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**PALISADES GOLDCORP LTD.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2024 AND 2023**

*(Expressed in Canadian Dollars)*

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# Independent Auditor's Report

To the Shareholders and the Board of Directors of  
Palisades Goldcorp Ltd.

## Opinion

We have audited the financial statements of Palisades Goldcorp Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2024. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### **Impairment loss for investment in associate— Refer to Notes 2 and 6 to the financial statements**

#### *Key Audit Matter Description*

At each balance sheet date, management considers whether there is objective evidence that its investment in associates is impaired. Management applies significant judgment in the determination of whether there is objective evidence of impairment, including the assessment of one or more loss events that would evidence a significant or prolonged decline in the fair value of the investment in associates below its carrying value. During the year ended December 31, 2024, management identified impairment indicators on its investment in New Found Gold Corp. (the "Investment") and performed an impairment analysis to determine the recoverable amount. Given that the recoverable amount was lower than the carrying value of the investment, management recorded an impairment loss which is disclosed in Note 6.

There were significant judgments made in the determination of whether objective evidence of impairment existed in accordance with the applicable accounting standards and the determination of the Investment's recoverable amount. Performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to whether objective evidence of impairment existed

and the determination of the Investment's recoverable amount required a high degree of auditor judgment and an increased extent of audit effort.

### *How the Key Audit Matter Was Addressed in the Audit*

Our audit procedures related to the determination of whether objective evidence of impairment existed and the determination of the Investment's impairment amount to be recorded, included the following, among others:

- Assessed management's analysis of whether objective evidence of impairment existed, including the assessment of recent share price history and current market conditions; and
- Evaluated the reasonableness of management's determination that the market closing price represented the investment's recoverable amount.

### Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation

precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Macdonald.

/s/ Deloitte LLP

Chartered Professional Accountants  
Vancouver, British Columbia  
April 8, 2025

**PALISADES GOLDCORP LTD.**  
**Statements of Financial Position**  
*(Expressed in Canadian dollars)*

	Note	December 31, 2024 \$	December 31, 2023 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		207,497	838,113
Investments	4	4,118,241	7,724,605
Prepaid expenses and deposits		7,526	18,716
<b>Total current assets</b>		<b>4,333,264</b>	<b>8,581,434</b>
<b>Non-current assets</b>			
Investment in New Found Gold Corp.	6	112,370,841	218,399,205
Deferred transaction costs	15	492,798	-
<b>Total non-current assets</b>		<b>112,863,639</b>	<b>218,399,205</b>
<b>Total Assets</b>		<b>117,196,903</b>	<b>226,980,639</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	389,000	73,874
<b>Total current liabilities</b>		<b>389,000</b>	<b>73,874</b>
<b>Non-current liabilities</b>			
Deferred tax liability		22,559,332	52,153,364
<b>Total non-current liabilities</b>		<b>22,559,332</b>	<b>52,153,364</b>
<b>EQUITY</b>			
Share capital	8	32,520,798	32,716,793
Treasury shares	8	-	(195,995)
Contributed surplus	8	46,803,829	46,803,829
Retained earnings		14,923,944	95,428,774
<b>Total equity</b>		<b>94,248,571</b>	<b>174,753,401</b>
<b>Total Equity and Liabilities</b>		<b>117,196,903</b>	<b>226,980,639</b>

**NATURE OF OPERATIONS (Note 1)**  
**CONTINGENT LIABILITY (Note 12)**  
**SUBSEQUENT EVENTS (Note 15)**

These financial statements are authorized for issue by the Board of Directors on April 8, 2025. They are signed on the Company's behalf by:

