

## **Palisades Goldcorp Ltd.**

### Management's Discussion and Analysis

For the years ended December 31, 2022 and 2021

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The following discussion is management's assessment and analysis of the results and financial condition of Palisades Goldcorp Ltd. (the "Company" or "Palisades") and should be read in conjunction with the accompanying audited consolidated financial statements and related notes as at December 31, 2022 and 2021, and for the years then ended. The financial data was prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and all figures are reported in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information and forward-looking statements, within the meaning of applicable Canadian securities legislation, (collectively, "**forward-looking statements**"), that involve numerous risks and uncertainties. The Company continually seeks to minimize its exposure to business risks, but by the nature of its business, activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties, including those described under the headings "Risks and Uncertainties" and "Cautionary Notes Regarding Forward-Looking Statements" materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those expressed or implied in forward-looking statements. The effective date of this report is April 18, 2023.

### **Description of Business**

The Company was incorporated on August 30, 2019 as Palisades Acquisitions Corp. under the Business Corporations Act in the Province of British Columbia. On September 24, 2019, the Company changed its name to Palisades Goldcorp Ltd.

The address of the Company's registered office is 700 West Georgia Street, 25th Floor, Vancouver, British Columbia, Canada, V7Y 1B3. The address of the Company's head office is WeWork, c/o Palisades Goldcorp Ltd., 595 Burrard Street, Office 1600, Vancouver, British Columbia, Canada, V7X 1L4.

The Company is a resource investment company and merchant bank focused on junior companies in the resource and mining sector. The Company is focused on providing retail and institutional investors with exposure in the junior resource space. The Company expects to continue to make investments, pursuant to its dual investment strategy, to achieve broad sector exposure with upside in the event of appreciation in mineral commodities prices, while also providing the potential to realize appreciation in net asset values as a result of discoveries by issuers in which the Company holds larger positions. At present, Palisades has a portfolio of equity investments, or securities convertible into equity investments, in over 50 junior resource issuers.

On February 6, 2023, the Company completed an initial public offering and listed on the TSX Venture Exchange as a Tier 2 issuer under the symbol "PALI".

As of the date of this MD&A, the Company's Board of Directors consisted of the following: Collin Kettell (Executive Chairman), Gregor Gregersen, Elizabeth Harrison and William Hayden.

Additional information relating to the Company is available on the Company's website at [www.palisades.ca](http://www.palisades.ca).

### **Strategic Investments**

Since its inception in 2019, Palisades has built positions in strategic assets as follows:

#### *New Found Gold Corp.*

As at December 31, 2022, the investment in New Found Gold Corp. ("New Found") represented 26.67% (December 31, 2021 - 28.36%) of New Found's issued and outstanding common shares and the companies have a director and officer in common, being the Director and Executive Chairman. The Company maintained significant influence over New Found at December 31, 2021 and 2022 and as a result accounted for it as an investment in associate. The carrying value of investment in New Found was \$258,612,464 at December 31, 2022 (December 31, 2021 - \$418,166,497).

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There has been no significant change in the Company's ownership of New Found as of the date of this MD&A. New Found is advancing its 100% owned Queensway gold project, located on the Trans-Canada highway 15km west of Gander, Newfoundland, with a 500,000m drill campaign underway focused along the Appleton fault and along the JBP fault.

The following table illustrates the summarised financial information of the Company's investment in New Found as at December 31, 2022:

	December 31, 2022
	\$
<b>Summarised Balance Sheet</b>	
Current assets	94,332,730
Non-current assets	902,696,599
Current liabilities	(27,144,773)
Non-current liabilities	(68,839)
Net Assets	969,815,717
The Company's ownership interest	26.67%
Share of New Found's net assets	258,612,464
<b>Summarised Income Statement</b>	
Revenues	-
Loss from continuing operations	(89,989,659)
Post-tax loss from discontinued operations	-
Net loss and comprehensive loss for the period	(89,989,659)
Share of New Found's loss for the period from January 1, 2022 to December 31, 2022	(24,938,130)

The following table illustrates the movement in investment in associate for the period from June 21, 2021 to December 31, 2022:

<b>Net carrying amount – June 21, 2021</b>	<b>\$ 580,217,656</b>
Share of loss from operations of associate during the period	(17,894,424)
Gain on dilution of equity interest	990,728
Impairment loss	(145,147,463)
<b>Net Carrying amount – December 31, 2021</b>	<b>\$ 418,166,497</b>
Additional interest acquired during the period	1,750,000
Share of loss from operations of associate during the period	(24,938,130)
Gain on dilution of equity interest	478,018
Impairment loss	(136,843,921)
<b>Net Carrying amount – December 31, 2022</b>	<b>\$ 258,612,464</b>

The estimated fair value of investment in New Found was \$254,877,016 at December 31, 2022 (December 31, 2021 - \$418,166,497).

*Distribution of shares of Nevada King Gold Corp.*

Nevada King Gold Corp. ("Nevada King") (TSX-V: NKG) was formed pursuant to a plan of arrangement between Victory Metals Inc. and Nevada King Mining Ltd. which was completed on April 7, 2021. Nevada King is the fourth largest mineral claim holder in the State of Nevada, USA, focused on the Battle Mountain Gold Trend. Nevada King owns 100% of the past producing Atlanta Mine, which hosts an NI 43-101 resource of 683,600oz AuEq M+I plus 618,700 AuEq Inferred (resource estimate for existing pit area completed by Gustavson Associates in March 2013).

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Palisades owned 36.75% of Nevada King as of October 18, 2021. On October 18, 2021, in order to enable shareholders of the Company to directly benefit from the Company's equity position in Nevada King, the Company agreed to transfer all shares of Nevada King controlled by the Company (89,075,602 Nevada King shares) to its shareholders.

The Company distributed 82,449,949 shares of Nevada King on November 3, 2021. On March 14, 2022, the Company completed a distribution of 6,275,653 shares of Nevada King with an estimated fair value of \$2,321,992. The remaining 350,000 shares of Nevada King with an estimated fair value of \$98,000 which were previously included in assets held for distribution at December 31, 2021 were reclassified to investments at December 31, 2022 and sold for gross proceeds of \$95,843 during the year ended December 31, 2022.

#### *Distribution of shares of Golden Planet Mining Corp.*

On January 1, 2021, it was determined that the Company has lost control of Golden Planet Mining Corp. ("Golden Planet"). The assessment was based on assessment of the relevant facts and circumstances, primarily the Company's ownership interest post-acquisition, board representation and control over operating, strategic and financing decisions. It has been concluded that the loss of control occurred on January 1, 2021 mainly due to a reduction in the Company's ownership of Golden Planet shares from 34.02% to 17.62% which occurred on January 1, 2021. The Company accounted for its investment in Golden Planet as a financial asset under IFRS 9, Financial Instruments, at fair value through profit or loss subsequent to its deconsolidation on January 1, 2021. On May 25, 2022, in order to enable shareholders of the Company to directly benefit from the Company's equity position in Golden Planet, the Company agreed to distribute all shares of Golden Planet to its shareholders on a basis proportionate with their shareholdings in the Company. The distribution was approved by the Company's shareholders on May 25, 2022, and as a result the Company has reclassified its investment in Golden Planet with an estimated fair value of \$11,960,627 to assets held for distribution. At December 31, 2022, the fair value of this investment was estimated at \$1,993,438, with an unrealized loss on assets held for distribution of \$9,967,189 included in net investment losses in the statement of loss and comprehensive loss for the year ended December 31, 2022.

#### *Purchase and sale of Godzilla Gold Corp.*

On July 28, 2021, the Company completed a purchase of 62.77% of the issued and outstanding common shares of Godzilla Gold Corp. ("Godzilla") at \$1.00 per share for a total consideration paid of \$627,657. Based on the assessment of the relevant facts and circumstances, primarily the Company's ownership interest post-acquisition, board representation and control over operating, strategic and financing decisions, the Company concluded that it does have control in Godzilla as a result of the acquisition. The entire amount of the purchase price was expensed as mineral property acquisition costs.

In December 2021, the Company agreed to sell its shares of Godzilla representing 62.77% interest in Godzilla to Golden Planet Mining Corp., a company with a director and officer in common, for shares of Golden Planet with an estimated fair value of \$2,510,800. As a result, the net amount of Godzilla's assets and liabilities at December 31, 2021 was classified as liabilities held for sale. The liabilities held for sale were recognized at the carrying amount at December 31, 2021. The sale was completed on January 31, 2022. The fair value of Godzilla shares sold was determined based on the estimated fair value of Golden Planet shares received, which was based on the price of shares issued in a recent financing completed by Golden Planet in 2021, and is considered a Level 3 measurement. As a result, the Company has deconsolidated Godzilla from its consolidated financial statements and recorded a gain on sale of \$2,670,118 during the year ended December 31, 2022.

#### *Goldspot Discoveries Corp.*

In October 2021, the Company's Board of Directors and shareholders approved a plan of arrangement in order to enable shareholders of the Company to directly benefit from the Company's equity position in Mexican Gold, Nevada King, Mainstream and Goldspot Discoveries Corp. ("Goldspot"). At December 31, 2021, the Company had 17,523,107 shares of Goldspot with an estimated fair value of \$16,121,258, which were included in assets held for distribution at December 31, 2021.

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On April 28, 2022, the Company distributed 7,328,110 shares of Goldspot to its shareholders with an estimated fair value of \$4,616,709. On June 20, 2022, the Company distributed to its shareholders the remaining 10,194,997 shares of Goldspot with an estimated fair value of \$3,772,150.

### Investment Portfolio

The following information regarding the investment portfolio of Palisades is historical as at the dates indicated and may change due to the ongoing investment activities of the Company, in addition to fluctuations in the fair values of investments. The fair values of investments have been measured in accordance with the Company's accounting policies and the amounts at which the Company's investments could be disposed of currently may differ from their varying values for a variety of reasons (see *Risk Factors* below for further details).

The portfolio consists of investments in marketable securities and warrants as follows:

	December 31, 2022	December 31, 2021
Equities held (i)	\$ 8,223,586	\$ 60,169,034
Warrants held (ii)	9,826,274	28,710,010
Total investments	\$ 18,049,860	\$ 88,879,044

#### (i) Equities Held

	Quantity	Fair Value December 31, 2022 \$
Labrador Gold Corp.	13,800,000	4,071,000
Tonogold Resources Inc.	22,611,329	1,224,991
Other <sup>1</sup>		2,927,595
Total equities held		8,223,586

1. Aggregate of all equity investments held with individual fair values of less than \$1 million.

	Quantity	Fair Value December 31, 2021 \$
Silver Bullion SG	188,275	21,239,679
Labrador Gold Corp.	13,800,000	12,420,000
Golden Planet Mining Corp.	10,500,000	9,450,000
Tonogold Resources Inc.	33,394,282	4,444,035
J4 Capital	3,700,000	3,169,500
Cache Gold	23,905	1,742,639
Santacruz Silver Mining Ltd.	5,691,834	1,764,469
Galane Gold Ltd.	11,001,000	1,265,115
Patagonia Gold Corp.	23,495,000	1,057,275
Other <sup>1</sup>		3,616,322
Total equities held		60,169,034

1. Aggregate of all equity investments held with individual fair values of less than \$1 million.

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## (ii) Warrants Held

	Quantity	Fair Value December 31, 2022 \$
Vulcan Minerals Inc.	4,750,000	1,299,127
Santacruz Silver Mining Ltd.	24,133,334	3,461,386
Goliath Resources Inc.	2,500,000	2,216,825
Other <sup>2</sup>		2,848,936
Total warrants held		9,826,274

1. The cost of warrants acquired through participation in private placements of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the purchase price is allocated to common shares based on the fair value of a common share at the date of the transaction and any residual remaining is allocated to common share purchase warrants.
2. Aggregate of all warrant investments held with individual fair values of less than \$1 million.

