolidation.

“**Properties**” means the Hurricane Project and the Goldrun Project, located in Nevada and held by the Target Companies as applicable.

“**Related Party Transaction**” has the meaning ascribed to that term in TSX-V Policy 5.9 – *Protection of Minority Security Holders in /special Transactions*, and includes a related party transaction that is determined by the TSX-V to be a Related Party Transaction. The TSX-V may deem a transaction to be a Related Party Transaction where the transaction involves Non Arm's Length Parties, or where other circumstances exist which may compromise the independence of the issuer with respect to the transaction.

"**Resulting Issuer**" means Palisades as it will exist immediately following completion of the Transaction.

"**Resulting Issuer Board**" means the Palisades Board after giving effect to the Transaction, which includes giving effect to the Palisades Board Reconstitution.

"**Resulting Issuer Shareholders**" means holders of Resulting Issuer Shares.

"**Resulting Issuer Shares**" means the common shares in the capital of the Resulting Issuer.

"**Resulting Issuer Stock Option Plan**" means the Palisades Stock Option Plan after giving effect to the Transaction.

"**Resulting Issuer Stock Options**" means options to purchase Resulting Issuer Shares granted under the Resulting Issuer Stock Option Plan.

"**Resulting Issuer Warrants**" means warrants to purchase Resulting Issuer Shares.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval website at www.sedar.com.

"**Target Companies**" means 1027344 B.C. and Intermont, to be acquired in connection with the Transaction.

"**Technical Report**" means the geological report on the Hurricane Project entitled "Technical Report on the Hurricane Property, Lander County, Nevada", dated May 25, 2017, prepared by Paul D. Noland, Certified Professional Geologist for Palisades.

"**Transaction**" means the acquisition of the 1023744 B.C. Shares and the Intermont Units by Palisades, as contemplated by the Binding Letter Agreement, and which is intended to constitute a reverse takeover for Palisades pursuant to the policies of the TSX-V.

"**TSX-V**" means the TSX Venture Exchange.

"**TSX-V Bulletin**" means the bulletin issued by the TSX-V announcing the completion of the Transaction.

"**TSX-V Form 3D2**" means TSX-V Form 3D2- *Information Required in a Filing Statement for a Reverse Takeover or Change of Business*.

"**TSX-V Policy 5.2**" means TSX-V Policy 5.2- *Changes of Business and Reverse Takeovers*.

"**TSX-V Tier 2 Surplus Escrow**" means the escrow provisions for surplus securities for Tier 2 issuers, as set out in TSX-V Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*.

"**Units**" means the units of Palisades to be issued pursuant to the Palisades Private Placement, consisting of one Post-Consolidation Palisades Share and one-half of one Warrant.

"**Warrant**" means a share purchase warrant of Palisades exercisable for one Post-Consolidation Palisades Share issued pursuant to the Palisades Private Placement and exercisable at a price of CDN$0.25 for a period of 24 months from Closing.

## GENERAL INFORMATION

### Introduction

This Filing Statement is being prepared in accordance with TSX-V Policy 5.2 and TSX-V Form 3D2 in connection with the Transaction. No person has been authorized to give any information or make any representation in connection with the matters disclosed herein other than those contained in this Filing Statement and, if given or made, any such information or representation must not be relied upon as having been authorized.

Any information concerning Palisades contained in this Filing Statement has been provided by Palisades. Although 1027344 B.C. and Intermont have no knowledge that would indicate that any of such information is untrue or incomplete, 1027344 B.C. and Intermont do not assume any responsibility for the accuracy or completeness of such information or the failure by Palisades to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to 1027344 B.C. or Intermont.

Any information concerning 1027344 B.C. contained in this Filing Statement has been provided by 1027344 B.C. Although Palisades and Intermont have no knowledge that would indicate that any of such information is untrue or incomplete, Palisades and Intermont do not assume any responsibility for the accuracy or completeness of such information or the failure by 1027344 B.C. to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Palisades or Intermont.

Any information concerning Intermont contained in this Filing Statement has been provided by Intermont. Although Palisades and 1027344 B.C. have no knowledge that would indicate that any of such information is untrue or incomplete, Palisades and 1027344 B.C. do not assume any responsibility for the accuracy or completeness of such information or the failure by Intermont to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Palisades or 1027344 B.C.

All capitalized terms used in this Filing Statement but not otherwise defined herein have the meanings set forth under "Glossary". Information contained in this Filing Statement is given as of May 29, 2017 unless otherwise specifically stated.

### Cautionary Statement Regarding Forward-Looking Information

This Filing Statement includes certain statements and information that constitutes "forward-looking statements" and "forward-looking information" under applicable securities laws ("forward-looking statements" and "forward-looking information" are collectively referred to herein as "forward-looking statements", unless otherwise stated). Forward-looking statements appear in a number of places in this Filing Statement and include statements and information regarding the intent, beliefs or current expectations of Palisades, the Target Companies and statements relating to the proposed Transaction (as such term is defined herein). Such forward-looking statements involve known and unknown risks and uncertainties that may cause Palisades', the Target Companies', and the Resulting Issuer's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Filing Statement, words such as "expects", "anticipates", "estimates", "projects", "plans", "goals", "objectives", "outlook", "believe", "could", "intend", "may", "predict", "will", "would" and similar expressions are intended to identify these forward-looking statements. Forward-looking statements may relate to Palisades', the Target Companies', and the Resulting Issuer's future outlook and anticipated events or results and may include statements regarding Palisades', the Target Companies', and the Resulting Issuer's future business strategy, plans and objectives. Palisades and the Target Companies have based these forward-looking statements largely on their current expectations and projections about future events. These forward-looking statements were derived using numerous assumptions, and while Palisades and the Target Companies consider these assumptions to be reasonable, based on information currently available, such assumptions may prove to be incorrect. Accordingly, readers are cautioned to not put undue reliance on these forward-looking statements. Forward-looking statements should not be read as a guarantee of future events or results.

Forward-looking statements speak only as of the date such statements are made. Except as required by applicable law, Palisades and the Target Companies assume no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If Palisades or the Target Companies updates any one or more forward-looking statements, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements. Readers should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this Filing Statement are expressly qualified in their entirety by this cautionary statement.

**Note to U.S. Securityholders**

**THE SECURITIES ISSUABLE IN CONNECTION WITH THE TRANSACTION HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC") OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED UPON THE ADEQUACY OR ACCURACY OF THIS FILING STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The Post-Consolidation Palisades Shares to be issued to the 1027344 B.C. Shareholders and the Intermont Unitholders in connection with the Transaction have not been and will not be registered under the United States *Securities Act of 1933* (the "**1933 Act**") or the securities laws of any U.S. state and may not be offered or sold, directly or indirectly, in the United States to, or for the account or benefit of, a U.S. person (as defined in Rule 902 of Regulation S promulgated under the 1933 Act ("**Regulation S**"), which definition includes, but is not limited to, an individual resident in the United States and an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or company organized or incorporated under the laws of the United States) unless registered under the 1933 Act and the securities laws of all applicable U.S. states or unless an exemption from such registration requirements is available, and Palisades has no obligation or present intention of filing a registration statement under the 1933 Act in respect of any of the Post-Consolidation Palisades Shares.

Information regarding mineral reserve and mineral resource estimates in this Filing Statement concerning the properties and operations of each of the Target Companies has been prepared in accordance with the requirements of securities laws in effect in Canada, which may differ in material respects from the requirements of U.S. securities laws applicable to U.S. companies. Each of the Target Companies is required to describe mineral reserves associated with the properties in which each of the Target Companies hold interests utilizing Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") definitions of "proven" or "probable", which categories of mineral reserves are recognized by NI 43-101, but which differ from those definitions in the disclosure requirements promulgated by the SEC and contained in Industry Guide 7. In addition, under NI 43-101 each of the Target Companies are required to describe mineral resources associated with their respective properties using CIM definitions of "measured", "indicated" or "inferred", which categories of mineral resources are recognized by Canadian regulations but are not defined terms under Industry Guide 7 and are generally not permitted to be used in reports and registrations statements of U.S. companies filed with the SEC. U.S. investors are cautioned not to assume that all or any part of measured mineral resources or indicated mineral resources will ever be converted into mineral reserves. "Inferred resources" have an even greater amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. U.S. readers are cautioned not to assume that all or any part of an inferred resource exists, or is economically mineable.

**Exchange Rate Data**

On May 29, 2017, the noon rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was US$1.00 equals $1.34. In this Filing Statement, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to "$" are to Canadian dollars. In this Filing Statement, references to "USD", "US$" and "U.S. dollars" are to United States dollars.

## SUMMARY OF FILING STATEMENT

*The following is a summary of information relating to Palisades, 1027344 B.C., Intermont, and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information, financial data and statements contained elsewhere in this Filing Statement, including the Appendices attached hereto.*

### General

The purpose of this Filing Statement is to provide information on the Transaction (which will qualify as a reverse takeover, as defined in the policies of the TSX-V, and which will, if completed, result in a change of control of Palisades).

Information contained in this Filing Statement is given as at May 29, 2017, unless otherwise specifically stated.

Details Respecting Palisades Ventures Inc.

Palisades Ventures Inc. was incorporated on June 6, 2007 under the BCBCA. Palisades currently has no active business. Palisades' principal business activities to date have been the acquisition and exploration of mineral properties located in Canada. Palisades is a reporting issuer in British Columbia and Alberta, and the Palisades Shares are listed on the TSX-V under the symbol "PSV". See "*Information Concerning Palisades Ventures Inc.*".

The head office of Palisades is at Suite 2300 - 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2. The registered and records office of Palisades is at Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

Details Respecting 1027344 B.C. Ltd.

1027344 B.C. was incorporated on February 12, 2015 under the BCBCA. 1027344 B.C. is a junior resource company and is engaged in the identification, exploration and development, of mineral properties located in Nevada. 1027344 B.C.'s principal asset is the Hurricane Project, a gold exploration project located in Lander County, Nevada. 1027344 B.C. is not a reporting issuer and the 1027344 B.C. Shares are not listed or posted for trading on any stock exchange. See "*Information Concerning 1027344 B.C. Ltd.*".

The head office and principal address of 1027344 B.C. is at Suite 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2. The registered office of 1027344 B.C. is at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8.

Details Respecting Intermont Exploration, LLC

Intermont was incorporated on March 10, 2015 under the laws of Nevada. Intermont is a limited liability company and is engaged in the exploration and development of mineral properties in Nevada. Intermont's principle asset is the Goldrun Project, a gold exploration project located in Humbolt County, Nevada. Intermont is not a reporting issuer and has no common shares listed or posted for trading on any stock exchange. See "*Information Concerning Intermont Exploration, LLC*".

The head office and principal address of Intermont is at 1110 Lay Street, Winnemucca, Nevada, 89445.

Background to and Reasons for the Transaction

Palisades currently has no active business. Palisades' management has been considering several potential acquisition opportunities with a view to completing an acquisition and commencing active business operations. The Target Companies have been pursuing the exploration and development of the Properties and require additional capital for further development and exploration thereof. Management of Target Companies believe that a publicly listed company will have better prospects of raising the capital needed to finance the development and exploration of the Properties and have, therefore, been seeking to complete a business combination with a publicly listed company.

Under the policies of the TSX-V, trading in Palisades Shares was halted before market opened on January 4, 2017 and it is expected that the Palisades Shares will remain halted until Closing. The last price of the Palisades Shares was quoted at $0.065 as at January 4, 2017.

On February 22, 2017, the Parties executed the Binding Letter Agreement, which contains the definitive terms of the proposed Transaction.

The Palisades Board has determined that the proposed Transaction is in the best interests of Palisades and has authorized the negotiation, entering into and execution of the Binding Letter Agreement.

Required Shareholder Approvals for the Transaction

Palisades has applied for a waiver of the shareholder approval requirement under the policies of the TSX-V.

Terms of the Transaction

On February 22, 2017, the Parties entered into the Binding Letter Agreement, pursuant to which Palisades agreed to acquire all of the issued and outstanding securities of 1027344 B.C. and Intermont in consideration for a total of 3,500,000 Post-Consolidation Palisades Shares issued to the 1027344 B.C. Shareholders and 6,500,000 Post-Consolidation Palisades Shares issued as directed by the Intermont Unitholders. Upon completion of the Transaction, Palisades will be the Resulting Issuer and carry on the business of 1027344 B.C. and Intermont.

The Binding Letter Agreement contains representations and warranties of and from each of Palisades, 1027344 B.C. and Intermont including covenants and various conditions precedent with respect to each of Palisades, 1027344 B.C. and Intermont, customary for transactions in the nature of the Transaction, and provides for the implementation of the Transaction. A copy of the Binding Letter Agreement is available on SEDAR at www.sedar.com.

Pursuant to the Binding Letter Agreement, the Transaction will involve the Palisades Consolidation, the Palisades Private Placement, the Palisades Board Reconstitution, and the Palisades Management Reconstitution.

The respective obligations of the Parties to complete the transactions contemplated by the Binding Letter Agreement are subject to a number of customary conditions that must be satisfied or waived in order for the Transaction to become effective including (but not limited to): the absence of a material adverse change in the business, financial condition, prospects, assets or operations of Palisades, 1027344 B.C., or Intermont; the Resulting Issuer having met Tier 2 initial listing requirements of the TSX-V; and the Palisades TSX-V Approval.

As a result of the Transaction, and assuming completion of the Palisades Private Placement for gross maximum proceeds of CDN$2,000,000, the current Palisades Shareholders will own approximately 34.8% of the Resulting Issuer's Shares, the investors participating in the Palisades Private Placement will own approximately 37.3% of the Resulting Issuer's Shares, former 1027344 B.C. Shareholders will own approximately 9.8% of the Resulting Issuer's Shares and former Intermont Unitholders will own approximately 18.2% of the Resulting Issuer's Shares. See "*Information Concerning the Resulting Issuer*".

*Share Consolidation*

Concurrent with the Transaction, Palisades will complete the Palisades Consolidation such that every four issued and outstanding common shares of Palisades will be consolidated into three Post-Consolidation Palisades Shares.

In the event the Palisades Consolidation would result in a Palisades Shareholder holding a fraction of a Post-Consolidation Palisades Share, each fractional Post-Consolidation Palisades Share that is less than one-half of one Post-Consolidation Palisades Share will be cancelled, without any compensation therefore and each fractional Post-Consolidation Palisades Share that is at least one-half of one Post-Consolidation Palisades Share will be changes to one whole Post-Consolidation Palisades Share.

The anticipated principal effects of the Palisades Consolidation include the following:

1. the fair market value of each Palisades Share may increase;

2. the number of issued and outstanding Palisades Shares will be reduced from an estimated 16,614,386 Palisades Shares prior to the Palisades Consolidation to approximately 12,460,789 Post-Consolidation Palisades Shares, in each case on a non-diluted basis;

3. the outstanding securities that are exchangeable into or exercisable for Palisades Shares, including, for greater certainty, warrants exchangeable into Palisades Shares and stock options issued under to the Palisades Stock Option Plan that remain outstanding following the Effective Time, will adjust in accordance with their terms upon the Palisades Consolidation becoming effective to entitle the holders of such securities to receive such number of Post-Consolidation Palisades Shares as equal to (A) the number of Palisades Shares to which such holder was entitled to receive prior to the Palisades Consolidation, multiplied by (B) 0.75 (the "**Consolidation Ratio**");

4. the exercise price of the outstanding securities that are exchangeable into or exercisable for Palisades Shares, including, for greater certainty, warrants exchangeable into Palisades Shares and stock options issued under to the Palisades Stock Option Plan that remain outstanding following the Effective Time, will adjust in accordance with the terms of such securities upon the Palisades Consolidation becoming effective to be (A) the exercise price prior to the Palisades Consolidation, divided by (B) the Consolidation Ratio; and

5. as Palisades currently has an unlimited number of Palisades Shares authorised for issuance, the Palisades Consolidation will not have any effect on the number of Palisades Shares available for issuance.

If the Palisades Board decides to implement the Palisades Consolidation and the Transaction is completed, the Palisades Consolidation will become effective immediately prior to the Effective Time.

Palisades Shareholders whose names appear on the records of Palisades as the registered holders of Palisades Shares (the "**Registered Palisades Shareholders**") will be required to exchange their certificates representing pre-consolidated Palisades Shares for certificates representing Post-Consolidation Palisades Shares. Accordingly, once the Palisades Consolidation is effective, Palisades will deliver a letter of transmittal to the Registered Palisades Shareholders containing instructions on how to surrender certificates(s) representing pre-consolidated Palisades Shares to Palisades' depositary. Palisades' depositary will then forward to each Registered Palisades Shareholder who has sent the required documents a certificate representing the number of Post-Consolidation Palisades Shares to which the Palisades Shareholder is entitled. Until surrendered, each certificate representing pre-consolidated Palisades Shares will be deemed for all purposes to represent the number of whole Post-Consolidation Palisades Shares to which the holder is entitled as a result of the Palisades Consolidation.

*Private Placement*

Concurrent with the Transaction, Palisades will complete the Palisades Private Placement of Units at a price of $0.15 per Unit for gross minimum proceeds of $1,500,000 and gross maximum proceeds of $2,000,000. Each Unit will consist of one Post-Consolidation Palisades Share and one-half of one Warrant. Each whole Warrant is exercisable into one Post-Consolidation Palisades Share at a price of $0.25 per share for a period of 24 months. The expiry date of the Warrants can be accelerated, at Palisades' option, if the Palisades Shares have a closing price equal to or greater than $0.40 for a period of 10 consecutive trading days, in which event Palisades may give written notice that the Warrants expire 30 days following the notice of acceleration. Completion of the Palisades Private Placement is subject to receipt of regulatory and TSX-V approvals of both the Palisades Private Placement and the Transaction, and the fulfilment of other conditions to Closing.

In connection with the Palisades Private Placement, Palisades may pay a finder's fee in the amount of up to 6% of the Palisades Private Placement in cash and 6% of the Palisades Private Placement in share purchase warrants, with such warrants being exercisable into Post-Consolidation Palisades Shares at a price of $0.15 per share for a period of 24 months.

Proceeds of the Palisades Private Placement will be used for a phase 1 work program on the Hurricane Project and for general working capital.

*Palisades Board Reconstitution*

Pursuant to the Binding Letter Agreement, Palisades will complete the Palisades Board Reconstitution, whereby the Palisades Board will be revised to comprise a total of four directors consisting of the following individuals: (i) Alan Carter; (ii) Dennis Moore; (iii) Michael Williams; and (iv) Paul Reynolds; provided the TSX-V does not object to such nominations and such persons are eligible to act as directors pursuant to applicable laws. Upon completion of the Transaction, the revised Palisades Board will be the Resulting Issuer Board.

*Palisades Management Reconstitution*

Pursuant to the Binding Letter Agreement, Palisades will complete the Palisades Management Reconstitution, whereby the management of Palisades will be revised to comprise (i) Alan Carter – *Chairman*; (ii) Dennis Moore – *President* and *Chief Executive Officer*; (iii) Clay Newton – *Vice President Exploration*; and (iv) Paul Hansed – *Chief Financial Officer* and *Corporate Secretary*; provided the TSX-V does not object to such nominations and such persons are eligible to act as management pursuant to applicable laws. Upon completion of the Transaction, the revised management of Palisades will be the management of the Resulting Issuer.

*Regulatory Approvals*

The Transaction requires the Palisades TSX-V Approval. Palisades has made an application to the TSX-V in order to obtain all approvals required in respect of the Transaction. The Palisades Shares are currently listed on the TSX-V under the symbol "PSV". Trading in Palisades Shares was halted before market opened on January 4, 2017 and remains halted as at the date of this Filing Statement. There can be no assurance that all of the requisite approvals will be granted on a timely basis or on conditions satisfactory to Palisades or that approvals will be granted at all.

*Change of Corporate Name for Palisades*

On completion of the Transaction, it is intended that Palisades will be the Resulting Issuer and will carry on the business of 1027344 B.C. and Intermont. In connection therewith, on Closing, Palisades will (subject to TSX-V and corporate approval) change its name to "Fremont Gold Ltd." or such other similar name as the Parties may agree on and that may approved by the TSX-V and the applicable regulatory authorities.

Interests of Insiders, Promoters and Control Persons

No director, officer, Insider, promoter, significant shareholder or Control Person (as such term is defined in the policies of the TSX-V) or their respective Associates and Affiliates (before and after giving effect to the Transaction) has an interest in or will receive any consideration as a result of the Transaction, should the Transaction proceed.

Arm's Length Transaction

The Transaction was negotiated by the Parties dealing at arm's length with each other. The Transaction is an Arm's Length Transaction.

Use of Funds Available on Completion of the Transaction

Please see "*Information Concerning the Resulting Issuer- Available Funds and Principal Purposes*".

Selected Pro Forma Financial Information

The following table sets out certain pro forma financial information for the Resulting Issuer assuming completion of the Transaction. The following information should be read in conjunction with the unaudited pro forma consolidated financial statements set forth in this Filing Statement. Please see "*Appendix E - Pro Forma Financial Statements*".

| Selected Financial Information | | | | | |
|---|---|---|---|---|---|
| | **Palisades (as at Dec 31, 2016) (USD)** | **1027344 B.C. (as at Dec 31, 2016) (USD)** | **Intermont (as at Dec 31, 2016) (USD)** | **Pro Forma Adjustments (USD)** | **Resulting Issuer Pro Forma Consolidation (USD)** |
| **Current Assets** | 28,343 | 1 | 1,251 | 1,049,980 | 1,079,575 |
| **Total Assets** | 28,343 | 12,501 | 50,214 | 2,046,263 | 2,137,321 |
| **Current Liabilities** | 54,324 | 6,816 | 9,132 | 80,000 | 150,272 |
| **Total Liabilities** | 54,324 | 6,816 | 9,132 | 80,000 | 150,272 |
| **Shareholders' Equity (Deficiency)** | (25,981) | 5,685 | 41,082(1) | 1,966,263(2) | 1,987,049(2) |
| **Common Shares Issued and Outstanding** | 16,614,386 | 1 | N/A | 16,146,402(2) | 32,760,789(2) |

**Notes:**

(1) Member's capital.

(2) Assumes that the Palisades Private Placement comprises 10,000,000 Units at a price of $0.15 per Unit and that the finder's fee of 6% is applied to all Units.

Exchange Listing and Market Price of Palisades Shares

The Palisades Shares are listed on the TSX-V under the symbol "PSV". Trading in Palisades Shares was halted before market opened on January 4, 2017 and remains halted as at the date of this Filing Statement. The closing price of the Palisades Shares on January 3, 2017, the last day prior to the halt on which trades occurred, was $0.065 per share.

As of the date of this Filing Statement, no public market exists for the 1027344 B.C. Shares and the Intermont Units.

Sponsorship

Palisades has applied for a waiver of sponsorship under the policies of the TSX-V.

Conflicts of Interest

Palisades is not aware of any conflicts of interest in connection with the Transaction.

The directors of the Resulting Issuer will be required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests that they may have in any project or opportunity of the Resulting Issuer. If a conflict of interest arises at a meeting of the Resulting Issuer Board, any director in a conflict will disclose his interest and abstain from voting on such matter. To the best knowledge of Palisades, 1027344 B.C. and Intermont, other than as disclosed herein, there are no known existing or potential conflicts of interest between the Resulting Issuer and its proposed promoters, directors and officers or other proposed members of management of the Resulting Issuer as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Resulting Issuer and their duties as a director or officer of such other companies.

Interests of Experts

To Palisades', 1027344 B.C.'s and Intermont's knowledge, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds any beneficial interest, direct or indirect, in any securities or property of Palisades, 1027344 B.C., Intermont or the Resulting Issuer or an Associate or Affiliate of the foregoing.

Risk Factors

The Resulting Issuer will be in the business of exploring and developing mineral properties, which is a highly speculative endeavor. Due to the nature of the Resulting Issuers' business and the present stage of development of the business, the Resulting Issuer will be subject to significant risk. A purchase of any of the securities of the Resulting Issuer involves a high degree of risk and should be carefully considered and undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks. Risk factors include, but are not limited to, the following:

- failure to satisfy conditions to completion of the Transaction;
- failure to obtain necessary approvals for the Transaction;
- volatility of share prices for publicly traded companies;
- risk of dilution as a result of equity financings;
- risks related to an inability to finance the business of the Resulting Issuer;
- risks associated with required continuous public disclosure of information respecting the business of the Resulting Issuer;
- limited operating history of the Resulting Issuer;
- risks associated with the exploration and development of mineral properties;
- environmental and safety regulations associated with the exploration and development of mineral properties;
- widely fluctuating metal prices;
- political and related legal and economic uncertainty in foreign jurisdictions where the Properties are located;
- risk of foreign exchange and currency fluctuations;
- competition from other more well-established or new mineral exploration and development companies;
- the Resulting Issuer's ability to pay dividends in the future and the timing and amount of those dividends;
- potential negative effects of regulatory changes related to the Resulting Issuer's business; and
- dependence on directors, officers and other key personnel.

Please see "*Risk Factors*" for a detailed discussion of such risks.

**Conditional Listing Approval**

The TSX-V has not yet conditionally accepted the Transaction. Palisades has applied for waivers of the TSX-V requirements relating to sponsorship, shareholder approval and approved expenditures.

## RISK FACTORS

An investment in the Resulting Issuer Shares should be considered highly speculative due to the nature of the Resulting Issuer's proposed business and the current stage of development. In evaluating the Resulting Issuer and its prospective business, investors should carefully consider, in addition to other information contained in this Filing Statement, the following risk factors. While this Filing Statement has described the risks and uncertainties related to the Transaction and the business of the Resulting Issuer, it is possible that other risks and uncertainties will arise or become material in the future.

If Palisades is unable to effectively address these and other potential risks and uncertainties following a successful completion of the Transaction, the Resulting Issuer's business, financial condition or results of operations could be materially adversely affected. In this event, the value of the Resulting Issuer Shares could decline after the completion of the Transaction and the Resulting Issuer Shareholders could lose all or part of their investment.

### General

The Resulting Issuer will be in the business of exploring and developing mineral properties, which is a highly speculative endeavor. A purchase of any of the securities of the Resulting Issuer involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Resulting Issuer should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Resulting Issuer's securities prior to purchasing any securities.

*Failure to Realize Anticipated Benefits of the Transaction*

The Parties propose to enter into the Transaction in order to achieve the benefits described in the section entitled "*Summary- General- Background to and Reasons for the Transaction*". There can be no assurance, however, that the anticipated benefits of the Transaction will materialize. It is possible that the risks and uncertainties described in this Filing Statement will arise and become material to such an extent that some or all of the anticipated benefits of the Transaction never materialize or are nullified. Failure to realize all of the anticipated benefits of the Transaction could adversely impact the trading price of the Palisades Shares and the Resulting Issuer Shares.

*Failure to Satisfy Conditions to Completion of the Transaction*

The Binding Letter Agreement contains certain conditions that must be satisfied or waived by the party for whose benefit such conditions are imposed in order for the Transaction to complete. Some of these conditions are outside of the control of the Parties, including, but not limited to, receipt of applicable regulatory approvals and approval of the Transaction by the TSX-V. There can be no certainty, nor can the Parties provide any assurance, that all conditions precedent to the completion of the Transaction will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. Failure to complete the Transaction could adversely impact the trading price of the Palisades Shares.

*Failure to Obtain Necessary Approvals for Completion of the Transaction*

Completion of the Transaction is subject to, among other things, the receipt of all necessary regulatory and security holder approvals in accordance with the policies of the TSX-V. In addition, the approval of the TSX-V is subject to TSX-V review and approval of all required documentation. Palisades has applied to the TSX-V for approval of the Transaction. As at the date of this Filing Statement, the TSX-V has not granted conditional approval of the Transaction and there can be no assurances that the TSX-V will grant such approval or grant such approval on terms and conditions that are satisfactory to the Parties. The failure to obtain any TSX-V approvals may prevent the Parties from completing the Transaction and could adversely impact the trading price of the Palisades Shares.

**Palisades / Resulting Issuer Risk Factors**

Palisades currently has no active business and will control the assets and business of the Target Companies upon completion of the Transaction. The following risk factors therefore relate primarily to Palisades' status as a public company with securities listed for trading on the TSX-V. Since many of the risk factors listed in this section relate to the business of Palisades, 1027344 B.C. and Intermont on a post-Transaction basis, some of the risk factors listed below will contain references to the Resulting Issuer.

*Volatility of Share Price*

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility. A publicly traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Resulting Issuer Shares will trade cannot be predicted. The market price of the Resulting Issuer Shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Resulting Issuer makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the Resulting Issuer Shares. If the Resulting Issuer is required to access capital markets to carry out its development objectives (as is expected), the state of domestic and international capital markets and other financial systems could affect its respective access to, and cost of, capital. Such capital may not be available on terms acceptable to the Resulting Issuer or at all, and this could have a material adverse impact on its business, financial condition, results of operations or prospects.

*Dilution*

The Resulting Issuer is authorized to issue an unlimited number of Resulting Issuer Shares or other securities for such consideration and on such terms and conditions as may be established by the Resulting Issuer, without the approval of Resulting Issuer Shareholders. Upon completion of the Transaction, there will be a number of outstanding warrants pursuant to which additional Resulting Issuer Shares may be issued in the future. Exercise of such warrants may result in dilution to existing shareholders. In addition, it is currently anticipated that the Resulting Issuer will be required to conduct additional equity financings to develop the business of the Resulting Issuer as currently planned by the Target Companies and envisioned by management of the Resulting Issuer. Any further issuance of Resulting Issuer Shares pursuant to such equity financings may further dilute the interests of existing shareholders.

*Impact of Quarterly and Annual Financial Reporting*

There can be no assurance that the Resulting Issuer will be profitable on a quarterly or annual basis. The Target Companies' business strategies may not be successful. As a reporting company, the Resulting Issuer will be required to report financial results on an annual and quarterly basis. If its business is not profitable, the Resulting Issuer's share price may decline.

**Risk Factors Regarding the Target Companies**

The following risk factors relate to the business of the Target Companies. Since Palisades currently has no active business, the businesses of the Target Companies will be the Resulting Issuer's sole enterprise after completion of the Transaction and the following risk factors will therefore apply to the Resulting Issuer's business.

*Financing Risks*

The Resulting Issuer has no history of earnings and, due to the nature of its business, there can be no assurance that the Resulting Issuer will be profitable after the Transaction is completed. Even if the results of exploration are encouraging, the Resulting Issuer may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially minable deposit exists on its properties or on any property it may acquire in the future.While the Resulting Issuer may generate additional working capital through equity or debt offerings, there is no assurance that such funds will be sufficient to facilitate the development of the Resulting Issuer's business as envisioned or, in the case of equity financings, whether such funds will be available on terms acceptable to the Resulting Issuer or at all. If available, future equity financing may result in substantial dilution to the Resulting Issuer Shareholders.

*Limited Operating History*

The Resulting Issuer has no history of earnings. The Resulting Issuer intends to carry on business as a mineral exploration company. There is limited financial, operational and other information available with which to evaluate the prospects of the Resulting Issuer. There are no known commercial quantities of mineral reserves on the Properties. There is no guarantee that economic quantities of mineral reserves will be discovered on the Properties or on any mineral property which the Resulting Issuer may acquire in the future. As a result, there can be no assurance that the Resulting Issuer's operations will be profitable in the future or will generate sufficient cash flow to satisfy its working capital requirements.

*Liquidity of Investment*

The continued operation of the Resulting Issuer after the completion of the Transaction will be dependent upon its ability to generate operating revenues or to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Resulting Issuer is unable to generate such revenues or obtain such additional financing, the liquidity of a shareholder's investment may be limited and any investment in the Resulting Issuer may be lost.

*Exploration and Development Risks*

Resource exploration and development is a speculative business, characterised by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Resulting Issuer may be affected by numerous factors which are beyond the control of the Resulting Issuer and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Resulting Issuer not receiving an adequate return of investment capital.

There can be no assurance that the Resulting Issuer's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Resulting Issuer's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralised deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

*Acquisition of Additional Mineral Properties*

If the Resulting Issuer loses or abandons its interest in all or part the Properties, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the TSX-V. Should the Resulting Issuer wish to acquire any additional properties, whether by option or otherwise, there is no guarantee that suitable properties will be available. If TSX-V approval is required for the acquisition of additional properties by the Resulting Issuer, there is also no guarantee that such approval will be obtained.

*Uninsurable Risks*

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Resulting Issuer may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Resulting Issuer.

*No Currently Known Commercial Mineral Deposits*

The Properties, particularly the Hurricane Project on which the proceeds from the Palisades Private Placement are to be expended, contains no currently known quantities of commercial mineral deposits. The Resulting Issuer's programs will therefore be an exploratory search. Development of the Properties will follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

*Highly Competitive Mining Industry*

The mining industry is intensely competitive in all its phases. The Resulting Issuer will compete for the acquisition or mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than the Resulting Issuer. The competition in the mineral exploration and development business could have an adverse effect on the Resulting Issuer's ability to acquire suitable properties or prospects for mineral exploration in the future.

*Environmental Safety Regulations and Risks*

As a mineral exploration company, environmental laws and regulations may affect the operations of the Resulting Issuer. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Resulting Issuer for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations. In all major developments, the Resulting Issuer will, in the first instance, seek indemnities. The Resulting Issuer intends to minimize risks by taking steps to ensure compliance with environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Resulting Issuer's operations more expensive.

*Mineral Titles*

No assurances can be given that title defects to the Properties do not exist. The Properties and any other property which the Resulting Issuer may acquire as a mineral exploration company may be subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects. If title defects do exist, it is possible that the Resulting Issuer may lose all or a portion of its right, title and interest in and to the Properties.

1027344 B.C. owns exclusive leasing rights to the Hurricane Project pursuant to a minerals lease agreement. The agreement provides for a right to renew after 20 years from the date of execution and is subject to numerous payment and work expenditure requirements of 1027344 B.C. If 1027344 B.C. fails to comply with the payment and work expenditure requirements under the agreement, or if the parties cannot come to an agreement for renewal of the exclusive leasing rights after the initial 20 year period, it is possible that the Resulting Issuer may lose all or a portion of its rights in and to the Hurricane Project.

Intermont owns its right, title and interest in and to the Goldrun Project through staking and recording mining claims that comprise the Goldrun Project. Some of the surrounding claims comprising the Goldrun Project have been staked but are unrecorded. Claims that have been staked are required to be recorded with the Bureau of Land Management ("**BLM**") and local county authorities within 90 days. If the claims are not recorded and registered, they may be re-staked on the $91^{st}$ day. If Intermont fails to record its ownership within the BLM's 90-day period, or re-stake these claims, it is possible that third parties may stake over top of the claims, thereby preventing the Resulting Issuer from maintaining its right, title and interest in and to such claims.

*Fluctuating Metal Prices*

The Resulting Issuer's revenues, if any, are expected to be in large part derived from the extraction and sale of precious metals. Factors beyond the control of the Resulting Issuer may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Resulting Issuer's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

*Access to Proprietary Information*

The Resulting Issuer generally controls access to and distribution of its technologies, documentation and other proprietary information. Despite efforts by the Resulting Issuer to protect its proprietary rights from unauthorized use or disclosure, parties may attempt to disclose, obtain or use its solutions or technologies. There can be no assurance that the steps the Resulting Issuer has taken or will be taking will prevent misappropriation of such proprietary information, particularly in foreign countries where laws or law enforcement practices may not protect proprietary rights as fully as in Canada or the United States.

*Payment of Dividends*

The Target Companies have never declared dividends on their securities. Following completion of the Transaction, the Resulting Issuer intends to reinvest all future earnings in order to finance the development and growth of its business. As a result, the Resulting Issuer does not intend to pay dividends on its securities in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Resulting Issuer Board and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of dividends, and any other factors that the Resulting Issuer Board deems relevant.

*Effect of General Economic and Political Conditions*

The business of the Target Companies is subject to the impact of changes in Canadian, U.S. and North American economic conditions, including but not limited to, recessionary or inflationary trends, equity market conditions, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the Target Companies and their investee companies' business, financial condition, results of operations and cash flows.

Political and related legal and economic uncertainty may exist in countries where the Resulting Issuer may operate. The Resulting Issuer's mineral exploration and mining activities may be adversely affected by political instability and changes to government regulation relating to the mining industry. Other risks of foreign operations include political unrest, labor disputes, invalidation of governmental orders and permits, corruption, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries, foreign taxation, price controls, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriations of earnings, limitations on mineral exports and increased financing costs. These risks may limit or disrupt the Resulting Issuer's projects, restrict the movement of funds or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation. Presently, the Properties are located in the State of Nevada, United States. While the Resulting Issuer believes that the United States represents a favorable environment for mining companies to operate, there can be no assurance that changes in the laws of the United States or the State of Nevada, or changes in the regulatory environment for mining companies or for non-domiciled companies in the United States, will not be made that would adversely affect the Resulting Issuer or its operations.

*Currency Fluctuations*

The Properties are located in the United States. As a result, while financings have all been conducted in Canadian dollars, the Resulting Issuer will maintain accounts in both Canadian and U.S. currencies. The value of the Canadian dollar relative to the United States dollar is subject to fluctuations. Accordingly, the failure to adequately manage foreign exchange risk could adversely affect the Resulting Issuer's business, financial condition and results of operations.

*Impact of Permits and Government Regulations*

The Resulting Issuer's operations may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, exploration, development, mining, production, export, taxes, labor standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Resulting Issuer will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Properties or any other properties it may acquire.

*Conflicts of Interest*

Certain directors and officers of the Resulting Issuer will also serve as directors and/or officers of other companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Resulting Issuer and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest, in accordance with the procedures set forth in the BCBCA and other applicable laws.