"Gregor Gregersen" , Director

"Elizabeth Harrison" , Director

**PALISADES GOLDCORP LTD.**  
**Statements of Loss and Comprehensive Loss**  
*(Expressed in Canadian dollars)*

		Year ended December 31, 2024	Year ended December 31, 2023
	Note	\$	\$
<b>Income (loss)</b>			
Net investment losses	5	(2,123,780)	(10,963,992)
Dividend income		-	17,224
Interest income		8,361	69,530
Total loss		<u>(2,115,419)</u>	<u>(10,877,238)</u>
<b>Expenses (recoveries)</b>			
Consulting and salaries	7	953,840	1,100,105
Corporate development		133,472	165,463
Foreign exchange (gain) loss		(393)	3,988
Loss (gain) on dilution of equity investment	6	1,310,821	(369,824)
Loss from equity investment	6	16,946,782	21,020,996
Impairment loss on equity investment	6	72,218,184	19,562,087
Interest		3,493	-
Office and sundry		93,133	95,642
Professional fees		718,909	873,041
Share-based compensation	7,8	-	9,548,058
Transfer agent and regulatory fees		33,251	116,544
Travel		17,168	50,470
Total expenses		<u>92,428,660</u>	<u>52,166,570</u>
<b>Other loss</b>			
Settlement of legal claim	12	(15,554,783)	-
Total other loss		<u>(15,554,783)</u>	<u>-</u>
<b>Loss before income taxes</b>		<u>(110,098,862)</u>	<u>(63,043,808)</u>
<b>Income tax recovery</b>			
Current		-	-
Deferred	11	(29,594,032)	(14,381,905)
<b>Net loss and comprehensive loss for the year</b>		<u>(80,504,830)</u>	<u>(48,661,903)</u>
Loss per share – basic (\$)		(1.68)	(1.00)
Loss per share – diluted (\$)		(1.68)	(1.00)
Weighted average number of shares outstanding			
Basic	9	47,905,069	48,644,413
Diluted	9	47,905,069	48,644,413

*The accompanying notes are an integral part of these financial statements.*

**PALISADES GOLDCORP LTD.****Statements of Cash Flows***(Expressed in Canadian dollars)*

	Year ended December 31, 2024 \$	Year ended December 31, 2023 \$
<b>Cash flows from operating activities</b>		
Loss for the year	(80,504,830)	(48,661,903)
Items not affecting cash:		
Investment losses	2,123,780	10,973,690
Deferred income tax recovery	(29,594,032)	(14,381,905)
Impairment loss on equity investment	72,218,184	19,562,087
Loss (gain) on dilution of equity investment	1,310,821	(369,824)
Loss from equity investment	16,946,782	21,020,996
Share-based compensation	-	9,548,058
Settlement of legal claim	15,552,577	-
Adjustments for:		
Proceeds on disposal of investments	7,524,616	8,137,704
Purchases of investments	(6,042,032)	(6,792,702)
Decrease in interest receivable	-	33,300
Decrease (increase) in prepaid expenses and deposits	11,190	(5,326)
Increase (decrease) in accounts payable and accrued liabilities	315,126	(104,434)
(Increase) in deferred transaction costs	(492,798)	-
Net cash used in operating activities	(630,616)	(1,040,259)
<b>Cash flows from financing activities</b>		
Re-purchase of common shares	-	(3,511,843)
Net cash used in financing activities	-	(3,511,843)
<b>Net decrease in cash and cash equivalents</b>	(630,616)	(4,552,102)
Cash and cash equivalents at beginning of year	838,113	5,390,215
<b>Cash and cash equivalents at end of year</b>	207,497	838,113

**SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Note 10)***The accompanying notes are an integral part of these financial statements.*

**PALISADES GOLDCORP LTD.****Statement of Changes in Equity***(Expressed in Canadian dollars)*

	Number of shares	Amount \$	Treasury Shares \$	Contributed surplus \$	Retained earnings \$	<b>Total equity \$</b>
Balance at December 31, 2022	49,345,977	36,032,641	-	37,255,771	144,090,677	217,379,089
Shares re-purchased and cancelled (Note 8)	(1,342,000)	(3,315,848)	-	-	-	(3,315,848)
Shares re-purchased and not yet cancelled (Note 8)	-	-	(195,995)	-	-	(195,995)
Share-based compensation (Note 7,8)	-	-	-	9,548,058	-	9,548,058
Total comprehensive loss for the year	-	-	-	-	(48,661,903)	(48,661,903)
Balance at December 31, 2023	48,003,977	32,716,793	(195,995)	46,803,829	95,428,774	174,753,401
Shares cancelled (Note 8)	(100,000)	(195,995)	195,995	-	-	-
Total comprehensive loss for the year	-	-	-	-	(80,504,830)	(80,504,830)
Balance at December 31, 2024	47,903,977	32,520,798	-	46,803,829	14,923,944	94,248,571

*The accompanying notes are an integral part of these financial statements.*

## **PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **1. NATURE OF OPERATIONS**

Palisades Goldcorp Ltd. (the “Company”) was incorporated on August 30, 2019 as Palisades Acquisitions Corp. under the Business Corporations Act in the Province of British Columbia. The address of the Company’s registered office is 25<sup>th</sup> Floor, 700 West Georgia St., Vancouver, British Columbia V7Y 1B3. On September 24, 2019 the Company changed its name to Palisades Goldcorp Ltd. On February 6, 2023, the Company completed an initial public offering and listed on the TSX Venture Exchange (“TSXV”) as a Tier 2 issuer under the symbol “PALI”.