	Quantity	Fair Value December 31, 2021 \$
Labrador Gold Corp.	11,800,000	5,477,656
Aurcana Silver Corp.	13,963,407	1,348,116
Santacruz Silver Mining Ltd.	24,133,334	2,746,068
Goliath Resources Inc.	2,600,000	2,055,353
Vulcan Minerals Inc.	7,000,000	1,291,727
Other <sup>2</sup>		15,791,090
Total warrants held		28,710,010

1. The cost of warrants acquired through participation in private placements of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the purchase price is allocated to common shares based on the fair value of a common share at the date of the transaction and any residual remaining is allocated to common share purchase warrants.
2. Aggregate of all warrant investments held with individual fair values of less than \$1 million.

**OVERALL PERFORMANCE AND RESULTS OF OPERATIONS**

**Select Annual Information**

Selected annual information from the audited financial statements for the years ended December 31, 2022, 2021 and 2020 is presented in the table below.

<b>Selected Annual Financial Information</b>	<b>Year ended December 31, 2022</b>	<b>Year ended December 31, 2021</b>	<b>Year ended December 31, 2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total revenue	<b>(46,146,440)</b>	7,850,294	111,385,059
Total expenses	<b>(164,690,559)</b>	(259,379,364)	(98,732,043)
Total other income	<b>3,879,328</b>	612,927,196	6,294,783
Net income (loss) and comprehensive income (loss) attributable to owners of the Company	<b>(148,078,541)</b>	262,926,596	27,900,248
Net income (loss) and comprehensive income (loss) for the year	<b>(148,160,448)</b>	257,829,283	(2,517,500)
Earnings per share – basic	<b>(3.00)</b>	2.59	0.29
Earnings per share – diluted	<b>(3.00)</b>	2.56	0.28
Total assets	<b>284,092,667</b>	534,603,700	266,696,822
Total non-current financial liabilities	-	-	-

Total assets decreased to \$284,092,667 at December 31, 2022, from \$534,603,700 at December 31, 2021, primarily as a result of a decrease in the equity investment in New Found Gold Corp. of \$159,554,033 due to a loss on equity investment recognized in the current period of \$24,938,130 and an impairment write-down of \$136,843,921; a decrease in assets held for distribution of \$16,513,056 mainly due to a distribution to the Company's shareholders of 6,275,653 shares of Nevada King with an estimated fair value of \$2,321,992, a distribution to the Company's shareholders of 17,523,107 shares of Goldspot with an estimated fair value of \$8,388,859; a decrease in investments of \$70,829,184 due to sales of investments in 2022 for total cash proceeds of \$16,546,811 and a sale of Silver Bullion SG shares in exchange for 2,254,761 shares of the Company with an estimated fair value of \$17,810,889. The most significant assets at December 31, 2022 were cash of \$5,390,215 (December 31, 2021: \$8,423,997), investments of \$18,049,860 (December 31, 2021: \$88,879,044), assets held for distribution of \$1,993,438 (December 31, 2021: \$18,506,494), and an investment in New Found Gold Corp. of \$258,612,464 (December 31, 2021: \$418,166,497).

Total assets increased to \$534,603,700 at December 31, 2021, from \$266,696,822 at December 31, 2020, primarily as a result of a loss of control New Found Gold Corp. on June 21, 2021 and subsequent accounting for the investment in New Found as an investment in associate which increased the asset base. The most significant assets at December 31, 2021 were cash of \$8,423,997 (December 31, 2020: \$64,477,506), investments of \$88,879,044 (December 31, 2020: \$178,336,847), shares held for distribution of \$18,506,494 (December 31, 2020: \$Nil), and an investment in New Found Gold Corp. of \$418,166,497 (December 31, 2020: \$Nil).

***Year ended December 31, 2022 and 2021***

During the year ended December 31, 2022, net income decreased by \$405,989,731 to net loss of \$148,160,448 compared to a net income of \$257,829,283 for the year ended December 31, 2021. The decrease is largely due to:

- A decrease in net investment gains of \$53,908,685 from \$7,581,247 for the year ended December 31, 2021 to net investment losses of \$46,327,438 recognized in the current year. The decrease is due more favourable price fluctuations in the comparative year compared to the current year. During the year ended December 31, 2022, the Company recognized \$37,855,595 in unrealized losses on its investments compared to \$17,174,374 in unrealized gains recognized in the year ended December 31, 2021.

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- An increase in loss from equity investment of \$7,043,706 from \$17,894,424 in 2021 to \$24,938,130 in 2022, offset by a decrease in impairment loss on equity investment of \$8,303,542 from \$145,147,463 in 2021 to \$136,843,921 in 2022. The Company started accounting for its investment in New Found as an investment in associate on June 21, 2021, when it was concluded that it had lost control over New Found.

Offset by:

- The Company incurred exploration expenses of \$2,672 for the year ended December 31, 2022 compared to \$27,212,881 for the year ended December 31, 2021. The Company incurred consulting fees and salaries of \$1,294,515 for the year ended December 31, 2022 compared to \$20,989,469 for the year ended December 31, 2021. The Company incurred corporate development expenses of \$153,339 for the year ended December 31, 2022 compared to \$1,388,775 for the year ended December 31, 2021. A decrease in exploration expenses of \$27,210,209, consulting fees and salaries of \$19,694,954 and corporate development expenses of \$1,235,436 are due to deconsolidation of New Found, Mexican Gold, Nevada King, and Radio Fuels during the second and fourth quarters of fiscal 2021 and Godzilla in January 2022, which resulted in a lower amount of exploration, consulting expenses and professional fees of subsidiaries included in the consolidated financial statements of the Company for the year ended December 31, 2022, whereas in the year ended December 31, 2021 these companies were considered subsidiaries and the results of their operations were included in the consolidated financial statements of the Company.
- A decrease of \$37,255,771 in share-based compensation recorded by the parent company. In May 2021, the Company granted 5,053,886 stock options to directors, officers and consultants at an exercise price of \$12.00 per share for a period of five years. The options vested immediately. The Company recorded a share-based compensation of \$36,467,166 for these stock options in 2021. In addition, the Company recorded \$788,605 in share-based compensation expense upon repricing of these stock options from \$12.00 to \$10.60 at December 31, 2021. No stock options were issued by the parent company in the current year ended December 31, 2022.
- A decrease in stock-based compensation of subsidiaries of \$7,135,516 from \$7,135,516 in 2021 to \$Nil in 2022. The decrease is primarily due to deconsolidation of New Found on June 30, 2021, whereas the majority of the stock-based compensation expense in the comparative year ended December 31, 2021 related to New Found.
- The Company recorded a deferred income tax recovery of \$58,797,223 during the year ended December 31, 2022 compared to a deferred income tax expense of \$103,568,843 during the year ended December 31, 2021. The recovery recognised in 2022 is a mainly due to a reduction in the value of investments, assets held for sale and investment in New Found at December 31, 2022 as compared to December 31, 2021, which resulted in a corresponding decrease in the related deferred income liability recognized on the difference between accounting and tax basis of these assets.
- In the current year, the Company recognized a gain on sale of Godzilla of \$2,670,118. In the prior year, the Company recognized a gain on loss of control of New Found of \$576,422,615, a gain on loss of control of Golden Planet of \$4,354,287, a gain on loss of control of Nevada King of \$17,414,416, a gain on loss of control of Radio Fuels Resources Corp. of \$14,784,668, and a gain on settlement of flow-through premium of \$1,577,727 related to operations of New Found.
- In the current year, the Company recognized a recovery of loans previously written-off of \$1,846,539 based on collections of loans in 2022, offset by an impairment loss on convertible notes which were not collected upon maturity of \$587,329. In the prior year, the Company recognized an impairment loss on convertible notes which were not collected upon maturity of \$1,630,314.

The Company recorded a net loss and comprehensive loss attributable to owners of the Company of \$148,078,541 or \$3.00 basic and diluted loss per share for the year ended December 31, 2022 (December 31, 2021: net income of \$262,926,596 and \$2.59 basic and \$2.56 diluted earnings per share).

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***Three months ended December 31, 2022 and 2021***

During the three months ended December 31, 2022, net loss decreased by \$83,320,811 to \$10,286,414 compared to net loss of \$93,607,225 for the three months ended December 31, 2021. The change is largely due to:

- An increase in net investments losses of \$1,547,837. The Company recorded net investment losses of \$5,884,480, dividend income of \$Nil and interest income of \$39,855 for the three months ended December 31, 2022 compared to net investment losses of \$4,347,188, dividend income of \$Nil and interest income of \$50,400 for the three months ended December 31, 2021. The Company undertook a greater amount of investing activities in the three months ended December 31, 2021 compared to fewer investing activities in the three months ended December 31, 2022. Another reason for the losses in 2021 is the price fluctuations which resulted in a lower value of investments held by the Company at December 31, 2022 compared to December 31, 2021.
- A decrease in impairment loss on equity investment of \$145,147,463 from \$145,147,463 in 2021 to \$Nil in 2022. At December 31, 2021, it was concluded that the investment in New Found is impaired and should be written-down to its estimated fair value at December 31, 2021 of \$418,166,497. No such write-downs were recorded at December 31, 2022.
- A decrease of \$9,296,087 in consulting fees and salaries. Consulting fees and salaries were \$240,895 for the three months ended December 31, 2022 compared to \$9,536,982 for the three months ended December 31, 2021. The decrease is due to no bonuses issued to executive management in 2022.
- A decrease in share-based compensation of the Company of \$788,605 from \$788,605 in 2021 to \$Nil in 2022. In May 2021, the Company granted 5,053,886 stock options to directors, officers and consultants at an exercise price of \$12.00 per share for a period of five years. The options vested immediately. Effective December 31, 2021, these stock options were repriced from \$12.00 to \$10.60 which resulted in \$788,605 in share-based compensation expense recognized by the Company upon repricing at December 31, 2021. No stock options were issued by the Company in the current year ended December 31, 2022.
- A decrease in impairment loss on convertible loans of \$1,630,314. In the three months ended December 31, 2021, the Company recognized \$1,630,314 in impairment losses on convertible loans which were not collected upon maturity. No impairment losses were recognized in the three months ended December 31, 2022.
- A decrease in gain on loss of control of subsidiaries of \$32,202,881. In the three months ended December 31, 2021, the Company recognized a gain on loss of control of Nevada King of \$17,414,416, a gain on loss of control of Radio Fuels Resources Corp. of \$14,784,668, and a gain on loss of control of Mexican Gold Mining Corp. of \$3,797.
- A decrease in the deferred income tax recovery of \$39,814,034. The Company recorded a deferred income tax recovery of \$2,585,099 for the three months ended December 31, 2022 compared to \$42,399,133 for the three months ended December 31, 2021. The liability arises when there is a difference between accounting and tax basis of investments. The recovery in the fourth quarter of 2021 is a mainly due to a reduction in the investment in New Found at December 31, 2021 upon an impairment write-down recognized on investment in New Found at December 31, 2021 of \$145,147,463, which resulted in a corresponding decrease in the related deferred income liability recognized on shares of New Found. No such write-down was recognized during the three months ended December 31, 2022.