*Reliance on Key Personnel*

The success of the Resulting Issuer after the completion of the Transaction will be largely dependent on the abilities, experience, efforts and industry knowledge of its directors, officers and other key employees. The long-term loss of the services of any of these persons for any reason could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or future prospects. There can be no assurance that the Resulting Issuer can maintain the services of its directors, officers or other qualified personnel required to operate its business, and any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects.

*Enforceability of Judgments*

All of the Target Companies' assets are located outside of Canada. It may be difficult or impossible to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of the securities laws of the various Canadian provinces against the Target Companies' assets located outside of Canada.

## INFORMATION CONCERNING PALISADES VENTURES INC.

### Corporate Structure

Name and Incorporation

Palisades is a publicly traded company listed on the TSX-V. Palisades was incorporated under the BCBCA on June 6, 2007 under the name Central Resources Corp. On September 30, 2014, it changed its name to Uranium Standard Resources Ltd. and on November 27, 2015, it changed its name to Palisades Ventures Inc.

The head office of Palisades is at Suite 2300 - 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2. The registered and records office of Palisades is at Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5. Palisades is a reporting issuer in each of the Provinces of British Columbia and Alberta.

### General Development of the Business

History

Palisades currently has no active business. Palisades' management has considered several potential acquisition opportunities involving mineral properties with a view to completing an acquisition and commencing active business operations. Palisades is a reporting issuer in the provinces of British Columbia and Alberta, and Palisades Shares are listed on the TSX-V under the symbol "PSV".

The Transaction proposed to be carried out with 1027344 B.C. and Intermont will result in the acquisition of the business of 1027344 B.C. and Intermont by Palisades. 1027344 B.C. owns the leasing rights to the Hurricane Project, a gold exploration project located in Lander County, Nevada, USA and Intermont owns the rights to the Goldrun Project, a gold exploration project located in Humbolt County, Nevada, USA.

Financing

In connection with the Transaction, Palisades will complete the Palisades Private Placement of Units at a price of $0.15 per Unit for gross minimum proceeds of $1,500,000 and gross maximum proceeds of $2,000,000. Each Unit will consist of one Post-Consolidation Palisades Share and one-half of one Warrant. Each whole Warrant is exercisable into one Post-Consolidation Palisades Share at a price of $0.25 per share for a period of 24 months. The expiry date of the Warrants can be accelerated, at Palisades' option, if the Palisades Shares have a closing price equal to or greater than $0.40 for a period of 10 consecutive trading days, in which event Palisades may give written notice that the Warrants expire 30 days following the notice of acceleration. Completion of the Palisades Private Placement is subject to receipt of regulatory and TSX-V approvals of both the Palisades Private Placement and the Transaction, and the fulfilment of other conditions to Closing.

In connection with the Palisades Private Placement, Palisades may pay a finder's fee in the amount of up to 6% of the Palisades Private Placement in cash and 6% of the Palisades Private Placement in share purchase warrants, with such warrants being exercisable into Post-Consolidation Palisades Shares at a price of $0.15 per share for a period of 24 months.

Proceeds of the Palisades Private Placement will be used for a phase 1 work program on the Hurricane Project and for general working capital.

### Selected Consolidated Financial Information and Management's Discussion and Analysis

Selected Financial Information

The following table summarizes certain financial information from Palisades for year ended March 31, 2016 based on Palisades' audited financial statements, a copy of which is attached hereto as Appendix "A".

| | Year Ended March 31, 2016 |
|---|---|
| **Total Revenues** | Nil |
| **Loss from Continuing Operations** | $1,607,319 |
| **Total Comprehensive Loss** | $1,607,319 |
| **Total Assets** | $2,163 |
| **Total Long-term Financial Liabilities** | Nil |
| **Cash Dividends Declared** | Nil |

The following table summarizes certain financial information from Palisades for the nine month period ended December 31, 2016 based on Palisades' unaudited financial statements, a copy of which is attached hereto as Appendix "B".

| | Nine Month Period Ended December 31, 2016 |
|---|---|
| **Total Revenues** | Nil |
| **Income from Continuing Operations** | $5,672 |
| **Total Comprehensive Income** | $5,672 |
| **Total Assets** | $38,054 |
| **Total Long-term Financial Liabilities** | Nil |
| **Cash Dividends Declared** | Nil |

Management's Discussion and Analysis

The Management's Discussion and Analysis of Palisades for the year ended March 31, 2016 and the nine-month period December 31, 2016 are respectively attached as Appendix "F" and Appendix "G" hereto.

**Description of the Securities**

The authorized capital of Palisades consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

The holders of common shares are entitled to receive notice of and to attend all meetings of the shareholders of Palisades. The holders of common shares are entitled to receive dividends if, as and when declared by the Palisades Board, subject to the prior rights of the holders of preferred shares. The holders of common shares are also entitled, in the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets among the Palisades Shareholders for the purpose of winding up its affairs, to share equally in such assets of Palisades as are available for distribution, subject to the prior rights of the holders of preferred shares.

The holders of preferred shares may be entitled to receive notice of and to attend all meetings of the shareholders of Palisades, if such series of preferred shares are approved by the Palisades Board. The holders of preferred shares are entitled to receive dividends if, as and when declared by the Palisades Board and have preference over the holders of common shares. The holders of preferred shares are also entitled, in the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets among the Palisades Shareholders for the purpose of winding up its affairs, to share equally in such assets of Palisades as are available for distribution, and have preference over the holders of common shares.

Palisades' shares carry no pre-emptive rights, conversion or exchange rights, retraction, sinking fund or purchase fund provisions. There are no provisions requiring the holders the shares of Palisades to contribute additional capital and no restrictions on the issuance of additional securities by Palisades. There are no restrictions on the repurchase or redemption of shares by Palisades except as otherwise set out herein and to the extent that any such repurchase or redemption would render Palisades insolvent pursuant to the BCBCA.

**Stock Option Plan**

The Palisades Stock Option Plan is a "rolling" stock option plan reserving a maximum of 10% of the issued Palisades Shares at the time of the stock option grant.

The following is a summary of the principal terms of the Palisades Stock Option Plan.

(a) The Palisades Stock Option Plan reserves a rolling maximum of 10% of the aggregate number of Palisades Shares issued and outstanding from time to time.

(b) Stock options granted under the Palisades Stock Option Plan will be non-assignable and may be granted for a term not exceeding ten years from the date of grant.

(c) Stock options may be granted under the Palisades Stock Option Plan only to directors, officers, employees and other service providers subject to the rules and regulations of applicable regulatory authorities and the TSX-V. In the event that any optionee who is a service provider ceases to be a service provider for Palisades for any reason other than death, the optionee will be entitled to exercise his or her options only within a period of 90 days from the date of such cessation or such other date as may be determined by the board of directors subject to regulatory approval, but in no event may any options be exercised following the expiry date thereof. In the event of the death of an optionee during the term of the optionee's option, such options may only be exercised within a period of one year succeeding the optionee's death or such other date as may be determined by the board of directors subject to regulatory approval, up to the expiry date thereof.

(d) The total number of Palisades Shares that may be reserved for issuance to any one individual under the Palisades Stock Option Plan within any one-year period will not exceed 5% of the outstanding issue. The maximum number of stock options that may be granted to any one consultant under the Palisades Stock Option Plan within any 12-month period must not exceed 2% of the Palisades Shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of stock options that may be granted to persons performing investor relations services under the Palisades Stock Option Plan within any 12-month period must not exceed 2% of the Palisades Shares issued and outstanding at the time of the grant (on a non-diluted basis).

(e) The exercise price of stock options granted under the Palisades Stock Option Plan may not be lower than the discounted market price of the Palisades Shares in accordance with the policies of the TSX-V.

(f) Stock options issued under the Palisades Stock Option Plan vest at the discretion of the board of directors or committee established for the purpose of administering the Palisades Stock Option Plan, as applicable, subject to certain specified limitations.

(g) The board of directors or any committee established to administer the Palisades Stock Option Plan, as applicable, may at any time amend or terminate the Palisades Stock Option Plan, but where amended, such amendment is subject to regulatory approval.

**Prior Sales**

On May 2, 2016, Palisades sold a total of 4,450,000 units at a price of $0.05 per unit. Each unit comprised of one Palisades Share and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable into one Palisades Share at an exercise price of $0.10 per share for a period of 24 months.

**Stock Exchange Price**

Palisades Shares are currently listed on the TSX-V under the symbol "PSV". The following table sets out the market price range and trading volumes of the shares for the periods indicated:

| Month | High ($) | Low ($) | Volume |
|---|---|---|---|
| Up to May 29, 2017(1) | N/A | N/A | 0 |
| Month ended April 2017(1) | N/A | N/A | 0 |
| Month ended March 2017 (1) | N/A | N/A | 0 |
| Month ended February 2017 (1) | N/A | N/A | 0 |
| Month ended January 2017 (1) | 0.065 | 0.065 | 0 |
| Quarter ended December 31, 2016 | 0.065 | 0.055 | 460,663 |
| Quarter ended September 30, 2016 | 0.07 | 0.05 | 352,685 |
| Quarter ended June 30, 2016 | 0.07 | 0.05 | 1,809,666 |
| Quarter ended March 31, 2016 | 0.07 | 0.05 | 388,414 |
| Quarter ended December 31, 2015 | 0.07 | 0.025 | 685,929 |
| Quarter ended September 30, 2015 | 0.025 | 0.015 | 1,327,346 |
| Quarter ended June 30, 2015 | 0.05 | 0.015 | 3,996,495 |

**Note:**

(1) Trading in Palisades Shares was halted before the market opened on January 4, 2017.

**Executive Compensation**

Compensation Discussion and Analysis

The objectives of Palisades' compensation program are as follows:

- to attract, retain and motivate talented executives who create and sustain Palisades' continued success;
- to align the interests of Palisades' executives with the interests of Palisades Shareholders; and
- to provide total compensation to executives that is comparative with that paid by other companies of comparable size engaged in similar business in appropriate regions.

Overall, the executive compensation program aims to design executive compensation packages that meet executive compensation packages for executives with similar talents, qualifications and responsibilities at companies with similar financial, operating and industrial characteristics. Palisades is a junior mineral exploration company involved in the exploration and development of early-stage mineral properties and will not be generating significant revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by Palisades to be appropriate in the evaluation of the performance of the NEOs.

*Purpose of the Compensation Program*

Palisades' executive compensation program has been designed to reward executives for reinforcing Palisades' business objectives and values, for achieving Palisades' performance objectives and for their individual performances.

*Elements of the Compensation Program*

The executive compensation program consists of a combination of base salary and consulting fees, performance bonus and stock option incentives.

*Purpose of Each Element of the Executive Compensation Program*

The base salary or consulting fee of an NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

In addition to a base salary or consulting fee, each NEO is eligible to receive a performance-based bonus meant to motivate the NEO to achieve short-term goals. The pre-established, quantitative target(s) used to determine performance bonuses are set each fiscal year. Awards under this plan are made by way of cash payments only, which are made at the end of the fiscal year.

Stock options are generally awarded to NEOs on an annual basis based on performance measured against objectives. The granting of stock options upon hire aligns NEOs' rewards with an increase in shareholder value over the long term. The use of stock options encourages and rewards performance by aligning an increase in each NEO's compensation with increases in Palisades' performance and in the value of the shareholders' investments.

*Determination of the Amount of Each Element of the Executive Compensation Program, Compensation Risk and Corporate Governance*

Compensation of the NEOs of Palisades is reviewed annually by the Palisades Board, which approves the compensation of the NEOs. Palisades does not presently have a compensation committee and it has not retained any compensation advisor or compensation consultant in respect of its compensation policies.

The Palisades Board intends to review from time to time and at least once annually, the risks, if any, associated with Palisades' compensation policies and practices at such time. Such a review occurred at the time of preparation of this Compensation Discussion & Analysis. Implicit in the Palisades Board's mandate is that Palisades' policies and practices respecting compensation, including those applicable to Palisades' executives, be designed in a manner which is in Palisades' and the Palisades Shareholders' best interests, and risk implications is one of many considerations which are taken into account in such design.

It is anticipated that the majority of Palisades' executive compensation will consist of options granted under the Palisades Stock Option Plan. Such compensation is both "long term" and "at risk" and, accordingly, is directly linked to the achievement of long term value creation. As the benefits of such compensation, if any, are not realised by the executive until a significant period of time has passed, the ability of executives to take inappropriate or excessive risks that are beneficial to them from the standpoint of their compensation at the expense of Palisades and the Palisades Shareholder is limited.

The other two elements of compensation, base salary and performance bonuses, represent the remaining portion of an executive's total compensation. While neither salary nor bonuses are "long term" or "at risk", as noted above, these components of compensation are not anticipated to form a significant part of total compensation and as a result it is unlikely that an executive would take inappropriate or excessive risks at the expense of Palisades and the Palisades Shareholders that would be beneficial to them from the standpoint of their short term compensation when their long term compensation might be put at risk from their actions.

Due to Palisades' small size, and the current level of its activity, the Palisades Board is able to closely monitor and consider any risks which may be associated with Palisades' compensation policies and practices. Risks, if any, may be identified and mitigated through regular Palisades Board meetings during which, financial and other information of Palisades are reviewed, and which includes executive compensation. No risks have been identified arising from Palisades' compensation policies and practices that are reasonably likely to have a material adverse effect on Palisades.

*Hedging Policy*

Palisades' NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Share-Based and Option-Based Awards

Palisades has established the Palisades Stock Option Plan under which stock options are granted to directors, officers, employees and consultants as an incentive to serve Palisades in attaining its goal of improved shareholder value. The Palisades Board determines which NEOs (and other persons) are entitled to participate in the Palisades Stock Option Plan; determines the number of options granted to such individuals; and determines the date on which each option is granted and the corresponding exercise price. Under the Palisades Stock Option Plan, Palisades may issue options equal to 10% of the outstanding common shares on the date of approval of the Palisades Stock Option Plan. The Palisades Shareholders approved the Palisades Stock Option Plan at Palisades' last annual general meeting.

The Palisades Board makes these determinations subject to the provisions of the Palisades Stock Option Plan and, where applicable, the policies of the TSX-V.

Previous grants of option-based awards are taken into account when considering new grants.

Each element of Palisades' executive compensation plan has been designed to meet one or more objectives of the overall program. The granting of stock options has been designed to provide total compensation, which the Palisades Board believes is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.

Summary Compensation Table

As at March 31, 2016, the end of Palisades's most recently completed financial year for which financial statements are included in this Filing Statement, Palisades had two NEOs: Gord Steblin and Arni Johannson. The following table is a summary of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly to each NEO by Palisades during the three most recently completed financial years ended March 31, 2016, March 31, 2015 and March 31, 2014.

| **Name and principal position** | **Year Ended** | **Salary ($)** | **Share-based awards ($)** | **Option-based awards ($)** | **Non Equity incentive plan compensation ($)** | | **Pension value ($)** | **All other compensation ($)** | **Total compensation ($)** |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | **Annual incentive plans** | **Long term incentive plans** | | | |
| **Gord Steblin**[1] | Mar. 31, 2016 | Nil | Nil | Nil | Nil | Nil | Nil | 15,000[6] | 15,000 |
| *CFO and Interim CEO* | Mar. 31, 2015 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Mar. 31, 2014 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **Arni Johannson**[2] | Mar. 31, 2016 | Nil | Nil | Nil | Nil | Nil | Nil | 41,000[7] | 41,000 |
| *Former CEO* | Mar. 31, 2015 | 42,500 | Nil | 36,000 | Nil | Nil | Nil | Nil | 78,500 |
| | Mar. 31, 2014 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Paul Reynolds**[3] *Former CEO* | Mar. 31, 2016 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Mar. 31, 2015 | 6,000 | Nil | 12,000 | Nil | Nil | Nil | Nil | 18,000 |
| | Mar. 31, 2014 | 46,500 | Nil | Nil | Nil | Nil | Nil | Nil | 46,500 |
| **Richard Ko**[4] *Former CFO* | Mar. 31, 2016 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Mar. 31, 2015 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Mar. 31, 2014 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **Canon Bryan**[5] *Former CFO* | Mar. 31, 2016 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Mar. 31, 2015 | 12,000 | Nil | 12,000 | Nil | Nil | Nil | Nil | 24,000 |
| | Mar. 31, 2014 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

**Notes:**

(1) Gordon Steblin was appointed as Chief Financial Officer on September 25, 2015 and was appointed Interim Chief Executive Officer on January 5, 2017.

(2) Arni Johannson was appointed as Chief Executive Officer on September 30, 2014 and resigned as Chief Executive Officer onDecember 30, 2016.

(3) Paul Reynolds was appointed Chief Executive Officer on November 24, 2009 and resigned as Chief Executive Officer on September 30, 2014.

(4) Richard Ko was appointed as Chief Financial Officer on June 16, 2015 and resigned as Chief Financial Officer on September 25, 2015.

(5) Canon Bryan was appointed as Chief Financial Officer on September 30, 2014 and resigned as Chief Financial Officer on June 16, 2015.

(6) Fees paid to a company controlled by Mr. Steblin.

(7) Fees accrued to a company controlled by Mr. Johannson.

As at December 31, 2016, the end of Palisades' most recently most recently completed interim period, Palisades had two NEOs: Gord Steblin and Arni Johannson. The following table is a summary of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly to each NEO by Palisades during the 9 month period ended December 31, 2016.

| **Name and principal position** | **Interim Period Ended** | **Salary ($)** | **Share-based awards ($)** | **Option-based awards ($)** | **Non Equity incentive plan compensation ($)** | | **Pension value ($)** | **All other compensation ($)** | **Total compensation ($)** |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | **Annual incentive plans** | **Long term incentive plans** | | | |
| **Gord Steblin**[1] *CFO and Interim CEO* | Dec. 31, 2016 | Nil | Nil | Nil | Nil | Nil | Nil | 18,000[3] | 18,000 |
| **Arni Johannson**[2] *Former CEO* | Dec. 31, 2016 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

**Notes:**

(1) Gordon Steblin was appointed as Chief Financial Officer on September 25, 2015 and was appointed Interim Chief Executive Officer on January 5, 2017.

(2) Arni Johannson was appointed as Chief Executive Officer on September 30, 2014 and resigned as Chief Executive Officer on December 30, 2016.

(3) Fees accrued to a company controlled by Mr. Steblin.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding to each NEO of Palisades as at March 31, 2016, the end of Palisades' most recently completed financial year:

| Name | Option-based Awards | | | | Share-based Awards | |
|---|---|---|---|---|---|---|
| | Number of underlying unexercised options (#) | Option exercise price ($) | Option expiration date | Value of unexercised in-the-money options ($) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested ($) |
| **Gord Steblin** *CFO and Interim CEO* | Nil | Nil | Nil | Nil | Nil | Nil |
| **Arni Johannson**(1) *Former CEO* | 150,000 | $0.40 | October 7, 2017 | Nil | Nil | Nil |
| **Canon Bryan** *Former CFO* | Nil | Nil | Nil | Nil | Nil | Nil |
| **Richard Ko** *Former CFO* | Nil | Nil | Nil | Nil | Nil | Nil |

**Notes:**

(1) Arni Johannson resigned as Chief Executive Officer on December 30, 2016.

Incentive Plan Awards

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the year ended March 31, 2016:

| Name | Option-based awards – Value vested during the year ($) | Share-based awards – Value vested during the year ($) | Non-equity incentive plan compensation – Value earned during the year |
|---|---|---|---|
| **Gord Steblin** *CFO and Interim CEO* | Nil | Nil | Nil |
| **Arni Johannson** *Former CEO* | Nil | Nil | Nil |
| **Canon Bryan** *Former CFO* | Nil | Nil | Nil |
| **Richard Ko** *Former CFO* | Nil | Nil | Nil |

Pension Plan Benefits – Defined Benefits Plan and Defined Contribution

Palisades does not have a Defined Benefits Plan or a Defined Contribution Pension Plan.

Termination and Change of Control Benefits

No agreement exists between Palisades and an NEO that provides for payment or benefits upon termination, change of control, resignation or retirement.

**Director Compensation**

Director Compensation Table

The following table sets out director compensation for the year ended March 31, 2016:

| Name | Fees earned ($) | Share-based awards ($) | Option-based awards ($) | Non-equity incentive plan compensation ($) | Pension value ($) | All other compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Michael Williams[(1)] | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Jonathan Jackson[(2)] | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Simon Irish[(3)] | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

**Notes:**
(1) Michael Williams was appointed a director on September 30, 2014.
(2) Jonathan Jackson was appointed a director on November 2, 2015.
(3) Simon Irish was appointed a director on November 25, 2014 and resigned as a director on May 4, 2015.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding to Palisades' directors as at March 31, 2016, the end of Palisades' most recently completed financial year:

| Name | Option-based Awards | | | | Share-based Awards | |
|---|---|---|---|---|---|---|
| | Number of underlying unexercised options (#) | Option exercise price ($) | Option expiration date | Value of unexercised in-the-money options ($) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested ($) |
| Michael Williams[(1)] | 37,500 | $0.40 | October 7, 2017 | Nil | Nil | Nil |
| Jonathan Jackson[(2)] | Nil | Nil | Nil | Nil | Nil | Nil |
| Simon Irish[(3)] | Nil | Nil | Nil | Nil | Nil | Nil |

**Notes:**
(1) Michael Williams was appointed a director on September 30, 2014.
(2) Jonathan Jackson was appointed a director on November 2, 2015.
(2) Simon Irish was appointed a director on November 25, 2014 and resigned as a director on May 4, 2015.

Incentive Plan Awards

The following table presents information concerning value vested with respect to option-based awards and share-based awards for Palisades' directors during the year ended March 31, 2016:

| Name | Option-based awards – Value vested during the year ($) | Share-based awards – Value vested during the year ($) | Non-equity incentive plan compensation – Value earned during the year |
|---|---|---|---|
| Michael Williams(1) | Nil | Nil | Nil |
| Jonathan Jackson(2) | Nil | Nil | Nil |
| Simon Irish(3) | Nil | Nil | Nil |

**Notes:**

(1) Michael Williams was appointed a director on September 30, 2014.
(2) Jonathan Jackson was appointed a director on November 2, 2015.
(3) Simon Irish was appointed a director on November 25, 2014 and resigned as a director on May 4, 2015.

Management Contracts

Palisades is not a party to a management contract with anyone other than directors or NEOs of Palisades.

**Non-Arm's Length Party Transactions / Arm's Length Transactions**

Non-Arm's Length Party Transactions

Other than as disclosed herein, there have been no transactions or any proposed transactions with related parties within 24 months before the date of this Filing Statement.

Arm's Length Transactions

The proposed Transaction is an Arm's Length Transaction.

**Legal Proceedings**

There are no claims, actions, proceedings or investigations pending against Palisades or, to the knowledge of Palisades, threatened against Palisades that, individually or in the aggregate, are material to Palisades or would prevent or materially delay the consummation of the Transaction. Neither Palisades nor its assets and properties is subject to any outstanding judgment, order, writ, injunction or decree that has had or would be reasonably expected to have a material adverse effect on Palisades or that would prevent or materially delay consummation of the Transaction.

**Auditor, Transfer Agents and Registrars**

Auditor

The auditor of Palisades is Smythe LLP located at Suite 700 – 355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

Transfer Agent and Registrar

Palisades' transfer agent and registrar is CST Trust Company located at Suite 1600 – 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1.

## Material Contracts

The following is a summary of each contract, other than contracts entered into in the ordinary course of Palisades' business, that can reasonably be considered to be material to security holders of Palisades. The contracts may be inspected without charge at the head office of Palisades in Vancouver during normal business hours until the closing of the Transaction and for a period of 30 days thereafter:

1. Binding Letter Agreement: See "*Summary - The Transaction*"; and

2. Assignment and Assumption Agreement between 1027344 B.C. Ltd., Nevada Select Royalty, Inc. and Palisades Ventures Inc., dated March 21, 2017: see "*Information Concerning 1027344 B.C. – Narrative Description of the Business – General*".

## Additional Information

If readers have any questions about the information contained in the Filing Statement, please contact Palisades at Suite 2300 - 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2, Phone: 778 888-9710.

Additional information relating to Palisades is available on SEDAR at www.sedar.com. Financial information related to Palisades can be found in "*Appendix A - Audited Consolidated Financial Statements of Palisades Ventures Inc. for the years ended March 31, 2015 and 2016*" and "*Appendix B - Unaudited Consolidated Financial Statements of Palisades Ventures Inc. for the nine months ended December 31, 2016*".

## INFORMATION CONCERNING 1027344 B.C. LTD.

### Corporate Structure

Name and Incorporation

1027344 B.C. is a private corporation that was incorporated under the BCBCA on February 12, 2015. The head office and principal address of 1027344 B.C. is at Suite 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2. The registered office of 1027344 B.C. is at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8.

### General Development of the Business and History

1027344 B.C. is a junior resource company and is engaged in the identification, and the exploration and development of mineral properties, with a primary focus on gold and copper properties located in Nevada. 1027344 B.C. owns exclusive leasing rights to the Hurricane Project, a gold exploration project located in Lander County, Nevada. 1027344 B.C. is not a reporting issuer and the 1027344 B.C. Shares are not listed or posted for trading on any stock exchange.

### Significant Acquisitions and Dispositions

1027344 B.C. has not, since incorporation, completed any significant acquisitions or dispositions for the purposes of National Instrument 41-101 *General Prospectus Requirements*.

### Narrative Description of the Business

General

1027344 B.C. is a junior resource company and is engaged in the identification, and the exploration and development of mineral properties, with a primary focus on gold and copper properties located in Nevada. On February 13, 2015, 1027344 B.C. entered into a minerals lease and agreement with Nevada Eagle, LLC (the "**Lease Agreement**"), pursuant to which 1027344 B.C. acquired an exclusive right to lease the Hurricane Project. The claims comprising the Hurricane Project total approximately 50.2 hectares. Please see "*Description of Mineral Projects – Hurricane Project*" below, for more information on the Hurricane Project.

Subject to various conditions, the Lease Agreement provides 1027344 B.C. with the exclusive right to the exclusive right to conduct mineral exploration activities on and about the Hurricane Project, including the subsequent right to explore and mine for minerals on the Hurricane Project. Under an assignment and assumption agreement dated May 4, 2016, Nevada Eagle, LLC assigned the Lease Agreement to Nevada Select Royalty, Inc., a Nevada company. Consent to this assignment was provided by 1027344 B.C. by an acknowledgment and consent dated March 4, 2016.

The terms for certain annual payments, share payments and work obligations under the Lease Agreement were amended on February 13, 2016, March 14, 2017 and on April 27, 2017. The amended payment schedule specifies cash payments as follows:

- Upon execution of the Lease Agreement: $5,000;
- First anniversary of Lease Agreement: $3,750;
- May 16, 2016: $3,750;
- June 30, 2017: $10,000;
- Third anniversary of Lease Agreement: $15,000;
- Fourth anniversary of Lease Agreement: $20,000;
- Fifth anniversary of Lease Agreement: $20,000;
- Sixth anniversary of Lease Agreement: $25,000;
- Seventh anniversary of Lease Agreement: $25,000; and
- Thereafter on the annual anniversary of the Lease Agreement: $25,000 (plus inflation).

The amended payment schedule specifies minimum expenditure requirements of $850,000 to be incurred by 1027344 B.C. in the years following the date of execution of the Lease Agreement as follows:

- Third year: $100,000;
- Fourth year: $250,000;
- Fifth year: $250,000; and
- Sixth year: $250,000.

In addition to the above cash payments and expenditures, the Lease Agreement (as amended) contemplates that on assignment of the Hurricane Project or the beneficial interest in the Hurricane Project to a public company, the lessor will be entitled to receive 300,000 shares of the public company upon approval of such assignment by the applicable stock exchange.

The lessor will retain a 3.0% net smelter royalty ("**NSR**") on mineral production from the Hurricane Project and any staked ground situated adjacent thereto. 1027344 B.C. may purchase one third of the NSR (1.0%) for USD$1,000,000.

On March 21, 2017, 1027344 B.C., Nevada Select Royalty, Inc. and Palisades entered into an assignment and assumption agreement pursuant to which 1027344 B.C. assigned its interest in and to the Hurricane Project to Palisades effective on closing of the Transaction, and Nevada Select Royalty, Inc. consented to such assignment..

**Description of Mineral Projects**

Hurricane Project

Paul D. Noland was commissioned by Palisades to prepare the Technical Report for the Hurricane Project, pursuant to the policies of the TSX-V in connection with the Transaction. The Hurricane Project will be the principal property of the Resulting Issuer upon completion of the Transaction. The purpose of the Technical Report is to describe the geology of the Hurricane Project with respect to gold mineralization and occurrence, and to document the results of an independent review of existing geologic data and observations recorded during recent field visits.

The information, opinions and conclusions and recommendations presented in the Technical Report are based on the following:

- Information provided by published government reports;
- Field examinations on the Hurricane Project conducted by Mr. Noland in October 2017; and
- Data, reports and opinions from third-party entities and previous property owners.

Much of the data presented in the Technical Report were derived from a review of previous work conducted on the Hurricane Project by Gerald Baughman, claim owner and representative of Nevada Eagle, LLC. Mr. Baughman supplied all available data from previous work conducted by Pegasus Gold in the period 1986-1988. Data and reports used during this study are referenced in the section entitled "References" in the Technical Report.

The qualified person responsible for the Technical Report is Paul D. Noland, Certified Professional Geologist. The Technical Report was prepared according to NI 43-101 standards of disclosure and guidelines for technical reporting and summaries of each below.

The following represents information about the Hurricane Project which has been summarized or is a direct extract from the Technical Report. Certain of the tables from the Technical Report are included in this Filing Statement. The remaining figures and greater detail regarding information contained in this section is available in the Technical Report, a full copy of which has been filed on SEDAR at www.sedar.com.

*Property Description and Location*

The Hurricane Project consists of 6 unpatented lode mining claims (approximately 120 acres) located in Township 30N, Range 46E in northern Lander County, approximately 60 miles southwest of Elko and 40 miles south of Battle Mountain. The claims comprising the Hurricane Project total approximately 50.2 hectares. A list of mining lode claims is provided in Table 1, below.

**Table 1. Hurricane Mining Lode Claims**

| Claim Name | BLM Serial Number | Lander County Document # |
|---|---|---|
| Little Star 1 | NMC 1108862 | 0272981 |
| Little Star 2 | NMC 1108863 | 0272982 |
| Little Star 3 | NMC 1108864 | 0272983 |
| Little Star 4 | NMC 1108865 | 0272984 |
| Little Star 5 | NMC 1108866 | 0272985 |
| Little Star 6 | NMC 1108867 | 0272986 |

In February 2015, 1027344 B.C. executed the Lease Agreement to acquire an exclusive right to lease and conduct mineral exploration activities on and about the Hurricane Project, including the subsequent right to explore and mine for minerals on the Hurricane Project. Please see "*Narrative Description of the Business – General*" above.

The Hurricane Project falls on land administered by the U.S. Bureau of Land Management ("**BLM**"), through whom surface disturbance and exploration activities must be permitted. There are no significant archeological sites on the Hurricane Project to be considered or mitigated in planning surface disturbances, and no known threatened or endangered species habitat. There are no known environmental or cultural issues which could negatively impact the issuance of necessary permits for exploration and no other known risks which could affect access or the ability to perform necessary work on the Hurricane Project.

*Accessibility, Climate, Local Resources, Infrastructure and Physiography*

The Hurricane Project lies approximately 60 air miles west and southwest of Elko, Nevada in the northern portion of the Shoshone Mountain Range at a mean elevation of approximately 7800 feet. The US IH80, a large divided highway, runs through Elko and continues westward to approximately 20 miles north of the Hurricane Project. Access to the Hurricane Project involves a network of state, county and BLM roads, which lead directly to the Pegasus Gold roads and historic drill sites.

The region has a seasonal arid climate typical for northern Nevada. This includes warm, dry summers (75-95 degrees Fahrenheit) and variably cool winters (20 above to minus 10 degrees Celsius). Precipitation is light and falls in the form of sporadic rain during spring and summer, and moderate to heavy snow during winter. Exploration work can be conducted during all seasons, but would require snow removal and road maintenance in winter (due to snow) and early spring (due to mud).

The Elko area has a tradition of mining, drilling and exploration. The nearest electrical grid has connections along the east side of the Shoshone Range in Crescent Valley. Power grid is also extant in Battle Mountain as far eastward as the base of the Shoshone Range.

The Hurricane Project is covered by sagebrush, juniper trees and Pinon Pine trees as well as seasonal grasses. Water is available from wells at the base of the mountain range either in Crescent Valley to the east or Reese River Valley to the west. No perennial water courses exist within the claims. Drill water would likely need to be trucked to the site. No mining infrastructure exists on or adjacent to the Hurricane Project.

*History*

There are a few historic prospect pits existing on the Hurricane Project due to its proximity to the historic Hilltop District (Stewart and McKee, 1977). No production is apparent from these previous diggings. Pegasus Gold completed the only exploration work on the Property in 1986 and 1987. This work consisted of road building, trenching, trench sampling and rotary drilling. Pegasus Gold drilled a total of 35 rotary holes totaling over 8930 feet in 1986 and 1987. A summary of these holes, with assay highlights, is provided below in Table 2.

**Table 2. Pegasus Gold Drill Summary**

| Hole ID | Azimuth | Incline | Total Depth-Feet | Intercept ( Feet) | | Thickness (feet) | Assay, Au opt |
|---|---|---|---|---|---|---|---|
| | | | | From | To | | |
| PH-1 | | -90 | 250 | nsv | | | |
| PH-2 | 20 | -60 | 125 | 15 | 70 | 55 | 0.058 |
| PH-3 | 140 | -60 | 155 | 90 | 120 | 30 | 0.027 |
| PH-4 | 235 | -60 | 75 | 0 | 10 | 10 | 0.065 |
| PH-5 | | -90 | 150 | 0 | 55 | 55 | 0.092 |
| PH-6 | 255 | -60 | 210 | 60 | 75 | 15 | 0.018 |
| PH-7 | | -90 | 300 | 0 | 50 | 50 | 0.053 |
| PH-8 | | -90 | 100 | nsv | | | |
| PH-9 | | -90 | 300 | 0 | 25 | 25 | 0.022 |
| PH-10 | | -90 | 300 | 310 | 315 | 5 | 0.101 |
| PH-11 | | -90 | 340 | 235 | 245 | 10 | 0.21 |
| PH-12 | | -90 | 320 | 15 | 20 | 0.016 | |
| PH-13 | | -90 | 340 | nsv | | | |
| PH-14 | no data available | | | | | | |
| PH-15 | | -90 | 330 | nsv | | | |
| PH-16 | | -90 | 330 | nsv | | | |
| PH-17 | | -90 | 200 | nsv | | | |
| PH-18 | | -90 | 200 | 35 | 45 | 10 | 0.096 |
| PH-19 | 135 | -60 | 300 | 105 | 115 | 10 | 0.455 |
| PH-20 | | -90 | 300 | nsv | | | |
| PH-21 | | -90 | 300 | 50 | 70 | 20 | 0.065 |
| PH-22 | | -90 | 300 | 95 | 100 | 5 | 0.019 |
| PH-23 | | -90 | 200 | 95 | 110 | 15 | 0.035 |
| PH-24 | | -90 | 425 | nsv | | | |
| PH-25 | 130 | -60 | 500 | 35 | 50 | 15 | 0.04 |
| PH-26 | 54 | -60 | 300 | 60 | 80 | 20 | 0.082 |
| PH-27 | 50 | -65 | 300 | 210 | 215 | 5 | 0.047 |
| PH-28 | 55 | -60 | 300 | 105 | 145 | 40 | 0.074 |
| PH-29 | | -90 | 300 | 155 | 160 | 5 | 0.012 |
| PH-30 | | -90 | 340 | nsv | | | |
| PH-31 | | -90 | 135 | nsv | | | |
| PH-32 | no data available | | | | | | |
| PH-33 | | -90 | 300 | no assay | | | |
| PH-34 | | -90 | 305 | 260 | 265 | 5 | 0.044 |
| PH-35 | | -90 | 300 | nsv | | | |

nsv-denotes no significant values

In addition to the aforementioned drilling, Pegasus Gold opened access roads and trenched in order to better expose a N-NW trending, gold-bearing shear zone on the Hurricane Project.

*Geological Setting and Mineralization*

The Hurricane Project lies within the central portion of the basin and range province of the western cordillera of North America. The district occurs roughly within the northwest trending ‘Cordez-Battle Mountain’ mineral belt. Specifically, the Hurricane Project sits along the crest of the Shoshone Range. Regional geology of the northern portion of the Shoshone Range consists of Ordovician and Silurian siliciclastic sediments which comprise the upper plate of the regional ‘Roberts Mountain Thrust’ (“**RMT**”), (Stewart and McKee).

The bulk of the siliciclastic ‘Upper Plate’ in the region is made up of the Ordovician Valmy Formation and Silurian Elder formation. The Valmy is a thick (several thousand feet) structurally complex sequence of quartzite, chert and greenstone. The Elder formation is a sequence of several hundred feet of slits and arkosic sandstones. All of the exposed rock underlying the Hurricane Project is Elder sandstone.

Geology on the Hurricane Project consists of rubble and outcrop of Elder formations sandstone and siltstone. Exposure within the historic roads and trenches is now poor due to erosion and bank sloughing. The mineral bearing N-NW trending shear is the dominant geologic feature on the Hurricane Project. Interpretations made initially by Pegasus Gold from their drilling indicate moderate dips to the west. Mineralization appears controlled and confined to this shear zone. The shear is characterized by clay and sericite alteration of the sediments, with occasional quartz veinlet or stockwork.

The mineralized shear is exposed and defined for a strike length of over 1000 feet at present, with potential to expand this strike length with further exploration. Pegasus drilling reveals mineralization within the main shear zone to persist to vertical depths of at least 300 feet (see Figures 5, 6 and 7). Mineralization appears to exists intermittently along and within the shear zone, which varies from a few feet to tens of feet in width. Mineralized zones are characterized by clay and sericite altered siltstone bedrock.