The Company is a resource investment company and merchant bank focused on junior companies in the resource and mining sector. The Company seeks to acquire equity participation in pre-IPO and early stage public resource companies with undeveloped or undervalued high-quality projects. The Company focuses on companies that are in need of financial resources to realize their full potential, are undervalued in capital markets and/or operate in jurisdictions with low to moderate local political risk.

### **2. BASIS OF PREPARATION**

#### **a) Statement of compliance**

The Company’s financial statements have been prepared in accordance with and using accounting policies in compliance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB) (“IFRS accounting standards”) effective for the Company’s reporting for the years ended December 31, 2024 and 2023.

#### **b) Basis of presentation**

The financial statements have been prepared on a historical cost basis, except for investments measured at fair value, and are presented in Canadian dollars.

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

The preparation of the financial statements in accordance with IFRS accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the 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 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 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 financial statements) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith (Note 4).

## **PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **2. BASIS OF PREPARATION (continued)**

#### **c) Critical accounting judgments, estimates and assumptions (continued)**

##### **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 non-standard 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. These are included in Level 1 in Note 4.

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. These are included in Level 2 in Note 4.

##### **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 4.

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.

The fair value of a privately-held investment may be adjusted if:

- i) there has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- ii) there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;

## **PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **2. BASIS OF PREPARATION (continued)**

#### **c) Critical accounting judgments, estimates and assumptions (continued)**

- iii) the investee company is placed into receivership or bankruptcy;
- iv) based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern; receipt/denial by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed/prohibit with its project(s);
- v) filing by the investee company of a National Instrument 43-101 technical report in respect of a previously noncompliant resource;
- vi) release by the investee company of positive/negative exploration results; and
- vii) important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately-held investment are based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that could be realized if a ready market existed. In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

#### **(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) Impairment assessment for investment 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 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, including one or more loss events that would evidence a significant or prolonged decline in the fair value of the investment in associate below its carrying value. 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.

## **PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **2. BASIS OF PREPARATION (continued)**

#### **e) Critical accounting judgments, estimates and assumptions (continued)**

##### **(iii) Impairment assessment for investment in associate (continued)**

The Company had significant influence over New Found during the years ended December 31, 2024 and 2023 and as a result has accounted for it as an investment in associate during these years. Impairment write-downs recognized during the years ended December 31, 2024 and 2023 are described in Note 6.

##### **(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.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies used in the preparation of these financial statements are set out below.

#### **a) Financial instruments**

##### **(i) Classification**

Financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest are measured at amortized cost at the end of the subsequent accounting periods.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in profit or loss for the period. Financial assets and liabilities classified at amortized cost are measured at amortized cost using the effective interest method.

The following table sets out the classifications of the Company's financial assets and liabilities:

<b>Financial assets/liabilities</b>	<b>Classification under IFRS 9</b>
Cash and cash equivalents	Amortized cost
Investments	FVTPL
Accounts payables	Amortized cost

## **PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

#### **a) Financial instruments (continued)**

IFRS accounting standard require an expected credit loss model for calculating the impairment of financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

##### **(i) Recognition, derecognition and measurement**

Purchases and sales of investments are recognized on the settlement date. Financial assets at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the statements of income and comprehensive income. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9, Financial Instruments (“IFRS 9”).

Subsequent to initial recognition, all investments are remeasured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the statements of income (loss) and comprehensive income (loss) within net investment gains or losses in the period in which they arise.

##### **(ii) Reclassification of investments**

The Company would only reclassify a financial asset when the Company changes its business model for managing the financial asset. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

There were no reclassifications of financial assets during the years ended December 31, 2024 and 2023.

##### **(iii) Fair value of investment in securities not quoted in an active market or private company investments**

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. This may include reference to company-specific information such as trends in general market conditions, recent observable financing activities, share performance of comparable publicly-traded companies, discounted cash flow modeling, evaluation of intellectual property or other factors that indicate a change in the circumstances of the business that would result in an upward or downward adjustment to fair value at the end of each reporting period. Refer to Note 4 for further details.