The Company recorded a net loss and comprehensive loss attributable to owners of the Company of \$92,672,872 and \$0.96 basic and diluted loss per share for the three months ended December 31, 2022 (three months ended December 31, 2021: net loss and comprehensive loss attributable to owners of the Company of \$92,672,872 and \$0.96 basic and diluted loss per share).



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**Cash Flows**

	December 31, 2022	December 31, 2021
	\$	\$
Cash used in operating activities	(3,033,782)	(42,700,392)
Net cash (used in) generated from investing activities	-	(58,199,958)
Net cash generated from financing activities	-	44,746,874
Effect of foreign exchange rate changes on cash	-	99,967
Change in cash	(3,033,782)	(56,153,476)
Cash, beginning of year	8,423,997	64,477,506
Cash, end of year	5,390,215	8,423,997

**Operating Activities**

Cash used in operating activities for the year ended December 31, 2022 was \$3 million compared to \$42.7 million used for the year ended December 31, 2021. Cash movements from operating activities can fluctuate with changes in net income, non-cash items, such as foreign exchange and deferred income tax expenses, and working capital. The main reason for the decrease in cash used in 2022 was a decrease in investment income received in 2022 as compared to 2021. Another reason was a decrease in accounts payable and accrued liabilities at December 31, 2022 compared to December 31, 2021 which resulted in a cash outflow of \$14.9 million in 2022 (2021 – cash outflow of \$10.9 million).

**Investing Activities**

Cash used in investing activities for the year ended December 31, 2022 was \$Nil compared to cash used of \$58.2 million for the year ended December 31, 2021. In 2021, the Company lost \$56.4 million on the loss of control of subsidiaries.

**Financing Activities**

Cash generated by financing activities was \$Nil for the year ended December 31, 2022 compared to \$44.7 million for the year ended December 31, 2021. In 2021, the Company received \$41.5 million from the issuance of shares by the Company and its subsidiaries, as well as \$3.3 million from exercises of warrants.

**Summary of Quarterly Results**

	2022				2021			
	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$
Total revenue <sup>(1)</sup>	(5,844,625)	(4,216,193)	(33,096,484)	(2,989,138)	(4,296,788)	(44,138,137)	64,918,556	(8,633,337)
Net (loss) income and comprehensive (loss) income for the period attributable to owners of the Company	(10,286,414)	(4,841,298)	(130,348,918)	(2,601,911)	(92,672,873)	(51,590,943)	416,514,436	(9,324,024)
Net (loss) income and comprehensive (loss) income for the period	(10,286,414) <sup>(3)</sup>	(4,841,298) <sup>(4)</sup>	(130,348,918) <sup>(5)</sup>	(2,683,818) <sup>(6)</sup>	(93,607,225) <sup>(7)</sup>	(56,234,119) <sup>(8)</sup>	421,892,623 <sup>(9)</sup>	(14,221,996)
Earnings (loss) per common share basic <sup>(2)</sup>	(0.21)	(0.10)	(2.53)	(0.03)	(0.93)	(0.51)	4.12	(0.09)
Earnings (loss) per common share diluted <sup>(2)</sup>	(0.21)	(0.10)	(2.53)	(0.03)	(0.93)	(0.51)	4.00	(0.09)

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- (1) Total revenue consists of net investment gains (losses), interest income and dividend income.
- (2) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.
- (3) Increase of net loss and comprehensive loss from prior quarter primarily driven by an increase in net investment losses of \$1,646,699, an increase in loss on equity investment in New Found of \$1,519,806, and a decrease in deferred income tax recovery of \$2,012,079.
- (4) Decrease of net loss and comprehensive loss from prior quarter primarily driven by an impairment loss on investment in New Found of \$136,843,921 recognized in the prior quarter with no such loss recognized in the current quarter, offset by a corresponding decrease in deferred income tax recovery of \$41,840,759, and higher investment losses recognized in the comparative quarter whereas investment losses decreased by \$28,858,848 in the current period compared to prior period.
- (5) Increase of net loss and comprehensive loss from prior quarter primarily driven by an impairment loss on investment in New Found of \$136,843,921 recognized in the current quarter with no impairment losses recognized in the first quarter of 2022, net investment losses of \$33,096,629 recognized in the current quarter compared to \$3,108,548 in net investment losses recognized in the first quarter of 2022, offset by a gain on deconsolidation of Godzilla of \$2,670,118 recognized in the comparative quarter with no such gain recognized in the current period.
- (6) Decrease of net loss and comprehensive loss from prior quarter primarily driven by an impairment loss on investment in New Found of \$145,147,463 recognized in the prior quarter with no additional impairment losses recognized in the first quarter of 2022. Decrease of net loss and comprehensive loss from prior quarter is also driven by a decrease in net investment losses of \$1,238,640, a gain on sale of Godzilla of \$2,670,118, a decrease in consulting fees of \$9,056,608, and a decrease in impairment loss on convertible notes of \$1,630,314, offset by a decrease in a deferred income tax recovery of \$37,222,124.
- (7) Increase of net loss and comprehensive loss from prior quarter primarily driven by an impairment loss on investment in New Found of \$145,147,463 at December 31, 2021. The net income also decreased due to a decrease in net investment gains of \$39,841,530, partially offset by a decrease in gains on loss of control of subsidiaries of \$14,784,668, and a decrease in gains on share distributions of \$17,418,214, a decrease in exploration expenses of \$5,846,825, a decrease in loss from equity investment of \$5,952,498, and an increase in a deferred income tax recovery of \$27,197,629.
- (8) Decrease of net income and comprehensive income from prior quarter primarily driven by a gain on loss of control of New Found of \$576,422,615 recognized in the second quarter of 2021 with no such gain recognized in the third quarter of 2021, a decrease in stock-based compensation of the parent of \$36,467,166 and subsidiaries of \$6,939,341, a decrease in consulting fees of \$6,047,947, partially offset by a decrease in net investment gains / losses of \$103,707,133, an increase in loss from equity investment of \$11,923,461, and a decrease in a deferred income tax expense of \$177,329,780.
- (9) Increase of net income and comprehensive income from prior quarter primarily driven by a gain on loss of control of New Found of \$576,422,615 recognized in the second quarter of 2021 and an increase in net investment gains of \$73,560,657, offset by an increase in exploration expenses of \$3,977,584 and an increase in stock-based compensation of \$43,307,397, of which \$36,467,166 related to stock-based compensation recorded by the parent in the second quarter upon issuance of 10,107,772 stock options.

## **Liquidity and Capital Resources**

As at December 31, 2022, the Company had cash of \$5,390,215 and current assets of \$25,480,203 to settle current liabilities of \$178,309, all of which is comprised of accounts payable and accrued liabilities that are due within one year of the statement of financial position.

The Company relies upon various sources of funds for its ongoing operating and investing activities. These sources include proceeds from dispositions of investments, interest and dividend income from investments and capital raising activities such as equity financings.

As at December 31, 2022, the Company had working capital of \$25,301,893 consisting primarily of cash and cash equivalents, investments, and assets held for distribution. The Company has adequate working capital to fund its expected operating and investing activities through the next twelve months. The Company does not have bank debt or banking credit facilities in place as at the date of this report.

## **Palisades Goldcorp Ltd.**

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#### **Acquisitions and Dispositions**

(i) Palisade Global Investments Ltd.

On January 1, 2020, the Company completed a purchase of 100% of the issued and outstanding common shares of Palisade Global in exchange for 48,999,992 common shares of the Company with a value of \$54,537,955. At the time of the acquisition, Palisade Global held 1,170,000 common shares of Palisades Goldcorp with a value of \$1,170,000 which are recorded as treasury shares. As a result of the acquisition, the Company's ownership interests in each of the entities pre-acquisition and based on assessment of the relevant facts and circumstances, primarily the Company's ownership interests post-acquisition, board representation and control over operating, strategic and financing decisions, the Company concluded that it does have control in Victory Metals Inc., Casino Gold Corp. and Radio Fuels Resources Corp.

On April 7, 2021, pursuant to a definitive arrangement agreement, Victory Metals Inc. acquired all of the issued and outstanding shares of Nevada King Mining Ltd. by way of a statutory plan of arrangement and changed its name to Nevada King Gold Corp. ("Nevada King").

In October 2021, the Company's Board of Directors and shareholders approved a plan of arrangement in order to enable shareholders of the Company to directly benefit from the Company's equity position in Mexican Gold, Nevada King, Mainstream and Goldspot Discoveries Corp. ("Goldspot"). According to this plan of arrangement, the Company agreed to distribute the shares of these companies to its shareholders by way of a return on capital on a basis proportionate with their shareholdings in the Company and reduce the paid-up capital of its own shares by an amount equal to the fair market value of the Mexican Gold, Nevada King, Mainstream and Goldspot shares to be distributed.

As part of this plan of arrangement, the Company agreed to distribute all shares of Nevada King controlled by the Company (89,075,602 Nevada King shares) to its shareholders. The distribution of 82,449,949 Nevada King shares was completed on November 3, 2021. Upon completion of the distribution, the Company has lost control of Nevada King and therefore deconsolidated it from its consolidated financial statements for the year ended December 31, 2021.

The Company has derecognized the assets and liabilities of Nevada King, the non-controlling interest in Nevada King and contributed surplus related to the dilution gain before losing the control of Nevada King at their carrying amounts, recognized the distribution of shares as a reduction to share capital at the estimated fair value of distributed shares on November 3, 2021 of \$25,971,734 and recognized a gain on the loss of control of \$17,414,416. The fair value of Nevada King shares was determined based on the share price of Nevada King on November 3, 2021, which is considered a Level 1 measurement.