Shear-controlled, gold bearing zones within the Elder formation sediments is the only type of mineralization that has been detected at the Hurricane Project. Pegasus Gold interpretations based on their drilling and trenching suggests that these N-NW trending shears dip moderately to steeply westward. Cross sections modified from Pegasus Gold data reveal that these shears remain mineralized to the deepest drill penetration, which is several hundred feet vertically below the surface.

Although no direct evidence of a ‘Carlin Type’ strataform, carbonate hosted gold deposit exists at the surface of the Hurricane Project, mineralization this strong (numerous drill intercepts and surface samples of greater than 0.25 ounces per ton of gold) could be an indication of ‘leaking’ from a much larger system at depth. The Barrick Pipeline and Cortez mines have produced well in excess of 10 million ounces of gold from such deposits (Barrick, 2015), and continue to explore and exploit Carlin Type deposits in the region. Mr. Noland has been unable to verify Barrick's reporting and the information is not necessarily indicative of the mineralization on the property.

*Exploration, Drilling, Sample Preparation, Analysis and Security*

1027344 B.C. has not yet conducted any exploration on the Hurricane Project. The bulk of the exploration work was completed in the past by Pegasus Gold in the mid 1980’s. Please refer to “*History”* and “*Geological Setting and Mineralization*” above. 1027344 B.C. has not conducted any drilling at the Hurricane Project. Please refer to “*History*” above for a description of historic drilling completed by Pegasus Gold.

No sampling has been conducted on the Hurricane Project by 1027344 B.C. or Mr. Noland. Please refer to “*History*” and “*Geological Setting and Mineralization*” for a description of historic trench sampling and drilling conducted by Pegasus Gold. This historic data does not include any sample collection, sample preparation, assay methods or assay certification. However, Pegasus Gold were actively exploring for deposits for extraction, therefore it can be reasonably assumed that their practices met best available standards current for the industry at that time.

*Mineral Resources and Mineral Reserves*

No mineral resource or mineral reserve estimates have been completed for the Hurricane Project. The existing data are insufficient to meet the standards of a NI 43-101 compliant resource estimate. Past drilling has identified a mineralized zone that has potential to contain commercial quantities of gold. The Resulting Issuer plans to explore the area in an attempt to define economic quantities of gold. Please refer to "*Information Concerning the Resulting Issuer – Narrative Description of the Business – Exploration and Development*" below.

**Selected Financial Information and Management's Discussion and Analysis**

Annual Information

The following table summarizes certain financial information from 1027344 B.C. for the fiscal year ended December 31, 2016 based on the audited financial statements of 1027344 B.C., a copy of which is attached to this Filing Statement as Appendix "C".

| | **Year Ended December 31, 2016 (USD)** | **Period Ended December 31, 2015 (USD)** |
|---|---|---|
| **Total Revenues** | 0 | 0 |
| **Income from Continuing Operations** | 0 | 0 |
| **Net Loss, in Total** | 8,381 | 21,756 |
| **Total Assets** | 12,501 | 5,001 |
| **Total Long-term Liabilities** | 0 | 0 |
| **Cash Dividends Declared** | 0 | 0 |

Management's Discussion and Analysis

The Management's Discussion and Analysis of 1027344 B.C. for the year ended December 31, 2016 is attached as Appendix "H" hereto.

Trends

Other than as disclosed in this Filing Statement, there are no current trends in 1027344 B.C.'s business that are likely to impact 1027344 B.C.'s or the Resulting Issuer's performance.

**Description of Securities**

The authorized capital of 1027344 B.C. consists of an unlimited number of 1027344 B.C. Shares. As at the date of this Filing Statement, there are 1,000 1027344 B.C. Shares outstanding.

The holders of 1027344 B.C. Shares are entitled to receive notice of and to attend all meetings of the shareholders of 1027344 B.C. and to one vote per share at meetings of the 1027344 B.C. Shareholders. The 1027344 B.C. Shareholders are also entitled to receive dividends on the 1027344 B.C. Shares as and when declared by the 1027344 B.C. Board. The 1027344 B.C. Shareholders are also entitled, in the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets among 1027344 B.C.'s shareholders for the purpose of winding up its affairs, and to share rateably in such assets of 1027344 B.C. as are available for distribution.

**Capitalization**

| Designation of Security | 1027344 B.C. Amount Authorized or to be Authorized | 1027344 B.C. Amount Outstanding as of December 31, 2016 (1) | Amount Outstanding as at date of this Filing Statement |
|---|---|---|---|
| Common Shares | Unlimited | 1 | 1,000 |

**Note:**

(1) As at December 31, 2016, 1027344 B.C. had an accumulated deficit of USD 30,137.

**Prior Sales**

During the 12 months prior to the date of this Filing Statement, 1027344 B.C. issued 1,000 common shares and repurchased one common share.

**Stock Exchange Price**

No stock prices are available as 1027344 B.C. does not currently trade on and has never had any of its securities listed on a stock exchange, quotation system or other securities market.

**Executive Compensation**

Compensation Discussion and Analysis

1027344 B.C. was incorporated on February 12, 2015 and no compensation has been paid to any director or officer of 1027344 B.C. for their services as a director or officer since the date of incorporation. In addition, 1027344 B.C. has not adopted a stock option plan or granted any stock options. As at the date of this Filing Statement, 1027344 B.C. does not have any intention to make any material changes to its executive compensation until completion of the Transaction. See "*Information Concerning the Resulting Issuer- Executive Compensation*".

Summary Compensation Table

As at December 31, 2016, the end of 1027344 B.C.'s most recently completed financial year, 1027344 B.C. did not have any NEOs appointed.

Outstanding Share-Based Awards and Option-Based Awards

1027344 B.C. has not granted any share based awards to any NEOs. 1027344 B.C. does not have a stock option plan and has not granted any stock options.

Incentive Plan Awards

1027344 B.C. does not have an incentive plan in place and therefore there was no compensation awarded, earned, paid or payable to any NEOs under any incentive plan during the most recently completed financial year. An "incentive plan" is a plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period.

Termination and Change of Control Benefits

No agreement exists between 1027344 B.C. and an NEO that provides for payment or benefits upon termination, change of control, resignation or retirement.

**Director Compensation**

Alan Carter is the sole director of 1027344 B.C. No cash compensation was paid to any director of 1027344 B.C. for the director's services as a director during the year ended December 31, 2016. 1027344 B.C. does not have a standard arrangement pursuant to which directors are compensated for their services in their capacity as directors. 1027344 B.C. has not granted any share-based awards or stock options to its directors.

Management Contracts

1027344 B.C. is not a party to a management contract.

**Non-Arm's Length Party Transactions**

1027344 B.C. has not obtained any assets or services from any of the directors or officers (other than in connection with their roles as directors or officers) or shareholders of 1027344 B.C. in any transaction, or in any proposed transaction, within the five-year period prior to the date of this Filing Statement.

**Legal Proceedings**

There are no claims, actions, proceedings or investigations pending against 1027344 B.C. or, to the knowledge of 1027344 B.C., threatened against 1027344 B.C. that, individually or in the aggregate, are material to 1027344 B.C. or would prevent or materially delay the consummation of the Transaction. Neither 1027344 B.C. nor its assets and properties is subject to any outstanding judgment, order, writ, injunction or decree that has had or would be reasonably expected to have a material adverse effect on 1027344 B.C. or that would prevent or materially delay consummation of the Transaction.

**Material Contracts**

The following is a summary of each material contract, other than contracts entered into in the ordinary course of 1027344 B.C.'s business, that was entered into in the two years previous to the date of this Filing Statement. The contracts may be inspected without charge at the office of 1027344 B.C. in Vancouver, British Columbia during normal business hours until the date of closing of the Transaction and for a period of 30 days thereafter:

1. Binding Letter Agreement: See "*Summary - The Transaction*";

2. Lease Agreement: See "*Information Concerning 1027344 B.C. – Narrative Description of the Business – General*"; and

3. Assignment and Assumption Agreement between 1027344 B.C. Ltd., Nevada Select Royalty, Inc. and Palisades Ventures Inc., dated March 21, 2017: see "*Information Concerning 1027344 B.C. – Narrative Description of the Business – General*".

## INFORMATION CONCERNING INTERMONT EXPLORATION, LLC.

### Corporate Structure

Name and Incorporation

Intermont is a limited liability company that was incorporated under the laws of Nevada on March 10, 2015. The head office and principal address of Intermont is at 1110 Lay Street, Winnemucca, Nevada, 89445.

Intermont is a company engaged in the identification, acquisition, exploration and development of mineral properties in Nevada. Intermont's principle asset is the Goldrun Project, a gold exploration project located in Humbolt County, Nevada. Intermont is not a reporting issuer and has no common shares listed or posted for trading on any stock exchange.

### General Development of the Business and History

Intermont is in the business of the identification of viable mineral properties, mineral exploration and mine development in Nevada. Intermont's principle asset is the Goldrun Project, a gold exploration project located in Humbolt County, Nevada. Intermont is not a reporting issuer and has no common shares listed or posted for trading on any stock exchange.

History

Intermont was founded by Clay Newton in 2015 in order to hold certain mineral claims and properties in Nevada. He was joined by his partner Dennis Moore in 2016. In 2016, Intermont began staking and recording mining claims in the Gold Run and Rock Creek areas in the Adelaide district of Humbolt County, Nevada, after which rock chip sampling, structural analysis and mapping were completed on the Goldrun Project. Based on this work, several exploration targets have been developed.

Significant Acquisitions and Dispositions

Intermont has not, since incorporation, completed any significant acquisitions or dispositions for the purposes of National Instrument 41-101 *General Prospectus Requirements*.

### Narrative Description of the Business

General

Intermont is in the business of the identification of viable mineral properties, mineral exploration and mine development in Nevada. Intermont's principal asset is the Goldrun Project. Intermont owns the claims comprising the Goldrun Project through staking them in the field. Intermont owns 100% of the 366 Goldrun Project claims and 50% of an additional 103 Goldrun Project claims, which it jointly holds pursuant to a joint claims agreement, dated March 31, 2017 between Intermont and Donald J. McDowell (the "**Joint Claims Agreement**"). Pursuant to the Joint Claims Agreement, the parties thereto agreed to each contribute 50% of the annual costs of maintaining the claims in good standing with the BLM and Humbolt County. If either party fails to pay its 50% share of the costs in any year, then such party will forfeit its percentage of ownership and the claim ownership will revert 100% to the other party.

### Description of Mineral Projects

Goldrun Project

Intermont's Goldrun Project covers extensive areas of the old Adelaide mining district, located 20 kilometers south of Golconda in northern Nevada. The area is situated at the intersection of two major mineralized lineaments: the Battle Mountain-Eureka trend and the Getchell trend.

Historically, the district produced 30,000 ounces of gold and 530,000 ounces of silver from low-sulfidation epithermal veins within the en-echelon Adelaide Crown, Recovery and Margarite pits. Newmont Mining Corporation ("**Newmont**"), a New York Stock Exchange-listed company, controls the center of the district, including the historical workings, and Intermont controls 5,600 acres of mineral rights surrounding the Newmont claim block, including the strike extent of the NW striking mineralized structures. Intermont has obtained results of 1.6g/t of gold to 2.6 g/t of gold and over 200 g/t of silver from epithermal veins sampled on the Goldrun Project.

The Adelaide district also produced copper and zinc from skarn deposits, which occur less than 2 kilometers to the east of the Adelaide workings. Some of the historical skarn workings occur on Intermont's ground at the Goldrun Project and dump samples from these workings have returned gold values in the parts per million (ppm) range.

The claims comprising the Goldrun Project in the Adelaide district are prospective for low-sulfidation bonanza-style veins, copper-gold skarns and possibly gold-copper porphyry-style mineralization.

The Goldrun Project is considered a secondary property of the Resulting Issuer and is not the subject of a NI 43-101 technical report at this time.

**Selected Financial Information and Management's Discussion and Analysis**

<u>Annual Information</u>

The following table summarizes certain financial information from Intermont for the fiscal year ended December 31, 2016 based on the audited financial statements of Intermont, a copy of which is attached to this Filing Statement as Appendix "D".

| | **Year Ended December 31, 2016 (USD)** | **Period Ended December 31, 2015 (USD)** |
|---|---|---|
| **Total Revenues** | 0 | 0 |
| **Income from Continuing Operations** | 0 | 0 |
| **Net Loss, in Total** | 31,118 | 325 |
| **Total Assets** | 50,214 | 1 |
| **Total Long-term Liabilities** | 0 | 0 |
| **Cash Dividends Declared** | 0 | 0 |

<u>Management's Discussion and Analysis</u>

The Management's Discussion and Analysis of Intermont for the year ended December 31, 2016 is attached as Appendix "I" hereto.

<u>Trends</u>

Other than as disclosed in this Filing Statement, there are no current trends in Intermont's business that are likely to impact Intermont's or the Resulting Issuer's performance.

**Description of Securities**

The authorized capital of Intermont consists of unlimited Intermont Units. As at the date of this Filing Statement, there are 100 Intermont Units outstanding.

**Capitalization**

| Designation of Security | Intermont Amount Authorized or to be Authorized | Intermont Amount Outstanding as of December 31, 2016 (1) | Amount Outstanding as at date of this Filing Statement |
|---|---|---|---|
| Units | Unlimited | 100 | 100 |

**Note:**

(1) As at December 31, 2016, Intermont had an accumulated a deficit of USD 31,443.

**Prior Sales**

During the 12 months prior to the date of this Filing Statement, Intermont has not issued any securities.

**Stock Exchange Price**

No stock prices are available as Intermont does not currently trade on and has never had any of its securities listed on a stock exchange, quotation system or other securities market.

**Executive Compensation**

Compensation Discussion and Analysis

Intermont was incorporated on March 10, 2015 and no compensation has been paid to any director or officer of Intermont for their services as a director or officer since the date of incorporation. In addition, Intermont has not adopted a stock option plan or granted any stock options. As at the date of this Filing Statement, Intermont does not have any intention to make any material changes to its executive compensation until completion of the Transaction. See "*Information Concerning the Resulting Issuer- Executive Compensation*".

Summary Compensation Table

As at December 31, 2016, the end of Intermont's most recently completed financial year, Intermont did not have any NEOs appointed.

Outstanding Share-Based Awards and Option-Based Awards

Intermont has not granted any share based awards to any NEO. Intermont does not have a stock option plan and has not granted any stock options.

Incentive Plan Awards

Intermont does not have an incentive plan in place and therefore there was no compensation awarded, earned, paid or payable to any NEO under any incentive plan during the most recently completed financial year. An "incentive plan" is a plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period.

Termination and Change of Control Benefits

No agreement exists between Intermont and an NEO that provides for payment or benefits upon termination, change of control, resignation or retirement.

**Director Compensation**

Intermont has no directors and no cash compensation was paid to any person for or on behalf of Intermont for director's services as a director during the year ended December 31, 2016. Intermont does not have a standard arrangement pursuant to which directors are compensated for their services in their capacity as directors. Intermont has not granted any share-based awards or stock options to its directors.

Management Contracts

Intermont is not a party to a management contract.

**Non-Arm's Length Party Transactions**

Other than as disclosed below, Intermont has not obtained any assets or services from any of the directors or officers (other than in connection with their roles as directors or officers) or shareholders of Intermont in any transaction, or in any proposed transaction, within the five-year period prior to the date of this Filing Statement.

Staking and exploration consulting expenditures totalling USD29, 610 for the period ended December 31, 2016 were paid by Intermont to Tectonex LLC, a company owned by the sole member and President of Intermont.

**Legal Proceedings**

There are no claims, actions, proceedings or investigations pending against Intermont or, to the knowledge of Intermont, threatened against Intermont that, individually or in the aggregate, are material to Intermont or would prevent or materially delay the consummation of the Transaction. Neither Intermont nor its assets and properties is subject to any outstanding judgment, order, writ, injunction or decree that has had or would be reasonably expected to have a material adverse effect on Intermont or that would prevent or materially delay consummation of the Transaction.

**Material Contracts**

The following is a summary of each material contract, other than contracts entered into in the ordinary course of Intermont's business that was entered into in the two years previous to the date of this Filing Statement. The contracts may be inspected without charge at the office of Intermont in Winnemucca, Nevada during normal business hours until the date of closing of the Transaction and for a period of 30 days thereafter:

1. Binding Letter Agreement: See "*Summary - The Transaction*"; and

2. Joint Claims Agreement: see "*Information Concerning Intermont Exploration, LLC – Narrative Description of the Business – General*".

## INFORMATION CONCERNING THE RESULTING ISSUER

### Corporate Structure

Name and Incorporation

Palisades will be the Resulting Issuer after the Effective Time and plans to change its name to "Fremont Gold Ltd.", subject to regulatory approvals. The Resulting Issuer will be subject to the BCBCA and will be a publicly traded company listed on the TSX-V.

The head office and registered office of the Resulting Issuer will be at Suite 1500 - 409 Granville Street, Vancouver, British Columbia, V6C 1T2. The Resulting Issuer will be a reporting issuer in each of the Provinces of British Columbia and Alberta.

Intercorporate Relationships

Upon completion of the Transaction, the Resulting Issuer will own 100% of the outstanding securities of 1027344 B.C. and Intermont, which will become wholly-owned subsidiaries of the Resulting Issuer.

### Narrative Description of the Business

The Resulting Issuer will carry on the business of 1027344 B.C. and Intermont upon completion of the Transaction. See "*Information Concerning 1027344 B.C. – General Development of the Business and History*" and "*Information Concerning Intermont – General Development of the Business and History*".

Stated Business Objectives

The Resulting Issuer will be in the business of the exploration and development of mineral properties, with a primary focus on gold and copper properties in Nevada.

Milestones

The proposed milestones of the Resulting Issuer upon completion of the Transaction include the following:

- Preliminary work, including staking additional ground adjacent to the Properties;
- Obtaining drill permits in accordance with laws of the local jurisdiction;
- Remediating drill access roads;
- Commencing drill program(s); and
- Advancing the Hurricane Project.

Exploration and Development

The principal property of the Resulting Issuer will be the Hurricane Project. The Resulting Issuer will aim to complete a drill program on the Hurricane Project within a period of six to nine months following completion of the Transaction. Please see "*Information Concerning 1027344 B.C. – Description of Mineral Projects – Hurricane Project*" for more information on the Hurricane Project.

Mr. Noland, in the Technical Report, has recommended an initial work exploration program designed to verify historic interpretations and mineralization. This will consist of a clean-up of existing roads and trenches, detailed geologic mapping, re-sampling of mineralized areas and newly exposed areas, construction of new drill roads and pads, additional trenching and road building where geologic interpretation and a 4 to 8 hole reverse circulation drilling program will commence. Angle drill holes are recommended to confirm and extend indicated mineralization. These holes will range from 300 to 600 feet in depth, depending upon collar location and interpreted targets. The Hurricane Project is currently without any known mineral resources or reserves.

The initial exploration and verification budget is proposed at US$300,000 to US$400,000. A breakdown of the proposed costs is provided in Table 3 below.

**Table 3. Proposed Exploration Budget**

| | | unit | rate | |
|---|---|---|---|---|
| BLM Permit Preparation | | | | $ 25,000 |
| Open/clean Roads | 40 | hrs | 120 | $ 4,800 |
| New roads/trenches/drill sites | 120 | hrs | 180 | $ 21,600 |
| Mapping and sampling | 8 | days | 700 | $ 5,600 |
| Field Supplies | | | | $ 3,500 |
| Assays | 600 | each | 35 | $ 21,000 |
| Transportation | 45 | day | 150 | $ 6,750 |
| Oversee project | 45 | days | 700 | $ 31,500 |
| Additional Claim Staking | | | | $ 5,000 |
| RC Drilling | 2500 | foot | 100 | $ 250,000 |
| Total Proposed Budget | | | | **$ 374,750** |
| *All dollar amounts are USD | | | | |

The Resulting Issuer has also planned to conduct further surface work at the Goldrun Project in the next year. Please see "*Information Concerning Intermont – Description of Mineral Projects – Hurricane Project*" for more information on the Goldrun Project.

**Description of the Securities**

The authorized capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares and an unlimited number of preferred shares without par value.

The Resulting Issuer Shareholders will be entitled to receive dividends if, as and when declared by the Resulting Issuer Board, subject to the prior rights of the holders of preferred shares and will be entitled to one vote per share at meetings of the shareholders of the Resulting Issuer. The Resulting Issuer Shareholders will also be entitled, in the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets among the Resulting Issuer's shareholders for the purpose of winding up its affairs, to share equally in such assets of the Resulting Issuer as are available for distribution, subject to the prior rights of the holders of preferred shares.

The holders of preferred shares may be entitled to receive notice of and to attend all meetings of the Resulting Issuer Shareholders, if such series of preferred shares are approved by the Resulting Issuer Board. The holders of preferred shares are entitled to receive dividends if, as and when declared by the Resulting Issuer Board and have preference over the holders of common shares. The holders of preferred shares are also entitled, in the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets among the Resulting Issuer's shareholders for the purpose of winding up its affairs, to share equally in such assets of the Resulting Issuer as are available for distribution, and have preference over the holders of common shares.

The Resulting Issuer's shares carry no pre-emptive rights, conversion or exchange rights, retraction, sinking fund or purchase fund provisions. There are no provisions requiring the holders of the Resulting Issuer Shares to contribute additional capital and no restrictions on the issuance of additional securities by the Resulting Issuer. There are no restrictions on the repurchase or redemption of shares by the Resulting Issuer except as otherwise set out herein and to the extent that any such repurchase or redemption would render the Resulting Issuer insolvent pursuant to the BCBCA.

**Pro Forma Consolidated Capitalization**

Pro Forma Consolidated Capitalization

The following table summarizes the pro forma capital of the Resulting Issuer on a consolidated basis after giving effect to the Transaction.

| Designation of Security | Amount Authorized or to be Authorized | Amount Outstanding prior to the Transaction as at the date of this Circular | Amount Outstanding after giving effect to the Transaction(1)(2)(3) |
|---|---|---|---|
| Common Shares | Unlimited | 16,614,386 | 32,760,789 – 36,094,122 |

**Notes:**

(1) The issued and outstanding amount includes: (i) the 12,460,789 Palisades Shares (after giving effect to the Palisades Consolidation) held by existing Palisades Shareholders; (ii) between 10,000,000 and 13,333,333 Post-Consolidation Palisades Shares issued pursuant to the Palisades Private Placement, see "*Information Concerning Palisades Ventures Inc. – General Development of Business – Financing*"; and (iii) the 10,000,000 Post-Consolidation Palisades Shares issued pursuant to the Transaction; and (iv) the 300,000 Post-Consolidation Palisades Shares issued to Nevada Select Royalty, Inc. pursuant to the Lease Agreement..

(2) In addition, 28,125 Resulting Issuer Stock Options will be outstanding upon completion of the Transaction.

(3) In addition, between 7,268,750 and 9,135,416 Resulting Issuer Warrants will be outstanding upon completion of the Transaction (including between 600,000 and 800,000 Resulting Issuer Warrants that may be issued as a finder's fee in connection with the Palisades Private Placement).

On a pro forma basis after giving effect to the Transaction, the Resulting Issuer will have USD 1,077,919 cash as at December 31, 2016.

Fully Diluted Share Capital

The following table summarizes the number and percentage of securities of the Resulting Issuer proposed to be outstanding on a fully diluted basis after giving effect to the Transaction:

| Category of Securities | After Giving Effect to the Transaction | |
|---|---|---|
| | Number of Securities | Percentage of Securities (2) |
| Resulting Issuer Shares held by Palisades Shareholders (issued as Palisades Shares prior to the Transaction after giving effect to the Palisades Consolidation) | 12,460,789 | 27.5% |
| Resulting Issuer Shares being issued pursuant to the Palisades Private Placement | 10,000,000 – 13,333,333 | 29.5% |
| Resulting Issuer Shares being issued to 1027344 B.C. Shareholders pursuant to the Transaction | 3,500,000 | 7.7% |
| Resulting Issuer Shares being issued to Intermont Unitholders pursuant to the Transaction | 6,500,000 | 14.4% |
| Resulting Issuer Shares issuable upon exercise of the Resulting Issuer Warrants | 7,268,750 – 9,135,416 (1) | 20.2% |
| Resulting Issuer Shares issued to Nevada Select Royalty, Inc. pursuant to the Lease Agreement | 300,000 | 0.7% |
| Resulting Issuer Shares issuable upon exercise of existing Resulting Issuer Stock Options (issued as Palisades Stock Options prior to the Transaction after giving effect to the Palisades Consolidation) | 28,125 | 0.1% |
| **Total Fully Diluted Shares** | **40,057,664 – 45,257,663** (2) | **100.0%** |

**Notes:**

(1) This table assumes that: (i) 1,668,750 Resulting Issuer Warrants will be issued as Palisades Warrants prior to the Transaction after giving effect to the Palisades Consolidation; (ii) between 5,000,000 and 6,666,666 Warrants will be issued pursuant to the Palisades Private Placement; and (iii) between 600,000 and 800,000 Warrants will be issued as a finder's fee pursuant to the Palisades Private Placement.

(2) The table calculates the noted percentages based on the Resulting Issuer having 45,257,663 Resulting Issuer Shares on a fully diluted basis.

The following table summarizes the number and percentage of preferred shares of the Resulting Issuer proposed to be outstanding on a fully diluted basis after giving effect to the Transaction:

| Category of Securities | After Giving Effect to the Transaction | |
|---|---|---|
| | Number of Securities | Percentage of Securities |
| Preferred Shares | 0 | N/A |
| **Total Fully Diluted Shares** | **0** | **N/A** |

**Available Funds and Principal Purposes**

Funds Available

The following table reflects the Resulting Issuer's estimated available funds as at April 30, 2017:

| | Amount (USD) |
|---|---|
| Palisades' Estimated Available Funds as at April 30, 2017 | 16,028 |
| 1027344 B.C.'s Estimated Available Funds as at April 30, 2017 | - |
| Intermont's Estimated Available Funds as at April 30, 2017 | - |
| **Resulting Issuer's Total Estimated Available Funds as at April 30, 2017** | **16,028** |

The Resulting Issuer estimates that as of the Effective Date, it will have available funds of approximately US$884,528 as follows:

| | Amount (USD) |
|---|---|
| Estimated Available Funds as at April 30, 2017 | 16,028 |
| Net Proceeds from the Palisades Private Placement(1) | 1,057,500 |
| Palisades' Estimated Operating Loss (2) | (86,000) |
| 1027344 B.C.'s Estimated Operating Loss (2) | (47,000) |
| Intermont's Estimated Operating Loss (2) | (56,000) |
| **Resulting Issuer's Total Estimated Available Funds at Transaction Effective Date** | **884,528** |

**Notes**:

(1) This amount assumes that the Palisades Private Placement comprises 10,000,000 Units issued at a price of $0.15 per Unit and that the finder's fee of 6.0% is applicable to all Units issued.

(2) Includes estimated liabilities as at April 30, 2017 and estimated remaining costs related to the Transaction to be incurred through the Effective Date.

Upon completion of the Transaction, Palisades' operations will be immediately integrated with 1027344 B.C.'s and Intermont's operations and redundant personnel costs and overhead expenses will be eliminated.

Principal Purposes of Funds

Upon completion of the Transaction, the Resulting Issuer expects to use its available funds as follows:

| **Available Funds and Principal Uses** | **Time Period (Est.)** | **Allocation assuming minimum financing, USD (Est.)** | **Allocation assuming maximum financing, USD (Est.)** |
|---|---|---|---|
| Estimated available funds as at April 30, 2017 | | 16,028 | 16,028 |
| Net Proceeds from Palisades Private Placement(1) | | 1,057,500 | 1,410,000 |
| Working Capital Deficit | Immediate | (189,000) | (189,000) |
| Opening Working Capital | | 884,528 | 1,237,028 |
| General Administrative Working Capital Requirements | 12 months | 348,325 | 357,825 |
| Work Program on Hurricane | 12 months | 374,750 | 374,750 |
| Hurricane Option Payments | 12 months | 25,000 | 25,000 |
| Staking | 12 months | 30,000 | 30,000 |
| **Total** | **12 months** | **778,075** | **787,575** |
| Unallocated working capital | | 106,453 | 449,453 |
| **TOTAL** | | **884,528** | **1,237,028** |

**Note:**

(1) These amounts assume that the finder's fee of 6.0% is applicable to all Units issued.

While it is anticipated that the Resulting Issuer's available funds following completion of the Transaction will be used as set forth above, the Resulting Issuer may re-allocate funds from time to time depending upon its growth strategy and other conditions in effect at the time.

Dividends

The Resulting Issuer does not currently have a dividend policy in place. The holders of Resulting Issuer Shares will be entitled to receive such dividends as may be declared by the Resulting Issuer Board from time to time.

**Principal Securityholders**

To the knowledge of the directors and senior officers of Palisades, 1027344 B.C. and Intermont after completion of the Transaction, no person or company will beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Resulting Issuer Shares.

**Directors, Officers and Promoters**

Name, Address, Occupation and Security Holdings

The following table sets forth the name and municipality of residence, position held within the corporation, principal occupation, and date of election or appointment as a director or officer, as the case may be, and the number of Resulting Issuer Shares beneficially owned by each director and executive officer of the Resulting Issuer on completion of the Transaction. No director, officer or promoter has entered into a non-competition or non-disclosure agreement with Palisades, 1027344 B.C. or Intermont or proposes to enter into such agreement with the Resulting Issuer.

| Name and Municipality of Residence | Proposed Position with Resulting Issuer | Principal Occupation and Position Held During the Past Five Years[(1)] | Director/ Officer Since | Number and Percentage of Resulting Issuer Shares to be Held Directly or Indirectly |
|---|---|---|---|---|
| **Alan Carter**[(2)] Vancouver, British Columbia, Canada | Chairman, Director | President & CEO of Magellan Minerals Ltd. from April 2006 to May 2016. President & CEO of Equitas Resources Ltd from October 2016 to present. | N/A | 2,700,000 7.5%[(3)] |
| **Dennis Moore** Lisbon, Portugal | President, Chief Executive Officer, Director | Vice President of Corporate Development for Magellan Minerals Ltd. from June 2008 to May 2016. | N/A | 2,562,016 7.1%[(3)] |
| **Clay Newton** Blacksburg, Virginia, United States | Vice President Exploration | President and Chief Consulting Geologist of Tectonex, LLC from 2013 to present. President and Chief Geologist of Intermont Resources LLC from 2010 to present. Chief Geologist of Gustavson Associates, LLC from 2012 to 2014. Vice President & Director – Geological Services of ECSI, LLC from 2011 to2012. Senior Geologist of Marshall Miller & Associates, Inc. from 2006 to 2011. | N/A | 3,007,584 8.3%[(3)] |
| **Paul Hansed** Vancouver, British Columbia, Canada | Chief Financial Officer, Corporate Secretary | Chief Financial Officer of Magellan Minerals Ltd. from March 2008 to May 2016. Chief Financial Officer of ECI Exploration and Mining Inc. from December 2009 to December 2014. | N/A | 900,000 2.5%[(3)] |
| **Michael Williams**[(2)] Vancouver, British Columbia, Canada | Director | President, CEO & director of Vendetta Mining Corp. from December 2009 to present. President, CEO & director of Full Metal Minerals from June 2003 to present. Chairman of Underworld Resources from August 2005 to June 2010. | Director of Palisades since September 30, 2014. | 00.0%[(3)] |
| **Paul Reynolds**[(2)] Vancouver, British Columbia, Canada | Director | President of Westview Consulting Ltd. President, CEO & director of Triumph Gold Corp. from October 2015 to present. | President and CEO of Palisades between November 24, 2009 and September 30, 2014. | 495,270 1.4%[(3)] |

**Notes:**

(1) Please see "*Directors and Executive Officers*" below for a description of principal occupations within the five years preceding the date of this Filing Statement.

(2) Proposed member of the Resulting Issuer Audit Committee.

(3) Assumes 36,094,122 Resulting Issuer Shares issued and outstanding based on the assumptions provided under "*Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization*".

On closing of the Transaction, the directors and executive officers, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, a total of 9,664,870 Resulting Issuer Shares, representing approximately 26.8% of the issued and outstanding Resulting Issuer Shares.

Directors and Executive Officers

The following are brief biographies of the directors, executive officers and senior management of the Resulting Issuer. It is anticipated that the individuals listed below will be independent contractors or provide management services through independent companies.

**Alan Carter,** Chairman and Director, age 52. Dr. Carter has over 25 years of experience in the minerals exploration industry. He spent seven years working for Rio Tinto Corp. in South America and the United Kingdom, most recently as Exploration Manager in Bolivia. In 1996, he became President and CEO of Balaclava Mines and moved to Lima, Peru. Dr. Carter joined Billiton Plc in 1998 and in 2000 moved from Lima to Vancouver. Following the merger of Billiton with BHP, he assumed the role of Manager, Business Development within the BHP Billiton Exploration Group and was the Chief Operating Officer of Peregrine Diamonds Ltd. from mid-2004 to late 2006. Dr. Carter was a co-founder of both Peregrine Metals Ltd. and Cuprum Resources Ltd., and is currently a director of Peregrine Diamonds Ltd., Blackrock Gold Corp. and Anfield Gold Ltd. He has a B.Sc. degree in Geology from the University of Nottingham, U.K. and a Ph.D. degree in gold geochemistry from the University of Southampton, U.K. Most recently, Dr. Carter founded Magellan Minerals Inc. (along with Dennis Moore) which listed on the TSX Venture Exchange in early 2008 and was acquired by Anfield Gold Corp. in May 2016. Anfield completed a $25 million financing immediately after the acquisition and recently completed a $32 million financing with the objective of bringing Magellan's Coringa project into production. Dr. Carter will devote approximately 30% of his time to the Resulting Issuer.

**Dennis Moore,** President, Chief Executive Officer and Director, age 62. Mr. Moore has over 35 years of experience as an exploration geologist. Originally working for major companies in Australia and the South West Pacific, he later became involved with several of Ross Beaty's early companies in Bolivia, Peru and Brazil. Dennis co-founded Magellan Minerals Inc. with Alan Carter in 2005 and remained as an officer of the company through its formative years. Mr. Moore discovered and drilled the 1.8M ounce Tocantinzinho deposit being developed by Eldorado Gold Corp and has been directly involved in at least four other gold discoveries in South America, including Amayapampa in Bolivia, and Cuiu Cuiu, Coringa and Cajuiero in Brazil. Mr. Moore has partnered with Clay Newton in developing Intermont Exploration, LLC, a Nevada-focused generative and exploration venture. Mr. Moore will devote approximately 90% of his time to the Resulting Issuer.

**Clay Newton,** Vice President Exploration, age 63. Dr. Newton is an Ex-Kennecott geologist with 30 years of experience in mineral exploration. The bulk of his career has been devoted to targeting gold and copper deposits in Nevada. In 2014, he founded Intermont Resources LLC, which has 20 mineral properties in northern Nevada currently being explored. In 2015, he founded Intermont Exploration, LLC, a precious and base metal exploration company, and Tectonex LLC, a geological consulting firm specializing in the application of tectonics and structural geology to exploration for concealed precious metal deposits. Dr. Newton will devote approximately 25% of his time to the Resulting Issuer.

**Paul Hansed,** Chief Financial Officer, age 53. Mr. Hansed has more than 25 years of accounting and finance experience, including eight years as Chief Financial Officer of Magellan Minerals Inc. from 2008 until 2016, when the company was acquired by Anfield Gold Corp., and five years as Chief Financial Officer of ECI Exploration and Mining Inc. from 2010 until 2014. Prior to joining Magellan in 2008, Mr. Hansed worked for 20 years with KPMG in Canada and Europe. He is a Chartered Professional Accountant (CA) and holds an undergraduate degree in Business Administration from Simon Fraser University. Mr. Hansed will devote approximately 20% of his time to the Resulting Issuer.

**Michael Williams**, Director, age 54. Mr. Williams is currently President and CEO of Vendetta Mining Corp and past Chairman of Underworld Resources, which was acquired by Kinross Gold Corp. Mr. Williams has significant contacts with both retail and institutional investors and has an extensive investment banking network. He was previously Vice President of Alna Resources Ltd., a Toronto Stock Exchange listed company, where he developed and implemented all of the company’s communication and investor relations programs from 1996 through to 2004. Mr. Williams will devote approximately 20% of his time to the Resulting Issuer.

**Paul Reynolds**, Director, age 53. Mr. Reynolds is a professional geoscientist with over 29 years of experience working in Canada, U.S.A, Bolivia, Argentina and Guyana. He specialises in the conception and management of mineral exploration ventures. Mr. Reynolds has 20 years of experience managing public companies as both a director and/or executive officer. He was formerly President, CEO and director of Central Resources Corp. and Chairman of Athlone Energy Ltd., before it was acquired by Daylight Energy Ltd. in September 2008. Mr. Reynolds is currently President, CEO and director of Triumph Gold Corp., CEO and a director of Azincourt Uranium Inc., and a director of TerraX Minerals Inc. and Cairo Resources Inc. Mr Reynolds holds a B.Sc. degree from the University of British Columbia. He is a member of the Association of Professional Engineers and Geoscientists of the Province of British Columbia. Mr. Reynolds will devote approximately 20% of his time to the Resulting Issuer.

Management

Proposed members of management of the Resulting Issuer will be the same as the directors and officers described above under “*Information Concerning the Resulting Issuer - Directors, Officers and Promoters*”.

Promoter Consideration

No person or company has been, within the two years immediately preceding the date of this Filing Statement, a promoter of Palisades.

Corporate Cease Trade Orders or Bankruptcies

No proposed director or officer of the Resulting Issuer or a security holder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, within ten years before the date of this Filing Statement, has been, a director, officer or promoter of any person or company that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No proposed director or officer of the Resulting Issuer, or a security holder anticipated to hold sufficient securities of the Resulting Issuer to materially affect the control of the Resulting Issuer, has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Transaction.

