PALISADES GOLDCORP LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

(Expressed in Canadian Dollars)

Deloitte LLP
410 W. Georgia Street
Vancouver BC V6B 0S7
Canada

Tel: 604-669-4466
Fax: 604-685-0395
www.deloitte.ca

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Palisades Goldcorp Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income (loss) and comprehensive income (loss), cash flows and changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 consolidated financial statements for the year ended December 31, 2022. This matter was addressed in the context of our audit of the consolidated 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 9 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 are 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. At June 30, 2022, the Company determined that there was objective evidence of impairment relating to its investment in New Found Gold Corp. (the "Investment") and an impairment analysis was performed to determine the fair value, resulting in the recognition of an impairment loss of $137 million. There were no additional impairment losses recorded during the year ended December 31, 2022.

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 fair value. 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 fair value 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 fair value, 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;

- Evaluated the reasonableness of management's determination that the market closing price represented the Investment's fair value.

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, 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance 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 consolidated 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 18, 2023

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

	Note	December 31, 2022 $	December 31, 2021 $
ASSETS			
Current assets			
Cash and cash equivalents		5,390,215	8,423,997
Investments	5	18,049,860	88,879,044
Assets held for distribution	8	1,993,438	18,506,494
Interest receivable		33,300	75,000
Prepaid expenses and deposits		13,390	2,668
Convertible notes		-	500,000
Total current assets		25,480,203	116,387,203
Non-current assets			
Investment in New Found Gold Corp.	9	258,612,464	418,166,497
Other assets		-	50,000
Total non-current assets		258,612,464	418,216,497
Total Assets		284,092,667	534,603,700
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	178,309	15,270,442
Liability held for sale	4(iii)	-	34,018
Total current liabilities		178,309	15,304,460
Non-current liabilities			
Deferred tax liability	15	66,535,269	125,332,492
Total non-current liabilities		66,713,578	125,332,492
EQUITY			
Share capital	11	36,032,641	92,278,940
Treasury shares	11	-	(27,724,559)
Contributed surplus		37,255,771	37,255,814
Retained earnings		144,090,677	292,169,218
Equity attributable to owners of the Company		217,379,089	393,979,413
Non-controlling interests		-	(12,665)
Total equity		214,793,089	393,966,748
Total Equity and Liabilities		284,092,667	534,603,700

NATURE OF OPERATIONS (Note 1)
CONTINGENT LIABILITY (Note 16)
SUBSEQUENT EVENTS (Note 19)

These consolidated financial statements are authorized for issue by the Board of Directors on April 18, 2023. They are signed on the Company's behalf by:

"Gregor Gregersen" , Director

"*Elizabeth Harrison*" , Director

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

	Note	Year ended December 31, 2022	Year ended December 31, 2021
		$	$
Income (loss)			
Net investment (losses) gains	6	(46,327,438)	7,581,247
Dividend income		107,062	-
Interest income		73,936	269,047
Total (loss) income		(46,146,440)	7,850,294
Expenses			
Consulting and salaries	10	1,294,515	20,989,469
Corporate development		153,339	1,388,775
Depreciation		-	236,835
Exploration	7	2,672	27,212,881
Foreign exchange loss (gain)		392,495	(138,491)
Gain on dilution of equity investment	9	(478,018)	(990,728)
Loss from equity investment	9	24,938,130	17,894,424
Impairment loss on equity investment	9	136,843,921	145,147,463
Interest		504	14,722
Office and sundry		155,611	442,335
Professional fees		1,351,623	2,420,546
Share-based compensation of parent	11	-	37,255,771
Share-based compensation of subsidiaries	11	-	7,135,516
Transfer agent and regulatory fees		8,925	232,574
Travel		26,842	137,272
Total expenses		164,690,559	259,379,364
Other income (loss)			
Gain on loss of control of New Found Gold Corp.	4(ii)	-	576,422,615
Gain on loss of control of Golden Planet Mining Corp.	4(iv)	-	4,354,287
Gain on loss of control of Radio Fuels Resources Corp.	4(i)	-	14,784,668
Gain on loss of control of Godzilla Gold Corp.	4(iii)	2,670,118	-
Gain on distribution of Nevada King Gold Corp. shares	4(i)	-	17,414,416
Gain on distribution of Mexican Gold Mining Corp. shares	4(i)	-	3,797
Impairment loss on other assets		(50,000)	-
Impairment loss on convertible notes		(587,329)	(1,630,314)
Recovery of loans previously written-off		1,846,539	-
Amortization of flow-through premium	14	-	1,577,727
Total other income		3,879,328	612,927,196
(Loss) income before income taxes		(206,957,671)	361,398,126
Income tax (recovery) expense			
Current		-	-
Deferred	15	(58,797,223)	103,568,843
Net (loss) income and comprehensive (loss) income for the year		(148,160,448)	257,829,283
Net (loss) income and comprehensive (loss) income for the year attributable to:			
Owners of the Company		(148,078,541)	262,926,596
Non-controlling interests		(81,907)	(5,097,313)
		(148,160,448)	257,829,283
(Loss) earnings per share – basic ($)		(3.00)	5.18
(Loss) earnings per share – diluted ($)		(3.00)	5.13
Weighted average number of shares outstanding			
Basic	12	49,345,977	50,782,758
Diluted	12	49,345,977	51,296,828