Radio Fuels' sole asset is a 100% interest in certain mineral claims and leases located in the Mining District of Sault St. Marie, Ontario. On December 16, 2021, Mainstream completed an acquisition of all of the issued and outstanding shares of Radio Fuels. As per the share purchase agreement dated September 14, 2021, entered into between Mainstream and Radio Fuels shareholders, Mainstream agreed to acquire all of the issued and outstanding shares of Radio Fuels for 58,823,529 common shares of Mainstream, and as a result, the Company has received 36,268,699 shares of Mainstream with an estimated value of \$14,507,480 for its 61.66% interest in Radio Fuels. During the year ended December 31, 2021, the Company recognized a gain on loss of control of Radio Fuels of \$14,784,668. The fair value of Mainstream shares received was determined based on the market price of shares issued in the concurrent financing completed by Mainstream and is therefore considered a Level 2 measurement.

Upon completion of the sale of Radio Fuels shares, the Company has distributed to its shareholders 36,268,699 shares of Mainstream received which resulted in a reduction to share capital of \$14,507,480, and no additional gain or loss recognized on the distribution. The Company also distributed to its shareholders 5,882,355 shares of Mainstream previously held by the Company with an estimated fair value of \$2,352,941, which resulted in a reduction to share capital of \$2,352,941. The Company recognized a gain on distribution of \$352,941, which was included in the net investment gains for the year ended December 31, 2021.

On March 14, 2022, the Company distributed the additional 6,275,653 shares of Nevada King to its shareholders.

## **Palisades Goldcorp Ltd.**

### Management's Discussion and Analysis

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These shares had been included in assets held for distribution at December 31, 2021. The distribution resulted in a reduction in share capital of \$2,321,992 which was the estimated fair value of distributed Nevada King shares on March 14, 2022. On April 9, 2022, Palisade Global Investments Ltd. was dissolved and deconsolidated from the Company's consolidated financial statements. Prior to the dissolution, any remaining assets of Palisade Global Investments Ltd. were transferred to the Company.

#### (ii) New Found Gold Corp.

Palisade Global previously held an investment in New Found. In combination with the investment held directly by the Company prior to the acquisition of Palisade Global, the Company concluded that it does have control in New Found on January 1, 2020.

On June 21, 2021, it was determined that the Company has lost control of New Found. This was based on assessment of the relevant facts and circumstances, primarily the Company's ownership interests post-acquisition, board representation and control over operating, strategic and financing decisions. However, the Company maintained significant influence over New Found from June 21, 2021 to December 31, 2022 and as a result accounted for it as an investment in associate during that period.

#### (iii) Godzilla Gold Corp.

On July 28, 2021, the Company completed a purchase of 62.77% of the issued and outstanding common shares of Godzilla Gold Corp. ("Godzilla") at \$1.00 per share for a total consideration paid of \$627,657. Based on the assessment of the relevant facts and circumstances, primarily the Company's ownership interest post-acquisition, board representation and control over operating, strategic and financing decisions, the Company concluded that it does have control in Godzilla as a result of the acquisition. The entire amount of the purchase price was expensed as mineral property acquisition costs.

In December 2021, the Company agreed to sell its shares of Godzilla representing 62.77% interest in Godzilla to Golden Planet Mining Corp., a company with a director and officer in common, for shares of Golden Planet Mining Corp. with an estimated fair value of \$2,510,800. As a result, the net amount of Godzilla's assets and liabilities at December 31, 2021 was classified as liabilities held for sale. The liabilities held for sale were recognized at the carrying amount at December 31, 2021. The sale was completed on January 31, 2022.

The fair value of Godzilla shares sold was determined based on the estimated fair value of Golden Planet shares received, which was based on the price of shares issued in a recent financing completed by Golden Planet in 2021, and is considered a Level 3 measurement. As a result, the Company has deconsolidated Godzilla from its consolidated financial statements and recorded a gain on sale of \$2,670,118 during the year ended December 31, 2022.

#### (iv) Golden Planet Mining Corp.

On January 1, 2021, it was determined that the Company has lost control of Golden Planet Mining Corp. ("Golden Planet"). The assessment was based on assessment of the relevant facts and circumstances, primarily the Company's ownership interest post-acquisition, board representation and control over operating, strategic and financing decisions. It has been concluded that the loss of control occurred on January 1, 2021 mainly due to a reduction in the Company's ownership of Golden Planet shares from 34.02% to 17.62% which occurred on January 1, 2021. During the year ended December 31, 2021, the Company recognized a gain on loss of control of Golden Planet in the amount of \$4,354,287.

The Company has accounted for its investment in Golden Planet as a financial asset under IFRS 9, Financial Instruments at fair value through profit or loss, during the period from January 1, 2021 to May 25, 2022. At December 31, 2021 and up to May 25, 2022, this investment was included in equity investments held by the Company.

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### Management's Discussion and Analysis

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In order to enable shareholders of the Company to directly benefit from the Company's equity position in Golden Planet, the Company agreed to distribute all shares of Golden Planet to its shareholders on a basis proportionate with their shareholdings in the Company. The distribution was approved by the Company's shareholders on May 25, 2022, and as a result the Company has reclassified its investment in Golden Planet to assets held for distribution. At December 31, 2022, the fair value of this investment was estimated at \$1,993,438, with an unrealized loss on assets held for distribution of \$9,967,189 included in net investment losses in the statement of loss and comprehensive loss for the year ended December 31, 2022.

#### (v) Goldspot Discoveries Corp

In October 2021, the Company's Board of Directors and shareholders approved a plan of arrangement in order to enable shareholders of the Company to directly benefit from the Company's equity position in Mexican Gold, Nevada King, Mainstream and Goldspot Discoveries Corp. ("Goldspot"). At December 31, 2021, included in assets held for distribution were 17,523,107 shares of Goldspot with an estimated fair value of \$16,121,258. On April 28, 2022, the Company distributed 7,328,110 shares of Goldspot to its shareholders with an estimated fair value of \$4,616,709. On June 20, 2022, the Company distributed to its shareholders the remaining 10,194,997 shares of Goldspot with an estimated fair value of \$3,772,150.

## **Outstanding Share Data**

### *Share Consolidation*

Effective June 30, 2022, the Company completed a 2-for-1 share consolidation. All share and per share amounts have been retroactively restated to reflect the share consolidation.

On March 15, 2023, the Board of Directors of the Company has agreed that up to 2,467,298 shares will be acquired under the normal course issuer bid (the "NCIB"), constituting approximately 5.0% of the issued and outstanding shares. The Company submitted a Notice of Intention to Make a Normal Course Issuer Bid (the "Notice") to the TSXV. The Notice was accepted by the TSXV on March 29, 2023. The NCIB will expire on March 31, 2024, unless terminated earlier.

As at December 31, 2022, there were 49,345,977 common shares issued and outstanding. As at the date of this report, there were 49,345,977 common shares issued and outstanding.

As at December 31, 2022 and as at the date of this report, there were 732,812 stock options and 514,070 warrants outstanding.

### *Stock Option Plan*

During the year ended December 31, 2021, Company adopted a share purchase option compensation plan that allows it to grant share purchase options to its officers, directors, employee and service providers based on the maximum number of eligible shares not exceeding 10% in the aggregate of the Company's outstanding common shares at the time of grant and granted 5,053,886 stock options to directors, officers and consultants with an exercise price of \$12.00 per share for a period of five years. The exercise price of these stock options was amended from \$12.00 to \$10.60 effective December 31, 2021. On June 30, 2022, 4,321,074 out of 5,053,886 stock options previously granted to directors and officers with an exercise price of \$10.60 were cancelled.

## **Related Party Transactions**

All transactions with related parties have occurred in the normal course of operations and on terms and conditions that are similar to those of transactions with unrelated parties and are measured at the amount of consideration paid or received. A summary of the Company's related party transactions is as follows:

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*Disposition of Investments*

During the year ended December 31, 2022, 26,593 shares of Silver Bullion SG with a fair value of \$3,000,000 was sold to the Company's Chief Executive Officer, Collin Kettell, for gross proceeds of \$3,000,000 (2021 - \$Nil). In addition, the Company sold shares of other private company investments with an aggregate fair value of \$4,912,139 to Collin Kettell for gross proceeds of \$4,912,139 (2021 - \$Nil).

There are no ongoing contractual commitments resulting from these transactions with related parties.

*Key management personnel compensation*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers, or companies owned or controlled by them.

<b>Year ended</b>		<b>Salaries and</b>		<b>Share-based</b>	
<b>December 31, 2022</b>	<b>Position</b>	<b>Consulting</b>	<b>Bonus</b>	<b>compensation</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Collin Kettell	Chairman and Chief Executive Officer	330,000	-	-	330,000
Bassam Moubarak	Chief Financial Officer	283,500	-	-	283,500
Gregor Gregersen	Non-executive director	72,000	-	-	72,000
Elizabeth Harrison	Non-executive director	72,000	-	-	72,000
William Hayden	Non-executive director	72,000	-	-	72,000
<b>Total</b>		<b>829,500</b>	<b>-</b>	<b>-</b>	<b>829,500</b>

<b>Year ended</b>		<b>Salaries and</b>		<b>Share-based</b>	
<b>December 31, 2021</b>	<b>Position</b>	<b>Consulting</b>	<b>Bonus</b>	<b>compensation</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Collin Kettell	Chairman and Chief Executive Officer	205,000	11,458,162	26,824,152	38,487,314
Bassam Moubarak	Chief Financial Officer	47,250	2,438,730	157,721	2,643,701
Michael Kanevsky <sup>1</sup>	Former Chief Financial Officer	42,525	-	-	42,525
Philip O'Neill <sup>1</sup>	Former Chief Operating Officer	420,000	774,200	1,862,790	3,056,990
Craig Roberts <sup>1</sup>	Former Chief Technical Officer	31,500	975,492	-	1,006,992
Gregor Gregersen	Non-executive director	72,000	-	372,559	444,559
Elizabeth Harrison	Non-executive director	72,000	-	372,559	444,559
William Hayden	Non-executive director	72,000	-	372,559	444,559
<b>Total</b>		<b>962,275</b>	<b>15,646,584</b>	<b>29,962,340</b>	<b>46,571,199</b>

1. Resigned in October 2021.

Under the terms of their management agreements, certain officers of the Company are entitled to 24 months of base pay in the event of their agreements being terminated without cause.

As at December 31, 2022, \$Nil (December 31, 2021 - \$11,458,162 owed to the Chief Executive Officer, \$1,956,780 owed to the current Chief Financial Officer, \$774,200 owed to the former Chief Operating Officer and \$975,492 owed to the former Chief Technical Officer) is included in accounts payable and accrued liabilities in respect of key management compensation.

On June 30, 2022, 4,321,074 stock options previously granted to directors and officers with an exercise price of \$10.60 and an expiry date of May 21, 2026 were cancelled.

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### Management's Discussion and Analysis

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#### **Contingent Liability**

On November 15, 2019, ThreeD Capital Inc. ("ThreeD") and 1313366 Ontario Inc. ("131" and together with ThreeD, the "Plaintiffs") each entered into share purchase agreements (the "Share Purchase Agreements") with the Company under which the Company agreed to purchase the 13,500,000 Common Shares of New Found owned by ThreeD and the 4,000,000 Common Shares of New Found owned by 131 for \$0.08 per Common Share. The transactions closed on November 20, 2019.