Personal Bankruptcies

No proposed director or officer of the Resulting Issuer or a security holder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Conflicts of Interest

The directors of the Resulting Issuer will be required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests, which they may have in any project or opportunity of the Resulting Issuer. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. To the best of the knowledge of Palisades, and other than as disclosed herein, there are no known existing or potential conflicts of interest between the Resulting Issuer and its proposed promoters, directors and officers or other proposed members of management of the Resulting Issuer as a result of their outside business interests except that certain directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Resulting Issuer and their duties as a director or officer of such other companies.

Other Reporting Issuer Experience

The following table sets out the proposed directors and officers of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

| **Other Reporting Issuer Experience** | | | | | |
|---|---|---|---|---|---|
| **Name** | **Name and Jurisdiction of Reporting Issuer** | **Name of Trading Market** | **Position** | **From** | **To** |
| **Alan Carter** | Magellan Minerals Ltd, B.C. | TSX-V | President & CEO | Feb 2008 | May 2016 |
| | Anfield Gold Corp., B.C. | TSX-V | Director | May 2016 | Present |
| | Peregrine Diamonds Ltd. | TSX | Director | Mar 2005 | Present |
| | Blackrock Gold Corp., B.C. | TSX-V | Director | Aug 2016 | Present |
| | Equitas Resources Corp., B.C. | TSX-V | President & CEO | Oct 2016 | Present |
| **Dennis Moore** | Magellan Minerals Ltd, B.C. | TSX-V | Vice President, Corporate Development | June 2008 | May 2016 |
| **Clay Newton** | N/A | N/A | N/A | N/A | N/A |
| **Paul Hansed** | Magellan Minerals Ltd, B.C. | TSX-V | CFO | Mar 2008 | May 2016 |
| **Michael Williams** | Vendetta Mining Corp., B.C. | TSX-V | President, CEO & Director | Dec 2009 | Present |
| | Full Metal Minerals, B.C. | TSX-V | President, CEO & Director | June 2003 | Present |
| | Underworld Resources, B.C. | TSX-V | Chairman | Aug 2005 | June 2010 |
| **Paul Reynolds** | Triumph Gold Corp. (formerly Northern Freegold Resources Ltd.), B.C. | TSX-V | President, CEO & Director | Oct 2015 | Present |
| | | | VP, Exploration | May 2012 | Oct 2015 |
| | Cairo Resources Inc., B.C. | TSX-V | Director | Aug 2014 | Present |
| | Azincourt Uranium Inc., B.C. | TSX-V | CEO & Director | Sept 2015 | Present |
| | | | Director | Sept 2011 | Sept 2015 |
| | TerraX Minerals Inc., B.C. | TSX-V | Director | Jan 2008 | Present |
| | Petro One Energy Corp., B.C. | TSX-V | Director | Feb 2011 | Feb 2016 |
| | Central Resources Corp., B.C. | TSX-V | President, CEO & Director | Nov 2010 | Mar 2015 |
| | Happy Creek Minerals Ltd., B.C. | TSX-V | Director | June 2008 | Apr 2015 |

| Other Reporting Issuer Experience | | | | | |
|---|---|---|---|---|---|
| **Name** | **Name and Jurisdiction of Reporting Issuer** | **Name of Trading Market** | **Position** | **From** | **To** |
| | Majestic Gold Corp, B.C. | TSX-V | President, CEO & Director | Nov 2013 | Feb 2014 |
| | | | COO | Feb 2012 | Nov 2013 |

**Executive Compensation**

The statement of executive compensation contained in this section relates only to the proposed executive compensation of the Resulting Issuer assuming completion of the Transaction, and should be read and interpreted as though the Transaction has been completed. For information relating to the executive compensation practices of Palisades for periods prior to the date of this Filing Statement, see "*Information Concerning Palisades Ventures Inc. – Executive Compensation*". For information relating to the executive compensation practices of 1027344 B.C. for periods prior to the date of this Filing Statement, see "*Information Concerning 1027344 B.C. Ltd. – Executive Compensation*". For information relating to the executive compensation practices of Intermont prior to the date of this Filing Statement, see "*Information Concerning Intermont Exploration, LLC – Executive Compensation*".

<u>Compensation Discussion and Analysis</u>

The Resulting Issuer's compensation philosophy for NEOs is designed to attract well-qualified individuals by paying modest base salaries plus short and long-term incentive compensation in the form of stock options or other suitable long-term incentives. In making its determinations regarding the various elements of executive compensation, the Resulting Issuer Board will have access to and will rely on published studies of compensation paid in comparable businesses.

The duties and responsibilities of the CEO are typical of those of a business entity of the Resulting Issuer's size in a similar business and include direct reporting responsibility to the Chairman of the Resulting Issuer Board, overseeing activities of all other executives of the Resulting Issuer, representing the Resulting Issuer, providing leadership and responsibility for achieving corporate goals, and implementing corporate policies and initiatives.

The objectives of the Resulting Issuer's executive compensation program are as follows:

- to attract, retain and motivate talented executives who create and sustain the Resulting Issuer's continued success;
- to align the interests of the Resulting Issuer's executives with the interests of the Resulting Issuer's shareholders; and
- to provide total compensation to executives that is competitive with that paid by other companies of comparable size engaged in a similar business in appropriate regions.

Overall, the executive compensation program aims to design executive compensation packages that mirror executive compensation packages for executives with similar talents, qualifications and responsibilities at companies with similar financial, operating and industrial characteristics. The Resulting Issuer expects to undergo rapid growth and is committed to retaining its key executives for the next several critical years, while at the same time ensuring that executive compensation is tied to specific corporate goals and objectives. The Resulting Issuer's executive compensation program has been designed to reward executives for reinforcing the Resulting Issuer's business objectives and values, for achieving the Resulting Issuer's performance objectives, and for their individual performance.

The executive compensation program consists of a combination of base salary, performance bonus and stock option incentives. The base salary of an NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

Base Salary

In addition to a fixed base salary, an NEO is eligible to receive a performance-based bonus meant to motivate the NEO to achieve short-term goals. Awards under the plan will be made by way of cash payments only, which payments will be made at the end of the relevant fiscal year. Each NEO will be measured against the financial targets within his or her control and, while overall company performance is part of the plan, individual targets will represent the highest percentage of the plan payout.

Stock Options

The Resulting Issuer believes that equity-based compensation in the form of stock options will link the interests of its executive officers with the long-term interests of the Resulting Issuer's shareholders. Stock option awards to executive officers (including NEOs) will typically be subject to time-based vesting provisions. The Resulting Issuer believes that such awards will encourage NEOs to focus on long-term company performance and increasing long-term shareholder value, and will serve as a useful retention mechanism by encouraging NEOs to remain employed with the Resulting Issuer.

The Resulting Issuer does not have any formal policy regarding when stock options are to be granted or the size of any given grant, and the Resulting Issuer does not intend to tie such grants directly to any pre-established corporate or individual goals. The Resulting Issuer Board or a committee thereof will, however, consider and evaluate the total compensation package, including base salary and cash bonuses, received or to be received by a particular executive officer, and will seek to ensure that such total compensation package is fair, reasonable and competitive. When considering an award of options to an executive officer, consideration of the number of options previously granted to the executive may be taken into account.

Broad-Based Benefits Programs

All full-time employees, as well as the Resulting Issuer's NEOs, may participate in the Resulting Issuer's health and welfare benefit programs, including medical, dental and vision care coverage, disability insurance and life insurance. The Resulting Issuer does not intend to provide perquisites or personal benefits to its NEOs that are not otherwise generally available to other employees.

Determination of the Amount of Each Element of the Executive Compensation Program

*Base Salary*

The base salary review of any NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary is not evaluated against a formal "peer group".

*Performance Bonuses*

The Resulting Issuer Board will oversee the operation of the Resulting Issuer's bonus plan by evaluating and approving the targets and the objectives to be met by the NEO and the amount of bonus payable at specific levels of attainment of those targets and objectives. The bonus for any individual NEO varies dependent upon the position and financial performance of the related business unit or corporate activity.

Each element of the executive compensation program has been designed to meet one or more objectives of the overall program.

The fixed base salary of any NEO, combined with the granting of stock options, has been designed to provide total compensation which the Resulting Issuer Board believes is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.

Option-Based Awards

The Resulting Issuer Stock Option Plan will be administered by the Resulting Issuer Board or a committee thereof, in accordance with such terms and conditions as the Resulting Issuer Board may prescribe.

Amendments to the terms of previously granted options are subject to regulatory approval, if required. If required by the TSX-V, disinterested shareholder approval will be required for any reduction in the option price of a previously granted stock option if the optionee is an Insider of Palisades at the time of the proposed reduction in the option price.

Summary Compensation Table

On completion of the Transaction, the Resulting Issuer will have the following NEOs, whose names and positions held are set out in the summary compensation table below. The Resulting Issuer may grant options to the NEOs upon completion of the Transaction.

There is no existing or agreed upon annual incentive plan for the NEOs at this time; this is expected to be reviewed and an annual incentive plan implemented after the Resulting Issuer Board is constituted and has had adequate time to review any such plan. As described earlier, it is expected that the annual incentive plan will be based on overall company performance and meeting individual financial targets.

The following table is a summary of the NEO's anticipated compensation for the 12-month period after giving effect to the Transaction:

| **Name and Principal Position** | **Salary ($)** | **Share-based awards ($)** | **Option -based awards ($)** | **Non-equity incentive plan compensation ($)** | | **Pension value ($)** | **All other compensation ($)** | **Total compensation ($)** |
|---|---|---|---|---|---|---|---|---|
| | | | | **Annual incentive plans** | **Long term incentive plans** | | | |
| **Alan Carter** *Chairman* | 50,000 | N/A | N/A(1) | N/A(2) | N/A(2) | N/A | N/A(3) | 50,000 |
| **Dennis Moore** *President and CEO* | 125,000 | N/A | N/A(1) | N/A(2) | N/A(2) | N/A | N/A(3) | 125,000 |
| **Clay Newton** *VP Exploration* | 50,000 | N/A | N/A(1) | N/A(2) | N/A(2) | N/A | N/A(3) | 50,000 |
| **Paul Hansed** *CFO and Corporate Secretary* | 50,000 | N/A | N/A(1) | N/A(2) | N/A(2) | N/A | N/A(3) | 50,000 |

**Notes:**

(1) Option-based awards, if any, for fiscal 2018 will be determined by the Resulting Issuer Board or a committee thereof. See "*Executive Compensation- Compensation Discussion and Analysis*".

(2) Cash bonuses, if any, for fiscal 2018 will be determined by the Resulting Issuer Board or a committee thereof. See "*Executive Compensation- Compensation Discussion and Analysis*".

(3) Any additional compensation to be paid to the NEOs for fiscal 2018 will be determined by the Resulting Issuer Board or a committee thereof. See "*Executive Compensation- Compensation Discussion and Analysis*".

Termination and Change of Control Benefits

On closing of the Transaction, the Resulting Issuer will not have any contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Resulting Issuer or a change in an NEO's responsibilities.

There are no existing employment agreements with any of the NEOs.

Director Compensation

The remuneration payable to directors of the Resulting Issuer will be determined following completion of the Transaction. It is anticipated that the directors will be issued Resulting Issuer Stock Options.

**Indebtedness of Directors and Officers**

There is not currently, nor has there been since the beginning of the most recently completed financial years of Palisades, 1027344 B.C. and Intermont, any outstanding indebtedness owing to Palisades, 1027344 B.C. or Intermont or, in each case, any subsidiary thereof, by: (i) any director, executive officer or employee of Palisades, 1027344 B.C. or Intermont, as the case may be; (ii) any former director, executive officer or employee of Palisades, 1027344 B.C. or Intermont, as the case may be; (iii) any proposed nominee for election as a director of the Resulting Issuer; or (iv) any Associate of any current or former director, executive officer or proposed nominee for election as a director of the Resulting Issuer, either pursuant to an employee stock purchase program of Palisades, 1027344 B.C. or Intermont, as the case may be, or otherwise, and no individual is or has been indebted to any other entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit, or similar arrangement or understanding by Palisades, 1027344 B.C. or Intermont, as the case may be.

**Investor Relations Arrangements**

No written or oral agreement or understanding has been reached with any person to provide any promotional or investor relations services for the Resulting Issuer. See "*Information Concerning the Resulting Issuer- Directors, Officers and Promoters*".

**Options to Purchase Securities**

The following table sets out information of the Resulting Issuer with respect to compensation plans under which equity securities of the Resulting Issuer are authorized for issuance.

| **Plan Category** | **Number of securities to be issued upon exercise of outstanding options, and rights (a)** | **Weighted average exercise price of outstanding options, warrants and rights (b)** | **Number of securities remaining available for future issuances under equity compensation plan (excluding securities reflected in column (a)) (c)** |
|---|---|---|---|
| Equity compensation plans approved by security holders | 28,125 | $0.53 | 3,581,287(1) |
| Equity compensation plans not approved by security holders | N/A | N/A | N/A |
| **Total** | **28,125** | **$0.53** | 3,581,287(1) |

**Notes:**

(1) Upon completion of the Transaction, there will be between 32,760,789 and 36,094,122 Resulting Issuer Shares issued and outstanding. The number of securities remaining available for future issuances under the equity compensation plan as referred to in this table assumes that the Palisades Private Placement comprises the maximum number of Units, being 13,333,333 Units.

Stock Option Plan

See "*Information Concerning Palisades- Stock Option Plan*" for a summary of the terms of the Palisades Stock Option Plan, which will be the Resulting Issuer Stock Option Plan upon completion of the Transaction.

**Escrowed Securities**

Principals

The following table summarizes information concerning escrowed securities held by principals of the Resulting Issuer prior to and after giving effect to the Transaction:

| Name of Municipality of Residence of Security holder | Designation of Class | Prior to Giving Effect to the Transaction | | After Giving Effect to the Transaction | |
|---|---|---|---|---|---|
| | | Number of Securities held in Escrow | Percentage of Class | Number of Securities to be held in Escrow | Percentage of Class |
| Alan Carter<br>*Vancouver, British Columbia* | Common shares | Nil | Nil | 2,700,000 | 7.5%(1) |
| Dennis Moore<br>*Lisbon, Portugal* | Common shares | Nil | Nil | 2,562,016 | 7.1%(1) |
| Clay Newton<br>*Blacksburg, Virginia* | Common shares | Nil | Nil | 3,007,584 | 8.3%(1) |
| Paul Hansed<br>*Vancouver, British Columbia* | Common shares | Nil | Nil | 900,000 | 2.5%(1) |
| **Total** | Common Shares | **Nil** | **Nil** | **9,169,600** | **25.4%(1)** |

**Notes:**

(1) Assumes 36,094,122 Resulting Issuer Shares issued and outstanding based on the assumptions provided under "*Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization*".

An aggregate of 9,169,600 Resulting Issuer Shares held by Alan Carter, Dennis Moore, Clay Newton and Paul Hansed will be placed in TSX-V Tier 2 Surplus Escrow. The Resulting Issuer Shares placed in TSX-V Tier 2 Surplus Escrow will be held in escrow by CST Trust Company, which will release them as follows:

| Percentage | Release Date |
|---|---|
| 5% | At the time of TSX-V Bulletin |
| 5% | 6 months from TSX-V Bulletin |
| 10% | 12 months from TSX-V Bulletin |
| 10% | 18 months from TSX-V Bulletin |
| 15% | 24 months from TSX-V Bulletin |
| 15% | 30 months from TSX-V Bulletin |
| 40% | 36 months from TSX-V Bulletin |

<u>Non Principals</u>

An aggregate of 830,400 Resulting Issuer Shares beneficially owned by 5 non principals will be placed in TSX-V Tier 2 Value Escrow. The Resulting Issuer Shares placed in TSX-V Tier 2 Value Escrow will be held in escrow by Equity Financial Trust Company, which will release them as follows:

| Percentage | Release Date |
| --- | --- |
| 10% | At the time of TSX-V Bulletin |
| 15% | 6 months from TSX-V Bulletin |
| 15% | 12 months from TSX-V Bulletin |
| 15% | 18 months from TSX-V Bulletin |
| 15% | 24 months from TSX-V Bulletin |
| 15% | 30 months from TSX-V Bulletin |
| 15% | 36 months from TSX-V Bulletin |

**Auditor(s), Transfer Agent(s) and Registrar(s)**

<u>Auditor</u>

The auditor of the Resulting Issuer will be De Visser Gray LLP located at Suite 401 – 905 West Pender Street, Vancouver, British Columbia, V6C 1L6.

<u>Transfer Agent and Registrar</u>

The Resulting Issuer's transfer agent and registrar will be CST Trust Company located at Suite 1600 – 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1.

## GENERAL MATTERS

### Experts

Opinions

- Paul D. Noland, Certified Professional Geologist, prepared the Technical Report for Palisades. Mr. Noland confirms he is independent of Palisades, 1027344 B.C. and Intermont.
- Smythe LLP audited the financial statements of Palisades for its financial years ended March 31, 2016 and 2015. Smythe LLP reviewed the interim financial statements of Palisades for the nine month period ended December 31, 2016. Smythe LLP confirms its independence as determined by the Institute of Chartered Accountants of British Columbia.
- DeVisser Gray LLP audited the financial statements of 1027344 B.C. for the year ended December 31, 2016. DeVisser Gray LLP confirms its independence as determined by the Institute of Chartered Accountants of British Columbia.
- DeVisser Gray LLP audited the financial statements of Intermont for the year ended December 31, 2016. DeVisser Gray LLP confirms its independence as determined by the Institute of Chartered Accountants of British Columbia.

Interest of Experts

To Palisades', 1027344 B.C.'s and Intermont's knowledge, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement, holds any beneficial interest, direct or indirect, in any securities or property of Palisades, 1027344 B.C., Intermont or the Resulting Issuer or an Associate or Affiliate of the foregoing.

### Other Material Facts

There are no other material facts about Palisades, 1027344 B.C., Intermont, the Resulting Issuer or the Transaction that have not been disclosed in this Filing Statement.

### Board Approval

The contents and filing of this Filing Statement have been approved by the Palisades Board.

### Additional Information

If readers have any questions about the information contained in the Filing Statement, please contact: Palisades at Suite 2300 - 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2, Phone: 778 888-9710; 1027344 B.C. at Suite 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2, Phone: 604-676-5663; and Intermont at 1110 Lay Street, Winnemucca, Nevada, 89445, Phone: 276-245-6033.

# APPENDIX "A"

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PALISADES VENTURES INC.
## FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

**PALISADES VENTURES INC.**
**(Formerly Uranium Standard Resources Ltd.)**

**Consolidated Audited Financial Statements**
**(Expressed in Canadian Dollars)**

**March 31, 2016 and 2015**

**PALISADES VENTURES INC.**
**(Formerly Uranium Standard Resources Ltd.)**
**Consolidated Audited Financial Statements**
(Expressed in Canadian Dollars)

**March 31, 2016 and 2015**

Smythe CPA

**INDEPENDENT AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF PALISADES VENTURES INC.**
**(formerly Uranium Standard Resources Ltd.)**

We have audited the accompanying consolidated financial statements of Palisades Ventures Inc., which comprise the consolidated statements of financial position as at March 31, 2016 and 2015, and the consolidated statements of operations and comprehensive loss, shareholders' equity (deficit) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Palisades Ventures Inc. as at March 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

*Emphasis of Matter*
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
July 25, 2016



**Vancouver**
7th Floor 355 Burrard St
Vancouver, BC V6C 2G8
**T:** 604 687 1231
**F:** 604 688 4675

**Langley**
305 – 9440 202 St
Langley, BC V1M 4A6
**T:** 604 282 3600
**F:** 604 888 9807

**Nanaimo**
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
**T:** 250 755 2111
**F:** 250 751 3384

Smythe LLP | **smythecpa.com**

**PALISADES VENTURES INC.**
(Formerly Uranium Standard Resources Ltd.)
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**As at March 31**
(Expressed in Canadian Dollars)

| | 2016 | 2015 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | $ 1,166 | $ 19,440 |
| GST receivable | 997 | 2,063 |
| Prepaid expenses | - | 20,450 |
| | 2,163 | 41,953 |
| **Exploration and evaluation assets** (note 4) | - | 1,364,303 |
| | $ 2,163 | $ 1,406,256 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | $ 142,474 | $ 39,248 |
| Due to related parties (note 7) | 55,000 | 20,000 |
| | 197,474 | 59,248 |
| **Shareholders' equity (deficit)** | | |
| Share capital (note 6) | 6,011,148 | 6,011,148 |
| Shares to be issued (note 6) | 65,000 | - |
| Share-based payment reserve | 773,276 | 773,276 |
| Warrant reserve | 170,221 | 170,221 |
| Deficit | (7,214,956) | (5,607,637) |
| | (195,311) | 1,347,008 |
| | $ 2,163 | $ 1,406,256 |

**Approved by the Board:**

(signed)*"Jonathan Jackson"*
Jonathan Jackson, Director

(signed)*"Arni Johannson"*
Arni Johannson, Director

**PALISADES VENTURES INC.**
(Formerly Uranium Standard Resources Ltd.)
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
**Years Ended March 31**
(Expressed in Canadian Dollars)

| | | 2016 | | 2015 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Consulting fees | $ | 55,000 | $ | 22,000 |
| Listing and transfer agent | | 29,590 | | 58,348 |
| Management fees (note 7) | | 41,000 | | 23,750 |
| Office | | 12,043 | | 68,110 |
| Professional fees (note 7) | | 43,136 | | 29,015 |
| Property expenditures | | - | | 450 |
| Rent (note 7) | | 9,000 | | 1,000 |
| Share-based payments (notes 6 and 7) | | - | | 200,656 |
| Shareholders' communications | | 51,747 | | 62,039 |
| Travel | | - | | 6,452 |
| | | (241,516) | | (471,820) |
| Write-off of property acquisition costs (note 4) | | (1,365,803) | | (120,790) |
| **Net loss and comprehensive loss for the year** | $ | (1,607,319) | $ | (592,610) |
| **Loss per share – basic and diluted** | $ | (0.13) | $ | (0.08) |
| **Weighted average number of common shares outstanding – basic and diluted** | | 12,254,796 | | 7,626,854 |

**PALISADES VENTURES INC.**
(Formerly Uranium Standard Resources Ltd.)
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)**
(Expressed in Canadian Dollars)

| | Number of Shares | Share Capital | Shares to be issued | Share-based Payment Reserve | Warrant Reserve | Deficit Accumulated During Exploration Stage | Total |
|---|---|---|---|---|---|---|---|
| **Balance: March 31, 2014** | 2,519,497 | $4,164,904 | $ - | $572,620 | $ - | $(5,015,027) | $(277,503) |
| Shares issued for cash | 3,840,000 | 691,200 | - | - | 153,600 | - | 844,800 |
| Share issue costs – cash | - | (48,715) | - | - | - | - | (48,715) |
| Share issue costs – warrants | - | (16,621) | - | - | 16,621 | - | - |
| Acquisition of Canadian Uranium Corp. (note 5) | 3,954,889 | 711,880 | - | - | - | - | 711,880 |
| Shares issued for exploration and evaluation assets | 1,950,000 | 508,500 | - | - | - | - | 508,500 |
| Share-based payments | - | - | - | 200,656 | - | - | 200,656 |
| Net loss for the year | - | - | - | - | - | (592,610) | (592,610) |
| **Balance: March 31, 2015** | 12,264,386 | 6,011,148 | - | 773,276 | 170,221 | (5,607,637) | 1,347,008 |
| Shares to be issued | - | - | 65,000 | - | - | - | 65,000 |
| Shares returned for exploration and evaluation assets (note 4b) | (100,000) | - | - | - | - | - | - |
| Net loss for the year | - | - | - | - | - | (1,607,319) | (1,607,319) |
| **Balance: March 31, 2016** | 12,164,386 | $6,011,148 | $65,000 | $773,276 | $170,221 | $(7,214,956) | $(195,311) |

**PALISADES VENTURES INC.**
(Formerly Uranium Standard Resources Ltd.)
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**For the Year Ended March 31**
(Expressed in Canadian Dollars)

| | 2016 | 2015 |
|---|---|---|
| **Operating activities** | | |
| Net loss | $ (1,607,319) | $ (592,610) |
| Items not affecting cash: | | |
| Write-off of property acquisition costs | 1,365,803 | 120,790 |
| Share-based payments | - | 200,656 |
| Changes in non-cash working capital: | | |
| GST receivable | 1,066 | (603) |
| Prepaid expenses | 20,450 | (19,550) |
| Accounts payable and accrued liabilities | 103,226 | (306,462) |
| Due to related parties | 35,000 | (20,000) |
| **Cash used in operating activities** | (81,774) | (617,779) |
| **Financing activities** | | |
| Issuance of capital stock, net of share issue costs | - | 796,085 |
| Shares to be issued | 65,000 | - |
| **Cash provided by financing activities** | 65,000 | 796,085 |
| **Investing activities** | | |
| Cash received through acquisition of Canadian Uranium Corp. | - | 33 |
| Exploration and evaluation expenditures | (1,500) | (175,788) |
| **Cash used in investing activities** | (1,500) | (175,755) |
| **Increase (decrease) in cash** | (18,274) | 2,551 |
| **Cash, beginning of year** | 19,440 | 16,889 |
| **Cash, end of year** | $ 1,166 | $ 19,440 |
| **Supplemental cash flow information** | | |
| Issuance of shares for exploration and evaluation assets | $ - | $ 1,217,305 |

## 1. Nature of operations and going concern

Palisades Ventures Inc. (formerly Uranium Standard Resources Ltd.) (the "Company") was incorporated under the laws of British Columbia, Canada, on June 6, 2007. The principal business activity of the Company is the acquisition and exploration of mineral properties located in Canada. The Company is listed on the TSX Venture Exchange ("TSX-V") under the trading symbol "PSV".

The head office and records office of the Company are located at Suite 2300 - 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X2.

On November 27, 2015, the Company consolidated its common shares on the basis of one post-consolidated common share for every two pre-consolidated common shares held. The 24,528,771 pre-consolidated common shares issued and outstanding were adjusted to 12,264,386 post-consolidated common shares. As required by International Accounting Standards ("IAS") 33 *Earnings per Share*, all references to share capital, common shares outstanding and per share amounts in these consolidated financial statements and the accompanying notes for time periods prior to the share consolidation have been restated to reflect the two for one share consolidation.

On July 25, 2014, the Company consolidated its common shares on the basis of one post-consolidated common share for every three pre-consolidated common shares held. The 15,117,000 pre-consolidated common shares issued and outstanding were adjusted to 5,038,992 post-consolidated common shares.

On October 2, 2014, the Company completed an acquisition of Canadian Uranium Corp. ("Canadian Uranium") and 1008394 B.C. Ltd., a wholly owned subsidiary of the Company formed for the purpose of the acquisition (note 5). In connection with the acquisition, the Company changed its name to Uranium Standard Resources Ltd. from Central Resources Corp. and began trading under its new name and symbol "USR".

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at March 31, 2016 the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. These uncertainties cast significant doubt about the Company's ability to continue as a going concern. For the year ended March 31, 2016, the Company incurred an operating loss of $1,607,319 (2015 - $592,610). Further, the Company has an accumulated deficit of $7,214,956 (2015 - $5,607,637), a working capital deficiency of $195,311 (2015 - $17,295), limited resources, no source of operating cash flow and no assurances that sufficient funding will continue to be available to finance operations or to conduct further exploration and development of its mineral property interests.

The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from there and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from proceeds of private placements of its common shares.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

## 2. Significant accounting policies and basis of presentation

### *a) Basis of presentation*

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Board of Directors approved these audited consolidated financial statements on July 25, 2016.

### *b) Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Canadian Uranium, a British Columbia corporation. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany transactions, balances, revenues and expenses have been eliminated.

### *c) Critical accounting judgments*

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

The following are critical judgments that management has made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements.

*Going concern evaluation*

As discussed in note 1, these consolidated financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at March 31, 2016.

*Review of asset carrying value and impairment assessment*

Each asset or cash-generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If such an indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is measured at the higher of fair value less costs to sell or value in use.

**2. Significant accounting policies and basis of presentation** (Continued)

***d) Use of estimates and measurement uncertainties***

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates that affect the measurements of assets, liabilities, expenses and certain disclosures reported in these consolidated financial statements. Significant estimates made by management include the following:

*Valuation of share-based compensation and share purchase warrants*
Management uses the Black-Scholes option pricing model to determine the fair value of employee stock options and share purchase warrants issued for goods or services. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

*Income taxes*
Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

***e) Share-based payments***

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using the Black-Scholes option pricing model. The number of shares and options expected to vest are reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

***f) Exploration and evaluation expenditures***

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the cost of exploration and evaluation assets. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**2. Significant accounting policies and basis of presentation** (Continued)

***g) Restoration and environmental obligations***

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

Changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

***h) Impairment of long-lived assets***

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statements of operations and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.
An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

**2. Significant accounting policies and basis of presentation** (Continued)

***i) Loss per share***

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

***j) Financial instruments***

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition. All financial instruments must be recognized, initially, at fair value on the consolidated statement of financial position. Subsequent measurement of the financial instruments is based on their respective classification.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets.

The Company classifies its financial liabilities in the following categories: fair value through profit or loss and other financial liabilities.

Financial liabilities classified as fair value through profit or loss comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in profit or loss.

**2. Significant accounting policies and basis of presentation** (Continued)

***j) Financial instruments*** *(continued)*
Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company has made the following classification of its financial instruments:

Financial assets or liabilities

| | Measurement category under IAS 39 |
|---|---|
| Cash | Held-for-trading |
| Accounts payable and accrued liabilities | Other liabilities |
| Due to related parties | Financial liabilities |

*Fair value*
As at March 31, 2016 and 2015, the Company's financial instruments consisted of cash, trade payables and due to related parties. The fair values of cash, trade and other payables and due to related parties approximate their carrying values.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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.

Cash, accounts payable and accrued liabilities, and due to related parties are classified as Level 1 inputs. The Company does not have any derivative financial assets or liabilities.

## 2. Significant accounting policies and basis of presentation (Continued)

### *k) Share capital*

Proceeds from the exercise of stock options are recorded as share capital in the amount for which the option enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is valued at the date the shares were issued. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

### *l) Income taxes*

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of operations and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 3. Accounting standards issued but not yet effective

**Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)**
Amends IFRS 11 *Joint Arrangements* to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 *Business Combinations*) to apply all of the business combinations accounting principles in IFRS 3 and other IFRS, except for those principles that conflict with the guidance in IFRS 11, and disclose the information required by IFRS 3 and other IFRS for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

**3. Accounting standards issued but not yet effective** (Continued)

***Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)*** *(continued)*
Note: The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognized for acquisitions of interests in joint operations occurring in prior periods are not adjusted.

Applicable to annual periods beginning on or after July 1, 2016.

**IFRS 9 *Financial Instruments* (2014)**
The IASB replaces IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9. IFRS 9 deals with classification and measurement, impairment, hedge accounting and derecognition of financial assets and liabilities. In February 2014, the IASB decided to defer to January 1, 2018 the implementation of IFRS 9. The Company's management has yet to assess the impact of this new standard on the Company's consolidated financial statements. Management does not expect to implement IFRS 9 until it has been issued and its overall impact can be assessed.

Applicable to annual periods beginning on or after January 1, 2018.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

**Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)**
The amendments require entities to provide disclosures that enable users of the financial statements to evaluate change in liabilities arising from financing activities.

Applicable to annual periods beginning on or after January 1, 2017.

**Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 *Income Taxes*)**
The amendments clarify how to account for deferred taxes related to debt instruments measured at fair value.

Applicable to annual periods beginning on or after January 1, 2017.

**Annual Improvements 2012-2014 Cycle**
The following standards have been revised to incorporate amendments issued by the IASB:

IFRS 5 *Non Current Assets Held for Sale and Discontinued Operations* – Clarifies the application of guidance when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and the circumstances in which an asset (or disposal group) no longer meet the criteria for held for distribution.

IFRS 7 *Financial Instruments: Disclosures* – Clarifies guidance on servicing contracts and the applicability of the amendments to IFRS 7 regarding offsetting financial assets and financial liabilities to interim financial statements.

IFRS 19 *Employee Benefits* – Clarifies the application of the discount rate requirements for currencies for which there is no deep market in high quality bonds.

(Expressed in Canadian Dollars)

## 3. Accounting standards issued but not yet effective (Continued)

***Annual Improvements 2012-2014 cycle*** *(continued)*
IFRS 34 *Interim Financial Reporting* – Clarifies the meaning of disclosure of information “elsewhere in the interim financial report”.

Applicable to annual periods beginning on or after January 1, 2016.

## 4. Exploration and evaluation assets

The Company incurred the following mineral property acquisition costs:

| | Tam Property $ | Whitford Lake Property $ | Bernick Lake Property $ | Wheeler Lake Property $ | Uranium Project Database $ | Marquez Uranium Project $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Acquisition costs:** | | | | | | | |
| Balance, March 31, 2014 | 92,000 | - | - | - | - | - | 92,000 |
| Acquisition of Canadian Uranium | - | 623,420 | 170,333 | - | - | - | 793,753 |
| Additions | - | - | - | 243,500 | 290,000 | 28,790 | 562,290 |
| Write-off | (92,000) | - | - | - | - | (28,790) | (120,790) |
| Balance, March 31, 2015 | - | 623,420 | 170,333 | 243,500 | 290,000 | - | 1,327,253 |
| Write-off | - | (623,420) | (170,333) | (243,500) | (290,000) | - | (1,327,253) |
| Balance, March 31, 2016 | - | - | - | - | - | - | - |
| **Exploration costs:** | | | | | | | |
| Balance, March 31, 2014 | - | - | - | - | - | - | - |
| Additions | - | - | 27,550 | 9,500 | - | - | 37,050 |
| Balance, March 31, 2015 | - | - | 27,550 | 9,500 | - | - | 37,050 |
| Additions | - | - | - | 1,500 | - | - | 1,500 |
| Write-off | - | - | (27,550) | (11,000) | - | - | (38,550) |
| Balance, March 31, 2016 | - | - | - | - | - | - | - |
| **Total, March 31, 2015** | - | 623,420 | 197,883 | 253,000 | 290,000 | - | 1,364,303 |
| **Total, March 31, 2016** | - | - | - | - | - | - | - |

### a) Tam Property, British Columbia

On January 11, 2008, the Company entered into an option agreement to acquire a 100% interest in mineral claims located in the Lac La Hache area of British Columbia.

On June 30, 2014, the Company renegotiated the overall agreement with the optionor, Paul Reynolds, who became an officer and director of the Company following the initial option agreement, to modify all remaining commitments as follows:

**4. Exploration and evaluation assets** (Continued)

**a) Tam Property, British Columbia** (Continued)

Payment of $250,000 over a five-year period as follows:

- $10,000 within 30 days of the signing of the agreement (paid);
- $15,000 on or before the date six months from signing of the agreement (paid);
- $30,000 by the first anniversary of the agreement (paid);
- $45,000 by August 30, 2014;
- $60,000 by December 31, 2014; and
- $90,000 by July 31, 2015.

Issuance of 55,555 common shares of the Company over a five-year period as follows:

- 11,111 common shares within 30 days of the signing of the agreement (issued);
- 11,111 common shares by the first anniversary of the signing of the agreement (issued);
- 11,111 common shares by December 31, 2012(issued);
- 11,111 common shares by August 30, 2014; and
- 11,111 common shares b December 31, 2014.

Incur $1,500,000 of cumulative exploration expenditures over a five-year period as follows:

- $100,000 by the first anniversary of the agreement (incurred);
- an additional $200,000 by December 31, 2012 (incurred);
- an additional $400,000 by August 30, 2014; and
- an additional $800,000 by July 31, 2015.

During the year ended March 31, 2015, the Company recognized an impairment of $92,000, determined in accordance with Level 3 of the fair value hierarchy, as management did not plan to further pursue the property.

**b) Selwyn Creek Property, Yukon**

On June 8, 2010, as amended on June 4, 2012, the Company entered into an option agreement to purchase a 100% interest in mineral claims located within the Dawson Range, White Gold District, Yukon. The terms of the agreement are as follows:

Payment of $150,000 over a two-year period as follows:

- $115,000 upon TSX-V acceptance of the agreement (paid); and
- $35,000 on or before February 15, 2011 (paid).

Issuance of 222,222 common shares of the Company over a two-year period as follows:

- 27,778 common shares upon TSX-V acceptance of the agreement (issued);
- 55,555 common shares on or before February 15, 2011 (issued); and
- 138,889 common shares on or before June 29, 2012 (issued).

**4. Exploration and evaluation assets** (Continued)

**b) Selwyn Creek Property, Yukon** (Continued)

In connection with the acquisition, the Company has agreed to the following finder's fee:

- 5,555 common shares upon TSX-V acceptance of the agreement (issued);
- 5,555 common shares on or before February 15, 2011 (issued); and
- 5,555 common shares on or before June 29, 2012 (issued).

During the year ended March 31, 2014, the Company wrote off the property, as no fieldwork has been completed since 2011.

During the year ended March 31, 2016, the Company sold its interest in the property for the return of 100,000 of the Company's shares valued at $Nil.

**c) Whitford Lake Property, Saskatchewan**

As part of the acquisition of Canadian Uranium (note 5) on October 1, 2014, the Company acquired the option to the Whitford Lake Property. The agreement dated September 9, 2013 and as amended on December 1, 2013 is to acquire a 100% interest in certain mineral claims, referred to as the "Whitford Lake Property", which is located in the Province of Saskatchewan, Canada. As part of the acquisition, the Company recorded $623,420 to acquisition costs. Consideration for the acquisition consists of the following:

- The issuance of 2,250,000 common shares of Canadian Uranium (issued);
- Payment of $60,000 within 48 hours of the amendment (paid);
- Payment of $200,000 within 48 hours of the Company completing equity offerings, which generates net aggregate proceeds in excess of $600,000 (paid);
- Payment of $100,000 by December 31, 2014;
- Payment of $750,000 by November 2, 2015; and
- The assumption of any liabilities and responsibilities under the agreement and the addendum as of the Effective Date including payment of $100,000 on or before December 31, 2013 (paid).