##### **(iv) Fair value of financial derivatives**

Investments in options and warrants that are not traded on a recognized securities exchange do not have a readily available market value. 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.

## **PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

#### **a) Financial instruments (continued)**

##### **(v) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. There was no offsetting of financial instruments as at December 31, 2024 and 2023.

#### **b) Investments in associates**

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 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, including one or more loss events that would evidence a significant or prolonged decline in the fair value of the investment in associate below its carrying value. 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.

The Company determined that it had significant influence over New Found during the years ended December 31, 2024 and 2023 and as a result accounted for it as an investment in associate during these years. Refer to Note 6 for further details.

#### **c) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and short-term investments with initial maturities of less than three months.

#### **d) Net investment gains or losses**

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statements of loss and comprehensive loss as part of net investment gains (losses).

Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the statements of loss and comprehensive loss as incurred.

## **PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

#### **e) Income taxes**

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

##### **(i) Current tax**

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

##### **(ii) Deferred tax**

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

#### **f) Earnings and loss per share**

The Company presents basic and diluted earnings and loss per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share does not adjust the earnings or loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

#### **g) Segment reporting**

A segment is a component of the Company that is distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company has a single reportable business segment, Canada.

#### **h) 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, 2024, including amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”, amendments to IFRS 16 “Leases”, and amendments to IAS 7 “Statement of Cash Flow” and IFRS 7 “Financial Instruments Disclosures”. 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 the financial statements.

## **PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

#### **i) 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 financial statements, except for IFRS 18 "Presentation and Disclosure in Financial Statements".

IFRS 18 includes requirements for all entities applying IFRS accounting standards for the presentation and disclosure of information in financial statements and has an effective date of January 1, 2027. The effects of the adoption of IFRS 18 on the Company's financial statements have not yet been determined.

### **4. FINANCIAL INSTRUMENTS HIERARCHY AND INVESTMENTS**

The Company's financial assets and liabilities are measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's investments according to the fair value hierarchy are as follows as at December 31, 2024:

<b>Investments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Equities	2,796,076	-	-	2,796,076
Warrants	-	1,322,165	-	1,322,165
<b>Total Investments</b>	<b>2,796,076</b>	<b>1,322,165</b>	<b>-</b>	<b>4,118,241</b>
Investments denominated in foreign currencies	-	-	-	-

## PALISADES GOLDCORP LTD.

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars Unless Otherwise Noted)

### 4. FINANCIAL INSTRUMENTS HIERARCHY AND INVESTMENTS (continued)

The Company's investments according to the fair value hierarchy are as follows as at December 31, 2023:

<b>Investments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
	\$	\$	\$	\$
Equities	3,801,120	-	1,993,438	5,794,558
Warrants	21,750	1,908,297	-	1,930,047
<b>Total Investments</b>	<b>3,822,870</b>	<b>1,908,297</b>	<b>1,993,438</b>	<b>7,724,605</b>
Investments denominated in foreign currencies	19,606	-	-	19,606
% of investments denominated in foreign currencies	1.0%	-	-	0.5%

There were no movements between levels during the years ended December 31, 2024 and 2023.

Warrants held by the Company are classified at fair value through profit or loss, with any gains or losses arising on remeasurement recognized in profit or loss. Within Level 2, the Company includes warrants that do not have a quoted market price and are valued using a Black-Scholes option pricing model using assumptions including risk free interest rate, expected dividend yield, expected volatility and expected remaining life of the warrant which are supported by observable market conditions. The use of reasonably possible alternative assumptions would not significantly affect the Company's results.

Within Level 3, the Company includes private company investments which are not quoted on an exchange. The key assumptions used in the valuation of these investments include, but are not limited to, the value at which a recent financing was done by the investee, company-specific information, review of adjusted net book values, liquidation analysis, trends in general market conditions, the share performance of comparable publicly-traded companies and a strategic review. A +/- 10% change on the fair value of these investments will result in a corresponding +/- \$Nil (December 31, 2023 - \$199,344) change to the total fair value of these investments. The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments.

Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

The following tables represent the changes in fair value measurements of financial instruments.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Balance, December 31, 2023	\$ 3,822,870	\$ 1,908,297	\$ 1,993,438	\$ 7,724,605
Purchases of equities	5,841,931	-	-	5,841,931
Purchases of special warrants	-	200,100	-	200,100
Sales of equities	(7,624,030)	-	-	(7,624,030)
Exercises and sales of warrants	1,451,322	(1,004,932)	-	446,390
Net unrealized gains (losses) and foreign exchange gains (losses)	(696,017)	218,700	(1,993,438)	(2,470,755)
Balance, December 31, 2024	\$ 2,796,076	\$ 1,322,165	\$ -	\$ 4,118,241

**PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)***4. FINANCIAL INSTRUMENTS HIERARCHY AND INVESTMENTS (continued)**

	Level 1	Level 2	Level 3	Total
Balance, December 31, 2022	\$ 8,448,836	\$ 9,601,024	\$ -	\$ 18,049,860
Purchases of equities	6,792,702	-	-	6,792,702
Sales of equities	(10,111,368)	-	-	(10,111,368)
Reclassified from assets held for distribution	-	-	1,993,438	1,993,438
Exercises and sales of warrants	1,215,883	(2,851,307)	-	(1,635,424)
Net unrealized losses and foreign exchange losses	(2,523,183)	(4,841,420)	-	(7,364,603)
Balance, December 31, 2023	\$ 3,822,870	\$ 1,908,297	\$ 1,993,438	\$ 7,724,605

**(i) Equities Held**

	Quantity	Fair Value December 31, 2024 \$
GoGold Resources Inc.	350,000	388,500
Impact Silver Corp.	2,177,000	457,170
Minera Alamos Inc.	1,000,000	250,000
Southern Silver Exploration Corp.	1,500,000	277,500
Other <sup>1</sup>		1,422,906
Total equities held		2,796,076

	Quantity	Fair Value December 31, 2023 \$
Labrador Gold Corp.	8,520,000	1,235,400
Golden Planet Mining Corp.	13,289,586	1,993,438
Other <sup>1</sup>		2,565,720
Total equities held		5,794,558

1. Aggregate of all equity investments held with individual fair values of less than \$0.2 million (2023 - \$1 million).

**(ii) Warrants Held**

	Quantity	Fair Value December 31, 2024 \$
Provenance Gold Corp.	1,528,444	214,633
Other <sup>2</sup>		1,107,531
Total warrants held <sup>1</sup>		1,322,165

## PALISADES GOLDCORP LTD.

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars Unless Otherwise Noted)

### 4. FINANCIAL INSTRUMENTS HIERARCHY AND INVESTMENTS (continued)

	Quantity	Fair Value December 31, 2023 \$
Goliath Resources Inc.	1,800,000	1,082,730
Other <sup>2</sup>		847,317
Total warrants held <sup>1</sup>		1,930,047

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 \$0.2 million (2023 - \$1 million).

### 5. NET INVESTMENT GAINS (LOSSES)

Net investment gains (losses) consist of the following:

	Year ended December 31, 2024	Year ended December 31, 2023
Net realized gains (losses) on disposal of investments	\$ 346,975	\$ (3,599,389)
Net change in unrealized losses on investments	(2,470,755)	(7,364,603)
<b>Net investment losses</b>	<b>\$(2,123,780)</b>	<b>\$(10,963,992)</b>

### 6. INVESTMENT IN NEW FOUND GOLD

As at December 31, 2024, the investment in New Found Gold Corp. ("New Found") represented 21.64% (2023 – 25.03%) of New Found's issued and outstanding common shares and the companies had a director and officer in common, being the Director and Executive Chairman of the Company.

The following table illustrates the summarised financial information of the Company's investment in New Found as at December 31, 2024 and 2023:

	December 31, 2024 \$	December 31, 2023 \$
<b>Summarised Statement of Financial Position</b>		
Current assets	29,751,410	62,375,526
Non-current assets	496,883,102	829,397,913
Current liabilities	(7,378,986)	(19,007,634)
Non-current liabilities	(69,320)	(68,839)
Net Assets	519,186,206	872,696,966
The Company's ownership interest	21.64%	25.03%
Share of New Found's net assets	112,370,841	218,399,205
<b>Summarised Statement of Loss and Comprehensive Loss</b>		
Revenues	-	-
Loss from continuing operations	(75,680,651)	(80,319,341)
Post-tax loss from discontinued operations	-	-
Net loss and comprehensive loss for year	(75,680,651)	(80,319,341)
Share of New Found's loss for the years ended December 31, 2024 and 2023	(16,946,782)	(21,020,996)