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

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

	Year ended December 31, 2022 $	Year ended December 31, 2021 $
Cash flows from operating activities		
Income (loss) for the year	(148,160,448)	257,829,283
Items not affecting cash:		
Investment losses (gains)	47,948,710	(5,615,584)
Impairment loss on convertible notes	587,329	1,630,314
Impairment loss on other assets	50,000	-
Depreciation	-	236,835
Deferred income tax expense	(58,797,223)	103,568,843
(Gain) on loss of control of New Found Gold Corp. (Note 4(ii))	-	(576,422,615)
(Gain) on loss of control of Golden Planet Mining Corp. (Note 4(iv))	-	(4,354,287)
(Gain) on loss of control of Radio Fuels Resources Corp. shares (Note 4(i))	-	(14,784,668)
(Gain) on distribution of Nevada King Gold Corp. shares (Note 4(i))	-	(17,414,417)
(Gain) on distribution of Mexican Gold Mining Corp. shares (Note 4(i))	-	(3,797)
Gain on loss of control of Godzilla Gold Corp. (Note 4(iii))	(2,670,118)	-
Impairment loss on equity investment	136,843,921	145,147,463
Interest expense	-	2,876
(Gain) on dilution of equity investment	(478,018)	(990,728)
Loss from equity investment	24,938,130	17,894,424
Amortization of flow-through share premium	-	(1,577,727)
Share-based compensation	-	44,391,287
Unrealized foreign exchange loss	-	5,319
Adjustments for:		
Proceeds on disposal of investments	16,546,811	70,922,316
Purchases of investments	(4,914,395)	(50,987,952)
(Increase) in sales tax receivable and other receivables	-	(2,297,478)
(Increase) in interest receivable	(45,629)	(198,867)
(Increase) decrease in prepaid expenses and deposits	(10,721)	1,197,874
(Decrease) in accounts payable and accrued liabilities	(14,872,131)	(10,879,106)
Net cash used in operating activities	(3,033,782)	(42,700,392)
Cash flows from investing activities		
Purchases of property and equipment	-	(1,344,852)
Cash of subsidiaries lost on loss of control of subsidiaries (Note 4)	-	(56,436,648)
Reclamation bonds	-	(418,457)
Net cash used in investing activities	-	(58,199,958)
Cash flows from financing activities		
Capital provided by others who have interests in subsidiaries	-	41,545,882
Issuance of common shares on exercise of warrants	-	3,261,119
Share issuance costs	-	(11,127)
Lease payments of subsidiary	-	(46,124)
Interest expense paid on lease liabilities	-	(2,876)
Net cash generated from financing activities	-	44,746,874
Foreign exchange on cash	-	99,967
Net decrease in cash and cash equivalents	(3,033,782)	(56,153,476)
Cash and cash equivalents at beginning of year	8,423,997	64,477,506
Cash and cash equivalents at end of year	5,390,215	8,423,997

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Note 13)