On March 10, 2020, ThreeD Capital Inc. and 131 filed a statement of claim in the Ontario Superior Court of Justice against Collin Kettell, New Found and the Company (the "ThreeD Claim"). Mr. Kettell is a Chairman and Chief Executive Officer of both the Company and New Found. Pursuant to the ThreeD Claim, the Plaintiffs are challenging the validity of the sale of 17,500,000 Common Shares by the Plaintiffs to the Company on November 20, 2019.

ThreeD and 131 claim that at the time of negotiation and execution of the Share Purchase Agreements, the Company and Mr. Kettell were aware of positive drill results from New Found's 2019 Drill Program and the results were not disclosed to ThreeD and 131 to their detriment. The Company and Mr. Kettell strongly deny ThreeD and 131's allegations. ThreeD and 131 have made specific claims for (a) rescission of the Share Purchase Agreements on the basis of oppression or unfair prejudice; (b) or alternatively, damages in the amount of \$21,000,000 for the alleged improper actions by ThreeD and 131, (c) a declaration that the Company and Collin Kettell, as shareholder or director and/or officer of New Found, have had acted in a manner that is oppressive, unfairly prejudicial or unfairly disregarded their interests, (d) a declaration that the Company and Collin Kettell engaged in insider trading contrary to section 138 of the *Securities Act* (Ontario), (e) unjust enrichment and (f) interests and costs. The Company and Mr. Kettell refute each of the specific claims made by the Plaintiffs.

The Company filed a statement of defence in response to the ThreeD Claim on June 12, 2020, pursuant to which, among other things, the Company denies that it is a proper party to the ThreeD Claim and the allegations against it therein, including because no relief is claimed against the Company in paragraph 1 of the ThreeD Claim.

The action has now progressed through the production of documents and oral examinations for discovery stages.

In early 2022, the Plaintiffs formally amended their statement of claim to increase the amount claimed to \$229,000,000 and to advance a direct claim of oppressive conduct against the Company. While continuing to deny any and all liability to the Plaintiffs, the Company has amended its defence to include specific denials of the new allegations of oppressive conduct against it. The parties completed an additional round of examinations for discovery in January 2023, following which the plaintiffs set the action down for trial. The parties are discussing dates for a mandatory mediation in September or October 2023. The Company anticipates that the case will not go to trial before 2026.

The outcome of this claim cannot be determined at this time and therefore no amount has been accrued for.

#### **Risks and Uncertainties**

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may exist. The Company is in the business of acquiring equity participation in pre-IPO and early stage public resource companies with undeveloped or undervalued high quality projects. The Company's investing activities are, by their nature, subject to a number of inherent risks, including liquidity, market, interest rate, currency, commodity and credit risks associated with financial instruments, all of which can have a significant impact on the Company's financial condition and results of operations. The Company is also exposed to a number of risks and uncertainties that are common to resource exploration companies. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, inflation and other risks.

## **Palisades Goldcorp Ltd.**

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#### **Risks Relating to the Company**

##### *Changes in commodity prices*

The net asset value of the Company's portfolio of investments will be significantly affected by changes in the market price of commodities, and as a result, fluctuations in the price of commodities, and in particular, the price of gold, may cause significant changes to the price of the Company's shares. The price of gold and other commodities fluctuate daily and are affected by factors beyond the control of Palisades, including levels of supply and demand and industrial development, inflation and interest rates, global currency prices, geo-political events and global health pandemics. External economic factors that affect commodity prices can be influenced by changes in international investment patterns, monetary systems and political developments.

A decline in commodity prices could cause a corresponding decline in the net asset value of the Company's portfolio and the price of its shares, which may have an adverse effect on the Company's investors.

All commodities, by their nature, are subject to wide price fluctuations, and future material commodity price declines will result in a decrease in revenue for producers of such commodities and may cause a suspension or termination of production by such producers, which would, in the event such producers form part of Company's portfolio of investments, likely result in a loss of the net asset value of the Company's portfolio. Even if Company's portfolio contains a diversified base of commodity issuers, commodity markets have historically been cyclical and a general downturn in commodity prices could result in a significant decrease in the value of the Company's portfolio.

##### *The COVID-19 pandemic, or other similar pandemics or health crises*

The COVID-19 pandemic, or other similar pandemics or health crises, may significantly impact the Company. The COVID-19 global health pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, volatility in the price of gold and other commodities and has raised the prospect of an extended global recession. As efforts have been undertaken to slow the spread of the COVID-19 pandemic, the operation and development of mining projects has been impacted. To date, a number of mining projects have been suspended as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. If the operation or development of any property owned or operated by one of the entities in which the Company holds an interest is suspended, it may have a material adverse impact on the net asset value of the Company's portfolio, the Company's financial condition and the price of the Company's securities. The broader impact of the COVID-19 pandemic on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on the Company's financial conditions, the net asset value of the Company's portfolio and the price of the Company's securities.

##### *No control over mining operations*

The Company is not directly involved in the operation of the mines owned and operated by the entities in which the Company holds an interest (the "Mining Operations"). As such, the net asset value of the Company's portfolio will be dependent on the decisions, actions and operations of third-party mine owners and operators. These owners and operators generally will have the power to determine the way a property is exploited, including decisions to expand, continue or reduce or suspend or discontinue production from a property, decisions about the marketing of products extracted from the property and decisions to advance exploration efforts and conduct development of a non-producing property. The interests of third-party mine owners and operators and those of the Company in respect of a relevant project or property may not always be aligned. The inability of the Company to control the operations of entities in which it holds an interest may result in a material adverse effect on the net asset value of the Company's portfolio and its financial condition. In addition, the mine owners or operators may take action contrary to policies or objectives of the Company; have difficulty obtaining or be unable to obtain the financing necessary to move projects forward; or



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experience financial, operational or other difficulties, including insolvency which, in each case, may have a material adverse effect on the Company.

The Company is also subject to the risk that a specific mine or project may be put on care and maintenance or have its operations suspended, on both a temporary or permanent basis.

Issuers in which the Company holds an interest from time to time may announce transactions, including the sale or transfer of the projects the issuer holds or the issuer itself, over which the Company has no control. If such transactions are completed, there is no guarantee that the transaction will be beneficial to the Company. If any such transaction is announced, there is no certainty that such transaction will be completed, or completed as announced, and any consequences of such non-completion on the Company may be difficult or impossible to predict.

The Company is subject to the risk that Mining Operations may shut down on a temporary or permanent basis due to issues including but not limited to economic conditions, lack of financial capital, flooding, fire, weather related events, mechanical malfunctions, community or social related issues, social unrest, the failure to receive permits or having existing permits revoked, collapse of mining infrastructure, including tailings ponds, expropriation and other risks.

These issues are common in the mining industry and can occur frequently. There is a risk that the carrying values of the Company's assets may not be recoverable if Mining Operations or the operators or owners of the mining operations experience any of these issues. The exact effect on a particular issuer or mining operation of the occurrence of any of these issues cannot be predicted, but such issues may result in the Mining Operations becoming uneconomic resulting in their shutdown and closure, which may have a material and adverse effect on the Company.

#### *No guaranteed return*

The Company's investments in securities of public entities are subject to volatility in the share prices of such entities. There can be no assurance that an active trading market for any of the subject securities is sustainable. The trading prices of the subject securities could be subject to wide fluctuations in response to various factors beyond our control, including, quarterly variations in the subject entities' results of operations, changes in earnings (if any), estimates by analysts, conditions in the industry of the subject companies and general market or economic conditions. In recent years, equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific entities. Such market fluctuations could adversely affect the market price of our investments. There is no guarantee the Company's investments will earn any positive return in the short term or long term. The Company may never earn any return on its investment and may lose its entire investment. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments successfully. Our past performance provides no assurance of our future success.

#### *Third-party reporting*

As the holder of an equity interest, the Company may have limited access to data on the operations of an issuer or to the actual underlying properties held by any such issuer. This limited access to data or disclosure regarding operations could affect the ability of Palisades to evaluate the prospects of its investments, which could result in losses in the Company's portfolio, short term fluctuations in the value of our investments or missed investment opportunities, each of which could materially and adversely affect the Company.

#### *Non-controlling interest*

The Company investments include equity securities of entities that the Company does not control. These securities may be acquired by the Company in the secondary market or through purchases of securities from the issuer. Any such investment is subject to the risk that the entity in which the investment is made may make business, financial or

## **Palisades Goldcorp Ltd.**

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management decisions with which we do not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the value of the Company's investments could decrease and the financial condition could materially suffer as a result.

#### *Strategy for acquisitions*

As Palisades executes on its business plan, it intends to acquire interests in additional third parties or further its position in entities in which the Company already holds interest in. The Company cannot offer any assurance that it will be able to complete any acquisition or proposed business transactions on favourable terms or at all, or that any completed acquisitions or proposed transactions will benefit the Company. In addition, any such acquisition or other transaction may have other transaction specific risks associated with it, including risks related to the completion of the transaction, the project operators or the jurisdictions in which assets may be acquired. Additionally, the Company may from time to time consider opportunities to restructure its equity investments where it believes such a restructuring may provide a long-term benefit to the Company, even if such restructuring may reduce near-term value or result in the Company incurring transaction related costs.

#### *Due diligence*

The due diligence process that the Company undertakes in connection with its investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, the Company conducts due diligence that the Company deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Company relies on the resources available to the Company, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigations with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment ultimately being successful for the Company. In the event that our due diligence process does not reveal material issues with respect to a proposed investment, and the Company proceeds with the investment, the investment may not be beneficial to us and the Company could lose its entire investment.

#### *Private issuers and illiquid securities*

From time to time, the Company may invest in private issuers whose securities do not trade on any public exchange. Investments in private issuers are subject to numerous re-sale restrictions and there may not be any market for these securities. These limitations may impair our ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments and do not represent a readily available source of capital for us.

Investments in private issuers may offer relatively high potential returns but will also be subject to a relatively high degree of risk. There can be no assurance that a market will develop for any of our private company investments or that we will otherwise be able to realize a return on such investments.

The value attributed to securities of a private issuer (which is typically initially recorded at the transaction value, being the fair value at the time of acquisition, and is thereafter subject to adjustment in accordance with our accounting policies) may not reflect the amount for which they can be sold. Because valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within a short period of time and may be based on estimates, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed for the investments, and such determined fair value could be higher than the value the market ultimately ascribes to such investments.

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The Company also holds illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time we are able to do so, and the value of such securities could materially decline during such period. Illiquid investments are subject to various risks, particularly the risk that we will be unable to realize our investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit from the investment.

In some cases, the Company may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities, which could materially and adversely affect our ability to profitably liquidate such investments.

The Company may also make direct investments in publicly-traded securities that have low trading volumes. Accordingly, it may be difficult for us to make trades in these securities without adversely affecting the price of such securities, which could harm the profitability of our investment in such securities.