During the year ended March 31, 2016, the Company recognized an impairment of $623,420, determined in accordance with Level 3 of the fair value hierarchy, as management does not plan to further pursue the property.

**d) Bernick Lake Property, Saskatchewan**

As part of the acquisition of Canadian Uranium (note 5) on October 1, 2014, the Company acquired the option to the Bernick Lake Property. The agreement was completed on December 15, 2013. The option agreement is to acquire a 100% interest in certain mineral claims referred to as the "Bernick Lake Property", located in the Province of Saskatchewan, Canada. As part of the acquisition, the Company recorded $170,333 in acquisition costs. Consideration for the acquisition consists of the following:

- The issuance of 1,500,000 of the Company's common shares of Canadian Uranium (issued); and
- The Company will have to complete $1,500,000 in exploration expenditures on the mineral claim within three years of signing the agreement.

**4. Exploration and evaluation assets** (Continued)

**d) Bernick Lake Property, Saskatchewan** (Continued)

During the year ended March 31, 2016, the Company incurred $Nil (2015 - $27,550) in exploration expenditures on the Bernick Lake Property.

During the year ended March 31, 2016, the Company recognized an impairment of $197,883, determined in accordance with Level 3 of the fair value hierarchy, as management does not plan to further pursue the property.

**e) Wheeler Lake Property, Saskatchewan**

On October 23, 2014, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims referred to as the “Wheeler Lake Property”, located in the Province of Saskatchewan, Canada. Consideration for the acquisition consists of the following:

- $25,000 upon signing the agreement (paid);
- 950,000 common shares upon TSX-V acceptance of the agreement (issued); and
- Incur $2,000,000 in cumulative exploration expenditures over a six-year period.

The optionor shall retain a 1% gross overriding royalty with a buyback provision to the Company of 0.5% for $1,000,000.

During the year ended March 31, 2015, the Company paid $25,000 and issued 950,000 shares of the Company with a fair value of $218,500 in acquisition costs, for total acquisition costs of $243,500.

During the year ended March 31, 2016, the Company incurred $1,500 (2015 - $9,500) in exploration expenditures on the property.

During the year ended March 31, 2016, the Company recognized an impairment of $254,500, determined in accordance with Level 3 of the fair value hierarchy, as management does not plan to further pursue the property.

**f) Uranium Project Database**

On November 30, 2014, the Company entered into an agreement to acquire a proprietary Uranium Project Database from Vico Uranium Corp. (“Vico”). The Database contains information on over 1,000 uranium projects globally. The Company plans to utilize this database to execute its strategy of acquiring a substantial portfolio of high-quality uranium resources at deeply discounted valuations. As consideration for this acquisition the Company has issued 1,000,000 common shares of the Company with a fair value of $290,000.

During the year ended March 31, 2016, the Company recognized an impairment of $290,000, determined in accordance with Level 3 of the fair value hierarchy, as management does not plan to further pursue the property.

**4. Exploration and evaluation assets** (Continued)

**g) Marquez Uranium Project**

On December 1, 2014, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims referred to as the "Marquez Project" in New Mexico, USA. Consideration for the acquisition consists of the following:

- USD $456,000 gross of any deposits paid to Energy Fuels Inc. (USD $25,000 paid); and
- USD $44,000 as consideration for all historical exploration data pertaining to the property.

A 3% net smelter return ("NSR") of gross revenue from production of uranium only from the Marquez Project, which is due and payable upon commercial production. The NSR can be repurchased from the holder for consideration of USD $1,000,000 for every 1% of NSR following the first twelve months of commercial production. The fair value of $Nil was determined in accordance with Level 3 of the fair value hierarchy (note 2).

During the year ended March 31, 2016, the Company incurred $Nil in acquisition costs (2015 - $28,790).

During the year ended March 31, 2015, the Company recognized an impairment of $28,790, determined in accordance with Level 3 of the fair value hierarchy, as management did not plan to further pursue the property. On June 16, 2015, the Company elected not to proceed with the Marquez Project.

**h) Aurora Uranium Project**

On February 18, 2015, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims referred to as the "Aurora Uranium Project" in Saskatchewan, Canada. Consideration for the acquisition consists of the following:

- USD $25,000 upon TSX-V approval;
- $1,491,000 within 90 days of the execution of the agreement;
- 250,000 common shares upon TSX-V approval; and
- 250,000 warrants with each warrant entitling the holder to purchase one common share of the Company at a price of $0.40 CDN per warrant for a twelve-month period.

A 2% NSR has been reserved unto the vendor, due and payable only upon commercial production. The NSR can be repurchased by the Company at any time within five years of the agreement date for consideration of USD $1,000,000 for every 1% NSR.

During the year ended March 31, 2016, the Company elected not to pursue the option agreement to acquire a 100% interest in the Aurora Uranium Project in order to focus on more prospective properties.

**i) Environmental**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material, and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties. The Company conducts its exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current assets that may result in a material liability to the Company.

**4. Exploration and evaluation assets** (Continued)

**i) Environmental** (Continued)

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

**j) Title to mineral properties**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mineral properties. Although the Company has taken steps to ensure title to the mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such assets, these procedures may not guarantee the Company's title. Asset title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

**k) Realization of assets**

Realization of the Company's investment in exploration and evaluation properties is dependent upon the establishment of legal ownership, the obtaining of permits, the satisfaction of governmental requirements, the attainment of successful production from the properties, or from the proceeds of their disposal. The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from the sale of the mineral properties. The carrying value of the Company's exploration and evaluation properties may not reflect present or future values.

**5. Acquisition**

On October 1, 2014, the Company closed the acquisition of Canadian Uranium, a British Columbia company. In connection with the acquisition, the Company completed a private placement dated July 31, 2014 for 3,840,000 units of the Company (note 6). The acquisition resulted in the issuance of 3,954,889 shares of the Company for $0.18 per share. The Company also incurred legal fees of $84,948 for the acquisition, which has been capitalized to the properties. The acquisition allowed the Company to obtain title to the Whitford Lake and Bernick Lake properties.

(Expressed in Canadian Dollars)

**5. Acquisition** (Continued)

The following table summarizes the net assets acquired. The fair value of the common shares issued approximates the fair value of the net assets acquired.

| | | |
|---|---|---|
| **Purchase price allocation** | | |
| **Total consideration:** | | |
| Common shares issued (3,954,889 shares at $0.18 per share) | $ | 711,880 |
| Legal fees | | 84,948 |
| | $ | 796,828 |
| **Identifiable fair value of net assets of Canadian Uranium acquired:** | | |
| Cash | $ | 33 |
| GST receivable | | 82 |
| Due to the Company | | 2,960 |
| Bernick Lake property | | 170,333 |
| Whitford Lake Property | | 623,420 |
| **Net assets acquired:** | $ | 796,828 |

**6. Share capital**

**Authorized**
Unlimited common voting shares without nominal or par value; and
Unlimited preferred voting shares without nominal or par value.

**Escrow shares**
Under the policies of the TSX-V, an aggregate of 1,666,666 common shares were held by escrow to be released over a 36-month period; 10% were released October 14, 2014 and 15% will be released every six months until October 14, 2017. The number of escrow common shares as at March 31, 2016 is 1,000,000.

**Issued share capital**

**2016**
On November 27, 2015, the Company consolidated its common shares on the basis of one post-consolidated common share for every two pre-consolidated common shares held. The 24,528,771 pre-consolidated common shares issued and outstanding were adjusted to 12,264,386 post-consolidated common shares. All figures as to the numbers of common shares, stock options, warrants, and loss per share in these consolidated financial statements have been retroactively restated to reflect the consolidation.

During the year ended March 31, 2016, the Company received $65,000 for 1,300,000 common shares to be issued as part of the private placement subsequent to year-end (note 12). There were no share issuances during the year ended March 31, 2016.

(Expressed in Canadian Dollars)

**6. Share capital** (Continued)

**Issued share capital** (continued)

**2015**
On July 25, 2014, the Company completed a share consolidation on the basis of three pre-consolidated shares for every one post-consolidated share of the Company.

On July 30, 2014, the Company completed a non-brokered private placement of 3,840,000 units at $0.22 per unit for gross proceeds of $844,800. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant is exercisable to acquire one additional share at a price of $0.30 per whole warrant during the first year following the closing date and $0.50 during the second year following the closing date. Using the residual value, $153,600 was allocated to the warrants. In connection with the financing, the Company incurred a total of $65,336 in share issue costs. The Company issued 195,300 finders warrants for a fair market value of $16,621.

On November 7, 2014, the Company issued 950,000 common shares pursuant to the option agreement on the Wheeler Lake Property issued at a value of $0.23 per common share (note 4).

On November 26, 2014, the Company issued 1,000,000 common shares to acquire a proprietary Uranium Project Database from Vico at a value of $0.29 per common share (note 4).

**Share purchase warrants**

The Company's share purchase warrants outstanding as at March 31, 2016 are provided below:

| Exercise Price | Expiry Date | March 31, 2015 | Granted | Expired | March 31, 2016 |
|---|---|---|---|---|---|
| $0.30/$0.50 | July 30, 2016 | 2,115,300 | - | - | 2,115,300 |
| Weighted average exercise price | | $0.30 | - | - | $0.50 |
| Weighted average contractual life remaining in years | | 1.33 | - | - | 0.33 |

The Company's share purchase warrants outstanding as at March 31, 2015 are provided below:

| Exercise Price | Expiry Date | March 31, 2014 | Granted | Expired | March 31, 2015 |
|---|---|---|---|---|---|
| $1.80 | December 28, 2014 | 666,666 | - | 666,666 | - |
| $0.30/$0.50 | July 30, 2015/2016 | - | 2,115,300 | - | 2,115,300 |
| Weighted average exercise price | | $1.80 | $0.30 | $1.80 | $0.30 |
| Weighted average contractual life remaining in years | | 0.75 | 1.33 | - | 1.33 |

(Expressed in Canadian Dollars)

**6. Share capital** (Continued)

**Stock option plan, grants and share-based payments**

The Company has adopted an incentive stock option plan (the "Plan") whereby it can grant non-transferable stock options to purchase common shares to directors, officers, employees and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to any of the following:

- 10% of the issued common shares of the Company at any time and exercisable for a period of up to five years from the date of grant;
- The Company must not grant options to directors, employees, consultants or consultant company in any twelve-month period in excess of 5% of the issued common shares of the Company;
- The aggregate number of options granted to an investor relation service provider in any twelve-month period must not be in excess of 2% of the issued common shares of the Company; or
- The aggregate number of shares granted to any consultant in any twelve-month period must not be in excess of 2% of the issued common shares of the Company.

The exercise price of options granted under the Plan will not be less than the market price of the common shares. Vesting periods are determined by the Board of Directors, except for options granted to consultants conducting investor relation activities, which will become vested with the right to exercise one-fourth of the option upon the conclusion of each three-month period subsequent to the date of grant of the option.

| Exercise Price | Expiry Date | March 31, 2015 | Granted | Expired/ Cancelled | March 31, 2016 |
|---|---|---|---|---|---|
| $0.40 | October 7, 2017 | 700,000 | - | (487,500) | 212,500 |
| $0.40 | October 7, 2019 | 150,000 | - | (150,000) | - |
| $0.40 | November 17, 2019 | 150,000 | - | (150,000) | - |
| | | 1,000,000 | - | (787,500) | 212,500 |
| Weighted average exercise price | | $0.40 | - | $0.40 | $0.40 |
| Weighted average contractual life remaining in years | | 3.19 | - | - | 1.52 |

During the year ended March 31, 2016, no stock options (2015 - 1,000,000) were granted to officers, directors, related employees and consultants. The Company has recorded the fair value of all options granted during the year using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following weighted average assumptions: expected life of options – Nil (2015 - 2.3 years), stock price volatility – Nil (2015 - 185.07%), no dividend yield (2015 - Nil), and a risk-free interest rate yield - Nil (2015 - 1.05%). The fair value is particularly impacted by the Company's stock price volatility, determined using data from the previous four years. Using the above assumptions the fair value of options granted during the year ended March 31, 2016 was $Nil per option (2015 - $0.20 per option). The total share-based payment expense for the year ended March 31, 2016 was $Nil (2015 - $200,656), which is presented as an operating expense, and includes only options that vested during the period.

(Expressed in Canadian Dollars)

## 7. Related party transactions

The Company incurred the following transactions with officers and directors, or companies that are controlled by officers and directors of the Company:

| | | March 31, 2016 | | March 31, 2015 |
|---|---|---|---|---|
| Geological consulting fees paid to a former director | $ | 1,500 | $ | - |
| Accounting and geological consulting fees accrued to a company controlled by a former director | | - | | 6,000 |
| Office services paid to a company controlled by a former officer | | 14,342 | | - |
| Professional fees paid to a company controlled by the CFO | | 15,000 | | - |
| Rent accrued to a company controlled by the President | | 9,000 | | - |
| Management fees accrued to a company controlled by the President | | 41,000 | | 23,750 |
| Share-based payments | | - | | 81,000 |
| Total | $ | 80,842 | $ | 110,750 |

The Company owes the following amounts to officers and directors, or companies that are controlled by officers and directors of the Company:

| | | March 31, 2016 | | March 31, 2015 |
|---|---|---|---|---|
| Loan payable to the President | $ | 5,000 | $ | - |
| Rent accrued to a company controlled by the President | | 9,000 | | - |
| Management fees accrued to a company controlled by the President | | 41,000 | | 20,000 |
| Total | $ | 55,000 | $ | 20,000 |

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount established and agreed to by the related parties. The amounts payable are due on demand and without interest stated or stated terms of repayment.

## 8. Capital management

The Company manages its capital structure, which consists of working and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business.

## 8. Capital management (Continued)

The exploration and evaluation of assets in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for ongoing general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the year ended March 31, 2016.

## 9. Risk management

***Credit risk***
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

***Foreign currency risk***
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

***Interest rate risk***
Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate due to changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The risk is minimal.

***Liquidity risk***
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources.

At March 31, 2016, the Company had cash in the amount of $1,166 (2015 - $19,440) and accounts payable, accrued liabilities and due to related parties of $197,474 (2015 - $59,248). All of the liabilities presented as accounts payable, accrued liabilities and due to related parties are due within 90 days of March 31, 2016.

(Expressed in Canadian Dollars)

## 10. Income tax

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

| | | 2016 | | 2015 |
|---|---|---|---|---|
| Loss before income taxes | $ | (1,607,319) | $ | (592,610) |
| Canadian statutory tax rate | | 26.00% | | 26.00% |
| Income tax benefit computed at statutory rates | | (417,903) | | (154,079) |
| Non-deductible items | | - | | 52,763 |
| Unused tax losses and tax offsets not recognized | | 417,903 | | 101,316 |
| | $ | - | $ | - |

The Company recognizes tax benefits on losses or other deductible amounts generated where the probable criteria for the recognition of deferred tax assets have been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consists of the following amounts:

| | | 2016 | | 2015 |
|---|---|---|---|---|
| Non-capital losses | $ | 3,152,564 | $ | 2,351,988 |
| Exploration and evaluation assets | | 2,888,912 | | 1,523,108 |
| Equipment | | 29,602 | | 29,604 |
| Input tax credits | | 250,223 | | 250,223 |
| Share issuance costs | | 38,612 | | 69,750 |
| Unrecognized deferred tax | $ | 6,359,913 | $ | 4,224,673 |

As at March 31, 2016, the Company has operating losses available for carry-forward of $3,152,564 that may be applied to reduce future Canadian taxable income for income tax purposes. The operating losses expire between 2028 and 2036.

## 11. Comparative figures

Certain comparative figures have been adjusted to conform to the current year's presentation.

## 12. Subsequent event

On April 29, 2016, the Company completed a non-brokered private placement of $222,500. The private placement consists of 4,450,000 units at a price of $0.05 per unit, with each unit comprised of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.10 until April 29, 2018.

# APPENDIX “B”

## CONSOLIDATED FINANCIAL STATEMENTS OF PALISADES VENTURES INC.
## FOR THE NINE MONTHS ENDED DECEMBER 31, 2016

**PALISADES VENTURES INC.**
**(Formerly Uranium Standard Resources Ltd.)**

**Condensed Consolidated Interim Financial Statements**
**(Expressed in Canadian Dollars)**

**Nine months ended December 31, 2016 and 2015**

**(Unaudited)**

**PALISADES VENTURES INC.**
**(Formerly Uranium Standard Resources Ltd.)**
**Condensed Consolidated Interim Financial Statements**
(Unaudited - Expressed in Canadian Dollars)

**Nine Months Ended December 31, 2016 and 2015**

**INDEX**

**PALISADES VENTURES INC.**
(Formerly Uranium Standard Resources Ltd.)
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**
(Unaudited - Expressed in Canadian Dollars)

| | December 31, 2016 | March 31, 2016 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | $ 37,512 | $ 1,166 |
| GST receivable | 542 | 997 |
| | $ 38,054 | $ 2,163 |
| **LIABILITIES AND SHAREHOLDERS' DEFICIT** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | $ 10,338 | $ 142,474 |
| Due to related parties (note 7) | 62,600 | 55,000 |
| | 72,938 | 197,474 |
| **Shareholders' deficit** | | |
| Share capital (note 5) | 6,230,903 | 6,011,148 |
| Shares to be issued (note 5) | - | 65,000 |
| Share-based payment reserve | 773,276 | 773,276 |
| Warrant reserve | 170,221 | 170,221 |
| Deficit | (7,209,284) | (7,214,956) |
| | (34,884) | (195,311) |
| | $ 38,054 | $ 2,163 |

**Approved by the Board:**

(signed)*"Jonathan Jackson"*
Jonathan Jackson, Director

(signed)*"Gordon Steblin"*
Gordon Steblin, Director

**PALISADES VENTURES INC.**
(Formerly Uranium Standard Resources Ltd.)
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**
(Unaudited - Expressed in Canadian Dollars)

| | Notes | Three months ended December 31, 2016 | Three months ended December 31, 2015 | Nine months ended December 31, 2016 | Nine months ended December 31, 2015 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Listing and transfer agent | | $ 2,413 | $ 7,953 | $ 6,543 | $ 19,613 |
| Management fees | 7 | - | 60,667 | - | 60,667 |
| Office | 7 | 60 | 116 | 167 | 16,419 |
| Professional fees | 7 | 9,214 | 16,558 | 24,364 | 25,251 |
| Rent | 7 | - | 6,000 | - | 6,000 |
| Shareholders' communications | | - | - | - | 46,746 |
| **Comprehensive loss for the period** | | (11,687) | (91,294) | (31,074) | (174,696) |
| Forgiveness of debt | 6 | 7,972 | - | 36,746 | - |
| Write-off of mineral property costs | 4 | - | - | - | (742,383) |
| | | 7,972 | - | 36,746 | (742,383) |
| **Net income (loss) and comprehensive income (loss) for the period** | | $ (3,715) | $ (91,294) | $ 5,672 | $ (917,079) |
| **Income (loss) per share – basic and diluted** | | $ 0.00 | $ (0.01) | $ 0.00 | $ (0.07) |
| **Weighted average number of common shares outstanding – basic and diluted** | | 16,614,386 | 12,264,386 | 16,145,113 | 12,264,386 |

**PALISADES VENTURES INC.**
(Formerly Uranium Standard Resources Ltd.)
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)**
(Unaudited - Expressed in Canadian Dollars)

| | Number of Shares | Share Capital | Shares to be issued | Share-based Payment Reserve | Warrant Reserve | Deficit Accumulated During Exploration Stage | Total |
|---|---|---|---|---|---|---|---|
| **Balance: March 31, 2015** | 12,264,386 | $6,011,148 | $- | $773,276 | $ 170,221 | $(5,607,637) | $1,347,008 |
| Net loss for the period | - | - | - | - | - | (917,079) | (917,079) |
| **Balance: December 31, 2015** | 12,264,386 | 6,011,148 | - | 773,276 | 170,221 | (6,524,716) | 429,929 |
| **Balance: March 31, 2016** | 12,264,386 | 6,011,148 | 65,000 | 773,276 | 170,221 | (7,214,956) | (195,311) |
| Shares issued for cash | 4,450,000 | 222,500 | (65,000) | - | - | - | 157,500 |
| Share issue costs - cash | - | (2,745) | - | - | - | - | (2,745) |
| Net income for the period | - | - | - | - | - | 5,672 | 5,672 |
| **Balance: December 31, 2016** | 16,614,386 | $6,230,903 | $- | $773,276 | $170,221 | $(7,209,284) | $(34,884) |

**PALISADES VENTURES INC.**
(Formerly Uranium Standard Resources Ltd.)
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**
(Unaudited - Expressed in Canadian Dollars)

| | Nine months ended December 31, 2016 | Nine months ended December 31, 2015 |
|---|---|---|
| **Operating activities** | | |
| Net income (loss) | $ 5,672 | $ (917,079) |
| Items not affecting cash: | | |
| Write-off of mineral properties | - | 742,383 |
| Forgiveness of debt | (36,746) | - |
| Changes in non-cash working capital: | | |
| GST receivable | 455 | (292) |
| Prepaid expenses | - | 20,000 |
| Accounts payable and accrued liabilities | (95,390) | 58,359 |
| Due to related parties | 7,600 | 81,117 |
| **Cash used in operating activities** | (118,409) | (15,512) |
| **Financing activity** | | |
| Issuance of capital stock, net of share issue costs | 154,755 | - |
| **Investing activity** | | |
| Exploration and evaluation expenditures | - | (1,500) |
| **Increase (decrease) in cash** | 36,346 | (17,012) |
| **Cash, beginning of period** | 1,166 | 19,440 |
| **Cash, end of period** | $ 37,512 | $ 2,428 |

## 1. Nature of operations and going concern

Palisades Ventures Inc. (formerly Uranium Standard Resources Ltd.) (the "Company") was incorporated under the laws of British Columbia, Canada, on June 6, 2007. The principal business activity of the Company is the acquisition and exploration of mineral properties located in Canada. The Company is listed on the TSX Venture Exchange ("TSX-V") under the trading symbol "PSV".

The head office and records office of the Company are located at Suite 2300 - 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X2.

On December 28, 2016, the Company entered into a binding letter agreement (the "Agreement") with Intermont Exploration, LLC ("Intermont") and 1027344 B.C. Ltd. ("1027344 B.C."). The arm's length Agreement sets out the terms of the proposed transaction (the "Transaction") pursuant to which the Company will acquire all of the issued and outstanding common shares of Intermont and 1027344 B.C., which own the rights to certain mineral projects in Nevada (the "Properties"). Pursuant to the TSX-V policies, the Transaction will be a reverse takeover for the Company. On closing of the Transaction, the Company will be the resulting issuer and will remain a Tier 2 resource issuer.

After completing a 3:4 share consolidation, the Company will issue a total of 10 million common shares to the shareholders of 1027344 B.C. (3.5 million) and Intermont (6.5 million). Assuming completion of a private placement, no new control persons will be created as a result of the Transaction. 1027344 B.C. owns the Hurricane Project, a gold exploration project located in Lander County, Nevada. Intermont's principal asset is the Goldrun Project, a gold exploration project located in Humbolt County, Nevada. The Goldrun Project will be the material property of the Company upon completion of the Transaction. The Company's shares will remain halted until closing of the Transaction.

On November 27, 2015, the Company consolidated its common shares on the basis of one post-consolidated common share for every two pre-consolidated common shares held. The 24,528,771 pre-consolidated common shares issued and outstanding were adjusted to 12,264,386 post-consolidated common shares. As required by International Accounting Standards ("IAS") 33 *Earnings per Share*, all references to share capital, common shares outstanding and per share amounts in these condensed consolidated interim financial statements and the accompanying notes for time periods prior to the share consolidation have been restated to reflect the two for one share consolidation.

On October 2, 2014, the Company completed an acquisition of Canadian Uranium Corp. ("Canadian Uranium") and 1008394 B.C. Ltd., a wholly owned subsidiary of the Company. In connection with the acquisition, the Company changed its name to Uranium Standard Resources Ltd. from Central Resources Corp. and began trading under its new name and symbol "USR".

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at December 31, 2016 the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. These uncertainties cast significant doubt about the Company's ability to continue as a going concern. For the nine-month period ended December 31, 2016, the Company incurred comprehensive income of $5,672 (December 31, 2015 - comprehensive loss $917,079). Further, the Company has an accumulated deficit of $7,209,284 (March 31, 2016

**1. Nature of operations and going concern** (Continued)

- $7,214,956), a working capital deficiency of $34,884 (March 31, 2016 - $195,311), limited resources, no source of operating cash flow and no assurances that sufficient funding will continue to be available to finance operations or to conduct further exploration and development of its mineral property interests.

The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from there and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from proceeds of private placements of its common shares.

These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

**2. Significant accounting policies and basis of presentation**

***a) Basis of presentation***

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with IAS 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Board of Directors approved these condensed consolidated interim financial statements on February 23, 2017.

***b) Basis of consolidation***

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, Canadian Uranium, a British Columbia corporation up to March 31, 2016. Canadian Uranium was dissolved on June 28, 2016 and is no longer included in the accounts of the Company. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany transactions, balances, revenues and expenses have been eliminated.

***c) Critical accounting judgments***

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

**2. Significant accounting policies and basis of presentation** (Continued)

***c) Critical accounting judgments*** (Continued)

The following are critical judgments that management has made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements.

*Going concern evaluation*

As discussed in note 1, these condensed consolidated interim financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the condensed consolidated interim statement of financial position classifications used. Such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at December 31, 2016.

***d) Significant Accounting Policies***

The accounting policies applied in these condensed consolidated interim financial statements are based on IFRS effective for the period ended March 31, 2016, as issued and outstanding as of July 25, 2017, the date the Board of Directors approved the annual audited financial statements except for changes subsequent there to. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended March 31, 2016.

***e) Financial instruments***

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition. All financial instruments must be recognized, initially, at fair value on the condensed consolidated interim statement of financial position. Subsequent measurement of the financial instruments is based on their respective classification.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets.

**2. Significant accounting policies and basis of presentation** (Continued)

***e) Financial instruments*** (Continued)

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets.

The Company classifies its financial liabilities in the following categories: fair value through profit or loss and other financial liabilities.

Financial liabilities classified as fair value through profit or loss is comprised of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the condensed consolidated interim statements of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company has made the following classification of its financial instruments:

Financial assets or liabilities

| | Measurement category under IAS 39 |
|---|---|
| Cash | Held-for-trading |
| Accounts payable and accrued liabilities | Other liabilities |
| Due to related parties | Financial liabilities |

## 2. Significant accounting policies and basis of presentation (Continued)

### *e) Financial instruments* (Continued)

*Fair value*
As at December 31 and March 31, 2016, the Company's financial instruments consisted of cash, trade payables and due to related parties. The fair values of cash, trade and other payables and due to related parties approximate their carrying values.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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.

Cash, accounts payable and accrued liabilities and due to related parties are classified as Level 1 inputs. The Company does not have any derivative financial assets or liabilities.

## 3. Accounting standards issued but not yet effective

**IFRS 9 *Financial Instruments* (2014)**
The IASB replaces IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9. IFRS 9 deals with classification and measurement, impairment, hedge accounting and derecognition of financial assets and liabilities. In February 2014, the IASB decided to defer to January 1, 2018 the implementation of IFRS 9. The Company's management has yet to assess the impact of this new standard on the Company's condensed financial statements. Management does not expect to implement IFRS 9 until it has been issued and its overall impact can be assessed.

Applicable to annual periods beginning on or after January 1, 2018.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed financial statements.

**Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)**
The amendments require entities to provide disclosures that enable users of the financial statements to evaluate change in liabilities arising from financing activities.

Applicable to annual periods beginning on or after January 1, 2017.

**Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 *Income Taxes*)**
The amendments clarify how to account for deferred taxes related to debt instruments measured at fair value.

Applicable to annual periods beginning on or after January 1, 2017.

(Expressed in Canadian Dollars)

## 4. Exploration and evaluation assets

The Company incurred the following mineral property acquisition costs:

| | Whitford Lake Property $ | Bernick Lake Property $ | Wheeler Lake Property $ | Uranium Project Database $ | Total $ |
|---|---|---|---|---|---|
| **Acquisition costs:** | | | | | |
| Balance, March 31, 2015 | 623,420 | 170,333 | 243,500 | 290,000 | 1,327,253 |
| Write-off | - | (170,333) | (243,500) | (290,000) | (703,833) |
| Balance, December 31, 2015 | 623,420 | - | - | - | 623,420 |
| Write-off | (623,420) | - | - | - | (623,420) |
| Balance, March 31, 2016 and December 31, 2016 | - | - | - | - | - |
| **Exploration costs:** | | | | | |
| Balance, March 31, 2015 | - | 27,550 | 9,500 | - | 37,050 |
| Additions | - | - | 1,500 | - | 1,500 |
| Write-off | - | (27,550) | (11,000) | - | (38,550) |
| Balance, March 31, 2016 and December 31, 2016 | - | - | - | - | - |

### a) Selwyn Creek Property, Yukon

On June 8, 2010, as amended on June 4, 2012, the Company entered into an option agreement to purchase a 100% interest in mineral claims located within the Dawson Range, White Gold District, Yukon.

During the year ended March 31, 2014, the Company wrote off the property, as no fieldwork has been completed since 2011.

During the year ended March 31, 2016, the Company sold its interest in the property for the return of 100,000 of the Company’s shares valued at $Nil.

**4. Exploration and evaluation assets** (Continued)

**a) Whitford Lake Property, Saskatchewan**

As part of the acquisition of Canadian Uranium on October 1, 2014, the Company acquired the option to the Whitford Lake Property. The agreement dated September 9, 2013 and as amended on December 1, 2013 is to acquire a 100% interest in certain mineral claims, referred to as the "Whitford Lake Property", which is located in the Province of Saskatchewan, Canada. As part of the acquisition, the Company recorded $623,420 to acquisition costs. Consideration for the acquisition consists of the following:

- The issuance of 2,250,000 common shares of Canadian Uranium (issued);
- Payment of $60,000 within 48 hours of the amendment (paid);
- Payment of $200,000 within 48 hours of the Company completing equity offerings, which generates net aggregate proceeds in excess of $600,000 (paid);
- Payment of $100,000 by December 31, 2014;
- Payment of $750,000 by November 2, 2015; and
- The assumption of any liabilities and responsibilities under the agreement and the addendum as of the Effective Date including payment of $100,000 on or before December 31, 2013 (paid).

During the three months ended March 31, 2016, the Company recognized an impairment of $623,420, determined in accordance with Level 3 of the fair value hierarchy, as management does not plan to further pursue the property.

**b) Bernick Lake Property, Saskatchewan**

As part of the acquisition of Canadian Uranium on October 1, 2014, the Company acquired the option to the Bernick Lake Property. The agreement was completed on December 15, 2013. The option agreement is to acquire a 100% interest in certain mineral claims referred to as the "Bernick Lake Property", located in the Province of Saskatchewan, Canada. As part of the acquisition, the Company recorded $170,333 in acquisition costs. Consideration for the acquisition consists of the following:

- The issuance of 1,500,000 of the Company's common shares of Canadian Uranium (issued); and
- The Company will have to complete $1,500,000 in exploration expenditures on the mineral claim within three years of signing the agreement.

During the nine months ended December 31, 2015, the Company incurred $Nil (2015 - $27,550) in exploration expenditures on the Bernick Lake Property.

During the nine months ended December 31, 2015, the Company recognized an impairment of $197,883, determined in accordance with Level 3 of the fair value hierarchy, as management does not plan to further pursue the property.

**4. Exploration and evaluation assets** (Continued)

**c) Wheeler Lake Property, Saskatchewan**

On October 23, 2014, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims referred to as the "Wheeler Lake Property", located in the Province of Saskatchewan, Canada. Consideration for the acquisition consists of the following:

- $25,000 upon signing the agreement (paid);
- 950,000 common shares upon TSX-V acceptance of the agreement (issued); and
- Incur $2,000,000 in cumulative exploration expenditures over a six-year period.

The optionor shall retain a 1% gross overriding royalty with a buyback provision to the Company of 0.5% for $1,000,000.

During the nine months ended December 31, 2015, the Company paid $25,000 and issued 950,000 shares of the Company with a fair value of $218,500 in acquisition costs, for total acquisition costs of $243,500.

During the nine months ended December 31, 2015, the Company incurred $1,500 (2015 - $9,500) in exploration expenditures on the property.

During the nine months ended December 31, 2015, the Company recognized an impairment of $254,500, determined in accordance with Level 3 of the fair value hierarchy, as management does not plan to further pursue the property.

**d) Uranium Project Database**

On November 30, 2014, the Company entered into an agreement to acquire a proprietary Uranium Project Database (the "Database") from Vico Uranium Corp. ("Vico"). The Database contains information on over 1,000 uranium projects globally. The Company plans to utilize this database to execute its strategy of acquiring a substantial portfolio of high-quality uranium resources at deeply discounted valuations. As consideration for this acquisition the Company has issued 1,000,000 common shares of the Company with a fair value of $290,000.

During the nine months ended December 31, 2015, the Company recognized an impairment of $290,000, determined in accordance with Level 3 of the fair value hierarchy, as management does not plan to further pursue the property.

**e) Environmental**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material, and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties. The Company conducts its exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current assets that may result in a material liability to the Company.

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

## 4. Exploration and evaluation assets (Continued)

### e) Environmental (Continued)

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

### f) Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mineral properties. Although the Company has taken steps to ensure title to the mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such assets, these procedures may not guarantee the Company's title. Asset title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

### g) Realization of assets

Realization of the Company's investment in exploration and evaluation properties is dependent upon the establishment of legal ownership, the obtaining of permits, the satisfaction of governmental requirements, the attainment of successful production from the properties, or from the proceeds of their disposal. The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from the sale of the mineral properties. The carrying value of the Company's exploration and evaluation properties may not reflect present or future values.

## 5. Share capital

**Authorized**
Unlimited common voting shares without nominal or par value; and
Unlimited preferred voting shares without nominal or par value.

**Escrow shares**
Under the policies of the TSX-V, an aggregate of 1,666,666 common shares were held by escrow to be released over a 36-month period; 10% were released October 14, 2014 and 15% will be released every six months until October 14, 2017. The number of escrow common shares as at December 31, 2016 is 500,000.

**Issued share capital**

**2017**
On April 29, 2016, the Company completed a non-brokered private placement of $222,500. The private placement consisted of 4,450,000 units at a price of $0.05 per unit, with each unit comprised of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.10 until April 29, 2018. Using the residual value, no value was allocated to the warrants. In connection with the financing the Company incurred $2,745 in share issue costs.

(Expressed in Canadian Dollars)

**5. Share capital** (Continued)

**Issued share capital** (Continued)

**2016**

On November 27, 2015, the Company consolidated its common shares on the basis of one post-consolidated common share for every two pre-consolidated common shares held. The 24,528,771 pre-consolidated common shares issued and outstanding were adjusted to 12,264,386 post-consolidated common shares. All figures as to the numbers of common shares, stock options, warrants, and loss per share in these condensed consolidated interim financial statements have been retroactively restated to reflect the consolidation.

During the three months ended March 31, 2016, the Company received $65,000 for 1,300,000 common shares to be issued as part of the private placement in 2017.

**Share purchase warrants**

The Company's share purchase warrants outstanding as at December 31, 2016 are provided below:

| Exercise Price | Expiry Date | March 31, 2016 | Issued | Expired | December 31, 2016 |
|---|---|---|---|---|---|
| $0.50 | July 30, 2016 | 2,115,300 | - | (2,115,300) | - |
| $0.10 | April 29, 2018 | - | 2,225,000 | - | 2,225,000 |
| Total | | 2,115,300 | 2,225,000 | (2,115,300) | 2,225,000 |
| Weighted average exercise price | | $0.50 | $0.10 | $0.50 | $0.10 |
| Weighted average contractual life remaining in years | | 0.33 | - | - | 1.33 |

(Expressed in Canadian Dollars)

**5. Share capital** (Continued)

**Stock option plan, grants and share-based payments**

The Company has adopted an incentive stock option plan (the "Plan") whereby it can grant non-transferable stock options to purchase common shares to directors, officers, employees and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to any of the following:

- 10% of the issued common shares of the Company at any time and exercisable for a period of up to five years from the date of grant;
- The Company must not grant options to directors, employees, consultants or consultant company in any twelve-month period in excess of 5% of the issued common shares of the Company;
- The aggregate number of options granted to an investor relation service provider in any twelve-month period must not be in excess of 2% of the issued common shares of the Company; or
- The aggregate number of shares granted to any consultant in any twelve-month period must not be in excess of 2% of the issued common shares of the Company.

The exercise price of options granted under the Plan will not be less than the market price of the common shares. Vesting periods are determined by the Board of Directors, except for options granted to consultants conducting investor relation activities, which will become vested with the right to exercise one-fourth of the option upon the conclusion of each three-month period subsequent to the date of grant of the option.

| Exercise Price | Expiry Date | March 31, 2016 | Granted | Expired/ Cancelled | December 31, 2016 |
|---|---|---|---|---|---|
| $0.40 | October 7, 2017 | 212,500 | - | (25,000) | 187,500 |
| Weighted average exercise price | | $0.40 | - | - | $0.40 |
| Weighted average contractual life remaining in years | | 1.52 | - | - | 0.77 |

During the nine months ended December 31, 2016, no stock options were granted to officers, directors, related employees and consultants.

**6. Trade payables**

During the nine months ended December 31, 2016, the Company settled trade payables which resulted in a $36,746 (2015 – $NIL) forgiveness of debt.