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

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

	Number of shares	Amount $	Treasury Shares $	Contributed surplus $	Retained earnings $	Total $	Non-controlling interest $	**Total equity $**
Balance at December 31, 2020	61,799,616	134,359,956	(27,361,493)	12,581,912	29,242,622	148,822,997	48,458,063	**197,281,060**
Shares issued pursuant to share exchanges (Note 10)	1,706,763	363,066	(363,066)	-	-	-	-	**-**
Shares issued on exercise of warrants (Note 10)	1,061,934	3,261,119	-	-	-	3,261,119	-	**3,261,119**
Share issuance costs	-	(11,127)	-	-		(11,127)	-	**(11,127)**
Share-based compensation in parent (Note 10)	-	-	-	37,255,771	-	37,255,771	-	**37,255,771**
Subsidiary share issuances and capital transactions	-	-	-	6,914,584	-	6,914,584	39,368,801	**46,283,385**
Loss of control of New Found Gold Corp. (Note 4(ii))	-	-	-	(25,536,651)	-	(25,536,651)	(66,774,770)	**(92,311,421)**
Loss of control of Golden Planet Mining Corp. (Note 4(iv))	-	-	-	(1,005,562)	-	(1,005,562)	(3,929,087)	**(4,934,649)**
Distribution of Nevada King Gold Mining Ltd. shares (Note 4(i))	-	(25,971,734)	-	4,303,807	-	(21,667,927)	(11,807,638)	**(33,475,565)**
Distribution of Mexican Gold Mining Corp. shares (Note 4(i))	-	(2,861,919)	-	3,199,585	-	337,666	(118,521)	**219,145**
Distribution of Mainstream shares (Note 4(i))	-	(16,860,421)	-	(457,632)	-	(17,318,053)	(112,200)	**(17,430,253)**
Total comprehensive income (loss) for the year	-	-	-	-	262,926,596	262,926,596	(5,097,313)	**257,829,283**
Balance at December 31, 2021	64,568,313	92,278,940	(27,724,559)	37,255,814	292,169,218	393,979,413	(12,665)	**393,966,748**
Distribution of shares of Nevada King (Note 8)	-	(2,321,992)	-		-	(2,321,992)	-	**(2,321,992)**
Distribution of shares of GoldSpot Discoveries Corp. (Note 8)	-	(8,388,859)	-		-	(8,388,859)	-	**(8,388,859)**
Sale of Godzilla Gold Corp. (Note 4(iii))	-	-	-	(43)	-	(43)	94,572	**94,529**
Shares received on exchange of Silver Bullion SG shares (Note 5, 11)	-	-	(17,810,889)	-	-	(17,810,889)	-	**(17,810,889)**
Shares returned to treasury and cancelled (Note 11)	(2,254,761)	(17,810,889)	17,810,889	-	-	-	-	-
Shares returned to treasury on amalgamation with 1338072 BC Ulc and cancelled (Note 11)	(12,967,575)	(27,724,559)	27,724,559	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	(148,078,541)	(148,078,541)	(81,907)	**(148,160,448)**
Balance at December 31, 2022	49,345,977	36,032,641	-	37,255,771	144,090,677	217,379,089	-	**217,379,089**

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

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 700 West Georgia Street, 25th Floor, Vancouver, British Columbia, Canada, 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" (see Note 19).

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.

In March 2020, the COVID-19 pandemic has caused significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. In late February 2022, Russia launched a large scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West, including Canada. Consequently, the Company has limited access to capital and financing which is the primary source of cash for the Company. While the Company continues to monitor the investment portfolio and assess the impact that these events will have on its business activities, the extent of the effect of these events on the Company's future activities is uncertain.

2. BASIS OF PREPARATION

a) Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies in compliance with the International Financial Reporting Standards ("IFRS") effective for the Company's reporting for the years ended December 31, 2022 and 2021.

b) Basis of presentation

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

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries at December 31, 2022 as follows:

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. BASIS OF PREPARATION (continued)

	Location	Ownership Interest at December 31, 2022	Ownership Interest at December 31, 2021	Principal Activity
Palisade Global Investments Ltd. (1)	Belize	N/A	100.00%	Investment company
1338072 BC Ulc. (2)	Canada	N/A	100.00%	Holding company
Godzilla Gold Corp. (3)	Canada	0%	62.77%	Exploration company

(1) Palisade Global Investments Ltd. was dissolved and deconsolidated on April 9, 2022 (see Notes 4(i) and 11).
(2) On December 15, 2021, the Company incorporated 1338072 BC Ulc. On June 22, 2022, the Company completed an amalgamation with 1338072 BC Ulc (see Note 11).
(3) On January 31, 2022, the Company sold its 62.77% interest in Godzilla to Golden Planet Mining Corp. and as a result has deconsolidated Godzilla from its consolidated financial statements (see Note 4(iii)).

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When the Company has less than a majority of the voting or similar rights of an entity, the Company considers all relevant facts and circumstances in assessing whether it has power over an entity, including but not limited to, the contractual arrangement with the other vote holders of the entity, rights arising from other contractual arrangements, and the Company's potential voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Company's accounting policies. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the financial statements.