## PALISADES GOLDCORP LTD.

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars Unless Otherwise Noted)

### 6. INVESTMENT IN NEW FOUND GOLD (continued)

The Company performs an impairment assessment on its investment in New Found at each period end. The assessment is based on the review of the recent share price history, review of the industry statistics and assessment of the current market conditions. At December 31, 2024, it was concluded that the investment in New Found is impaired and should be written-down to its estimated fair value of at December 31, 2024 of \$112,379,841 (2023 - \$218,399,205). During the year ended December 31, 2024, the Company recognized an impairment write-down on its investment in New Found of \$72,218,184 (2023 - \$19,562,087), which was included in the loss and comprehensive loss for the year.

The following table illustrates the movement in investment in associate for the years ended December 31, 2024 and 2023:

<b>Net Carrying amount – December 31, 2022</b>	<b>\$ 258,612,464</b>
Share of loss from operations of associate	(21,020,996)
Gain on dilution of equity interest	369,824
Impairment loss	(19,562,087)
<b>Net Carrying amount – December 31, 2023</b>	<b>\$ 218,399,205</b>
Transferred in settlement of legal claim (Note 12)	(15,552,577)
Share of loss from operations of associate	(16,946,782)
Loss on dilution of equity interest	(1,310,821)
Impairment loss	(72,218,184)
<b>Net Carrying amount – December 31, 2024</b>	<b>\$ 112,370,841</b>

The estimated fair value of investment in New Found was \$112,370,841 at December 31, 2024 (2023 - \$218,399,205).

### 7. RELATED PARTY BALANCES AND 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:

#### *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, 2024</b>	<b>Position</b>	<b>Consulting</b>	<b>Bonus</b>	<b>compensation</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	Chairman and Chief				
Collin Kettell	Executive Officer	330,000	-	-	330,000
Bassam Moubarak	Chief Financial Officer	270,000	-	-	270,000
Gregor Gregersen	Non-executive director	82,000	-	-	82,000
Elizabeth Harrison	Non-executive director	82,000	-	-	82,000
William Hayden	Former non-executive director	66,000	-	-	66,000
<b>Total</b>		<b>830,000</b>	<b>-</b>	<b>-</b>	<b>830,000</b>

## PALISADES GOLDCORP LTD.

Notes to the Financial Statements

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(Expressed in Canadian Dollars Unless Otherwise Noted)

### 7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Year ended December 31, 2023	Position	Salaries and Consulting \$	Bonus \$	Share-based compensation \$	Total \$
	Chairman and Chief Executive Officer				
	Collin Kettell	330,000	82,500	6,875,238	7,287,738
	Bassam Moubarak	270,000	67,500	2,386,446	2,723,946
	Gregor Gregersen	72,000	-	95,458	167,458
	Elizabeth Harrison	72,000	-	95,458	167,458
	Former non-executive director				
	William Hayden	72,000	-	95,458	167,458
	Total	816,000	150,000	9,548,058	10,514,058

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.

At December 31, 2024, included in accounts payable and accrued liabilities was \$20,000 payable to directors for directors' fees (December 31, 2023 - \$Nil) and \$2,538 payables to the Chairman and Chief Executive Officer for expense reimbursements (December 31, 2023 - \$1,970).

On February 1, 2023, the Company granted 4,201,000 stock options to directors and officers with an exercise price of \$4.20 per share for a period of five years (see Note 8). The options vested immediately.

### 8. SHARE CAPITAL

#### *Authorized Share Capital*

At December 31, 2024 and 2023, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

#### *Details of Common Shares Issued/Re-Purchased in 2024 and 2023*

There were no shares issued during the years ended December 31, 2024 and 2023.

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 and remained valid until September 30, 2024.

During the year ended December 31, 2023, the Company repurchased 1,442,000 of its previously issued and outstanding common shares at a weighted-average price of \$2.44 per common share for a total price of \$3,511,843. Out of 1,442,000 re-purchased common shares, 1,342,000 were returned to treasury and cancelled, with the remaining 100,000 shares cancelled during the year ended December 31, 2024.

**PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)***8. SHARE CAPITAL (continued)***Warrants*

The continuity of warrants for the year ended December 31, 2024 is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2023	Issued	Exercised	Cancelled/ Expired	Outstanding December 31, 2024
October 11, 2024	\$2.48	356,983	-	-	(356,983)	-
		356,983	-	-	(356,983)	-
Weighted average exercise price \$		2.48	-	-	2.48	-
Weighted average contractual remaining life (years)		0.78	-	-	-	-

The continuity of warrants for the year ended December 31, 2023 is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2022	Issued	Exercised	Cancelled/ Expired	Outstanding December 31, 2023
October 11, 2024	\$2.48	356,983	-	-	-	356,983
November 19, 2023	\$2.81	157,087	-	-	(157,087)	-
		514,070	-	-	(157,087)	356,983
Weighted average exercise price \$		2.59	-	-	2.81	2.48
Weighted average contractual remaining life (years)		1.51	-	-	-	0.78

*Stock Option Plan*

The Company has 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.

*Stock Options*

The continuity of stock options for the year ended December 31, 2024 is as follows is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2023	Issued	Exercised	Cancelled/ Expired	Outstanding December 31, 2024
February 1, 2028	\$4.20	4,201,000	-	-	-	4,201,000
		4,201,000	-	-	-	4,201,000
Weighted average exercise price \$		4.20	-	-	-	4.20
Weighted average contractual remaining life (years)		4.09	-	-	-	3.09

## PALISADES GOLDCORP LTD.

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars Unless Otherwise Noted)

### 8. SHARE CAPITAL (continued)

The continuity of stock options for the year ended December 31, 2023 is as follows is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2022	Issued	Exercised	Cancelled/ Expired	Outstanding December 31, 2023
May 21, 2026	\$10.60	732,812	-	-	(732,812)	-
February 1, 2028	\$4.20	-	4,201,000	-	-	4,201,000
		732,812	4,201,000	-	(732,812)	4,201,000
Weighted average exercise price \$		10.60	4.20	-	10.60	4.20
Weighted average contractual remaining life (years)		3.39	5.00	-	-	4.09

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Year ended December 31, 2023
Risk-free interest rate	2.93%
Expected option life in years	5.0
Expected share price volatility(i)	84.59%
Grant date share price (ii)	\$3.50
Grant date fair value	\$2.27
Expected forfeiture rate	-
Expected dividend yield	Nil

(i) The expected share price volatility is based on the average historical share price of comparable companies over the life of the options.

(ii) The grant date share price has been estimated based on the market price of the Company's shares right after completion of the IPO in February 2023.

### 9. BASIC AND DILUTED EARNINGS (LOSS) PER COMMON SHARE

Diluted loss per common share did not include the effect of Nil (2023 - 100,000) common shares held by the Company as treasury stock. Diluted loss per common share at December 31, 2024 did not include the effect of 4,201,000 (2023 - 4,201,000) stock options and Nil (2023 - 356,983) warrants outstanding as their effect was anti-dilutive.

## PALISADES GOLDCORP LTD.

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars Unless Otherwise Noted)

### 10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Year ended December 31, 2024	Year ended December 31, 2023
	\$	\$
Non-cash investing and financing activities:		
Investments in shares of NewFound Gold transferred on settlement of legal claim (Note 12)	15,552,577	-
Investments in shares of Golden Planet added on reclassification from assets held for distribution	-	1,993,438
Cash received for interest	8,361	69,530
Cash paid for interest	3,493	-

### 11. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial income tax expense and pre-tax net profit is as follows:

	2024	2023
	\$	\$
Income before income taxes	<u>(110,098,862)</u>	<u>(63,043,808)</u>
Combined federal and provincial statutory income tax rate	<u>27.00%</u>	<u>27.00%</u>
Expected income tax	(29,726,693)	(17,021,828)
Non-deductible expenditures	3,062	2,471,326
Change in estimate	(4,651)	41
Change in deferred tax assets not recognized	-	-
Other	134,250	68,556
Income tax recovery	<u>(29,594,032)</u>	<u>(14,381,905)</u>

Deferred taxes reflect the net tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	2024	2023
	\$	\$
Deferred income tax liabilities		
Investments, including investment in associate	(28,094,165)	(56,768,124)
Investments held for distribution	-	-
Deferred income tax assets		
Non-capital losses carryforward	5,488,408	4,523,327
Other	46,425	91,433
Net deferred tax liability	<u>(22,559,332)</u>	<u>(52,153,364)</u>

As at December 31, 2024, the Company has Canadian non-capital loss carry forwards of \$20,327,438 (2023 - \$16,753,063) which may be carried forward and applied against future income for Canadian income tax purposes, subject to final determination by tax authorities, expiring between 2041 and 2044.