**7. Related party transactions**

The Company incurred the following transactions with officers and directors, or companies that are controlled by officers and directors of the Company:

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| Geological consulting fees paid to a former director | $ - | $ 1,500 |
| Office services paid to a company controlled by a former officer | - | 14,342 |
| Professional fees accrued to a company controlled by the CFO | 18,000 | 9,000 |

(Expressed in Canadian Dollars)

| | | | | |
|---|---|---|---|---|
| Rent accrued to a company controlled by the former President | | - | | 6,000 |
| Management fees accrued to a company controlled by the former President | | - | | 60,667 |
| Total | $ | 18,000 | $ | 91,509 |

The Company owes the following amounts to officers and directors, or companies that are controlled by officers and directors of the Company:

| | | December 31, 2016 | | March 31, 2016 |
|---|---|---|---|---|
| Loan payable to the former President | $ | - | $ | 5,000 |
| Rent accrued to a company controlled by the former President | | 9,000 | | 9,000 |
| Management fees accrued to a company controlled by the former President | | 41,000 | | 41,000 |
| Professional fees accrued to a company controlled by the CFO | | 12,600 | | - |
| Total | $ | 62,600 | $ | 55,000 |

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount established and agreed to by the related parties. The amounts payable are due on demand and without interest stated or stated terms of repayment.

## 8. Capital management

The Company manages its capital structure, which consists of working and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

**8. Capital management** (Continued)

The exploration and evaluation of assets in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for ongoing general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the period ended December 31, 2016.

**9. Risk management**

***Credit risk***
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

***Foreign currency risk***
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

***Interest rate risk***
Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate due to changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The risk is minimal.

***Liquidity risk***
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet ongoing business requirements, taking into account its current cash position and potential funding sources.

At December 31, 2016, the Company had cash in the amount of $37,512 (March 31, 2016 - $1,166) and accounts payable, accrued liabilities and due to related parties of $72,938 (March 31, 2016 - $197,474). All of the liabilities presented as accounts payable, accrued liabilities and due to related parties are due within 90 days of December 31, 2016.

## 10. Comparative figures

Certain comparative figures have been adjusted to conform to the current period's presentation.

## 11. Subsequent event

On January 4, 2017, the Company announced that it entered into a binding letter agreement with Intermont and 1027344 B.C. to acquire certain mineral exploration projects in Nevada, which constitutes a reverse takeover. The shares of the Company will remain halted until closing of the transaction (see note 1 and January 4, 2017 news release).

# APPENDIX "C"

## AUDITED FINANCIAL STATEMENTS FOR 1027344 B.C. LTD. FOR THE YEAR ENDED DECEMBER 31, 2016

# 1027344 B.C. Ltd.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

DECEMBER 31, 2016

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
*t* 604.687.5447
*f* 604.687.6737

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholder of 1027344 BC Ltd.,**

We have audited the accompanying financial statements of 1027344 BC Ltd. which comprise the statements of financial position as at December 31, 2016 and December 31, 2015, and the statements of loss and comprehensive loss, changes in shareholder's equity and cash flows for the periods then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of 1027344 BC Ltd. as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has limited working capital, losses since inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

**CHARTERED PROFESSIONAL ACCOUNTANTS**
Vancouver, BC
May 12, 2017

**1027344 B.C. Ltd.**

Statements of financial position

(United States dollars)

| | Notes | December 31, 2016 | December 31, 2015 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Accounts receivable | | 1 | 1 |
| **Total Current assets** | | **1** | **1** |
| **Non-current assets** | | | |
| Mineral properties | 6 | 12,500 | 5,000 |
| **Total Assets** | | **12,501** | **5,001** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | | 6,816 | - |
| **Total Current liabilities** | | **6,816** | **-** |
| **Total liabilities** | | **6,816** | **-** |
| **Shareholder's equity** | | | |
| Share capital | 8 | 1 | 1 |
| Subscription receipts | | 35,821 | 26,756 |
| Accumulated deficit | | (30,137) | (21,756) |
| **Total Shareholder's equity** | | **5,685** | **5,001** |
| **Total Liabilities and Shareholder's equity** | | **12,501** | **5,001** |
| **Nature of operations and going concern (Note 1)** | | | |
| **Subsequent events (Notes 5, 6 and 8)** | | | |

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

Approved by the Director

*"Alan Carter"*

Alan Carter, Director

**1027344 B.C. Ltd.**

## Statements of loss and comprehensive loss

(United States dollars)

| | Notes | Year ended December 31, 2016 | Period from February 12, 2015 (date of incorporation) to December 31, 2015 |
|---|---|---|---|
| **Expenses** | | | |
| Exploration expenditures | | 1,565 | 21,756 |
| Professional fees | | 6,816 | - |
| | | 8,381 | 21,756 |
| **Net loss and comprehensive loss for the period** | | **8,381** | **21,756** |
| Loss per share, Basic and diluted | | $ 8,381 | $ 21,756 |
| Weighted average shares outstanding, Basic and diluted | | 1 | 1 |

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

**1027344 B.C. Ltd.**

Statements of changes in shareholder's equity

(United States dollars)

| | Issued common shares | Share capital | Subscription receipts | Accumulated deficit | Total equity |
|---|---|---|---|---|---|
| **Balance at February 12, 2015 (date of incorporation)** | **-** | **-** | **-** | **-** | **-** |
| Comprehensive loss | - | - | - | (21,756) | **(21,756)** |
| Shares issued for cash | 1 | 1 | - | - | **1** |
| Shareholder contribution | - | - | 26,756 | - | **26,756** |
| **Balance at December 31, 2015** | **1** | **1** | **26,756** | **(21,756)** | **5,001** |
| **Balance at December 31, 2015** | **1** | **1** | **26,756** | **(21,756)** | **5,001** |
| Comprehensive loss | - | - | - | (8,381) | **(8,381)** |
| Shareholder contribution | - | - | 9,065 | - | **9,065** |
| **Balance at December 31, 2016** | **1** | **1** | **35,821** | **(30,137)** | **5,685** |

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

**1027344 B.C. Ltd.**

Statements of cash flows

(United States dollars)

| | Year ended December 31, 2016 | Period from February 12, 2015 (date of incorporation) to December 31, 2015 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net loss for the period | **(8,381)** | **(21,756)** |
| Net changes in non-cash working capital: | | |
| Increase in accounts receivable | - | (1) |
| Increase in accounts payable and accrued liabilities | 6,816 | - |
| **Cash used in operating activities** | **(1,565)** | **(21,757)** |
| **INVESTING ACTIVITIES** | | |
| Additions to mineral properties | (7,500) | (5,000) |
| **Cash used in investing activities** | **(7,500)** | **(5,000)** |
| **FINANCING ACTIVITIES** | | |
| Subscription receipts | 9,065 | 26,756 |
| Issuance of share capital | - | 1 |
| **Cash provided by financing activities** | **9,065** | **26,757** |
| **Net increase in cash and cash equivalents** | - | - |
| **Cash and cash equivalents, beginning of period** | - | - |
| **Cash and cash equivalents, end of period** | - | - |

The accompanying notes are an integral part of these financial statements

## 1. NATURE OF OPERATIONS

1027344 B.C. Ltd. ("1027344 B.C." or the "Company") was incorporated in British Columbia on February 12, 2015 under the British Columbia Business Corporations Act. 1027344 B.C. is in the business of the exploration and development of mineral properties, with a primary focus on gold and copper properties in Nevada.

The Company's registered office is located at 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes the Company will be able to realize its assets and settle its liabilities in the normal course of business. To date, the Company has not generated any revenue from mining operations as it is considered to be in the exploration stage. For the year ended December 31, 2016, the Company reported a net loss of $8,381 (period ended December 31, 2015: $21,756) and negative cash flow from operations of $1,565 (period ended December 31, 2015: negative cash flows of $21,757), and as at that date had a net working capital deficit of $6,815 (December 31, 2015: net working capital of $1) and an accumulated deficit of $30,137 (December 31, 2015: 21,756). These factors create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings provided by members of management, the Company's existing shareholder or new shareholders or through other arrangements. There is no assurance that the Company will be successful in this regard. These material uncertainties cast substantial doubt about its ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

In February 2017, the Company entered into a binding letter agreement with two other entities and five individuals pursuant to which one of the entities will acquire all of the issued and outstanding common shares of 1027344 B.C. from its shareholders in exchange for shares of the acquiring entity (see Note 5).

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The policies applied in these financial statements are based on IFRS issued and outstanding as of May 12, 2017, the date the Board of Directors approved these financial statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements as at and for the year ended December 31, 2016.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All amounts are presented in United States Dollars unless otherwise indicated. A summary of significant accounting policies is as follows:

### (a) Basis of measurement

The financial statements have been prepared under the historical cost convention.

### (b) Significant estimates and judgement

The preparation of the financial statements in conformity with IFRS requires the use of judgements and estimates that affect the amounts reported and disclosed in the financial statements and related notes. These judgements and estimates are based on management's knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and notes to the financial statements, and the key areas are summarized below.

***Impairment of mineral properties***

Mineral properties are considered for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assessment of impairment indicators involves the application of a number of significant judgments over internal and external factors including reserve and resource estimation, future precious metal prices, estimated costs of future production, changes in government legislation and regulations, estimated deferred income taxes, the availability of financing and various other operational factors. If any such indication exists, an estimate of the recoverable amount is undertaken. If the asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized in the statement of loss.

### (c) Mineral properties and exploration and development expenditures

Costs relating to the acquisition and claim maintenance of mineral properties are capitalised and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company expenses all exploration, evaluation and development expenditures until management concludes that a future economic benefit is more likely than not to be realized. In evaluating if expenditures meet this criterion to be capitalized, management considers the following:

- The extent to which reserves or resources, as defined in National Instrument 43-101, have been identified in relation to the property in question
- The conclusions of National Instrument 43-101 compliant preliminary economic assessment studies, preliminary feasibility studies and/or feasibility studies regarding the property in question
- The status of environmental permits
- The status of mining leases or permits.

Once the Company considers that a future economic benefit is more likely than not of being realized, all subsequent costs directly relating to the advancement of the related area of interest are capitalized.

Capitalised mineral property costs are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator is identified, the asset's recoverable amount is calculated and compared to the carrying amount. For the purpose of measuring recoverable amounts, assets are grouped into cash-generating units ("CGUs"). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

**(d) Decommissioning provision**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at December 31, 2016 the Company does not have any decommissioning obligations.

**(e) Income taxes**

The Company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between accounting carrying values and tax bases of assets and liabilities, measured using enacted or substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

**(f) Share capital**

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

**(g) Loss per share**

Loss per share is calculated using the weighted average number of shares outstanding during the period.

## 4. RECENT ACCOUNTING PRONOUNCEMENTS

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these financial statements.

(United States dollars)

New standard IFRS 9, "Financial Instruments"
Amendments to IAS 1, "Presentation of Financial Statements"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## 5. BINDING LETTER AGREEMENT

On December 28, 2016, the Company entered into a binding letter agreement (the "Agreement") with Palisades Ventures Inc. ("Palisades"), Intermont Exploration, LLC. ("Intermont") and five individuals (one of whom is a director of the Company) pursuant to which Palisades will acquire all of the issued and outstanding common shares of 1027344 B.C. and the membership interest in Intermont from their respective shareholders and members in exchange for common shares of Palisades. Palisades is a publicly quoted company listed on the TSX Venture Exchange. The Agreement specifies that the shareholders of the Company will receive a total of 3,500,000 post-consolidation common shares of Palisades as consideration for the issued and outstanding common share of 1027344 B.C.

The closing of the transaction is subject to numerous conditions including satisfactory completion of due diligence, a three-for-four consolidation of Palisades common shares, the completion by Palisades of an equity private placement raising minimum gross proceeds of 1,000,000 Canadian dollars ($744,768 applying the spot foreign exchange rate as at December 31, 2016), a minimum 50% approval of Palisades' shareholders, approval of the TSX Venture Exchange and various other conditions typical of a transaction of this type.

Subsequent to December 28, 2016, amendments to the Agreement dated January 23, 2017, January 31, 2017, February 15, 2017, February 22, 2017 and April 28, 2017 were entered into. The amendments related to timing and minor issues.

## 6. MINERAL PROPERTIES

| **Year ended December 31, 2016** | | | |
|---|---|---|---|
| | **Dec. 31, 2015** | **Additions** | **Dec. 31, 2016** |
| Hurricane | 5,000 | 7,500 | 12,500 |
| | **5,000** | **7,500** | **12,500** |

(United States dollars)

| **Period ended December 31, 2015** | | | |
|---|---|---|---|
| | **Feb. 12, 2015** | **Additions** | **Dec. 31, 2015** |
| Hurricane | - | 5,000 | 5,000 |
| | **-** | **5,000** | **5,000** |

The Company's sole mineral property is Hurricane.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee their titles. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

It is possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties could be written off in the future.

***Hurricane, lease agreement***

The Company entered into an agreement dated February 13, 2015 with Nevada Eagle, LLC ("Nevada Eagle"), a third party, pursuant to which the Company will lease six unpatented mining claims in Nevada collectively known as Hurricane. The claims total approximately 50.2 hectares. Subject to various conditions, the lease agreement provides the Company with the exclusive right to prospect, explore and mine on the property for a period of twenty years with a right to renew thereafter.

Nevada Eagle's rights and responsibilities associated with the lease agreement were assigned to Nevada Select Royalty, Inc. ("Nevada Select") pursuant to an assignment and assumption agreement dated May 4, 2016. Nevada Select is not related to the Company. Nevada Eagle's ownership interest in the property was transferred to Nevada Select on March 24, 2016.

The lease agreement was amended on February 13, 2016, March 14, 2017 and April 27, 2017 whereby the terms of certain of the lease payments, share payments and work obligations as specified in the original February 2015 lease agreement were amended.

The lease agreement (as amended) specifies payments by the Company to the lessor as follows:
- Upon execution of the agreement: $5,000 (paid)
- On or before the first anniversary of the date of execution (February 13, 2016): $3,750 (paid)
- On or before May 16, 2016: $3,750 (paid)
- On or before June 30, 2017: $10,000
- On or before the third anniversary of the date of execution (February 13, 2018): $15,000
- On or before the fourth anniversary of the date of execution (February 13, 2019): $20,000
- On or before the fifth anniversary of the date of execution (February 13, 2020): $20,000
- On or before the sixth anniversary of the date of execution (February 13, 2021): $25,000
- On or before the seventh anniversary of the date of execution (February 13, 2022): $25,000

- Thereafter on or before the annual anniversary of the date of execution: $25,000 increased by the consumer price index.

The lease agreement (as amended) contemplates the assignment of the Company's rights to the Hurricane property to a public company. Upon such an assignment and the receipt of approval of such assignment from the applicable stock exchange, the lessor shall be entitled to receive 300,000 common shares of the public company.

The Company is responsible for maintaining the property in good standing including the payment of all applicable government filings, fees and taxes.

The lease agreement (as amended) specifies minimum expenditure requirements of $850,000 to be incurred by the Company on land holding costs, exploration, etc. as follows in the years following the date of execution:

- Third year: $100,000
- Fourth year: $250,000
- Fifth year: $250,000
- Sixth year: $250,000.

The lessor will retain a 3.0% net smelter royalty ("NSR") on mineral production from the Hurricane property and any staked ground situated adjacent thereto. The Company may purchase one third of the NSR (1.0%) for $1,000,000.

***Assignment and Assumption Agreement***

Pursuant to the Agreement (see Note 5), the Company agreed to assign to Palisades all of its rights and responsibilities associated with the lease agreement (the "Assignment") and Palisades agreed to the Assignment. The Assignment will be undertaken pursuant to an Assignment and Assumption Agreement dated March 21, 2017 and will become effective upon closing of the transaction contemplated by the Agreement and communication of such closing by the Company and Palisades to Nevada Select on or before September 30, 2017.

## 7. INCOME TAXES

The estimated taxable income for the period is $nil. A reconciliation of the income taxes calculated at the statutory rates to the Company's effective income tax provision is as follows:

(United States dollars)

| | Year ended December 31, 2016 | Period from February 12, 2015 (date of incorporation) to December 31, 2015 |
|---|---|---|
| Net loss for the period | 8,381 | 21,756 |
| Applicable statutory tax rate | 26.00% | 26.00% |
| Income tax recovery at statutory rates | 2,179 | 5,657 |
| Unrecognised tax loss | (2,179) | (5,657) |
| | - | - |

The Company's deductible temporary differences and unused tax losses consist of the following amounts:

| | Year ended December 31, 2016 | Period from February 12, 2015 (date of incorporation) to December 31, 2015 |
|---|---|---|
| Non-capital losses | 30,137 | 21,756 |
| | 30,137 | 21,756 |

The Company has available income tax losses which may be carried forward and applied against future taxable income when earned. It has approximately $30,000 of available tax losses which expire in 2035 and 2036.

## 8. SHARE CAPITAL

The Company has authorized capital of an unlimited number of common shares with no par value.

As at December 31, 2016, the Company had one common share issued and outstanding (December 31, 2015: one share).

On January 19, 2017, the Company issued a further 1,000 common shares at a price of $0.01 each for total proceeds of $10.

## 9. RELATED PARTY TRANSACTIONS

### (a) Management compensation

No remuneration to members of management (or individuals or entities relating thereto) was incurred (paid or accrued) from February 12, 2015 (being the date of incorporation) through May 12, 2017.

### (b) Balances due to related parties

As at both December 31, 2016 and December 31, 2015, there were no amounts owing by the Company to related parties or from the Company to related parties.

## 10. CAPITAL MANAGEMENT

The Company's objectives in managing its capital are as follows:
- To safeguard its ability to continue as a going concern
- To have sufficient capital to be able to meet its strategic objectives including the continued exploration and development of its existing mineral projects and the identification of additional projects.

Given the current exploration stage of its projects, the Company's primary source of capital is derived from funding provided by directors of the Company. Capital consists of equity attributable to common shareholders.

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue new shares in the form of private placements and/or secondary public offerings.

Additional information relating to going concern is disclosed in Note 1.

## 11. FINANCIAL INSTRUMENTS

### (a) Carrying value and fair value

The Company's financial instruments comprise accounts payable and accrued liabilities.

Financial instruments recognized at fair value on the balance sheets are classified in fair value hierarchy levels as follows:
- Level 1: Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

The Company does not have any financial instruments recognised at fair value.

Accounts payable and accrued liabilities are classified as other financial liabilities and are recorded in the financial statements at amortized cost. The fair value of accounts payable and accrued liabilities may be less than the carrying value as a result of the Company's credit and liquidity risk (See Note 1).

**(b) Financial risks**

The Company’s activities expose it to a variety of financial risks, including liquidity risk.

***Liquidity risk***

Liquidity risk encompasses the risk that an entity cannot meet its financial obligations in full as they become due. The Company manages liquidity by taking the appropriate steps to maintain adequate cash and cash equivalent balances. The Company monitors actual and forecast cash flows, and matches the maturity profile of financial assets and liabilities (see Note 1).

# APPENDIX "D"

## AUDITED FINANCIAL STATEMENTS FOR INTERMONT EXPLORATION, LLC FOR THE YEAR ENDED DECEMBER 31, 2016

# Intermont Exploration, LLC

(An Exploration Stage Company)

FINANCIAL STATEMENTS

DECEMBER 31, 2016

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
*t* 604.687.5447
*f* 604.687.6737

# INDEPENDENT AUDITOR'S REPORT

**To the Member of Intermont Exploration, LLC,**

We have audited the accompanying financial statements of Intermont Exploration, LLC which comprise the statements of financial position as at December 31, 2016 and December 31, 2015, and the statements of loss and comprehensive loss, changes in member's capital and cash flows for the periods then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Intermont Exploration, LLC as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has limited working capital, losses since inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

**CHARTERED PROFESSIONAL ACCOUNTANTS**
Vancouver, BC
May 12, 2017

# Intermont Exploration, LLC

Statements of financial position

(United States dollars)

| | Notes | December 31, 2016 | December 31, 2015 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Accounts receivable | | 1,251 | 1 |
| **Total Current assets** | | **1,251** | **1** |
| **Non-current assets** | | | |
| Mineral properties | 6 | 48,963 | - |
| **Total Assets** | | **50,214** | **1** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | | 9,132 | - |
| **Total Current liabilities** | | **9,132** | **-** |
| **Total liabilities** | | **9,132** | **-** |
| **Member's capital** | | | |
| Member's capital | | 72,525 | 326 |
| Accumulated deficit | | (31,443) | (325) |
| **Total Member's capital** | | **41,082** | **1** |
| **Total Liabilities and Shareholder's equity** | | **50,214** | **1** |
| **Nature of operations and going concern (Note 1)** | | | |
| **Subsequent events (Note 5)** | | | |

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

Approved by the Member

*"Clay Newton"*

Clay Newton, Member

# Intermont Exploration, LLC

Statements of loss and comprehensive loss

(United States dollars)

| | Notes | Year ended December 31, 2016 | Period from March 10, 2015 (date of incorporation) to December 31, 2015 |
|---|---|---|---|
| **Expenses** | | | |
| Exploration expenditures | **7** | 21,672 | - |
| Professional fees | | 9,132 | 325 |
| Office and administration | | 314 | - |
| | | 31,118 | 325 |
| **Net loss and comprehensive loss for the period** | | **31,118** | **325** |

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

**Intermont Exploration, LLC**

Statements of changes in member's capital

(United States dollars)

| | Member's capital | Accumulated deficit | Total member's capital |
|---|---|---|---|
| **Balance at March 10, 2015 (date of incorporation)** | **-** | **-** | - |
| Comprehensive loss | - | (325) | **(325)** |
| Member's capital contributions | 326 | - | **326** |
| **Balance at December 31, 2015** | **326** | **(325)** | **1** |
| **Balance at December 31, 2015** | **326** | **(325)** | **1** |
| Comprehensive loss | - | (31,118) | **(31,118)** |
| Member's capital contributions | 72,199 | - | **72,199** |
| **Balance at December 31, 2016** | **72,525** | **(31,443)** | **41,082** |

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

# Intermont Exploration, LLC

Statements of cash flows

(United States dollars)

| | Year ended December 31, 2016 | Period from March 10, 2015 (date of incorporation) to December 31, 2015 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net loss for the period | **(31,118)** | **(325)** |
| Net changes in non-cash working capital: | | |
| Increase in accounts receivable | (1,250) | (1) |
| Increase in accounts payable and accrued liabilities | 9,132 | - |
| **Cash used in operating activities** | **(23,236)** | **(326)** |
| **INVESTING ACTIVITIES** | | |
| Additions to mineral properties | (48,963) | - |
| **Cash used in investing activities** | **(48,963)** | **-** |
| **FINANCING ACTIVITIES** | | |
| Member's capital contributions | 72,199 | 326 |
| **Cash provided by financing activities** | **72,199** | **326** |
| **Net increase in cash and cash equivalents** | **-** | **-** |
| **Cash and cash equivalents, beginning of period** | **-** | **-** |
| **Cash and cash equivalents, end of period** | **-** | **-** |

The accompanying notes are an integral part of these financial statements

## 1. NATURE OF OPERATIONS

Intermont Exploration, LLC (“Intermont” or the “Company”) was established as a limited liability company in the state of Nevada on March 10, 2015 under Chapter 86 of the Nevada Revised Statutes. Intermont is in the business of the exploration and development of mineral properties, with a primary focus on gold and copper properties in Nevada.

The Company’s registered office is located in Winnemucca, Nevada.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes the Company will be able to realize its assets and settle its liabilities in the normal course of business. To date, the Company has not generated any revenue from mining operations as it is considered to be in the exploration stage. For the year ended December 31, 2016, the Company reported a net loss of $31,118 (period ended December 31, 2015: $325) and negative cash flow from operations of $23,236 (period ended December 31, 2015: $326), and as at that date had a net working capital deficit of $7,881 (December 31, 2015: net working capital of $1) and an accumulated deficit of $31,443 (December 31, 2015: 325). These factors create material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings provided by members of management, the Company’s existing members or new members or through other arrangements. There is no assurance that the Company will be successful in this regard. These material uncertainties cast substantial doubt about its ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

In February 2017, the Company entered into a binding letter agreement with two other entities and five individuals pursuant to which one of the entities will acquire the membership interest of Intermont from its legal and beneficial owner in exchange for shares of the acquiring entity (see Note 5).

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The policies applied in these financial statements are based on IFRS issued and outstanding as of May 12, 2017, the date the membership approved these financial statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements as at and for the year ended December 31, 2016.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All amounts are presented in United States Dollars unless otherwise indicated. A summary of significant accounting policies is as follows:

### (a) Basis of measurement

The financial statements have been prepared under the historical cost convention.

### (b) Significant estimates and judgement

The preparation of the financial statements in conformity with IFRS requires the use of judgements and estimates that affect the amounts reported and disclosed in the financial statements and related notes. These judgements and estimates are based on management's knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and notes to the financial statements, and the key areas are summarized below.

***Impairment of mineral properties***

Mineral properties are considered for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assessment of impairment indicators involves the application of a number of significant judgments over internal and external factors including reserve and resource estimation, future precious metal prices, estimated costs of future production, changes in government legislation and regulations, estimated deferred income taxes, the availability of financing and various other operational factors. If any such indication exists, an estimate of the recoverable amount is undertaken. If the asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized in the statement of loss.

### (c) Mineral properties and exploration and development expenditures

Costs relating to the acquisition and claim maintenance of mineral properties (including direct and indirect costs of staking ground, option payments and fees to maintain the property in good standing) are capitalised and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company expenses all exploration, evaluation and development expenditures until management concludes that a future economic benefit is more likely than not to be realized. In evaluating if expenditures meet this criterion to be capitalized, management considers the following:

- The extent to which reserves or resources, as defined in National Instrument 43-101, have been identified in relation to the property in question
- The conclusions of National Instrument 43-101 compliant preliminary economic assessment studies, preliminary feasibility studies and/or feasibility studies regarding the property in question
- The status of environmental permits

- The status of mining leases or permits.

Once the Company considers that a future economic benefit is more likely than not of being realized, all subsequent costs directly relating to the advancement of the related area of interest are capitalized.

Capitalised mineral property costs are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator is identified, the asset's recoverable amount is calculated and compared to the carrying amount. For the purpose of measuring recoverable amounts, assets are grouped into cash-generating units ("CGUs"). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

**(d) Decommissioning provision**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at December 31, 2016 the Company does not have any decommissioning obligations.

**(e) Income taxes**

The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the member. As such, no recognition of federal or state income taxes for the Company has been provided for in the accompanying financial statements. Any uncertain tax position taken by the member is not an uncertain position of the Company.

## 4. RECENT ACCOUNTING PRONOUNCEMENTS

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"
Amendments to IAS 1, "Presentation of Financial Statements"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

(United States dollars)

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## 5. BINDING LETTER AGREEMENT

On December 28, 2016, the Company entered into a binding letter agreement (the "Agreement") with Palisades Ventures Inc. ("Palisades"), 1027344 B.C. Ltd. ("1027344 B.C.") and five individuals (one of whom is a member of the Company) pursuant to which Palisades will acquire the membership interest in Intermont and all of the issued and outstanding common shares of 1027344 B.C. from their respective members and shareholders in exchange for common shares of Palisades. Palisades is a publicly quoted company listed on the TSX Venture Exchange. The Agreement specifies that the member of the Company and its designees will receive a total of 6,500,000 post-consolidation common shares of Palisades as consideration for the membership interest of Intermont.

The closing of the transaction is subject to numerous conditions including satisfactory completion of due diligence, a three-for-four consolidation of Palisades common shares, the completion by Palisades of an equity private placement raising minimum gross proceeds of 1,000,000 Canadian dollars ($744,768 applying the spot foreign exchange rate as at December 31, 2016), a minimum 50% approval of Palisades' shareholders, approval of the TSX Venture Exchange and various other conditions typical of a transaction of this type.

Subsequent to December 28, 2016, amendments to the Agreement dated January 23, 2017, January 31, 2017, February 15, 2017, February 22, 2017 and April 28, 2017 were entered into. The amendments related to timing and minor issues.

## 6. MINERAL PROPERTIES

| **Year ended December 31, 2016** | | | |
|---|---|---|---|
| | **Dec. 31, 2015** | **Additions** | **Dec. 31, 2016** |
| Goldrun | - | 43,996 | 43,996 |
| Rock Creek | - | 4,967 | 4,967 |
| | **-** | **48,963** | **48,963** |

The Company's primary mineral property is Goldrun.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee their titles. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

It is possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties could be written off in the future.

(United States dollars)

### (a) Goldrun

The Goldrun holdings consist of 148 mining claims owned solely by Intermont, 31 of which are recorded, and a further 103 claims owned jointly with an unrelated individual, all of which are recorded with the land authorities. The claims were acquired by staking in the field with posts and location notices.

### (b) Rock Creek

The Rock Creek holdings consist of 160 mining claims owned solely by Intermont, none of which are recorded with the land authorities. The claims were acquired by staking in the field with posts and location notices.

## 7. EXPLORATION AND DEVELOPMENT EXPENDITURES

| Year ended December 31, 2016 | Goldrun | Rock Creek | Total |
|---|---|---|---|
| Consulting | 10,253 | 1,782 | 12,035 |
| Equipment | 372 | - | 372 |
| Field supplies | 658 | 402 | 1,060 |
| Geochemistry | 3,547 | 1,588 | 5,135 |
| Travel | 2,579 | 491 | 3,070 |
| | **17,409** | **4,263** | **21,672** |

## 8. RELATED PARTY TRANSACTIONS

### (a) Management compensation

2016 exploration, administrative and claim acquisition expenditures totalling $70,949 (period ended December 31, 2015: $325) were invoiced to the Company by Tectonex LLC (“Tectonex”), a company owned by the Company’s member. All such expenditures are recharged to the Company without margin or discount at the actual cost incurred by Tectonex.

2016 exploration consulting expenditures includes $29,610 which was owing by Tectonex to the principal member of the Company as at December 31, 2016 (period ended December 31, 2015: nil).

### (b) Balances due to related parties

As at both December 31, 2016 and December 31, 2015, there were no amounts owing by the Company to related parties or from the Company to related parties.

## 9. CAPITAL MANAGEMENT

The Company's objectives in managing its capital are as follows:

- To safeguard its ability to continue as a going concern
- To have sufficient capital to be able to meet its strategic objectives including the continued exploration and development of its existing mineral projects and the identification of additional projects.

Given the current exploration stage of its projects, the Company's primary source of capital is derived from funding provided by the membership of the Company.

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions.

Additional information relating to going concern is disclosed in Note 1.

## 10. FINANCIAL INSTRUMENTS

### (a) Carrying value and fair value

The Company's financial instruments comprise accounts receivable, accounts payable and accrued liabilities.

Financial instruments recognized at fair value on the balance sheets are classified in fair value hierarchy levels as follows:

- Level 1: Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

The Company does not have any financial instruments recognised at fair value.

Accounts receivable are classified as loans and receivables and are recorded in the financial statements at amortized cost. Amortized cost approximates fair market value due to the short-term nature of the balances.

Accounts payable and accrued liabilities are classified as other financial liabilities and are recorded in the financial statements at amortized cost. The fair value of accounts payable and accrued liabilities may be less than the carrying value as a result of the Company's credit and liquidity risk (See Note 1).

## (b) Financial risks

The Company's activities expose it to a variety of financial risks, including liquidity risk.

***Liquidity risk***

Liquidity risk encompasses the risk that an entity cannot meet its financial obligations in full as they become due. The Company manages liquidity by taking the appropriate steps to maintain adequate cash and cash equivalent balances. The Company monitors actual and forecast cash flows, and matches the maturity profile of financial assets and liabilities (see Note 1).

# APPENDIX "E"

# PRO FORMA FINANCIAL STATEMENTS

# Palisades Ventures Inc.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

(Unaudited – Prepared by management)
(Expressed in United States Dollars)

# Palisades Ventures Inc.

## Statement of financial position

(United States dollars)

| | Palisades 31-Dec-16 ($) | Palisades 31-Dec-16 (USD) | 1027344 B.C. 31-Dec-16 (USD) | Intermont 31-Dec-16 (USD) | Notes | Pro forma adjustments (USD) | Resulting issuer 31-Dec-16 (USD) |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **Current assets** | | | | | | | |
| Cash | 37,512 | 27,939 | | | 3(b) | 1,117,000 | 1,077,919 |
| | | | | | 3(c) | (67,020) | |
| Accounts receivable | 542 | 404 | 1 | 1,251 | | | 1,656 |
| **Total Current assets** | **38,054** | **28,343** | **1** | **1,251** | | **1,049,980** | **1,079,575** |
| **Non-current assets** | | | | | | | |
| Mineral properties | - | - | 12,500 | 48,963 | 3(e) | 888,233 | 1,057,746 |
| | | | | | 3(f) | 80,000 | |
| | | | | | 3(g) | 28,050 | |
| **Total Assets** | **38,054** | **28,343** | **12,501** | **50,214** | | **2,046,263** | **2,137,321** |
| **LIABILITIES** | | | | | | | |
| **Current liabilities** | | | | | | | |
| Accounts payable and accrued liabilities | 10,338 | 7,700 | 6,816 | 9,132 | 3(f) | 80,000 | 103,648 |
| Due to related parties | 62,600 | 46,624 | | | | | 46,624 |
| **Total Current liabilities** | **72,938** | **54,324** | **6,816** | **9,132** | | **80,000** | **150,272** |
| **Total liabilities** | **72,938** | **54,324** | **6,816** | **9,132** | | **80,000** | **150,272** |
| **Shareholder's equity** | | | | | | | |
| Share capital | 6,230,903 | 4,640,777 | 1 | | 3(b) | 935,000 | 6,443,607 |
| | | | | | 3(c) | (67,020) | |
| | | | | | 3(d) | (28,200) | |
| | | | | | 3(e) | 935,000 | |
| | | | | | 3(e) | (1) | |
| | | | | | 3(g) | 28,050 | |
| Member's capital | | | | 72,525 | 3(e) | (72,525) | - |
| Subscription receipts | | | 35,821 | | 3(e) | (35,821) | |
| Contributed surplus, stock options | 773,276 | 575,936 | | | | | 575,936 |
| Contributed surplus, warants | 170,221 | 126,781 | | | 3(b) | 182,000 | 336,981 |
| | | | | | 3(d) | 28,200 | |
| Accumulated deficit | (7,209,284) | (5,369,475) | (30,137) | (31,443) | 3(e) | 61,580 | (5,369,475) |
| **Total Shareholder's equity** | **(34,884)** | **(25,981)** | **5,685** | **41,082** | | **1,966,263** | **1,987,049** |
| **Total Liabilities and Shareholder's equity** | **38,054** | **28,343** | **12,501** | **50,214** | | **2,046,263** | **2,137,321** |

## 1. BASIS OF PREPARATION

The accompanying unaudited pro forma consolidated statement of financial position has been prepared by management to show the effect of both the proposed acquisition (the "Transaction") by Palisades Ventures Inc. ("Palisades") of 100% of the issued and outstanding common shares of 1027344 B.C. Ltd. ("1027344 B.C.") and 100% of the issued and outstanding Units of Intermont Exploration, LLC ("Intermont"; 1027344 B.C., Intermont and Palisades, collectively the "Parties") and various transactions agreed by the Parties as set out in the binding letter agreement dated April 28, 2017 (the "Binding Letter Agreement") entered into between the Parties and related individuals to take place prior to the Transaction. The Transaction is being recorded as an asset acquisition.

The unaudited pro forma consolidated statement of financial position has been prepared in accordance with International Financial Reporting Standards and has been compiled from information derived from the unaudited financial statements of Palisades as at and for nine months ended December 31, 2016 and the audited financial statements 1027344 B.C. and Intermont as at and for year ended December 31, 2016. Management has applied the assumptions and adjustments described in Note 3 in compiling the unaudited pro forma consolidated statement of financial position.

A pro forma consolidated statement of loss and comprehensive loss has not been compiled as such a statement would not provide any meaningful information relative to standalone statements of loss and comprehensive loss of each of the Parties.

The unaudited pro forma consolidated statement of financial position is not necessarily indicative of the financial position of Palisades on the date of the completion of the proposed acquisition of 1027344 B.C. and Intermont.

The unaudited pro forma consolidated statement of financial position of Palisades should be read in conjunction with the financial statements of each of Palisades, 1027344 B.C. and Intermont and other public disclosures of Palisades made in respect of the proposed acquisition transaction.

Completion of the transaction is subject to a number of conditions including, but not limited to approval by the TSX Venture Exchange (the "TSX-V").

## 2. TRANSACTION

Pursuant to the terms of the Binding Letter Agreement, the Transaction comprises the following:

(a) Palisades will complete a consolidation of its common shares on a 4 to 3 basis thereby reducing the total number of issued and outstanding common shares from 16,614,386 to 12,460,789. All amounts related to the number of shares, stock options and share purchase warrants have been restated to reflect the consolidation;

(b) Palisades will complete a private placement of units (the "Units") for gross proceeds of between $1,500,000 and $2,000,000 at a price of $0.15. Each Unit will consist of one Palisades common share (post-consolidation) and one half of a share purchase warrant (the

"Warrant"). Each whole Warrant will be exercisable into one common share (post-consolidation) at a price of $0.25 for a period of 24 months. Palisades has agreed to pay a finder's fee (excluding that part of the private placement related to the so-called 'President's List') in the amount of up to 6% of the private placement in cash and 6% in share purchase warrants; such warrants will be exercisable into one common share (post-consolidation) at a price of $0.15 for a period of 24 months (the "Finder's Fee Warrant");

(c) Palisades will acquire all of the issued and outstanding common shares of 1027344 B.C. for consideration comprising 3,500,000 Palisades common shares; and,

(d) Palisades will acquire all of the membership's interest in Intermont for consideration comprising 6,500,000 Palisades common shares.