When the Company loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, less liabilities of the subsidiary and any non-controlling interests. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture. In case of a dilution of interest, when the Company's ownership in a subsidiary change but the change does not result in a loss of control, these changes are accounted for in equity.

d) Critical accounting judgments, estimates and assumptions

The preparation of the 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:

2. BASIS OF PREPARATION (continued)

(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 3) based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith (Note 5).

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. These are included in Level 1 in Note 5.

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. These are included in Level 2 in Note 5.

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 5.

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. 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.

2. BASIS OF PREPARATION (continued)

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;

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

2. BASIS OF PREPARATION (continued)

(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.

Based on assessments of the relevant facts and circumstances, primarily, the Company's ownership interests, board representation and control over operating, strategic and financing decisions, the Company concluded that it does control the entities described in Note 2(c).

(v) 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 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, 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 had significant influence over New Found during the period from June 21, 2021 to December 31, 2022 and as a result has accounted for it as an investment in associate during that period. Impairment write-downs recognized during the years ended December 31, 2022 and 2021 are described in Note 9.

(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. SIGNIFICANT ACCOUNTING POLICIES

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

a) Foreign currencies

(i) Functional currency

The Canadian dollar is the functional currency of the Company and its subsidiaries.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. All exchange differences are recorded in the consolidated statements of income (loss) and comprehensive income (loss).

b) 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:

Financial assets/liabilities	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Investments	FVTPL
Deposits	Amortized cost
Convertible notes	FVTPL
Accounts payables	Amortized cost

IFRS requires 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments (continued)

(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 consolidated 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 consolidated statements of income and comprehensive income 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, 2022 and 2021.

(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 5 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. Refer to Note 3(b)(iv) for further details.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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, 2022 and 2021.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Non-controlling interests

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. This election is made on an acquisition by acquisition basis. The Company has elected to initially measure at fair value the non-controlling interests in connection with the acquisitions described in Note 4. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

d) 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 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, 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 has determined that it had significant influence over New Found during the period from June 21, 2021 to December 31, 2022 and as a result has accounted for it as an investment in associate during that period. Refer to Notes 4 (ii) and 9 for further details.

e) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) 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 consolidated statements of income and comprehensive income (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 consolidated statements of income and comprehensive income (loss) as incurred.

g) 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 income 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 consolidated 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.

h) Share distributions

Distributions to the shareholders in the form of cash or investments completed by the Company as a return of capital initially invested by the shareholders are measured at the fair market value of the distribution consideration transferred (cash or investments) on the date of completion of the distribution, and recognized as a reduction in the share capital of the Company.

i) Impairment of long-lived assets (excluding financial assets)

At the end of each reporting period the carrying amounts of the Company’s long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Impairment of long-lived assets (excluding financial assets) (continued)

Fair value is determined as the amount that would be obtained by the sale of the asset in any arm's length transaction between knowledgeable and willing parties. Fair value of mineral assets is generally determined as the present value of the estimated cash flows expected to arise from the continued use of the asset, including an expansion projects. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

Impairment is assessed at the level of cash-generating units or "CGUs", which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. Non-financial assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place.

j) 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.

k) Unit offerings

Proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the announcement date of the unit offering and any residual remaining is allocated to common share purchase warrants.

l) 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.

m) 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 the financial statements.

n) 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.

4. ACQUISITIONS AND DISPOSITIONS

(i) Palisade Global Investments Ltd.

On January 1, 2020, the Company completed the purchase of 100% of the issued and outstanding common shares of Palisade Global Investments Ltd. ("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 Mining Corp. ("Mexican Gold"), Nevada King, Mainstream Minerals Corporation ("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.

4. ACQUISITIONS AND DISPOSITONS (continued)

(i) Palisade Global Investments Ltd. (continued)

On March 14, 2022, the Company distributed additional 6,275,653 shares of Nevada King to its shareholders. These shares had been previously 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, the remaining assets of Palisade Global Investments Ltd. were transferred to the Company (see Note 11).

(ii) New Found Gold Corp.

Palisade Global previously held an investment in New Found Gold Corp. ("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 the corresponding time period (see Note 9).

(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 consideration received in a form of Golden Planet shares 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.

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. ACQUISITIONS AND DISPOSITONS (continued)

(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 up to May 25, 2022. At December 31, 2021 and May 25, 2022, this investment was included in equity investments held by the Company as described in Note 5.

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 (see Note 8).