## **PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **12. SETTLEMENT OF LEGAL CLAIM**

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 (the “ThreeD Claim”) against Collin Kettell, New Found and the Company (the “Defendants”). 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 Mr. Kettell and the Company, (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 September 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 had a mediation meeting on October 3, 2023, but were unable to settle the case.

On June 5, 2024, the Company entered into a settlement agreement, according to which the Company agreed to transfer 3,380,000 common shares of New Found with a total estimated fair value of \$15,987,400 to ThreeD and 131, and New Found agreed to issue 370,000 common shares to ThreeD and 131. The carrying value of 3,380,000 New Found shares transferred by the Company to Three D and 131 was \$15,552,577. The Company recognized a settlement of legal claim expense of \$15,554,783, which was comprised of the total value of shares transferred of \$15,987,400, legal and filing fees of \$2,205, offset by a gain on transfer of New Found shares of \$434,823, and included in the loss and comprehensive loss for the year ended December 31, 2024.

The settlement agreement resolves the litigation between ThreeD, 131, Palisades and the Company completely, does not include any admission of liability, and provides for fulsome releases by ThreeD and 131.

## **PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **13. FINANCIAL RISK MANAGEMENT**

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

#### *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 is represented by their values disclosed. There have been no changes in management's methods for managing credit risk since December 31, 2023.

#### *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, 2023.

At December 31, 2024, the Company has \$389,000 (December 31, 2023 - \$73,874) in accounts payable and accrued liabilities and cash of \$207,497 (December 31, 2023 - \$838,113) which is available to discharge these liabilities. Subsequent to December 31, 2024, the Company completed a non-brokered private placement financing consisting of 1,436,365 common shares of the Company at a price of \$1.74 per common share for aggregate gross proceeds of \$2,499,275 (Note 15). Proceeds from the non-brokered private placement will be used for general working capital purposes.

#### *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.

There were no changes in management's methods for managing market risk since December 31, 2023. 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.

## **PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

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*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **13. FINANCIAL RISK MANAGEMENT (continued)**

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, 2024, would change the Company's total comprehensive income (loss) by \$205,912 (December 31, 2023 - \$386,230).

*(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, 2023.

A 5% change in the exchange rate of the Company's investments held in foreign currencies relative to the Canadian dollar would change the Company's total comprehensive income (loss) by \$Nil (December 31, 2023 - \$980).

### **14. 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 its investment strategies, growth initiatives 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 since the year ended December 31, 2023.

## **PALISADES GOLDCORP LTD.**

Notes to the Financial Statements

For the Years ended December 31, 2024 and 2023

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **15. SUBSEQUENT EVENTS**

#### *Acquisition of Radio Fuels*

On February 6, 2025, the Company completed acquisition of all of the issued and outstanding shares of Radio Fuels Energy Corp. (“Radio Fuels”) by way of a plan of arrangement under the Canada Business Corporations Act. Under the terms of the arrangement agreement, each Radio Fuels share was exchanged for 0.060538 of the Company’s common share, which resulted in the Company issuing 15,127,294 of its common shares to former shareholders of Radio Fuels with a total fair value of \$30,254,822. In addition, each Radio Fuels warrant is now exercisable for 0.060538 of the Company’s share. The Palisades Warrants began trading on the TSX Venture Exchange on February 10, 2025 under the symbol “PALI.WT”. As a result of the acquisition, the Company obtained control over Radio Fuels assets, including its investment portfolio and mineral property portfolio. The Company has determined that this transaction represents an asset acquisition.

At December 31, 2024, the Company incurred \$492,798 in legal fees in connection with the acquisition. These costs were included in deferred transaction costs in the statement of financial position as at December 31, 2024.

On February 20, 2025, Radio Fuels changed its name to Palisades Investments Ltd.

#### *\$2.5 Million Non-Brokered Private Placement*

On March 4, 2025, the Company completed a non-brokered private placement financing consisting of 1,436,365 common shares of the Company at a price of \$1.74 per common share for aggregate gross proceeds of \$2,499,275. Proceeds from the non-brokered private placement will be used for general working capital purposes.