## 3. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND ADJUSTMENTS

The unaudited pro forma consolidated statement of financial position gives effect to the Transaction as if it and the related matters described below had occurred on December 31, 2016.

The following assumptions and adjustments were used to compile the pro forma consolidated statement of financial position:

(a) All balances comprising the Palisades balance sheet as at December 31, 2016 were translated from Canadian dollars ("$") to United States dollars ("USD") applying a rate of 0.7448 being the noon foreign exchange rate on December 30, 2016 as published by the Bank of Canada. The functional and presentation currencies have been assumed to be USD for all entities.

(b) Palisades is required to complete a private placement of between $1,500,000 and $2,000,000 at a price of $0.15 per Unit (USD 0.1117). It is assumed that $1,500,000 (USD 1,117,000) will be raised comprising 10,000,000 Units (10,000,000 common shares and 5,000,000 Warrants). The fair value of each full Warrant was estimated to be USD 0.0365 using the Black-Scholes option-pricing model (USD 0.0182 for half a Warrant); the remaining USD 0.0935 was attributable to the estimated value of the common share. The resulting allocation of gross proceeds is USD 935,000 to common shares and $182,000 to Warrants. The following assumptions were applied:

- Expected volatility: 105%
- Risk-free interest rate: 0.94%
- Expected life: 24 months
- Dividends: nil.

(c) It is assumed that the finder's fee is levied on 100% of the private placement. Palisades will pay a finder's fee of USD 67,020 being 6% of the USD 1,117,000 private placement.

(d) It is assumed that the finder's fee is levied on 100% of the private placement. Palisades will issue 600,000 Finder's Fee Warrants. The fair value of each Finder's Fee Warrant was estimated to be USD 0.047 using the Black-Scholes option-pricing model. The total estimated fair value of the Finder's Fee Warrants is USD 28,200. The input assumptions were identical to those identified above in respect of the Warrants.

(United States dollars)

(e) Palisades will issue a total of 10,000,000 common shares to the shareholders of 1027344 B.C. and to the membership of Intermont as consideration for the acquisition. The 10,000,000 common shares issued have a fair value of USD 0.0935 per share or USD 935,000. As a result of the acquisition, 1027344 B.C. and Intermont have recorded a total fair value increase in mineral properties of USD 888,233 as follows:

| | **1027344 B.C. (USD)** | **Intermont (USD)** | **Total (USD)** |
|---|---|---|---|
| Accounts receivable | 1 | 1,251 | 1,252 |
| Mineral properties, current | 12,500 | 48,963 | 61,463 |
| Mineral properties, fair value increase | 321,565 | 566,668 | 888,233 |
| Accounts payable and accrued liabilities | (6,816) | (9,132) | (15,948) |
| | **327,250** | **607,750** | **935,000** |
| | | | - |
| *Palisades shares issued* | *3,500,000* | *6,500,000* | *10,000,000* |
| Value of Palisades shares issued | **327,250** | **607,750** | **935,000** |

The pre-acquisition equity and deficit of each of 1027344 B.C. and Intermont will be eliminated on acquisition.

(f) Palisades has estimated that approximately USD 80,000 in professional fees and other regulatory costs will be incurred in connection with the Transaction. These fees have been capitalised to the cost of the mineral properties acquired.

(g) Pursuant to the terms of the lease agreement dated February 13, 2015 (as amended) entered into between 1027344 B.C. and Nevada Eagle, LLC ("Nevada Eagle") relating to the Hurricane property, 300,000 common shares of the applicable public company to which 1027344 B.C.'s rights and responsibilities relating to the Hurricane property are assigned will be issued to Nevada Eagle upon such assignment. The estimated value of these shares is USD 28,050.

## 4. SHAREHOLDER'S EQUITY

### (a) Share capital

The following table reconciles the outstanding common shares of Palisades upon completion of the Transaction:

(United States dollars)

| | Common shares outstanding | Share capital (USD) |
|---|---|---|
| Palisades Dec. 31, 2016 accounts | 16,614,386 | 4,640,777 |
| 3 for 4 share consolidation | (4,153,597) | |
| Private placement | 10,000,000 | 935,000 |
| Share issuance costs (cash) | | (67,020) |
| Share issuance costs (Finder's Fee Warrants) | | (28,200) |
| Acquisition of 1027344 B.C. and Intermont | 10,000,000 | 935,000 |
| Nevada Eagle shares (Hurricane property) | 300,000 | 28,050 |
| | **32,760,789** | **6,443,607** |

**(b) Stock options**

As at December 31, 2016, Palisades had 140,625 stock options outstanding. Following both the expiration of 112,500 stock options in April 2017 and consideration of the deemed closing of the Transaction, the number of stock options outstanding is reduced to 28,125. All stock options have an exercise price of $0.53 and expire on October 7, 2017. (All references to number of stock options and exercise price refer to post-consolidation amounts).

**(c) Share purchase warrants**

As at December 31, 2016 and after consideration of the deemed closing of the Transaction, Palisades had share purchase warrants outstanding as follows:

| | Exercise price ($) | Expiry date | Warrants outstanding |
|---|---|---|---|
| Share purchase warrants | 0.13 | April 29, 2018 | 1,668,750 |
| Share purchase warrants | 0.25 | Dec. 31, 2018 | 5,000,000 |
| Finder's Fee Warrants | 0.15 | Dec. 31, 2018 | 600,000 |
| | | | **7,268,750** |

The $0.25 share purchase warrants issued in connection with the 10,000,000 Unit private placement are subject to an acceleration provision whereby if Palisade's shares trade at a closing price at or greater than $0.40 for ten consecutive trading days, then Palisades may, at its option, force conversion of the warrants.

(All references to number of warrants and exercise price refer to post-consolidation amounts).

## 5. INCOME TAXES

The pro forma effective tax rate for December 31, 2016 is nil. There is no tax effect of pro forma adjustments relating to Palisades, 1027344 B.C. or Intermont because all entities have net deferred income tax assets which have not been recognised due to uncertainty as to whether those assets will be realised.

**APPENDIX "F"**

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR PALISADES VENTURES INC.**
**FOR THE YEAR ENDED MARCH 31, 2016**

**PALISADES VENTURES INC.**
**(formerly "URANIUM STANDARD RESOURCES LTD.")**
**SUITE 2300- 1066 WEST HASTINGS STREET**
**VANCOUVER, BRITISH COLUMBIA**
**V6E 3X2**

---

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## July 25, 2016

*The following discussion is management's assessment and analysis of the results and financial condition of Palisades Ventures Inc. (formerly Uranium Standard Resources Ltd..). (the "Company"), and should be read in conjunction with the accompanying audited annual financial statements and related notes. The preparation of financial data is in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") and all figures are reported in Canadian dollars unless otherwise indicated.*

*Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The effective date of this report is July 25, 2016.*

### 1. Description of Business

Palisades Ventures Inc. (formerly "Uranium Standard Resources Ltd.") (the "Company") was incorporated on June 6, 2007 under the Business Corporations Act of British Columbia (the "Act") under the name Central Resource Corp. The principal business activity of the Company is the acquisition and exploration of mineral properties located in Canada. The Company is listed on the TSX Venture Exchange (PSV-TSXV).

The Company's head office, principal address and registered and records office is 2300 – 1066 West Hastings Street, Vancouver, B.C., V6E 3X2.

On November 27, 2015, the Company consolidated its common shares on the basis of one post-consolidated common share for every two pre-consolidated common shares held. The 24,528,771 pre-consolidated common shares issued and outstanding were adjusted to 12,264,386 post-consolidated common shares.

On October 2, 2014, the Company completed a business combination with Canadian Uranium Corp. ("Canadian Uranium") and 1008394 B.C. Ltd. ("B.C"), a wholly owned subsidiary of the Company formed for the purpose of this business combination. At the amalgamation of Canadian Uranium and B.C., all of Canadian Uranium common shares were exchanged on a two and one quarter basis for one post-consolidated share of the Company. The holders of Canadian Uranium's common shares, other than the Company and B.C., received in exchange for their Canadian Uranium common shares cancelled, 7,909,779 commons shares of the Company on a pro rata basis. Neither the Company nor B.C. received any repayment of capital in respect of any Canadian Uranium common shares held by them that were exchanged. All of the common shares of B.C. outstanding immediately prior to the effective time were cancelled and replaced with an equal number of common shares of the amalgamated company ("Amalco") formed between Canadian Uranium and B.C., a wholly owned subsidiary of the Company. In connection with the amalgamation the company changed its name to "Palisades Ventures Inc. from Uranium Standard Resources Ltd. and began trading under its new name and symbol "USR".

On July 25, 2014, the Company consolidated its common shares on the basis of one post-consolidated common share for every three pre-consolidated common shares held. The 15,117,000 pre-consolidated common shares issued and outstanding were adjusted to 5,038,992 post-consolidated common shares.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2016, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day-to-day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from proceeds of private placements of its common shares.

The Company's principal activity is the acquisition and exploration of mineral resource properties. The Company is currently in the exploration stage of developing its mineral property and has not yet determined whether the property contains mineral reserves that are economically recoverable.

## 2. Selected Annual Information

The following selected financial information is extracted from the audited annual consolidated financial statements of the Company prepared in accordance with IFRS.

| | *31Mar16* | *31Mar15* | *31Mar14* |
|---|---|---|---|
| **Net Loss for the year** | $1,607,319 | $592,610 | $745,673 |
| **Loss per Share** | $(0.13) | $(0.04) | $(0.05) |
| **Total Assets** | $2,163 | $1,406,256 | $111,167 |
| **Total Liabilities** | $197,474 | $59,248 | $388,670 |
| **Working Capital Deficiency** | $(195,311) | $(17,295) | $(369,503) |

The referenced annual consolidated financial statements of the Company above have been prepared in accordance with IFRS. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgment. Actual results may differ from these estimates.

### *Quarterly Information*

The following tables summarize the Company's financial information for the last eight quarters:

| | *31Mar16* | *31Dec15* | *30Sept15* | *30Jun15* | *31Mar15* | *31Dec14* | *30Sept14* | *30Jun14* |
|---|---|---|---|---|---|---|---|---|
| **Operating Costs** | $(66,820) | $(91,294) | $(42,308) | $(41,094) | $(14,041) | $(343,405) | $(106,567) | $(7,807) |
| **Net Income (Loss)** | $(690,240) | $(91,294) | $(784,691) | $(41,094) | $(125,940) | $(343,405) | $(106,567) | $(16,698) |
| **Total Assets** | $2,163 | $628,653 | $627,028 | $1,330,993 | $1,406,256 | $1,498,487 | $431,538 | $112,230 |
| **Total Liabilities** | $(197,474) | $(198,724) | $(105,805) | $(110,026) | $(59,248) | $(24,958) | $(36,014) | $(407,957) |
| **Working Capital (Deficiency)** | **$(195,311)** | **$(193,491)** | **$102,197** | **$(61,388)** | **$(17,295)** | **$(48,388)** | **$303,497** | **$(387,727)** |

Since the Company generates immaterial income, losses reflect administrative expenses.

### *Fourth Quarter Results*

In the fourth quarter ended March 31, 2016, the Company did not complete any equity financings and did not acquire any mineral properties.

<u>Stock option grants within the 4th quarter were as follows:</u>

No options were granted during the quarter.

Other:

**OTCQB Listing**

On January 30, 2016, the Company relinquished its listing on the OTCQB.

**Changes to the Officers and Board of Directors**

On November 2, 2015, the Company accepted the appointment of Jonathan Jackson to the Board of Directors replacing Peter Born who resigned. The board is now comprised of Arni Johannson, Michael Williams, and Jonathan Jackson.

On October 2, 2015, the Company appointed Gordon Steblin as the Chief Financial Officer replacing Richard Ko, who resigned.

The financial statements have in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

## 3. SIGNIFICANT ACCOUNTING POLICIES

***Critical accounting judgments and key sources of estimation uncertainty***

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

The following are critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies that have the most significant effect on the amount recognized in the financial statements.

a) Critical judgments in applying accounting policies

Going concern evaluation

As discussed in note 1, these financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at March 31, 2016.

Review of asset carrying value and impairment assessment

In accordance with our policy, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If such an indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of fair value less costs to sell or value in use.

b) Key sources of estimation uncertainty

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Valuation of share-based compensation and share purchase warrants

Management uses the Black-Scholes option pricing model to determine the fair value of employee stock options and share purchase warrants issued for goods or services. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

**Change in Accounting Policy**

During the year ended March 31, 2016, certain new accounting policies were adopted by the Company, none of which had a significant effect on the financial records or disclosures of the Company. Future accounting policy changes are included in Note 3 of the audited financial statements and are also not expected to impact the Company in a significant manner.

## 4. RESULTS OF OPERATIONS

At March 31, 2016, total assets were $2,163 compared to $1,406,256 as at March 31, 2015. Assets decreased due to the mineral property write down of $1,365,803.

The Company has no operating revenues. During the period ended March 31, 2016, the Company earned $Nil in interest income compared to $Nil for the same period last year.

During the period ended March 31, 2016 the Company had a net and comprehensive loss of $1,607,319 compared to a net loss of $592,610 for the year ended March 31, 2015. This increase in loss is mainly attributable to the mineral property write down of $1,365,803. Operating expenses were $241,516 as compared to $471,820 for the previous period.

## 5. FINANCIAL CONDITION / LIQUIDITY

At March 31, 2016, the Company had cash of $1,166 compared to cash of $19,440 as at March 31, 2015. Cash used in investing activities was $1,500 for the period ended March 31, 2016 and $175,755 as at March 31, 2015 as a result of various property exploration expenditures during the years. Cash flow used in operating activities decreased to $81,774 at March 31, 2016 from $617,779 during the period ended March 31, 2015. The Company has no long-term debt.

At this time, the Company has no operating revenues, and does not anticipate any operating revenues until the Company is able to find, acquire, place in production, and operate a resource property. Historically, the Company has raised funds through equity financing to fund its operations.

Subsequent to the year ended March 31, 2016, the Company completed a non-brokered private placement of $222,500. The private placement consists of 4,450,000 units at a price of $0.05 per unit, with each unit comprised of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.10 per share until April 29, 2018.

The Company will need to raise additional cash for working capital or other expenses. In addition, as a result of the Company's activities, unanticipated problems or expenses could result and require additional capital requirements, subject to TSX Venture Exchange policies and approvals.

The Company has no assets other than cash deposits and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes the Company does not have sufficient working capital at this time to meet its current financial obligations.

## 6. CAPITAL MANAGEMENT

The Company manages its capital structure, consisting of share capital, and will make adjustments to it depending on the funds available to the Company for its future acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The exploration and evaluation of assets in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for ongoing general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the year ended March 31, 2016.

## 7. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## 8. OUTSTANDING SHARE DATA

***Authorized share capital***
Unlimited number of common voting shares without par value or par; and
Unlimited number of preferred voting shares without nominal or par value

***Issued share capital***

Subsequent to the year ended March 31, 2016, the Company completed a non-brokered private placement of $222,500. The private placement consists of 4,450,000 units at a price of $0.05 per unit, with each unit comprised of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.10 per share until April 29, 2018.

As at July 25, 2016 there were 16,614,386 shares outstanding.

**2016**
On November 27, 2015, the Company consolidated its common shares on the basis of one post-consolidated common share for every two pre-consolidated common shares held. The 24,528,771 pre-consolidated common shares issued and outstanding were adjusted to 12,264,386 post-consolidated common shares.

During the year ended March 31, 2016, the Company sold its interest in the property for the return of 100,000 of the Company's shares valued at $Nil.

***Shares held in escrow***

Under the policies of the TSX Venture Exchange, an aggregate of 1,666,666 common shares were held by escrow to be released over a 36 month period; 10% were released October 14, 2014 and 15% will be released every 6 months until October 14, 2017. The number of escrow common shares as at March 31, 2016 is 1,000,000 and 750,000 as at July 25, 2016.

***Stock Options***

The Company has adopted an incentive stock option plan (the "Plan") whereby it can grant non-transferable stock options ("Options") to purchase common shares to directors, officers, employees and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time and exercisable for a period of up to five years from the date of grant. The exercise price of options granted under the Plan will not be less than the market price of the common shares. Vesting periods are determined by the Board of Directors, except for options granted to consultants conducting investor relation activities, which will become vested with the right to exercise one-fourth of the option upon the conclusion of each three-month period subsequent to the date of grant of the option.

During the year ended March 31, 2016, no stock options (2015 – 1,000,000) were granted to officers, directors, related employees and consultants. The Company has recorded the fair value of all options granted during the period using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following weighted average assumptions: expected life of options – Nil (2015 – 2.3 years), stock price volatility – Nil (2015 – 185.07%), no dividend yield (2015 – Nil), and a risk-free interest rate yield - Nil (2015 – 1.05%). The fair value is particularly impacted by the Company's stock price volatility, determined using data from the previous four years. Using the above assumptions the fair value of options granted during the year ended March 31, 2016 was $Nil per option (2015 - $0.20 per option). The total share-based payment expense for the year ended March 31, 2016 was $Nil (2015 - $200,656), which is presented as an operating expense, and includes only options that vested during the period.

During the year ended March 31, 2016, 787,500 options expired or were cancelled due to resignations from the Board of Directors and termination of the Company's Investor Relation Agreements.

As at July 25, 2016, there were 212,500 options outstanding as disclosed in the below table:

| Exercise Price | Expiry Date | March 31, 2015 | Granted | Expired/ Cancelled | July 25, 2016 |
|---|---|---|---|---|---|
| $0.40 | October 7, 2017 | 700,000 | - | (487,500) | 212,500 |
| $0.40 | October 7, 2019 | 150,000 | - | (150,000) | - |
| $0.40 | November 17, 2019 | 150,000 | - | (150,000) | - |
| | | 1,000,000 | - | (787,500) | 212,500 |
| Weighted average exercise price | | $0.40 | - | $0.40 | $0.40 |

As at July 25, 2016, there were 4,340,300 share purchase warrants outstanding as disclosed in the below table:

| Exercise Price | Expiry Date | March 31, 2015 | Granted | Expired | July 25, 2016 |
|---|---|---|---|---|---|
| $0.30/$0.50 | July 30, 2016 | 2,115,300 | - | - | 2,115,300 |
| $0.10 | April 29, 2018 | - | 2,225,000 | - | 2,225,000 |
| | | 2,115,300 | 2,225,000 | | 4,340,300 |
| Weighted average exercise price | | $0.30 | - | - | $0.29 |

**9. TRANSACTIONS WITH RELATED PARTIES**

The Company incurred the following transactions with officers and directors, or companies that are controlled by officers and directors of the Company:

| | March 31, 2016 | March 31, 2015 |
|---|---|---|
| Geological consulting fees paid to a former director | $1,500 | $ - |
| Accounting and geological consulting fees accrued to a company controlled by a former director | - | 6,000 |
| Office services paid to a company controlled by a former officer | 14,342 | - |
| Professional fees accrued to a company controlled by the CFO | 15,000 | - |
| Rent accrued to a company controlled by the President | 9,000 | - |
| Management fees accrued to a company controlled by the President | 41,000 | 23,750 |
| Share-based payments | - | 81,000 |
| Total | $ 80,842 | $110,750 |

The Company owes the following amounts to officers and directors, or companies that are controlled by officers and directors of the Company:

| | March 31, 2016 | March 31, 2015 |
|---|---|---|
| Loan payable to the President | 5,000 | - |
| Rent accrued to a company controlled by the President | 9,000 | - |
| Management fees accrued to a company controlled by the President | 41,000 | 20,000 |
| Total | $ 55,000 | $ 20,000 |

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount established and agreed to by the related parties.

**10. PROPOSED TRANSACTIONS**

Not applicable.

## 11. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, accounts receivable, short-term investments, accounts payable and accrued liabilities, and an amount due to related party. The carrying value of these financial instruments approximates their fair market value because of the short maturity of these instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

## 12. LEGAL PROCEEDINGS

The Company is not involved in any legal proceedings.

## 13. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's President & Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures as well as internal controls over financial reporting for the Company.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109, in particular, the certifying officers filing the certificates are not making any representations relating to the establishment and maintenance of: controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificates.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## 14. OTHER MD&A REQUIREMENTS

<u>Subsequent Events</u>

On April 29, 2016, the Company completed a non-brokered private placement of $222,500. The private placement consists of 4,450,000 units at a price of $0.05 per unit, with each unit comprised of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.10 per share until April 29, 2018.

***Risks and Uncertainties***

The Company has a limited history of operations. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favorable.

***Cautionary Statement***

This MD&A may contain "forward looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward looking statements, which, by their very nature, are not guarantees of the Company's future, operational or financial performance, and are subject to risk and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risk and uncertainties, including the risk and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

For further information about Palisades Ventures Inc. (formerly Uranium Standard Resources Ltd.) please visit Sedar at www.sedar.com.

**APPENDIX "G"**

# MANAGEMENT'S DISCUSSION AND ANALYSIS FOR PALISADES VENTURES INC. FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2016

**PALISADES VENTURES INC.**
**(formerly "URANIUM STANDARD RESOURCES LTD.")**
**SUITE 2300- 1066 WEST HASTINGS STREET**
**VANCOUVER, BRITISH COLUMBIA**
**V6E 3X2**

---

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

For the nine months ended December 31, 2016

## February 23, 2017

*The following discussion is management's assessment and analysis of the results and financial condition of Palisades Ventures Inc. (formerly Uranium Standard Resources Ltd..). (the "Company"), and should be read in conjunction with the accompanying unaudited interim financial statements and related notes. The preparation of financial data is in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") and all figures are reported in Canadian dollars unless otherwise indicated.*

*Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The effective date of this report is February 23, 2017.*

### 1. Description of Business

Palisades Ventures Inc. (formerly "Uranium Standard Resources Ltd.") (the "Company" or "Palisades") was incorporated on June 6, 2007 under the Business Corporations Act of British Columbia (the "Act") under the name Central Resources Corp. The principal business activity of the Company is the acquisition and exploration of mineral properties located in Canada. The Company is listed on the TSX Venture Exchange (PSV-TSXV).

The Company's head office, principal address and registered and records office is 2300 – 1066 West Hastings Street, Vancouver, B.C., V6E 3X2.

On December 28, 2016, the Company entered into a binding letter agreement (the "Agreement") with Intermont Exploration, LLC ("Intermont") and 1027344 B.C. Ltd. ("1027344 B.C."). The arm's length Agreement sets out the terms of the proposed transaction (the "Transaction") pursuant to which the Company will acquire all of the issued and outstanding common shares of Intermont and 1027344 B.C., which own the rights to certain mineral projects in Nevada (the "Properties"). Pursuant to the TSX Venture Exchange ("TSX-V") policies, the Transaction will be a reverse takeover for the Company. On closing of the Transaction, Palisades will be the resulting issuer and will remain a Tier 2 resource issuer.

After completing a 3:4 share consolidation, the Company will issue a total of 10 million common shares to the shareholders of 1027344 B.C. (3.5 million) and Intermont (6.5 million). Assuming completion of a Private Placement, no new control persons will be created as a result of the Transaction. 1027344 B.C. owns the Hurricane Project, a gold exploration project located in Lander County, Nevada. Intermont's principal asset is the Goldrun Project, a gold exploration project located in Humbolt County, Nevada. The Goldrun Project will be the material property of the Company upon completion of the Transaction. The Company shares will remain halted until closing of the Transaction. See Item 10 – Proposed Transaction for further details.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, Canadian Uranium, a British Columbia corporation up to March 31, 2016. Canadian Uranium was dissolved on June 28, 2016 and is no longer included in the accounts of the Company. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany transactions, balances, revenues and expenses have been eliminated.

On November 27, 2015, the Company consolidated its common shares on the basis of one post-consolidated common share for every two pre-consolidated common shares held. The 24,528,771 pre-consolidated common shares issued and outstanding were adjusted to 12,264,386 post-consolidated common shares. In connection with the consolidation the Company changed its name to "Palisades Ventures Inc." from "Uranium Standard Resources Ltd." and began trading under its new name and symbol "PSV".

On October 2, 2014, the Company completed a business combination with Canadian Uranium Corp. ("Canadian Uranium") and 1008394 B.C. Ltd. ("B.C"), a wholly owned subsidiary of the Company formed for the purpose of this business combination. At the amalgamation of Canadian Uranium and B.C., all of Canadian Uranium common shares were exchanged on a two and one quarter basis for one post-consolidated share of the Company. The holders of Canadian Uranium's common shares, other than the Company and B.C., received in exchange for their Canadian Uranium common shares cancelled, 7,909,779 common shares of the Company on a pro rata basis. Neither the Company nor B.C. received any repayment of capital in respect of any Canadian Uranium common shares held by them that were exchanged. All of the common shares of B.C. outstanding immediately prior to the effective time were cancelled and replaced with an equal number of common shares of the amalgamated company ("Amalco") formed between Canadian Uranium and B.C., a wholly owned subsidiary of the Company. In connection with the amalgamation the company changed its name to "Uranium Standard Resources Ltd". from "Central Resources Corp." and began trading under its new name and symbol "USR".

These consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2016, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day-to-day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from proceeds of private placements of its common shares.

The Company's principal activity is the acquisition and exploration of mineral resource properties. The Company is currently in the exploration stage of developing its mineral property and has not yet determined whether the property contains mineral reserves that are economically recoverable.

## 2. Selected Annual Information

The following selected financial information is extracted from the audited annual consolidated financial statements of the Company prepared in accordance with IFRS.

| | ***31Mar16*** | ***31Mar15*** | ***31Mar14*** |
|---|---|---|---|
| **Net Loss for the year** | $1,607,319 | $592,610 | $745,673 |
| **Loss per Share** | $(0.13) | $(0.04) | $(0.05) |
| **Total Assets** | $2,163 | $1,406,256 | $111,167 |
| **Total Liabilities** | $197,474 | $59,248 | $388,670 |
| **Working Capital Deficiency** | $(195,311) | $(17,295) | $(369,503) |

The referenced annual consolidated financial statements of the Company above have been prepared in accordance with IFRS. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgment. Actual results may differ from these estimates.

### *Quarterly Information*

The following tables summarize the Company's financial information for the last eight quarters:

| | *31Dec16* | *30Sept16* | *30June16* | *31Mar16* | *31Dec15* | *30Sept15* | *30Jun15* | *31Mar15* |
|---|---|---|---|---|---|---|---|---|
| **Operating Costs** | $(11,687) | $(9,950) | $(9,437) | $(66,820) | $(91,294) | $(42,308) | $(41,094) | $(14,041) |
| **Net Income (Loss)** | $(3,715) | $6,074 | $3,313 | $(690,240) | $(91,294) | $(784,691) | $(41,094) | $(125,940) |
| **Total Assets** | $38,054 | $56,377 | $84,857 | $2,163 | $628,653 | $627,028 | $1,330,993 | $1,406,256 |
| **Total Liabilities** | $(72,938) | $(87,547) | $(122,101) | $(197,474) | $(198,724) | $(105,805) | $(110,026) | $(59,248) |
| **Working Capital (Deficiency)** | **$(34,884)** | **$(31,170)** | **$(37,244)** | **$(195,311)** | **$(193,491)** | **$102,197** | **$(61,388)** | **$(17,295)** |

Since the Company generates immaterial income, losses reflect administrative expenses.

### *Third Quarter Results*

In the third quarter ended December 31, 2016, the Company did not complete any equity financings.

The Company did not acquire any mineral properties.

25,000 options were cancelled and no options were granted during the quarter.

Other:

### Changes to the Officers and Board of Directors

During the third quarter ended December 31, 2016 Arni Johannson resigned as President, CEO and Director and Gordon Steblin was appointed interim CEO and Director. The board is comprised of Michael Williams, Jonathan Jackson and Gordon Steblin who is also the Chief Financial Officer and interim Chief Executive Officer.

The consolidated financial statements have in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

## 3. SIGNIFICANT ACCOUNTING POLICIES

### *Critical accounting judgments and key sources of estimation uncertainty*

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

The following are critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies that have the most significant effect on the amount recognized in the financial statements.

a) Critical judgments in applying accounting policies

Going concern evaluation

As discussed in note 1, these consolidated financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at December 31, 2016.

Review of asset carrying value and impairment assessment

In accordance with our policy, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If such an indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of fair value less costs to sell or value in use.

b) Key sources of estimation uncertainty

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Valuation of share-based compensation and share purchase warrants

Management uses the Black-Scholes option pricing model to determine the fair value of employee stock options and share purchase warrants issued for goods or services. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

**Future Change in Accounting Policy**

Future accounting policy changes are included in Note 3 of the unaudited financial statements and are not expected to impact the Company in a significant manner.

## 4. RESULTS OF OPERATIONS

**Nine Month Period ended December 31, 2016**

At December 31, 2016, total assets were $38,054 compared to $2,163 as at March 31, 2016. Assets increased due to the Company completing a private placement of $222,500 during this period.

The Company has no operating revenues. During the period ended December 31, 2016, the Company earned $Nil in interest income compared to $Nil for the same period last year.

During the nine month period ended December 31, 2016 the Company had net and comprehensive income of $5,672 compared to a net loss of $917,079 for the nine month period ended December 31, 2015. This difference is mainly attributable to the writing off of $742,383 in mineral property costs during the prior year.

General and administrative expenses for the nine month period ended December 31, 2016 were $31,074, a decrease of $143,622 as compared to $174,696 for the nine month period ended December 31, 2015. The changes in general and administrative expenses were mainly attributable to the following:

Listing and transfer agent costs decreased $13,070 to $6,543 during the nine month period ended December 31, 2016 from $19,613 during the same period a year prior. The current period amounts are lower due to minimal costs incurred for administration of the Company.

Management fees decreased $60,667 to $Nil during the nine month period ended December 31, 2016 from $60,667 during the same period a year prior as no management fees were charged during the current period.

Office costs decreased $16,252 to $167 during the nine month period ended December 31, 2016 from $16,419 during the same period a year prior as there was very little corporate activity.

Rent decreased $6,000 to $Nil during the nine month period ended December 31, 2016 from $6,000 during the same period a year prior as the Company relinquished its office space.

Shareholder communications decreased $46,746 to $Nil during the nine month period ended December 31, 2016 from $46,746 during the same period a year prior. The costs in the prior year were for making a promotional video for the Company.

During the period ended December 31, 2016, the Company settled trade payables which resulted in a $36,746 forgiveness of debt.

**Three Month Period ended December 31, 2016**

During the three month period ended December 31, 2016 the Company had a net and comprehensive loss of $3,715 compared to a net loss of $91,294 for the three month period ended December 31, 2015. This difference is mainly attributable to $60,667 in management fees in the prior year.

General and administrative expenses for the three month period ended December 31, 2016 were $11,687, a decrease of $79,607 as compared to $91,294 for the three month period ended December 31, 2015. The changes in general and administrative expenses were mainly attributable to the following:

Management fees decreased $60,667 to $Nil during the three month period ended December 31, 2016 from $60,667 during the same period a year prior as there were no management fees charged during the current period.

Professional fees decreased $7,344 to $9,214 during the three month period ended December 31, 2016 from $16,558 during the same period a year prior as there was reduced corporate activity in the current period.

Rent decreased $6,000 to $Nil during the three month period ended December 31, 2016 from $6,000 during the same period a year prior as the Company relinquished its office space.

During the three month period ended December 31, 2016, the Company settled trade payables which resulted in a $7,972 forgiveness of debt.

## 5. FINANCIAL CONDITION / LIQUIDITY

At December 31, 2016, the Company had cash of $37,512 compared to cash of $1,166 as at March 31, 2016. Cash provided by financing activities included a non-brokered private placement of $222,500 that resulted in a net cash amount of $154,755 during the nine months ended December 31, 2016. The private placement consists of 4,450,000 units at a price of $0.05 per unit, with each unit comprised of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.10 per share until April 29, 2018. Cash flow used in operating activities was $118,409 and mainly attributable to the reduction of $95,390 in account payables. The Company has no long-term debt.

At this time, the Company has no operating revenues, and does not anticipate any operating revenues until the

Company is able to find, acquire, place in production, and operate a resource property. Historically, the Company has raised funds through equity financing to fund its operations.

The Company will need to raise additional cash for working capital or other expenses. In addition, as a result of the Company's activities, unanticipated problems or expenses could result and require additional capital requirements, subject to TSX Venture Exchange policies and approvals.

The Company has no assets other than cash deposits and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes the Company does not have sufficient working capital at this time to meet its current financial obligations.

## 6. CAPITAL MANAGEMENT

The Company manages its capital structure, consisting of share capital, and will make adjustments to it depending on the funds available to the Company for its future acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The exploration and evaluation of assets in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for ongoing general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the period ended December 31, 2016.

## 7. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## 8. OUTSTANDING SHARE DATA

***Authorized share capital***
Unlimited number of common voting shares without par value or par; and
Unlimited number of preferred voting shares without nominal or par value

***Issued share capital***

During the nine month period ended December 31, 2016, the Company completed a non-brokered private placement of $222,500. The private placement consists of 4,450,000 units at a price of $0.05 per unit, with each unit comprised of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.10 per share until April 29, 2018.

As at February 23, 2017 there were 16,614,386 shares outstanding.

**2016**
On November 27, 2015, the Company consolidated its common shares on the basis of one post-consolidated common share for every two pre-consolidated common shares held. The 24,528,771 pre-consolidated common shares issued and outstanding were adjusted to 12,264,386 post-consolidated common shares.

During the year ended March 31, 2016, the Company sold its interest in the property for the return of 100,000 of the Company's shares valued at $Nil.

***Shares held in escrow***

Under the policies of the TSX Venture Exchange, an aggregate of 1,666,666 common shares were held by escrow to be released over a 36 month period; 10% were released October 14, 2014 and 15% will be released every 6 months until October 14, 2017. The number of escrow common shares as at December 31, 2016 and February 23, 2017 is 500,000.

***Stock Options***

The Company has adopted an incentive stock option plan (the "Plan") whereby it can grant non-transferable stock options ("Options") to purchase common shares to directors, officers, employees and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time and exercisable for a period of up to five years from the date of grant. The exercise price of options granted under the Plan will not be less than the market price of the common shares. Vesting periods are determined by the Board of Directors, except for options granted to consultants conducting investor relation activities, which will become vested with the right to exercise one-fourth of the option upon the conclusion of each three-month period subsequent to the date of grant of the option.

During the year ended March 31, 2016, no stock options (2015 – 1,000,000) were granted to officers, directors, related employees and consultants. The Company has recorded the fair value of all options granted during the period using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following weighted average assumptions: expected life of options – Nil (2015 – 2.3 years), stock price volatility – Nil (2015 – 185.07%), no dividend yield (2015 – Nil), and a risk-free interest rate yield - Nil (2015 – 1.05%). The fair value is particularly impacted by the Company's stock price volatility, determined using data from the previous four years. Using the above assumptions the fair value of options granted during the year ended March 31, 2016 was $Nil per option (2015 - $0.20 per option). The total share-based payment expense for the year ended March 31, 2016 was $Nil (2015 - $200,656), which is presented as an operating expense, and includes only options that vested during the period.

During the period ended December 31, 2016, 25,000 options were cancelled due to termination of the Company's Investor Relation Agreement.

As at February 23, 2017, there were 187,500 options outstanding as disclosed in the below table:

| Exercise Price | Expiry Date | March 31, 2016 | Granted | Expired/ Cancelled | February 23, 2017 |
|---|---|---|---|---|---|
| $0.40 | October 7, 2017 | 212,500 | - | (25,000) | 187,500 |
| Weighted average exercise price | | $0.40 | | | $0.40 |

As at February 23, 2017, there were 2,225,000 share purchase warrants outstanding as disclosed in the below table:

| Exercise Price | Expiry Date | March 31, 2016 | Granted | Expired | February 23, 2017 |
|---|---|---|---|---|---|
| $0.50 | July 30, 2016 | 2,115,300 | - | (2,115,300) | - |
| $0.10 | April 29, 2018 | - | 2,225,000 | - | 2,225,000 |
| | | 2,115,300 | 2,225,000 | (2,115,300) | 2,225,000 |
| Weighted average exercise price | | $0.50 | $0.10 | $0.50 | $0.10 |

## 9. TRANSACTIONS WITH RELATED PARTIES

The Company incurred the following transactions with officers and directors, or companies that are controlled by officers and directors of the Company:

| | | December 31, 2016 | December 31, 2015 |
|---|---|---|---|
| Geological consulting fees paid to a former director | $ | - | $ 1,500 |
| Office services paid to a company controlled by a former officer | | - | 14,342 |
| Professional fees accrued to a company controlled by the CFO | | 18,000 | 9,000 |
| Rent accrued to a company controlled by the former President | | - | 6,000 |
| Management fees accrued to companies controlled by the former President | | - | 60,667 |
| Total | $ | 18,000 | $ 91,509 |

The Company owes the following amounts to officers and directors, or companies that are controlled by officers and directors of the Company:

| | | December 31, 2016 | | March 31, 2016 |
|---|---|---|---|---|
| Loan payable to the former President | | - | | 5,000 |
| Rent accrued to a company controlled by the former President | | 9,000 | | 9,000 |
| Management fees accrued to a company controlled by the former President | | 41,000 | | 41,000 |
| Professional fees accrued to a company controlled by the CFO | | 12,600 | | - |
| Total | $ | 62,600 | $ | 55,000 |

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount established and agreed to by the related parties.

## 10. PROPOSED TRANSACTION

On January 4, 2017, “Palisades” or the “Company” announced that it has entered into a binding letter agreement dated effective as of December 28, 2016 (the “Agreement”) with Intermont Exploration, LLC (“Intermont”) and 1027344 B.C. Ltd. (“1027344 B.C.”). The arm’s length Agreement sets out the terms of the proposed transaction (the “Transaction”) pursuant to which Palisades will acquire all of the issued and outstanding common shares of Intermont and 1027344 B.C., which own the rights to certain mineral projects in Nevada (the “Properties”). Intermont and 1027344 B.C. are each recently incorporated and in the business of mineral exploration. Pursuant to the TSX Venture Exchange (“TSX-V”) policies, the Transaction will be a reverse takeover for Palisades. On closing of the Transaction, Palisades will be the resulting issuer and will remain a Tier 2 resource issuer. Palisades, Intermont and 1027344 B.C. are all at arm’s length to each other and no non-arm’s length party of Palisades has any interest in Intermont, 1027344 B.C. or the Transaction.