5. 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, 2022:

Investments	Level 1 $	Level 2 $	Level 3 (i) $	Total fair value $
Equities	8,223,586	-	-	8,223,586
Warrants	225,250	9,601,024	-	9,826,274
Total Investments	8,448,836	9,601,024	-	18,049,860
Investments denominated in foreign currencies	1,224,991	45,081	-	1,270,072
% of investments denominated in foreign currencies	14.5%	0.5%	-	7.0%

(i)The Company's investment in Golden Planet is included in assets held for sale at December 31, 2022 (see Note 8).

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. FINANCIAL INSTRUMENTS HIERARCHY AND INVESTMENTS (continued)

The Company's investments according to the fair value hierarchy are as follows as at December 31, 2021:

Investments	Level 1 $	Level 2 $	Level 3 $	Total fair value $
Equities	24,567,216	-	35,601,818	60,169,034
Warrants	739,500	27,970,510	-	28,710,010
Total Investments	25,306,716	27,970,510	35,601,818	88,879,044
Investments denominated in foreign currencies	4,444,035	2,087,266	26,151,818	32,683,119
% of investments denominated in foreign currencies	17.6%	7.5%	73.5%	36.8%

There were no movements between levels during the years ended December 31, 2022 and 2021.

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, 2021 +/- $3,560,182) 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 represents the changes in fair value measurements of financial instruments.

	Level 1	Level 2	Level 3	Total
Balance, December 31, 2021	$ 25,306,716	$ 27,970,510	$ 35,601,818	$ 88,879,044
Purchases of equities	3,164,395	-	-	3,164,395
Received on sale of Godzilla (Note 4(iii))	-	-	2,510,627	2,510,627
Reclassified from assets held for distribution	98,000	-	-	98,000
Reclassified to assets held for distribution (Note 8)	-	-	(11,960,627)	(11,960,627)
Sales of equities	(8,677,743)	-	(25,679,957)	(34,357,700)
Exercises and sales of warrants	3,654,982	(1,626,147)	-	2,028,835
Net unrealized losses and foreign exchange losses	(15,097,514)	(16,743,339)	(471,861)	(32,312,714)
Balance, December 31, 2022	$ 8,448,836	$ 9,601,024	$ -	$ 18,049,860

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. FINANCIAL INSTRUMENTS HIERARCHY AND INVESTMENTS (continued)

	Level 1	Level 2	Level 3	Total
Balance, January 1, 2021	$ 97,845,760	$ 55,464,731	$ 25,026,356	$ 178,336,847
Purchases of equities	58,285,186	-	1,714,736	59,999,922
Received on sale of Radio Fuels	-	14,507,480	-	14,507,480
Reclassified to investments on loss of control of Golden Planet	-	-	5,375,000	5,375,000
Reclassified to investments on loss of control of Mexican Gold	-	476,843	-	476,843
Disposed of on loss of control of New Found	(43,429,501)	(19,308,985)	-	(62,738,486)
Investments distributed to shareholders (Note 4(i))	-	(16,680,421)	-	(16,680,421)
Reclassified to assets held for distribution	(18,728,313)	-	-	(18,728,313)
Sales of equities	(77,358,340)	-	-	(77,358,340)
Exercises and sales of warrants	(171,640)	(7,173,589)	-	(7,345,229)
Net unrealized gains and foreign exchange gains	8,863,564	864,451	3,485,726	13,213,741
Balance, December 31, 2021	$ 25,306,716	$ 27,970,510	$ 35,601,818	$ 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[1]		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[1]		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.

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. FINANCIAL INSTRUMENTS HIERARCHY AND INVESTMENTS (continued)

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[2]		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[2]		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.

6. NET INVESTMENT (LOSSES) GAINS

Net investment (losses) gains consist of the following:

	Year ended December 31, 2022	Year ended December 31, 2021
Net realized losses on disposal of investments	$ (8,471,843)	$ (9,593,127)
Net change in unrealized (losses) gains on investments	(37,855,595)	17,174,374
Net investment (losses) gains	$(46,327,438)	$ 7,581,247

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. EXPLORATION

The schedule below summarizes the exploration expenditures incurred by the Company's subsidiaries by jurisdiction during the years ended December 31, 2022 and 2021:

Exploration expenditures	Canada	USA	Mexico	Total
2022	$2,672	-	-	$2,672
2021	$19,311,505	$7,462,278	$439,098	$27,212,881

8. ASSETS HELD FOR DISTRIBUTION

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 (Note 4(i)).