#### *Change in material investments*

From time to time the Company may make investments that are disproportionately material to the Company's portfolio. As of the date of this MD&A, the Company's success is largely dependent on its investment in New Found Gold. Any adverse development affecting the operation of, production from or recoverability of mineral reserves from the properties owned or operated by New Found Gold, or other issuers in which we have a material investment, such as, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage or the inability to secure supply agreements on commercially suitable terms, may have a material adverse effect on the net asset value of Palisades' portfolio and the financial condition of Palisades.

#### *Negative cash flow from operating activities*

The Company had negative cash flow from operating activities during its most recently completed financial year. The mining Operations are in the exploration stage and there are no known mineral resources or reserves and the proposed exploration programs with respect to the Mining Operations are exploratory in nature. There is no assurance that any of the Mining Operations will generate earnings, operate profitably or provide a return on the Company's investment in the future. Accordingly, the Company may continue to operate at a loss and may be required to obtain additional financing in order to meet its future cash commitments.

#### *Dependence on key personnel*

Palisades is dependent on the services of a small number of key management personnel. The ability of Palisades to manage its activities and its business will depend in large part on the efforts of these individuals. There can be no assurance that Palisades will be successful in engaging or retaining key personnel. The loss of the services of a member of the management of Palisades could have a material adverse effect on the Company. From time to time, Palisades may also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. The number of persons skilled in the acquisition of equity investments in entities that own or operate mines or mineral properties is limited and competition for such persons is intense. Recruiting and retaining qualified personnel is critical to the success of Palisades and there can be no assurance that Palisades will be successful in recruiting and retaining the personnel it needs to successfully operate its business. If Palisades is not successful in attracting and retaining qualified personnel, the ability of Palisades to execute on its business model and strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

#### *Conflicts of interest*

As part of the Company's business plan, from time to time, the Company may invest in issuers with which its directors and officers are affiliated, whether as directors, officers, promoters, founders, significant shareholders or otherwise.

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Further, most of the Company's directors and officers do not devote their full time to the affairs of the Company and also serve as directors or officers of other public companies.

In such instances, there exists the possibility for such directors and officers to be in a position where there is a conflict of interest between their personal interests or their duties to such other issuer, and their duties to the Company. For example, Collin Kettell, CEO and director of Palisades, is the Founder, CEO and Executive Chairman of New Found Gold, in which the Company has made a substantial investment. Mr. Moubarak, CFO of Palisades, also provides consulting services to New Found Gold through BM Strategic. Such conflicts of interest may compromise the Company's ability to exit certain investments, or engage in new investment opportunities, which may result in a material adverse effect on the net asset value of our investment portfolio or our financial condition.

#### *Global financial conditions*

Events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mining industry, have been and continue to be impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market confidence and liquidity. A slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth and the net asset value of our portfolio. A number of issues related to economic conditions could have a material adverse effect on our business, financial condition and the net asset value of our portfolio, including: (a) contraction in credit markets could impact the cost and availability of financing for the Company and the issuers the Company invests in and the Company's and their overall liquidity; (b) the volatility of commodity prices impacts the revenues, profits, losses and cash flow of the issuers that the Company invests in and, consequently, the net asset value of the Company's portfolio and its financial condition; (c) recessionary pressures could adversely impact demand for metal production, which could adversely affect the net asset value of the Company's portfolio and its financial condition; (d) volatile energy, commodity and consumables prices and currency exchange rates could impact the production costs of the issuers that the Company invests in, and consequently, the net asset value of the Company's portfolio and its financial condition; and (e) the devaluation and volatility of global stock markets could impact the valuation of the Company's equity and other securities and potentially limit the ability to complete offerings of the Company's securities. The COVID-19 pandemic and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions which may adversely impact the operations of the issuers that we invest in, and the demand for their production, which could have a material adverse effect on our business.

#### *Inflation*

The operating costs of the issuers we invest in could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices and additional government intervention through stimulus spending or additional regulations and any inability to manage these costs may impact, among other things, future development decisions, which could have a material adverse impact on such issuer's financial performance and ultimately adversely impact the financial condition of Palisades.

#### *Natural disasters, terrorist acts, civil unrest, pandemics and other disruptions*

Natural disasters, terrorist acts, civil unrest, pandemics and other disruptions, such as the recent COVID-19 pandemic and the ongoing conflict in Ukraine, including global response to such events as it relates to sanctions, quarantines, trade embargos and military support, may adversely affect Palisades or the issuers in which the Company invests. Upon the occurrence of a natural disaster, or upon commencement of war, riot or civil unrest, the impacted country, province, state or region may not efficiently and quickly recover from such event, which could have a material adverse effect on Palisades to the extent that Palisades has invested in issuers with investments in such country, province, state or region. Terrorist attacks, public health crises, including epidemics, pandemics or outbreaks of new infectious disease or viruses, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, natural disasters, national emergencies, acts of war, technological attacks and related events can result in volatility and disruption to local and global supply chains, operations, mobility of people and the financial markets, which could

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affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to Palisades and/or its investments, all of which may have a material adverse effect on the net asset value of Palisades' portfolio, Palisades' financial condition and the price of Palisades' shares. The ongoing conflict in Ukraine has resulted in significant uncertainty as well as economic and supply chain disruptions and should this conflict go on for an extended period of time, expand beyond Ukraine, or should other geopolitical disputes and conflicts emerge in other regions, this could result in material adverse effects for Palisades.

#### *Future financing; future securities issuances*

There can be no assurance that Palisades will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could impede Palisades' investment strategy or result in delay or postponement of Palisades' business activities, which may result in a material and adverse effect on Palisades' financial condition, the value of its portfolio or the price of its shares. Palisades may require new capital to continue to grow its business and there are no assurances that capital will be available when needed, if at all. In the event that Palisades is required to raise additional capital through issuance of its shares, or securities convertible into or exchangeable for its shares, such issuance will result in dilution to existing shareholders.

#### *Litigation affecting properties owned by entities in which Palisades has an interest in*

Potential litigation may arise on a mine or mineral property owned or operated by an entity in which Palisades holds an interest (for example, litigation between joint venture partners or between operators and original property owners or neighbouring property owners). Palisades will not generally have any influence on the litigation and will not generally have access to data or information regarding the litigation. Any such litigation that results in the cessation or reduction of production from a property (whether temporary or permanent) could have a material and adverse effect on the net asset value of Palisades' portfolio, its financial condition and the price of Palisades' shares.

#### *Changes in tax laws impacting Palisades*

There can be no assurance that new tax laws, regulations, policies or interpretations will not be enacted or brought into being in the jurisdictions in which Palisades operates or in the jurisdictions of the mines and mineral properties owned or operated by entities in which Palisades has an interest, in each case which could have a material adverse effect on Palisades. Additionally, no assurance can be given that existing taxation rules will not be applied in a manner which could result in Palisades being subject to additional taxation or which could otherwise have a material adverse effect on the net asset value of Palisades' portfolio or its financial condition. In addition, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make equity investments or other investments by Palisades less attractive to counterparties. Such changes could adversely affect the ability of Palisades to acquire new assets or make future investments.

#### *Information systems and cyber security*

Palisades' information systems (including those of any of its counterparties) may be vulnerable to the increasing threat of continually evolving cybersecurity risks. Unauthorized parties may attempt to gain access to these systems or Palisades' information through fraud or other means of deception. Palisades' operations depend, in part, on how well Palisades (as well as its counterparties) protect networks, equipment, information technology systems and software against damage from threats. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact Palisades' reputation and financial condition. Although to date Palisades has not experienced any losses relating to cyber-attacks or other information security breaches, there can be no assurance that Palisades or its counterparties will not incur such losses in the future. Palisades' risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain an area of attention.

*Activist shareholders*

Publicly traded companies are often subject to demands or publicity campaigns from activist shareholders advocating for changes to corporate governance practices, such as executive compensation practices, social issues, or for certain corporate actions or reorganizations. There can be no assurance that Palisades will not be subject to any such campaign, including proxy contests, media campaigns or other activities. Responding to challenges from activist shareholders can be costly and time consuming and may have an adverse effect on Palisades' reputation.

In addition, responding to such campaigns would likely divert the attention and resources of Palisades' management and Board, which could have an adverse effect on Palisades' business and results of operations. Even if Palisades were to undertake changes or actions in response to activism, activist shareholders may continue to promote or attempt to effect further changes and may attempt to acquire control of Palisades. If shareholder activists are ultimately elected to the Board, this could adversely affect Palisades' business and future operations. This type of activism can also create uncertainty about Palisades' future strategic direction, resulting in loss of future business opportunities, which could adversely affect Palisades' business, future operations, profitability and Palisades' ability to attract and retain qualified personnel.

*Reputation damage*

Reputational damage can be the result of the actual or perceived occurrence of any number of events, and could include negative publicity, whether true or not. While Palisades does not ultimately have direct control over how it is perceived by others, reputational loss could have a material adverse impact on our financial performance, financial condition and growth prospects.

*Expansion of business model*

Palisades' business has been focused on the acquisition and management of interests in entities that own or operate mines and mineral properties. However, Palisades may pursue acquisitions outside this area, including, without limitation, engaging in stream financing or engaging in investments in mining services businesses. Expansion of Palisades' activities into new areas would present challenges and risks that it has not faced in the past. The failure to manage these challenges and risks successfully may result in a material and adverse effect on Palisades' results of operations, financial condition and the price of Palisades' Common Shares.

**Risks Related to Mines and Mining Operations**

*Risk factors applicable to entities in which Palisades holds an interest*

Palisades will be subject to many of the same risk factors applicable to the owners and operators of any mine as a result of its junior mining investment portfolio. In the event that any of these risks should materialize, the value of Palisades' investment portfolio, its financial condition and/or the price of its shares may be materially and adversely affected.

*Exploration, development and operating risks*

Mining involves a high degree of risk. Mines and projects owned and operated by entities in which Palisades has or may acquire an equity interest are subject to all of the hazards and risks normally encountered in the exploration, development and production of metals, including weather-related events, unusual and unexpected geology formations, seismic activity, rock bursts, cave-ins, pit-wall failures, flooding, environmental hazards and the discharge of toxic chemicals, explosions and other conditions involved in the drilling, blasting and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to property, injury or loss of life, environmental damage, work stoppages, delays in production, increased production costs and possible legal liability. Any of these hazards and risks and other acts of God could shut down Mining Operations temporarily or permanently. Mining Operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability for the owners or operators of the Mining Operations.

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The exploration for, development, mining and processing of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines.

Major expenditures may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the owners or operators of Mining Operations will result in profitable commercial Mining Operations. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: cash costs associated with extraction and processing, the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; and political stability. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in one or more of the Mining Operations not receiving an adequate return on invested capital. Accordingly, there can be no assurance the Mining Operations which are not currently in production will be brought into a state of commercial production.