### Summary of the Transaction

Intermont Acquisition and 1027344 B.C. Acquisition

Intermont is a company incorporated pursuant to the laws of the State of Nevada and is controlled by Dennis Moore and Clay Newton. 1027344 B.C. is a company incorporated pursuant to the laws of the Province of British Columbia and is controlled by Alan Carter. After completing a 3:4 share consolidation (described below), Palisades will issue a total of 10 million common shares to the shareholders of 1027344 B.C. (3.5 million) and Intermont (6.5 million). Assuming completion of the Private Placement, no new control persons will be created as a result of the Transaction. 1027344 B.C. owns the Hurricane Project, a gold exploration project located in Lander County, Nevada. Intermont's principal asset is the Goldrun Project, a gold exploration project located in Humbolt County, Nevada. The Goldrun Project will be the material property of Palisades upon completion of the Transaction. No loans or deposits have been, or are anticipated to be, made by Palisades in connection with the Transaction.

**Conditions to closing the Transaction**

**<u>The closing of the Transaction is conditional upon the following:</u>**

<u>Consolidation</u>

Palisades will complete a consolidation of its issued and outstanding common shares (each a "Palisades Common Share") on a 3:4 basis (the "Consolidation"). Upon completion of the Consolidation, Palisades will have approximately 12,460,789 common shares issued and outstanding.

<u>Private Placement</u>

Palisades will complete a private placement of units (the "Units") for gross minimum proceeds of CDN$1,000,000 and gross maximum proceeds of CDN$2,000,000 at a price of $0.15 per Unit (the "Private Placement"). Each Unit will consist of one post-Consolidation Palisades Common Share and one-half of one post-Consolidation Palisades Common Share purchase warrant (a "Warrant") exercisable at a price of $0.25 for a period of 24 months. Upon exercise, each whole Warrant will entitle the holder thereof to purchase one post-Consolidation Palisades Common Share.

Palisades has agreed to pay a finder's fee in the amount of up to: 6% of the Private Placement in cash and 6% of the Private Placement in warrants, with such warrants being convertible into post-Consolidation Palisades Common Shares for a period of two (2) years at a price of $0.15.
Proceeds of the Private Placement will be used for a phase 1 work program on the Goldrun Project to be described in a Geological Report to be submitted to the TSX-V and for general working capital. Additional information regarding the work program will be disclosed in a Geological Report to be filed on SEDAR and summarized in a disclosure document to be prepared for shareholders of Palisades and filed on SEDAR.

<u>Palisades Board Reconstitution</u>

On Closing of the Transaction, the board of directors of Palisades is expected to be composed of Alan Carter and Dennis Moore (see below for bios), Michael Williams and Paul Reynolds.

*Michael Williams* – Mr. Williams is currently President and CEO of Vendetta Mining Corp and past Chairman of Underworld Resources, which was acquired by Kinross Gold Corp. Mr. Williams has significant contacts with both retail and institutional investors and has an extensive investment banking network. He was previously Vice President of Alna Resources Ltd., a Toronto Stock Exchange listed company, where he developed and implemented all of the company's communication and investor relations programs from 1996 through to 2004.

*Paul Reynolds* – Mr. Reynolds is a professional geoscientist with over 28 years of experience working in Canada, U.S.A., Bolivia, Argentina and Guyana. He specializes in the conception and management of mineral exploration ventures. Mr. Reynolds has 20 years of experience managing public companies as both a director and/or executive officer. He was formerly President, CEO and director of Central Resources Corp. and Chairman of Athlone Energy Ltd., before it was acquired by Daylight Energy Ltd. in September 2008. Mr. Reynolds is currently President and CEO of Northern Freegold Resources Ltd. and a director of Azincourt Resources Inc., Petro One Energy Corp. and TerraX Minerals Inc. Mr. Reynolds holds a B.Sc. degree from the University of British Columbia. He is a member of the Association of Professional Engineers and Geoscientists of the Province of British Columbia, a fellow of the Geological Association of Canada and a member of the Society of Economic Geologists.

Palisades Management Reconstitution

On closing of the Transaction, the management of Palisades is expected to be composed of Alan Carter – *Chairman*, Dennis Moore – *Chief Executive Officer*, Clay Newton – *Vice President Exploration*, and Paul Hansed – *Chief Financial Officer and Corporate Secretary.*

*Alan Carter* – Dr. Carter has over 25 years of experience in the minerals exploration industry. He spent seven years working for Rio Tinto Corp. in South America and the United Kingdom, most recently as Exploration Manager in Bolivia. In 1996, he became President and CEO of Balaclava Mines. Dr. Carter joined Billiton Plc in 1998 and in 2000 moved from Lima, Peru to Vancouver. Following the merger of Billiton with BHP, he assumed the role of Manager, Business Development within the BHP Billiton Exploration Group and was the Chief Operating Officer of Peregrine Diamonds Ltd. from mid-2004 to late 2006. Dr. Carter was a co-founder of both Peregrine Metals Ltd. and Cuprum Resources Ltd., and is currently a director of Peregrine Diamonds Ltd. He has a B.Sc. degree in Geology from the University of Nottingham, U.K. and a Ph.D. degree in gold geochemistry from the University of Southampton, U.K. Most recently, Dr. Carter founded Magellan Minerals Inc. (along with Dennis Moore) which was listed on the TSX Venture Exchange in early 2008 and acquired by Anfield Gold Corp. in May 2016. Anfield completed a $25 million financing immediately after the acquisition and recently completed a $32 million financing with the objective of bringing Magellan's Coringa project into production.

*Dennis Moore* – Mr. Moore has over 35 years of experience as an exploration geologist. Originally working for major companies in Australia and the SW Pacific, he later became involved with several of Ross Beaty's early companies in Bolivia, Peru and Brazil. Dennis co-founded Magellan Minerals Inc. with Dr. Carter in 2005 and remained as an officer of the company through its formative years. Mr. Moore personally discovered, vended, and drilled the 1.8M ounce Tocantinzinho deposit being developed by Eldorado Gold Corp and has been directly involved in at least 4 other gold discoveries in South America, including Amayapampa in Bolivia and, Cuiu Cuiu, Coringa and Cajuiero in Brazil. Dennis partnered with Dr. Newton in developing Intermont Exploration, LLC, a Nevada-focused generative and exploration venture.

*Clay Newton* – Dr. Newton is an Ex-Kennecott geologist who has 30 years of experience in mineral exploration. The bulk of his career has been devoted to targeting gold and copper deposits in Nevada. In 2014, he founded Intermont Resources LLC which has 20 mineral properties in northern Nevada currently being explored. In 2015, he founded Intermont Exploration, LLC, a precious and base metal exploration company, and Tectonex, LLC, a geological consulting firm specializing in application of tectonics and structural geology to exploration for concealed precious metal deposits.

*Paul Hansed* – Mr. Hansed has more than 25 years of accounting and finance experience including 8 years as CFO of Magellan Minerals Inc. from 2008 until 2016 when the company was acquired by Anfield Gold Corp., and 5 years as CFO of ECI Exploration and Mining Inc. from 2010 until 2014. Prior to joining Magellan in 2008, Mr. Hansed worked for 20 years with KPMG in Canada and Europe. He is a Chartered Professional Accountant (CA) and holds an undergraduate degree in Business Administration from Simon Fraser University.

Due Diligence, Definitive Agreement, Shareholder Approval, TSXV Approval

The closing of the Transaction is subject to the parties completing due diligence of each other, negotiating and entering into a definitive agreement, obtaining approval of the shareholders of Palisades, and obtaining TSX-V approval. The Company anticipates relying upon an exemption from the requirement to obtain a sponsor in connection with the Transaction in accordance with TSX-V policies. Further details regarding the Transaction will be set forth in a filing statement or information circular of Palisades, a copy of which will be available at www.sedar.com.

**Information Regarding the Properties**

The Hurricane Project is a gold exploration project located in Lander County, Nevada, 3km SW of Barrick's 2Moz Hilltop deposit close to Cortez trend. Hurricane is located within the Eureka/Battle Mountain trend with good road access.

At the Goldrun Project in Humboldt County, Nevada, Intermont owns 2,794 acres of mineral rights adjacent to Newmont's holdings in the Gold Run (Adelaide) district. The district has historically produced 30,000 ounces of gold and 530,000 ounces of silver from Tertiary epithermal vein deposits (Nevada Department of Minerals, 1991, Major Mines of Nevada 1990, Special Publication 10). The district also produced copper and zinc from Cretaceous skarn deposits. Intermont has sampled 1.9-2.6 g/t Au and >200 g/t Ag in epithermal veins on its property.

Upon completion of the Transaction, Palisades' strategy will be to conduct exploration on its existing projects and to build a quality portfolio of gold projects in Nevada using the collective exploration expertise of the incoming management team. Further information regarding the Properties will be set forth in a filing statement or information circular of Palisades, a copy of which will be available at www.sedar.com.

**Halt Trading**

Palisade's shares are listed on the TSX-V under the symbol "PSV" and it is expected that its shares will remain halted until closing of the Transaction.

## 11. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, accounts receivable, short-term investments, accounts payable and accrued liabilities, and an amount due to related party. The carrying value of these financial instruments approximates their fair market value because of the short maturity of these instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

## 12. LEGAL PROCEEDINGS

The Company is not involved in any legal proceedings.

## 13. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's President & Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures as well as internal controls over financial reporting for the Company.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109, in particular, the certifying officers filing the certificates are not making any representations relating to the establishment and maintenance of: controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificates.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## 14. OTHER MD&A REQUIREMENTS

Subsequent Event

See item 10.

***Risks and Uncertainties***

The Company has a limited history of operations. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favorable.

***Cautionary Statement***

This MD&A may contain "forward looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward looking statements, which, by their very nature, are not guarantees of the Company's future, operational or financial performance, and are subject to risk and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risk and uncertainties, including the risk and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

For further information about Palisades Ventures Inc. (formerly Uranium Standard Resources Ltd.) please visit Sedar at www.sedar.com.

# APPENDIX "H"

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR 1027344 B.C. LTD. FOR THE YEAR ENDED DECEMBER 31, 2016

# **1027344 B.C. Ltd.**

(An Exploration Stage Company)
Management Discussion and Analysis
For the year ended December 31, 2016

Dated:  May 12, 2017

## Management Discussion and Analysis

The following Management Discussion and Analysis ("MD&A") of 1027344 B.C. Ltd. ("1027344 B.C." or the "Company") has been prepared as at May 12, 2017. It is intended to be read in conjunction with the financial statements of the Company as at and for the year ended December 31, 2016.

All of the financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") unless otherwise noted.

All monetary amounts, including comparatives, are expressed in United States dollars unless otherwise noted.

## Overview

1027344 B.C. is in the business of the exploration and development of mineral properties, with a primary focus on gold and copper properties in Nevada. The Company was was incorporated on February 12, 2015 under the British Columbia Business Corporations Act.

1027344 B.C.'s sole project is the Hurricane property which is held pursuant to a lease agreement dated February 13, 2015 with Nevada Eagle, LLC (as amended) pursuant to which the Company leases six unpatented mining claims in Nevada. Subject to various conditions, the lease agreement provides the Company with the exclusive right to prospect, explore and mine on the property for a period of twenty years with a right to renew thereafter. See 'Mineral properties'.

In addition to the leased claims, the Company has also staked interests in adjacent claims.

On December 28, 2016, the Company entered into an agreement with Palisades Ventures Inc. ("Palisades") – a TSX Venture Exchange listed company – and one other private company and and five individuals pursuant to which Palisades will acquire all of the issued and outstanding common shares of 1027344 B.C. The agreement specifies that the shareholders of the Company will receive 3,500,000 post-consolidation common shares of Palisades as consideration for the issued and outstanding common shares of 1027344 B.C. See 'Proposed transactions'.

The Company does not have a bank account. All expenditures reflected in the financial statements presented as at and for the year ended December 31, 2016 and prior thereto have been incurred on behalf of the Company by its shareholder.

Very limited exploration activity has been undertaken by the Company through May 12, 2017. 2016 expenditures were limited to lease payments of $7,500, staking expenses of $1,565 and accrued legal and audit fees totalling $6,816.

## Mineral properties

The Company's sole gold project is the Hurricane property.

***Lease agreement***

The Company entered into an agreement dated February 13, 2015 with Nevada Eagle, LLC ("Nevada Eagle"), a third party, pursuant to which the Company leases six unpatented mining claims in Nevada collectively known as Hurricane. The claims total approximately 50.2 hectares. Subject to various conditions, the lease agreement provides the Company with the exclusive right to prospect, explore and mine on the property for a period of twenty years with a right to renew thereafter.

Nevada Eagle's rights and responsibilities associated with the lease agreement were assigned to Nevada Select Royalty, Inc. ("Nevada Select") pursuant to an assignment and assumption agreement dated May 4, 2016. Nevada Select is also not related to the Company. Nevada Eagle's ownership interest in the property was transferred to Nevada Select on March 24, 2016.

The lease agreement was amended on February 13, 2016, March 14, 2017 and April 27, 2017 whereby the terms of certain of the lease payments, share payments and work obligations as specified in the original February 2015 lease agreement were amended.

The lease agreement (as amended) specifies payments by the Company to the lessor as follows:

- Upon execution of the agreement: $5,000 (paid)
- First anniversary of the date of execution (February 13, 2016): $3,750 (paid)
- May 16, 2016: $3,750 (paid)
- June 30, 2017: $10,000
- Third anniversary of the date of execution (February 13, 2018): $15,000
- Fourth anniversary of the date of execution (February 13, 2019): $20,000
- Fifth anniversary of the date of execution (February 13, 2020): $20,000
- Sixth anniversary of the date of execution (February 13, 2021): $25,000
- Seventh anniversary of the date of execution (February 13, 2022): $25,000
- Thereafter on the annual anniversary of the date of execution: $25,000 increased by the consumer price index.

The lease agreement (as amended) contemplates the assignment of the Company's rights to the Hurricane property to a public company. Upon such an assignment and the receipt of approval of such assignment from the applicable stock exchange, the lessor shall be entitled to receive 300,000 common shares of the public company.

The Company is responsible for maintaining the property in good standing including the payment of all applicable government filings, fees and taxes.

The lease agreement (as amended) specifies minimum expenditure requirements of $850,000 to be incurred by the Company on land holding costs, exploration, etc. as follows in the years following the date of execution:

- Third year: $100,000
- Fourth year: $250,000
- Fifth year: $250,000
- Sixth year: $250,000.

The lessor will retain a 3.0% net smelter royalty ("NSR") on mineral production from the Hurricane property and any staked ground situated adjacent thereto. The Company may purchase one third of the NSR (1.0%) for $1,000,000.

***Assignment of lease agreement***

Pursuant to the binding letter agreement (the "Agreement") with Palisades (see 'Proposed transactions'), the Company agreed to assign to Palisades all of its rights and responsibilities associated with the lease agreement (the "Assignment") and Palisades agreed to the Assignment. The Assignment will be undertaken pursuant to an Assignment and Assumption Agreement dated March 21, 2017 and will become effective upon closing of the transaction contemplated by the Agreement and communication of such closing by the Company and Palisades to Nevada Select on or before September 30, 2017.

***Staked ground***

In addition to the Company's interest in the Hurricane property acquired pursuant to the February 13, 2015 lease agreement (as amended), the Company has also staked interests in claims adjacent to the leased property. The staked holdings consisted of twelve mining claims as at December 31, 2016 of which six were recorded. The claims were acquired by staking in the field with posts and location notices.

## Outlook

Following closing of the Palisades transaction (see 'Proposed transactions'), Palisades plans to initiate an initial 12 month exploration program designed to verify historic interpretations and mineralization of the Hurricane property. This will consist of clean-up of existing roads and trenches, geologic mapping and sampling, additional trenching and road building where geologic interpretation and a four to eight hole RC drilling program will commence.

The initial exploration budget is $300,000 to $400,000 as follows (extracted from technical report dated March 30, 2017 prepared by Paul D. Noland, Certified Professional Geologist in accordance with National Instument 43-101):

| | | **unit** | **rate** | **$** |
|---|---|---|---|---|
| BLM permit preparation (a) | | | | 25,000 |
| Open/clean roads | 40 | hours | 120 | 4,800 |
| New roads/trenches/drill sites | 120 | hours | 180 | 21,600 |
| Mapping and sampling | 8 | days | 700 | 5,600 |
| Field supplies | | | | 3,500 |
| Assays | 600 | each | 35 | 21,000 |
| Transportation | 45 | day | 150 | 6,750 |
| Oversee project | 45 | days | 700 | 31,500 |
| Additional claim staking | | | | 5,000 |
| RC drilling | 2,500 | foot | 100 | 250,000 |
| | | | | **374,750** |

(a) U.S. Bureau of Land Management ("BLM")

## Selected annual information

The following table presents summarised financial information of the Company as at and for the year ended December 31, 2016 and as at and for the period ended December 31, 2015. This information has been derived from the Company's audited financial statements for these periods.

| | 2016 | 2015 |
|---|---|---|
| **Statements of loss and comprehensive loss** | | |
| Exploration and development expenditures | 1,565 | 21,756 |
| Professional fees | 6,816 | - |
| Net loss | 8,381 | 21,756 |
| Total comprehensive loss | 8,381 | 21,756 |
| Net loss per share, basic and diluted | 8,381 | 21,756 |
| **Balance sheets (as at December 31)** | | |
| Cash and cash equivalents | - | - |
| Working capital (deficit) | (6,815) | 1 |
| Mineral properties | 12,500 | 5,000 |
| Total assets | 12,501 | 5,001 |
| Current liabilities | 6,816 | - |
| Total liabilities | 6,816 | - |
| Accumulated deficit | (30,137) | (21,756) |
| Shareholder's equity | 5,685 | 5,001 |

Very limited exploration activity has been undertaken by the Company through May 12, 2017. 2016 expenditures were limited to lease payments of $7,500, staking expenses of $1,565 and accrued legal and audit fees totalling $6,816.

The Company does not have a bank account. All expenditures reflected in the financial statements presented as at and for the year ended December 31, 2016 and prior thereto have been incurred on behalf of the Company by its shareholder. All such expenditures are classified as subscription receipts (see ‘Transactions with related parties’).

Expenditures relating to the acquisition and claim maintenance of mineral properties are capitalised. Expenditures relating to exploration, evaluation and development activity are expensed as incurred.

## Summary of quarterly results

A summary of quarterly results in respect of the period from incorporation on February 12, 2015 through December 31, 2016 is as follows:

| | Quarter ended 31-Mar-16 | Quarter ended 30-Jun-16 | Quarter ended Sept. 30, 2016 | Quarter ended Dec. 31, 2016 |
|---|---|---|---|---|
| Revenues | - | - | - | - |
| Exploration and development | - | - | - | 1,565 |
| Administration | - | - | - | 6,816 |
| Net loss | - | - | - | 8,381 |
| Net loss per share | - | - | - | 8,381 |
| | | | | |
| Cash and cash equivalents | - | - | - | - |
| Net working capital (deficit) | 1 | 1 | 1 | (6,815) |
| Total assets | 10,001 | 12,501 | 12,501 | 12,501 |

| | Period ended 31-Mar-15 | Quarter ended 30-Jun-15 | Quarter ended Sept. 30, 2015 | Quarter ended Dec. 31, 2015 |
|---|---|---|---|---|
| Revenues | - | - | - | - |
| Exploration and development | 19,461 | 93 | 2,202 | - |
| Administration | - | - | - | - |
| Net loss | 19,461 | 93 | 2,202 | - |
| Net loss per share | 19,461 | 93 | 2,202 | - |
| | | | | |
| Cash and cash equivalents | - | - | - | - |
| Net working capital (deficit) | 1 | 1 | 1 | 1 |
| Total assets | 5,001 | 5,001 | 5,001 | 5,001 |

Administration expenses relate to accrued legal and audit fees.

Total assets in respect of all balance sheet dates presented relate almost entirely to capitalised claim acquisition and maintenance expenditures relating to the Hurricane property including direct and indirect costs of staking ground, option payments and fees to maintain the property in good standing.

## Liquidity

The Company does not have a bank account. All expenditures reflected in the financial statements presented as at and for the year ended December 31, 2016 and prior thereto have been incurred on behalf of the Company by its shareholder. All such expenditures are classified as subscription receipts (see ‘Transactions with related parties’).

### *Going concern*

The recoverability of capitalised expenditures presented as mineral properties in the balance sheet is dependent upon the existence of and ability to monetize economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral properties and upon future profitable production or proceeds from the disposition of its mineral properties.

The Company's financial statements have been prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. To date, the Company has not generated any revenue from mining operations as it is considered to be in the exploration stage and has been fully dependent on its shareholder to fund all expenditures. For the year ended December 31, 2016, the Company reported a net loss of $8,381 and negative cash flow from operations of $1,565, and as at that date had a net working capital deficit of $6,815 and an accumulated deficit of $30,137. These factors create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings or through other arrangements.

The 2016 financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

In December 2016, the Company entered into an agreement with Palisades – a TSX Venture Exchange listed company – and other parties pursuant to which Palisades will acquire all of the issued and outstanding common shares of 1027344 B.C. (see 'Proposed Transactions'). Prior to the closing of the transaction, Palisades is to raise a minimum of 1,000,000 Canadian dollars ($744,768 applying the spot foreign exchange rate as at December 31, 2016) through an equity private placement. These funds will be directed to the Hurricane exploration program, corporate general and administrative costs and working capital.

## Capital resources

The Company had no capital expenditure commitments as at either December 31, 2016 or May 12, 2017.

The Company is required to make future option payments totalling $140,000 as at December 31, 2016 in order to maintain the Hurricane lease agreement in good standing (see 'Mineral Properties, Lease agreement').

The Company is required to incur minimum future expenditures on the Hurricane property totalling $850,000 as at December 31, 2016 in order to maintain the Hurricane lease agreement in good standing (see 'Mineral Properties, Lease agreement'). Such costs include annual claim maintenance expenditures to be paid to BLM.

See discussion under 'Risk factors'.

## Transactions with related parties

The Company does not have a bank account. All expenditures reflected in the financial statements presented as at and for the year ended December 31, 2016 and prior thereto have been incurred on behalf of the Company by its shareholder. All such expenditures have been funded through equity (as opposed to debt due to the shareholder) and are reflected in the balance sheet as subscription receipts.

As at December 31, 2016, $35,821 of cumulative expenditures had been paid on behalf of the Company by its shareholder (December 31, 2015: $26,756).

Since its incorporation in February 2015 through May 12, 2017, the Company has not reimbursed its shareholder for any costs incurred on the Company's behalf, nor has the Company paid any form of remuneration to its shareholder.

As at December 31, 2016, the amount owing by the Company to its shareholder was nil (December 31, 2015: nil).

## Proposed transactions

On December 28, 2016, the Company entered into a binding letter agreement (the "Agreement") with Palisades Ventures Inc. ("Palisades"), Intermont Exploration, LLC. ("Intermont") and five individuals (one of whom is a director of the Company) pursuant to which Palisades will acquire all of the issued and outstanding common shares of 1027344 B.C. and the membership interest in Intermont from their respective shareholders and members in exchange for common shares of Palisades. Palisades is a publicly quoted company listed on the TSX Venture Exchange. The Agreement specifies that the shareholders of the Company will receive a total of 3,500,000 post-consolidation common shares of Palisades as consideration for the issued and outstanding common share of 1027344 B.C.

The closing of the transaction is subject to numerous conditions including satisfactory completion of due diligence, a three-for-four consolidation of Palisades common shares, the completion by Palisades of an equity private placement raising minimum gross proceeds of 1,000,000 Canadian dollars ($744,768 applying the spot foreign exchange rate as at December 31, 2016), a minimum 50% approval of Palisades' shareholders, approval of the TSX Venture Exchange and various other conditions typical of a transaction of this type.

Subsequent to December 28, 2016, amendments to the Agreement dated January 23, 2017, January 31, 2017, February 15, 2017, February 22, 2017 and April 28, 2017 were entered into. The amendments related to timing and minor issues.

As at December 31, 2016 and May 12, 2017, there were no proposed asset or business acquisitions or dispositions other than as described herein.

## Outstanding share data

The Company has authorized capital of an unlimited number of common shares with no par value.

The Company had 1,000 common shares outstanding as at May 12, 2017 (December 31, 2016 and December 31, 2015: 1 common share outstanding).

Since its incorporation in February 2015 through May 12, 2017, the Company has never issued any securities (such as share purchase warrants, stock options or convertible debt) convertible into common shares.

## Risk factors

Various risk factors associated with the Company and its activities are presented in the Filing Statement of Palisades dated as of May 12, 2017 which may be viewed on SEDAR.

The Company is required to make certain option payments and minimum expenditures in order to maintain its Hurricane property and underlying lease agreement in good standing (see 'Capital resources'). If the Company is unable to make such payments or renegotiate payment terms with the lessor, then the recoverability of the capitalised balances relating to the applicable claims may be adversely impacted in the future.

## Cautionary Statement on Forward-Looking Information

This MD&A document contains 'forward-looking information' and 'forward-looking statements' (together, the "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements concern the Company's anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. This information relates to analyses and other information that is based on expectations of future performance and planned work programs. These forward-looking statements are made as of May 12, 2017.

Users of forward-looking statements are cautioned that actual results may vary from the forward-looking statements contained herein. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved.

Although the forward-looking statements contained in this document are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this document, and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as may be required under applicable securities laws. There can be no assurance that forward-looking statements, or the material factors or assumptions used to develop such forward-looking statements, will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements.

# APPENDIX "I"

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR INTERMONT EXPLORATION, LLC FOR THE YEAR ENDED DECEMBER 31, 2016

# Intermont Exploration, LLC

(An Exploration Stage Company)
Management Discussion and Analysis
For the year ended December 31, 2016

Dated: May 12, 2017

# Management Discussion and Analysis

The following Management Discussion and Analysis ("MD&A") of Intermont Exploration, LLC ("Intermont" or the "Company") has been prepared as at May 12, 2017. It is intended to be read in conjunction with the financial statements of the Company as at and for the year ended December 31, 2016.

All of the financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") unless otherwise noted.

All monetary amounts, including comparatives, are expressed in United States dollars unless otherwise noted.

## Overview

Intermont is in the business of the exploration and development of mineral properties, with a primary focus on gold and copper properties in Nevada. The Company was was incorporated on March 10, 2015 under Chapter 86 of the Nevada Revised Statutes.

Intermont's primary project is the Goldrun property which is comprised of 148 staked claims.

On December 28, 2016, the Company entered into an agreement with Palisades Ventures Inc. ("Palisades") – a TSX Venture Exchange listed company – and one other private company and five individuals pursuant to which Palisades will acquire the membership interest in Intermont. The agreement specifies that the members of the Company will receive 6,500,000 post-consolidation common shares of Palisades as consideration for their membership interest of Intermont. See 'Proposed transactions'.

The Company does not have a bank account. All expenditures reflected in the financial statements presented as at and for the year ended December 31, 2016 and prior thereto have been incurred on behalf of the Company by its principal member (indirectly by an entity controlled by the member).

Limited exploration activity has been undertaken by the Company through May 12, 2017. 2016 expenditures were limited to exploration totalling $21,672, claim acquisition and maintenance totalling $48,963 and administration totalling $9,446.

# Mineral properties

The Company's primary gold project is the Goldrun property.

The Goldrun holdings consist of 148 mining claims owned solely by Intermont (31 of which were recorded as at December 31, 2016) and a further 103 claims owned jointly with an unrelated individual (85 of which were recorded as at December 31, 2016). The claims were acquired by staking in the field with posts and location notices.

## Outlook

Following closing of the Palisades transaction (see 'Proposed transactions'), Palisades plans to initiate an initial 12 month exploration program directed to the Hurricane property which is held by 1027344 B.C. Ltd. ("1027344 B.C."), one of the parties to the transaction.

Depending on the level of financing raised by Palisades through equity private placements prior to closing, an exploration program may be initiated at Goldrun. It is expected that any such program would involve soil and rock chip geochemical surveys, ground geophysical surveys and drilling.

## Selected annual information

The following table presents summarised financial information of the Company as at and for the year ended December 31, 2016 and as at and for the period ended December 31, 2015. This information has been derived from the Company's audited financial statements for these periods.

| | 2016 | 2015 |
|---|---|---|
| **Statements of loss and comprehensive loss** | | |
| Exploration and development expenditures | 21,672 | - |
| Administrative | 9,446 | 325 |
| Net loss | 31,118 | 325 |
| Total comprehensive loss | 31,118 | 325 |
| **Balance sheets (as at December 31)** | | |
| Cash and cash equivalents | - | - |
| Working capital (deficit) | (7,881) | 1 |
| Mineral properties | 48,963 | - |
| Total assets | 50,214 | 1 |
| Current liabilities | 9,132 | - |
| Total liabilities | 9,132 | - |
| Accumulated deficit | (31,443) | (325) |
| Member's capital | 41,082 | 1 |

Limited exploration activity has been undertaken by the Company through May 12, 2017. 2016 exploration expenditures amounted to $21,672 and related to geologic mapping, geologic structural analysis and rock sample geochemical analysis. Other 2016 expenditures related to claim acquisition and maintenance totalling $48,963 and administrative costs (primarily accrued legal and audit fees) totalling $9,446.

The Company does not have a bank account. All expenditures reflected in the financial statements presented as at and for the year ended December 31, 2016 and prior thereto have been incurred on behalf of the Company by Tectonex LLC ("Tectonex"), an entity owned by the Company's principal member. All such expenditures are classified as member's capital (see 'Transactions with related parties').

Expenditures relating to the acquisition and claim maintenance of mineral properties are capitalised. Expenditures relating to exploration, evaluation and development activity are expensed as incurred.

## Summary of quarterly results

A summary of quarterly results in respect of the period from incorporation on March 10, 2015 through December 31, 2016 is as follows:

| | Period ended 31-Mar-16 | Quarter ended 30-Jun-16 | Quarter ended Sept. 30, 2016 | Quarter ended Dec. 31, 2016 |
|---|---|---|---|---|
| Revenues | - | - | - | - |
| Exploration and development | - | 2,966 | 10,001 | 8,705 |
| Administration | - | 314 | - | 9,132 |
| Net loss | - | 3,280 | 10,001 | 17,837 |
| Cash and cash equivalents | - | - | - | - |
| Net working capital (deficit) | 1 | 1 | 1 | (7,881) |
| Total assets | 1 | 6,202 | 24,192 | 50,214 |
| | **Quarter ended 31-Mar-15** | **Quarter ended 30-Jun-15** | **Quarter ended Sept. 30, 2015** | **Quarter ended Dec. 31, 2015** |
| Revenues | - | - | - | - |
| Exploration and development | - | - | - | - |
| Administration | - | - | - | 325 |
| Net loss | - | - | - | 325 |
| Cash and cash equivalents | - | - | - | - |
| Net working capital (deficit) | 1 | 1 | 1 | 1 |
| Total assets | 1 | 1 | 1 | 1 |

Administration expenses relate primarily to accrued legal and audit fees.

Total assets in respect of all balance sheet dates presented relate almost entirely to capitalised claim acquisition and maintenance expenditures relating to the Goldrun property including direct and indirect costs of staking ground and U.S. Bureau of Land Management ("BLM") fees to maintain the property in good standing.

## Liquidity

The Company does not have a bank account. All expenditures reflected in the financial statements presented as at and for the year ended December 31, 2016 and prior thereto have been incurred on behalf of the Company by Tectonex on behalf of the Company's principal member. All such expenditures are classified as member's capital (see 'Transactions with related parties').

### *Going concern*

The recoverability of capitalised expenditures presented as mineral properties in the balance sheet is dependent upon the existence of and ability to monetize economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral properties and upon future profitable production or proceeds from the disposition of its mineral properties.

The Company's financial statements have been prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. To date, the Company has not generated any revenue from mining operations as it is considered to be in the exploration stage and has been fully dependent on its mermbership to fund all expenditures. For the year ended December 31, 2016, the Company reported a net loss of $31,118 and negative cash flow from operations of $23,236, and as at that date had a net working capital deficit of $7,881 and an accumulated deficit of $31,443. These factors create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings or through other arrangements.

The 2016 financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

In December 2016, the Company entered into an agreement with Palisades – a TSX Venture Exchange listed company – and other parties pursuant to which Palisades will acquire all of the membership interest of Intermont (see 'Proposed Transactions'). Prior to the closing of the transaction, Palisades is to raise a minimum of 1,000,000 Canadian dollars ($744,768 applying the spot foreign exchange rate as at December 31, 2016) through an equity private placement. These funds will be directed to the Hurricane exploration program, corporate general and administrative costs and working capital. In the event funds raised are in excess of the aforementioned minimum, an exploration program at Goldrun may be initiated.

## Capital resources

The Company had no capital expenditure commitments as at either December 31, 2016 or May 12, 2017.

See discussion under 'Risk factors'.

## Transactions with related parties

The Company does not have a bank account. All expenditures reflected in the financial statements presented as at and for the year ended December 31, 2016 and prior thereto have been incurred on behalf of the Company by Tectonex on behalf of the Company's principal member. All such expenditures have been funded through equity (as opposed to debt due to the member) and are reflected in the balance sheet as member's capital.

As at December 31, 2016, $72,524 of cumulative expenditures had been paid on behalf of the Company by its principal member (December 31, 2015: $325).

Since its incorporation in March 2015 through May 12, 2017, the Company has not reimbursed any of its members for any costs incurred on the Company's behalf, nor has the Company paid any form of remuneration to any of its members. 2016 exploration consulting expenditures, however, includes $29,610 which was owing by Tectonex to the principal member of the Company as at December 31, 2016 (period ended December 31, 2015: nil).

As at December 31, 2016, the amount owing by the Company to its members was nil (December 31, 2015: nil).

## Proposed transactions

On December 28, 2016, the Company entered into a binding letter agreement (the "Agreement") with Palisades Ventures Inc. ("Palisades"), 1027344 B.C. and five individuals (one of whom is the principal member of the Company) pursuant to which Palisades will acquire the membership interest in Intermont and all of the issued and outstanding common shares of 1027344 B.C. from their respective members and shareholders in exchange for common shares of Palisades. Palisades is a publicly quoted company listed on the TSX Venture Exchange. The Agreement specifies that the members of the Company will receive a total of 6,500,000 post-consolidation common shares of Palisades as consideration for the membership interest of Intermont

The closing of the transaction is subject to numerous conditions including satisfactory completion of due diligence, a three-for-four consolidation of Palisades common shares, the completion by Palisades of an equity private placement raising minimum gross proceeds of 1,000,000 Canadian dollars ($744,768 applying the spot foreign exchange rate as at December 31, 2016), a minimum 50% approval of Palisades' shareholders, approval of the TSX Venture Exchange and various other conditions typical of a transaction of this type.

Subsequent to December 28, 2016, amendments to the Agreement dated January 23, 2017, January 31, 2017, February 15, 2017, February 22, 2017 and April 28, 2017 were entered into. The amendments related to timing and minor issues.

As at December 31, 2016 and May 12, 2017, there were no proposed asset or business acquisitions or dispositions other than as described herein.

## Membership capital

As a limited liability company incorporated in the United States, the Company does not have authorised or issued common shares outstanding. Rather, its contributed equity consists of member's capital.

Since its incorporation in March 2015 through May 12, 2017, the Company has never issued any securities (such as share purchase warrants, stock options or convertible debt) convertible into member's capital.

## Risk factors

Various risk factors associated with the Company and its activities are presented in the Filing Statement of Palisades dated as of May 12, 2017 which may be viewed on SEDAR.

## Cautionary Statement on Forward-Looking Information

This MD&A document contains 'forward-looking information' and 'forward-looking statements' (together, the "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements concern the Company's anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. This information relates to analyses and other information that is based on expectations of future performance and planned work programs. These forward-looking statements are made as of May 12, 2017.

Users of forward-looking statements are cautioned that actual results may vary from the forward-looking statements contained herein. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved.

Although the forward-looking statements contained in this document are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this document, and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as may be required under applicable securities laws. There can be no assurance that forward-looking statements, or the material factors or assumptions used to develop such forward-looking statements, will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements.

**CERTIFICATE OF PALISADES VENTURES INC.**

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Palisades Ventures Inc. (the "**Company**") assuming the completion of the proposed reverse takeover transaction involving the acquisition by the Company of 1027344 B.C. Ltd. and Intermont Exploration, LLC.

(Signed) *"Gord Steblin"*

Gord Steblin
Interim Chief Executive Officer

(Signed) *"Gord Steblin"*

Gord Steblin
Chief Financial Officer

**On Behalf of the Board of Directors**

(Signed) *"Michael Williams"*

Michael Williams
Director

(Signed) *"Jonathan Jackson"*

Jonathan Jackson
Director

DATED: May 29, 2017

**CERTIFICATE OF 1027344 B.C. LTD.**

The foregoing document as it relates to 1027344 B.C. Ltd. constitutes full, true and plain disclosure of all material facts relating to the securities of 1027344 B.C. Ltd.

(Signed) *"Alan Carter"*

Alan Carter
President

DATED: May 29, 2017

**CERTIFICATE OF INTERMONT EXPLORATION, LLC**

The foregoing document as it relates to Intermont Exploration, LLC constitutes full, true and plain disclosure of all material facts relating to the securities of Intermont Exploration, LLC.

(Signed) *"Clay Newton"*

Clay Newton
President

DATED: May 29, 2017