At December 31, 2021, included in assets held for distribution were 6,625,653 shares of Nevada King with an estimated fair value of $2,385,235 and 17,523,107 shares of Goldspot with an estimated fair value of $16,121,258. 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. On April 28, 2022, the Company completed a distribution of 7,328,110 shares of Goldspot 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.

On June 30, 2022, 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 as the Company decided to exclude these shares from the distribution to shareholders.

On May 25, 2022, the Company reclassified its investment in 13,289,586 shares of Golden Planet with an estimated fair value of $11,960,627 to assets held for distribution (see Note 4 (iv)). 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.

The fair value of shares of Golden Planet at December 31, 2022 was estimated using a valuation model and is considered a Level 3 measurement. The key assumptions used in the valuation of this investment include, but are not limited to, the value at which a recent financing was done by the investee, company-specific information, 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 +/- $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 this investment.

9. INVESTMENT IN NEW FOUND GOLD

On June 21, 2021, it was determined that the Company has lost control of New Found (see Note 4 (ii)). This was based on assessment of the relevant facts and circumstances, primarily the Company's ownership interests in New Found, 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.

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. INVESTMENT IN NEW FOUND GOLD (continued)

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

	December 31, 2022 $
Summarised Balance Sheet	
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
Summarised Income Statement	
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 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 June 30, 2022, it was concluded that the investment in New Found is impaired and should be written-down to its estimated fair value of at June 30, 2022 of $269,265,272 (December 31, 2021 - $418,166,497). As a result, the Company recognized an impairment write-down on its investment in New Found at June 30, 2022 of $136,843,921, which was included in the consolidated statement of (loss) income and comprehensive (loss) income for the year. No additional write-downs were recorded during the year ended December 31, 2022.

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

Net carrying amount – June 21, 2021	$ 580,217,656
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)
Net Carrying amount – December 31, 2021	$ 418,166,497
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)
Net Carrying amount – December 31, 2022	$ 258,612,464

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

(Expressed in Canadian Dollars Unless Otherwise Noted)

10. 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:

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.

Year ended December 31, 2022	**Position**	Salaries and Consulting $	Bonus $	Share-based compensation $	Total $
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
Total		829,500	-	-	829,500

Year ended December 31, 2021	**Position**	Salaries and Consulting $	Bonus $	Share-based compensation $	Total $
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[1]	Former Chief Financial Officer	42,525	-	-	42,525
Philip O'Neill[1]	Former Chief Operating Officer	420,000	774,200	1,862,790	3,056,990
Craig Roberts[1]	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
Total		962,275	15,646,584	29,962,340	46,571,199

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.

10. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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.

11. SHARE CAPITAL

Authorized Share Capital

At December 31, 2022 and 2021, 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.

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.

Details of Common Shares Issued/Re-Purchased in 2022

On June 2, 2022, the Company sold the remaining balance of 161,682 Silver Bullion SG shares (see Note 5) to the Company's shareholders in exchange for their 2,254,761 shares of the Company. The fair market value of 2,254,761 shares of the Company received as consideration of $17,810,889 was estimated based on the fair value of the net assets of the Company as at June 2, 2022 divided by the number of shares outstanding since it has been determined that the Company's net assets, comprised mainly of its investment portfolio are representative of the fair value of its shares. There was no gain or loss recognized on the sale. 2,254,761 shares of the Company received as a result of the sale of 161,682 Silver Bullion SG shares were returned to treasury and cancelled on June 30, 2022.

On December 15, 2021, the Company incorporated 1338072 BC Ulc. On December 31, 2021, the Company's wholly owned subsidiary Palisade Global transferred its 12,967,575 shares of the Company to 1338072 BC Ulc in exchange for shares of 1338072 BC Ulc. On April 9, 2022, Palisade Global was dissolved whereas its investment in 1338072 BC Ulc was transferred to the Company as part of the transfer of assets on dissolution. Effective June 22, 2022, the Company completed an amalgamation with its wholly-owned subsidiary, 1338072 BC Ulc. As a result of the amalgamation, the Company acquired ownership of an aggregate of 12,967,575 shares of the Company. These shares were returned to treasury and cancelled on June 30, 2022, which resulted in the remaining balance of treasury shares of Nil at December 31, 2022.