#### *Climate Change*

Climate change legislation and treaties are being introduced more frequently by governments globally. Regulation in respect of emission levels and the efficient use of energy is becoming more stringent. Continuation of the current regulatory trend in respect of climate change could have the impact of increasing costs at those mines and mineral properties owned and operated by entities in which Palisades has an interest. Climate change could produce adverse impacts to underlying Mining Operations through the disruption of Mining Operations and their associated resource supply lines because of extreme weather events and natural disasters. There can be no assurance that efforts to mitigate risks from climate change can be effective and that physical risks resulting from climate change will not have an adverse impact on Mining Operations.

#### *Environmental Risks*

All phases of mine operation or development are subject to governmental regulation including environmental regulation in the various jurisdictions in which they operate. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the mines and mineral properties owned or operated by entities in which Palisades has an interest. Also, unknown environmental hazards may exist on the properties at present which were caused by previous or existing owners or operators of the properties and which could impair the commercial success, levels of production and continued feasibility and project development and mining operations on these properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

#### *Government regulation, permits and authorizations*

The exploration and development activities related to mine operations are subject to extensive laws and regulations governing exploration, development, production, exports, taxes, labour standards, waste disposal, protection and remediation of the environment, reclamation, historic and cultural resources preservation, mine safety and occupational health, handling, storage and transportation of hazardous substances and other matters.

The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing specific mine operations in compliance with such laws and regulations are significant. It is possible that the costs and delays

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associated with compliance with such laws and regulations could become such that the owners or operators of mines or projects would not proceed with the development of, or continue to operate, a mine. Moreover, it is possible that future regulatory developments, such as increasingly strict environmental protection laws, regulations and enforcement policies thereunder and claims for damages to property and persons resulting from mining operations could result in substantial costs and liabilities for the owners or operators of mines or projects in the future such that they would not proceed with the development of, or continue to operate, a mine.

Government approvals, licences and permits are currently, and will in the future be, required in connection with Mining Operations. To the extent such approvals are required and not obtained, Mining Operations may be curtailed or prohibited from proceeding with planned operations, which could have an impact on the business and financial condition of Palisades. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Mining Operations, resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

#### *Permitting and access*

The operation of a mine or project is subject to receipt and maintenance of permits from appropriate governmental authorities. The mines and projects owned or operated by entities in which Palisades has an interest may be subject to delays in connection with obtaining access to the property and all necessary renewals of permits for existing operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of these properties, permits from appropriate governmental authorities may be required. There can be no assurance that the owners or operators of the mines or projects will continue to hold all permits necessary to develop or continue operating at any particular property.

#### *Infrastructure*

Natural resource exploration, development and mining activities are dependent on the availability of mining, drilling and related equipment in the particular areas where such activities are conducted. A limited supply of such equipment or access restrictions may affect the availability of such equipment to the owners and operators of mines or projects and may delay exploration, development or extraction activities. Certain equipment may not be immediately available or may require long lead time orders. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration, development or production at a mine or project. Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect operations at a mine or project.

#### *Dependence on operator's employees*

Production from the properties owned or operated by entities in which Palisades holds an interest depends on the efforts of operators' employees. There is competition for persons with mining expertise. The ability of the owners and operators of such properties to hire and retain geologists and persons with mining expertise is key to those operations. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in the jurisdictions in which those operations are conducted. Changes in such legislation or otherwise in the relationships of the owners and operators of such properties with their employees may result in strikes, lockouts or other work stoppages, any of which could have a material adverse effect on such operations.

If these factors cause the owners and operators of such properties to decide to cease production at one or more of the properties, such decision could have a material adverse effect on the business and financial condition of Palisades.



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#### *Risks related to mineral reserves and resources*

The mineral reserves and resources on properties owned by entities that Palisades holds or may hold an interest in are estimates only, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of minerals will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted by the owners or operators of the properties. Further, it may take many years from the initial phase of drilling before production is possible and, during that time, the economic feasibility of exploiting a discovery may change. Market price fluctuations of commodities, as well as increased production and capital costs or reduced recovery rates, may render the proven and probable reserves on properties owned and operated by entities in which Palisades holds an interest unprofitable to develop at a particular site or sites for periods of time or may render reserves containing relatively lower grade mineralization uneconomic. Moreover, short-term operating factors relating to the reserves, such as the need for the orderly development of ore bodies or the processing of new or different ore grades, may cause reserves to be reduced or not extracted. Estimated reserves may have to be recalculated based on actual production experience. The economic viability of a mineral deposit may also be impacted by other attributes of a particular deposit, such as size, grade and proximity to infrastructure; by governmental regulations and policy relating to price, taxes, royalties, land tenure, land use permitting, the import and export of minerals and environmental protection; and by political and economic stability.

Resource estimates in particular must be considered with caution. Resource estimates for properties that have not commenced production are based, in many instances, on limited and widely spaced drill holes or other limited information, which is not necessarily indicative of the conditions between and around drill holes. Such resource estimates may require revision as more drilling or other exploration information becomes available or as actual production experience is gained. Further, resources may not have demonstrated economic viability and may never be extracted by the operator of a property.

It should not be assumed that any part or all of the mineral resources on properties owned or operated by entities in which Palisades holds or may hold an interest in constitute or will be converted into reserves. Any of the foregoing factors may require operators to reduce their reserves and resources, which may have a material adverse effect on Palisades' business, results of operations and financial condition.

#### *Depleted mineral reserve replacement*

A mining company operating a specific mine will be required to replace and expand mineral reserves depleted by a mine's production to maintain production levels over a long-term. It is possible to replace depleted mineral reserves by expanding known ore bodies through exploration, locating new deposits or acquiring new mines or projects. Mineral exploration is highly speculative in nature. It can take several years to develop a potential site of mineralization. There is no assurance that current or future exploration programs conducted by mining issuers in which Palisades holds an interest will be successful in replacing mining depletion. There is a risk that the depletion of mineral reserves owned by issuers in which Palisades holds an interest will not be replenished by discoveries or acquisitions, which, over time, could reduce the value of Palisades' investment portfolio.

#### *Uninsured risks*

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. Mining companies may or may not maintain insurance in adequate amounts, including insurance for workers' compensation, theft, general liability, all risk property, automobile, directors and officer's liability and fiduciary liability and others. Such insurance, however, contains exclusions and limitations on coverage.

Accordingly, a mining company's insurance policies may not provide coverage for all losses related to their business (and may not cover environmental liabilities and losses). The occurrence of losses, liabilities or damage not covered by such insurance policies could have a material adverse effect on the mining companies' profitability, results of operations and financial condition.

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#### *Land title*

Although title to specific mines or projects may have been reviewed by or on behalf of Palisades in connection with its investment, no assurances can be given that there are no title defects affecting the properties and mineral claims owned or used by specific mines or projects. Companies may not have conducted surveys of the claims in which they hold direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. It is possible that a specific mine or project may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, mining companies may be unable to operate the specific mine or project as permitted or to enforce their rights with respect to that specific mine or project which may ultimately impair the value of Palisades' investment in such mining companies.

#### *First Nations land claims*

Certain mines or mineral properties owned and operated by entities in which the Company has an interest may now or in the future be the subject of First Nations land claims. The legal nature of First Nations land claims is a matter of considerable complexity. Additional uncertainty has arisen due to the decision of the Supreme Court of Canada in *Tsilhqot'in Nation v. British Columbia* (2014 SCC 44), which recognized the Tsilhqot'in Nation as holding aboriginal title to approximately 1,900 square kilometres of territory in the interior of British Columbia. This decision represents the first successful claim for aboriginal title in Canada and may lead other First Nations in British Columbia to pursue aboriginal title in their traditional land-use areas.

The impact of any such claim on the mineral properties of entities in which the Company has an interest cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of First Nations rights, by way of negotiated settlements or judicial pronouncements, affecting issuers in which the Company has an interest would not have an adverse effect on the value of the Company's investment portfolio or financial condition.

In addition, there is no assurance that any such issuer will be able to maintain practical working relationships with First Nations.

#### *Indigenous peoples*

Various international and national laws, codes, resolutions, conventions, guidelines, and other materials relate to the rights of indigenous peoples. Palisades holds interests in entities that own and operate mines or mineral properties located in areas presently or previously inhabited or used by indigenous peoples. There may be certain obligations on the government to consult with indigenous people regarding actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. From time to time, Palisades may hold interests in entities with properties that are subject to the opposition of one or more groups of indigenous people who oppose the operation, further development, or new development on such project. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression against the Company or the owner/operators' activities.

Opposition by indigenous people to such activities may require modification of or preclude operation or development of projects or may require the entering into of agreements with indigenous people. Claims and protests of indigenous people may disrupt or delay activities of the owners/operators of Palisades' equity interest.

#### *International interests*

The Company may from time to time make investments in entities with projects or properties located outside of Canada, and could be exposed to political, economic or other risks or uncertainties as a result. These types of risks or uncertainties may differ between countries and can include but are not limited to, terrorism, hostage taking, military repression, crime, political instability, currency controls, fluctuations in currency exchange rates, inflation rates, labour unrest, risk of war or civil unrest, expropriation and nationalization, renegotiation or nullification of mining or mineral concessions, licenses, permits, authorizations and contracts, illegal mining or mineral exploration, taxation

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changes, modifications, amendments or changes to mining and mineral laws, regulations, policies, and changes to government regulations in respect of foreign investment and mining.

Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect the operations or profitability of the Mining Operations in these countries. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, mine safety and the rewarding of contracts to local contractors or requiring foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation, cancellation or dispute of licenses or entitlements which could result in substantial costs, losses and liabilities in the future.

The occurrence of these various factors and uncertainties related to the economic and political risks for operations in foreign jurisdictions cannot be accurately predicted and could have an adverse effect on the Mining Operations resulting in substantial costs, losses and liabilities in the future.

#### *Permitting, construction and development*

Palisades may hold interests in entities with mines and projects that may be in various stages of permitting, construction, development and expansion. Construction, development and expansion of such mines or projects is subject to numerous risks, including, but not limited to: delays in obtaining equipment, materials, and services essential to completing construction of such projects in a timely manner; delays or inability to obtain all required permits; changes in environmental or other government regulations; currency exchange rates; labour shortages; and fluctuation in metal prices. There can be no assurance that the owners or operators of such mines or projects will have the financial, technical and operational resources to complete the permitting, construction, development and expansion of such mines or projects in accordance with current expectations or at all.

### **Critical Accounting Policies**

Refer to the most recent annual consolidated financial statements for description of accounting policies used by the Company. There have been no changes in accounting policies since December 31, 2021.

### **Critical accounting judgments, estimates and assumptions**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the consolidated financial statements are as follows:

(i) Determination of fair values

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements. The Company is also required to disclose details of its investments (and other financial assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements) within three hierarchy levels (Level 1, 2, or

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3) based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith.

#### 1) Publicly-traded investments (i.e., securities of issuers that are public companies)

Securities including shares, options, warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted bid prices at the statement of financial position dates or the closing trade price on the last day the security traded if there were no trades at the statement of financial position dates.

Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 10%. In determining the discount for such investments, the Company considers the nature and length of the restriction.

For options and warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, an option pricing model is used; if no such market inputs are available, the warrants and options are valued using alternative methods representing fair value, such as intrinsic value.

#### 2) Private company investments (securities of issuers that are not public companies)

All privately-held investments are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may be adjusted using one or more of the valuation indicators described below. These are included in Level 3 in Note 5 to the Company's consolidated financial statements for the year ended December 31, 2022. Options and warrants of private companies are valued using an option pricing model when there are sufficient and reliable observable market inputs; if no such market inputs are available, the warrants and options are valued using alternative methods representing fair value, such as intrinsic value.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

The absence of the occurrence of any of these events, any significant change in trends in general market conditions, or any significant change in share performance of comparable publicly-traded companies indicates generally that the fair value of the investment has not materially changed.

#### (ii) Income taxes

Provisions for 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 initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

#### (iii) Business combinations versus asset acquisition

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require the Company to make certain judgements as to whether or not the assets acquired and liabilities assumed include the inputs, substantive processes, and outputs necessary to constitute a business as defined in IFRS 3 – Business Combinations.

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Based on assessments of the relevant facts and circumstances, the Company concluded that the acquisition in Note 4 to the Company's consolidated financial statements did not meet the criteria of a business combination; therefore, the transactions were accounted for as asset acquisitions.

(iv) Determination of whether the Company has control of subsidiaries, joint control of joint arrangements or significant influence over investees

Determination of whether the Company has control of subsidiaries or joint control of joint arrangements requires an assessment of the activities of the investee that significantly affect the investee's returns, including strategic, operational and financing decision-making, appointment, remuneration and termination of the key management personnel and when decisions related to those activities are under the control of the Company or require unanimous consent from the investors.

(v) Impairment assessment for investments in associate

An associate is an entity over which the investor has significant influence but not control and that is neither a subsidiary nor an interest in a joint venture. Significant influence is presumed to exist where the Company has between 20% and 50% of the voting rights, but can also arise where the Company has less than 20%, if the Company has the power to participate in the financial and operating policy decisions affecting the entity. The Company's share of the net assets and net earnings or loss is accounted for in the consolidated financial statements using the equity method of accounting. Any distributions received from the associate reduce the carrying amount of the investment.

At each balance sheet date, management considers whether there is objective evidence of impairment in associates. The net investment in an associate is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment and that loss event or events have a negative impact on the estimated future cash flows from the net investment that can be reliably estimated. If there is such evidence, management determines the amount of impairment to record, if any, in relation to the associate.

Impairment write-downs recognized during the years ended December 31, 2022 and 2021 are described in Note 9 to the Company's consolidated financial statements for the year ended December 31, 2022.

(vi) Valuation of options granted

The fair value of share purchase options granted is determined at the issue date using the Black-Scholes option pricing model. The Black-Scholes model involves six key inputs to determine the fair value of an option, which are: risk-free interest rate, exercise price, market price at the grant date, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense. These estimates impact the values of share-based compensation expense and reserves.

### **Initial application of standards, interpretations and amendments to standards and interpretations in the reporting period**

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods on or after January 1, 2022, including amendments to IAS 16 Property, Plant and Equipment and IAS 37 Provisions, Contingent Liabilities and Contingent Assets – onerous contracts. The effect of such new accounting standards or amendments did not have a material impact on the Company and therefore the Company did not record any adjustments to its consolidated financial statements.

### **New and amended IFRS standards not yet effective**

Certain new accounting standards or interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards and interpretations are not expected to have a material impact on the Company's consolidated financial statements.

### **Financial Risk Management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

#### *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 is not exposed to significant credit risk on its cash and cash equivalents since they are placed with major financial institutions that have high credit ratings. The credit risk exposure of the Company's investments are represented by their values disclosed.

There have been no changes in management's methods for managing credit risk since December 31, 2021.

#### *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 in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company generates cash flow primarily from proceeds from the disposition of its investments and interest income. The Company invests in junior resource companies, which can at times be relatively illiquid. If the Company decides to dispose of securities of a particular issuer, it may not be able to do so at the time at favourable prices, or at all. Additionally, the amounts at which the Company's private company investments could be disposed of currently may differ from their carrying values since there is no active market to dispose of these investments. The Company has also relied on the issuance of shares to fund its activities and may require doing so again in the future.

There were no changes in management's methods for managing liquidity risk since December 31, 2021.

The Company has \$178,309 (December 31, 2021 - \$15,270,442) in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

#### *Market risk*

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is focused on junior companies in the resource and mining sector. Changes in the future pricing and demand of these commodities can have a material impact on the market value of the investments. The nature of such investments is normally dependent on the invested company being able to raise additional capital to further development and to determine the commercial viability of its resource properties. The value of each investment is also influenced by the outlook of the issuer and by general economic and political conditions.

Management mitigates the risk of loss resulting from this concentration by monitoring the trading value of the investments on a regular basis. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value.

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There were no changes in management's methods for managing market risk since December 31, 2021. The Company manages market risk by having a portfolio that is not singularly exposed to any one issuer, although the Company's investment activities are concentrated on junior companies in the resource and mining sector. The Company also requires approval from the board of directors for purchases of investments over a certain cost threshold. A 5% change in the future pricing and trading value of the Company's investments (with all other variables held constant) as at December 31, 2022, would change the value of investments with a corresponding change in total comprehensive (loss) income by \$902,493 (December 31, 2021 - \$4,443,952).

#### *(i) Interest rate risk*

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

#### *(ii) Foreign exchange risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company may have financial instruments denominated in foreign currencies such as the U.S. dollar and the Australian dollar. A change in the foreign exchange rate of the Canadian dollar versus another currency may increase or decrease the value of its financial instruments.

The Company does not hedge its exposure to fluctuations in foreign exchange rates.

There were no changes in management's methods for managing currency risk since December 31, 2021.

A 5% change in the exchange rate of the Company's investments held in foreign currencies relative to the Canadian dollar would change the value of investments with a corresponding change in total comprehensive (loss) income by \$63,504 (December 31, 2021 - \$1,634,154).

#### *Fair value*

The Company's financial assets consist of cash and cash equivalents, investments, interest and accounts receivable and convertible notes. The carrying values of cash and cash equivalents, investments, interest and accounts receivable, convertible notes and accounts payable approximate their fair values due to the short-term maturity of these financial instruments.

#### *Capital management*

The Company manages its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technology and products and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. The Company will require capital resources to carry its plans and operations through its current operating period. The Company is not subject to externally imposed capital requirements. There were no changes in management's approach to capital management during the nine months ended September 30, 2022.

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### **Cautionary Notes Regarding Forward-Looking Statements**

This MD&A contains forward looking statements which reflect management's expectations regarding the Company's future growth, results from operations (including, without limitation, statements about the Company's opportunities, strategies, competition, expected activities and expenditures as the Company pursues its business plan, the adequacy of the Company's available cash resources and other statements about future events or results), performance (both operational and financial) and business prospects, future business plans and opportunities. Wherever possible, words such as "predicts", "projects", "targets", "plans", "expects", "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative or grammatical variation thereof or other variations thereof, or comparable terminology have been used to identify forward-looking statements.

These forward-looking statements include, among other things, statements relating to; the Company's future business plans; expectations regarding the ability to raise further capital; the market price of gold; expectations regarding any environmental issues that may affect planned or future exploration and development programs and the potential impact of complying with existing and proposed environmental laws and regulations; the ability to retain and/or maintain any require permits, licenses or other necessary approvals for the exploration or development of its mineral properties; government regulation of mineral exploration and development operations; the Company's compensation policy and practices; the Company's expected reliance on key management personnel, advisors and consultants; effects of the novel COVID-19 outbreak as a global pandemic.

Forward-looking statements are not a guarantee of future performance and is based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, without limitation, assumptions about: the ability to raise any necessary additional capital on reasonable terms; future prices of gold and other metal prices; the timing and results of exploration and drilling programs; the demand for, and price of gold; that general business and economic conditions will not change in a material adverse manner; future currency exchange rates and interest rates; operating conditions being favourable such that the Company is able to operate in a safe, efficient and effective manner; the Company's ability to attract and retain skilled personnel; political and regulatory stability; the receipt of governmental, regulatory and third-party approvals, licenses and permits on favourable terms; obtaining required renewals for existing approvals, licenses and permits on favourable terms; requirements under applicable laws; sustained labour stability; stability in financial and capital goods markets; expectations regarding the level of disruption to exploration activities as a result of COVID 19; availability of equipment.

Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements.

Such risks include, without limitation: the Company may fail to find a commercially viable deposit at any of its mineral properties; there are no resources or mineral reserves on any of the properties in which the Company has an interest; the Company's plans may be adversely affected by the Company's reliance on historical data compiled by previous parties involved with its mineral properties; mineral exploration and development are inherently risky; the mineral exploration industry is intensely competitive; additional financing may not be available to the Company when required or, if available, the terms of such financing may not be favourable to the Company; fluctuations in the demand for gold; the Company may not be able to identify, negotiate or finance any future acquisitions successfully, or to integrate such acquisitions with its current business; the Company's exploration activities are dependent upon the grant of appropriate licenses, concessions, leases, permits and regulatory consents, which may be withdrawn or not granted; the Company's operations could be adversely affected by possible future government legislation, policies and controls or by changes in applicable laws and regulations; there is no guarantee that title to the properties in which the Company has a material interest will not be challenged or impugned; the Company faces various risks associated with mining exploration that are not insurable or may be the subject of insurance which is not commercially feasible for the



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Company; public health crises such as the COVID-19 pandemic may adversely impact the Company's business; the volatility of global capital markets over the past several years has generally made the raising of capital more difficult; compliance with environmental regulations can be costly; social and environmental activism can negatively impact exploration, development and mining activities; the success of the Company is largely dependent on the performance of its directors and officers; the Company's operations may be adversely affected by First Nations land claims; the Company and/or its directors and officers may be subject to a variety of legal proceedings, the results of which may have a material adverse effect on the Company's business; the Company may be adversely affected if potential conflicts of interests involving its directors and officers are not resolved in favour of the Company; the Company's future profitability may depend upon the world market prices of gold; there is no existing public market for the Company's securities and an active and liquid one may never develop, which could impact the liquidity of the Company's securities; dilution from future equity financing could negatively impact holders of the Company's securities; failure to adequately meet infrastructure requirements could have a material adverse effect on the Company's business; the Company's projects now or in the future may be adversely affected by risks outside the control of the Company; the Company is subject to various risks associated with climate change; other factors discussed under "*Risk and Uncertainties*".

Although the Company has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended.

The Company cautions that the foregoing lists of important assumptions and factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking statements contained herein. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as and to the extent required by applicable securities laws.

### **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

### **Proposed Transactions**

There are no proposed transactions at the date of this report.

### **Additional Information**

Additional information relating to the Company is available on its website at [www.palisades.ca](http://www.palisades.ca).