Details of Common Shares Issued in 2021

During the year ended December 31, 2021, the Company issued 874,267 common shares upon exercise of 1,748,534 share purchase warrants at $3.00 per warrant for total gross proceeds of $2,622,801, and 187,667 common shares upon exercise of 187,667 share purchase warrants at $3.40 per warrant for total gross proceeds of $638,068. At December 31, 2021, the exercise price of these warrants was adjusted from $3.00 to $2.60 and from $3.40 to $2.94 respectively as a result of the distributions of shares of Nevada King, Mexican Gold, Radio Fuels and Mainstream (see Note 4) which had a significant impact on the Company's net assets and its estimated share price and thus triggered an adjustment to the exercise prices of warrants. The adjusted exercise prices were determined based on the formulas prescribed in the warrant certificates.

(Expressed in Canadian Dollars Unless Otherwise Noted)

11. SHARE CAPITAL (continued)

Details of Common Shares Issued in 2021 (continued)

During the year ended December 31, 2021, the Company issued 1,706,763 common shares with a value of $363,066 to Palisade Global pursuant to a share exchange agreement entered into during fiscal 2021. In December 2021, all 12,967,575 shares of the Company owned by Palisade Global were transferred to 1338072 BC Ulc., a wholly-owned subsidiary of the Company incorporated on December 15, 2021.

Warrants

The continuity of warrants for the year ended December 31, 2022 is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2021	Issued	Exercised	Cancelled/ Expired	Outstanding December 31, 2022
October 11, 2024	$2.48	356,983	-	-	-	356,983
November 19, 2023	$2.81	157,087	-	-	-	157,087
		514,070	-	-	-	514,070
Weighted average exercise price $		2.70	-	-	-	2.59
Weighted average contractual remaining life (years)		2.51	-	-	-	1.51

The continuity of warrants for the year ended December 31, 2021 is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2020	Issued	Exercised	Cancelled/ Expired	Outstanding December 31, 2021
October 11, 2024	$2.60	1,231,250	-	(874,267)	-	356,983
November 19, 2023	$2.94	305,704	-	(148,617)	-	157,087
December 4, 2023	$2.94	39,050	-	(39,050)	-	-
		1,576,004	-	1,061,934	-	514,070
Weighted average exercise price $		2.67	-	3.07	-	2.70
Weighted average contractual remaining life (years)		3.59	-	-	-	2.51

Stock Option Plan

During the year ended December 31, 2021, the 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.

Stock Options

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.

On October 14, 2021, the exercise price of 5,053,886 stock options issued in May was reduced from $12.00 to $10.60 subject to completion of the distributions of shares to the Company's shareholders described in Notes 4(i) and 8, which were completed by December 31, 2021. The Company recorded $788,605 in share-based compensation expense upon repricing of these stock options on December 31, 2021.

(Expressed in Canadian Dollars Unless Otherwise Noted)

11. SHARE CAPITAL (continued)

Stock Options (continued)

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.

The continuity of stock options for the year ended December 31, 2022 is as follows is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2021	Issued	Exercised	Cancelled/ Expired	Outstanding December 31, 2022
May 21, 2026	$10.60	5,053,886	-	-	(4,321,074)	732,812
		5,053,886	-	-	(4,321,074)	732,812
Weighted average exercise price $		10.60	-	-	-	10.60
Weighted average contractual remaining life (years)		4.39	-	-	-	3.39

The continuity of stock options for the year ended December 31, 2021 is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2020	Issued	Exercised	Cancelled/ Expired	Outstanding December 31, 2021
May 21, 2026	$10.60	-	5,053,886	-	-	5,053,886
		-	5,053,886	-	-	5,053,886
Weighted average exercise price $		-	10.60	-	-	10.60
Weighted average contractual remaining life (years)		-	5.00	-	-	4.39

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:

	December 31, 2021 (Repricing)	May 21, 2021 (Original)
Risk-free interest rate	1.25%	0.87%
Expected option life in years	4.4	5.0
Expected share price volatility(i)	88.04%	96.51%
Grant date share price (ii)	$6.56	$10.26
Grant date fair value (iii)	$0.16	$7.22
Expected forfeiture rate	-	-
Expected dividend yield	Nil	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 fair value of the net assets of the Company as at May 21, 2021 and December 31, 2021 respectively divided by the number of shares outstanding since it has been determined that the net assets are comprised mainly of the portfolio of the Company's investments to determine the value of the Company and therefore its share price.

(iii) Upon repricing of stock options effective December 31, 2021, the Company recognized an additional stock-based compensation expense of $0.16 per stock option repriced for a total amount of $788,605.

(Expressed in Canadian Dollars Unless Otherwise Noted)

11. SHARE CAPITAL (continued)

Stock Options (continued)

The schedule below summarizes the share-based compensation expense incurred by the Company's subsidiaries during the years ended December 31, 2022 and 2021:

	Year ended December 31, 2022 $	Year ended December 31, 2021 $
New Found Gold Corp	-	6,939,341
Mexican Gold Mining Corp.	-	196,175
Total share-based compensation	-	7,135,516

12. BASIC AND DILUTED EARNINGS PER COMMON SHARE

Diluted earnings per common share based on the following weighted average number of shares outstanding is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Basic weighted average number of common shares outstanding	49,345,977	50,782,758
Effect of dilutive securities		
Warrants	-	514,070
Diluted weighted average number of common shares outstanding	49,345,977	51,296,828

Diluted earnings per common share did not include the effect of Nil (2021 – 11,260,812) common shares held by the Company's subsidiary as treasury stock. Diluted earnings per common share also did not include the effect of 732,812 (2021 - 5,053,886) stock options outstanding as their effect is anti-dilutive. Diluted earnings per common share at December 31, 2022 did not include the effect of 514,070 warrants outstanding as their effect was anti-dilutive.

(Expressed in Canadian Dollars Unless Otherwise Noted)

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Year ended December 31, 2022 $	Year ended December 31, 2021 $
Non-cash activities:		
Investments in shares of Nevada King distributed to shareholders at fair value (Note 4(i))	(2,321,992)	-
Investments in shares of Goldspot Discoveries Corp. distributed to shareholders at fair value (Note 7)	(8,388,859)	-
Investments in private company shares sold for shares of the Company (Note 5)	(17,810,889)	-
Investments added on sale of Godzilla (Note 4(iii))	2,510,800	-
Investments added on loss of control of Golden Planet (Note 4(iv))	-	5,375,000
Investments added on distribution of Mexican Gold (Note 4(iii))	-	476,843
Investments disposed of on loss of control of New Found (Note 4(ii))	-	(62,738,486)
Investments distributed to shareholders at fair value (Notes 4(i) and 5)	-	(16,860,421)
Investment in associate added on loss of control of New Found (Note 4(ii))	-	580,217,656
Cash paid for income taxes	-	-
Cash paid for interest	(504)	(14,722)

14. FLOW-THROUGH SHARE PREMIUM

The Company's subsidiaries will from time to time issue flow-through common shares to finance a significant portion of their exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the company issuing the flow-through shares bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as recovery of flow-through premium liability and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are required to be used only for Canadian resource property exploration expenditures within a two-year period. The company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

(Expressed in Canadian Dollars Unless Otherwise Noted)

14. FLOW-THROUGH SHARE PREMIUM (continued)

The schedule below summarizes the flow-through share arrangements and the qualifying Canadian exploration expenses incurred by the Company's subsidiaries during the years ended December 31, 2022 and 2021:

	Issued June 4, 2020	Issued June 10, 2020	Issued December 2, 2020	Issued April 8, 2021	Total
	$	$	$	$	$
Balance at December 31, 2020	160,811	24,620	630,000	-	815,431
Liability incurred on flow-through shares issued	-	-	-	1,971,330	1,971,330
Settlement of flow-through share premium on expenditures incurred	(160,811)	(24,620)	-	(1,392,296)	(1,577,727)
Liability derecognized on loss of control of subsidiaries	-	-	(630,000)	(579,034)	(1,209,034)
Balance at December 31, 2021 and 2022	-	-	-	-	-

During the year ended December 31, 2021, the Company's subsidiaries completed private placement financings of flow-through common shares for total gross proceeds of $14,999,250. The Company's subsidiaries paid share issuance of $587,641 in cash of which $524,974 were finder's fees. The premium received on the flow-through shares issued was determined to be $1,971,330.

Flow-through share arrangements entitle the holder of the flow-through share to a 100% tax deduction in respect of qualifying Canadian exploration expenses as defined in the Income Tax Act, Canada ("Qualifying CEE").

During the year ended December 31, 2021, the Company's subsidiaries incurred $11,267,811 in Qualifying CEE and amortized a total of $1,577,727 of its flow-through liabilities.

As at December 31, 2022 and 2021, after the loss of control of New Found on June 21, 2021 (see Note 4(ii)) and loss of control of Golden Planet on January 1, 2021 (see Note 4(iv)), the Company does not have any remaining flow-through obligations.

15. INCOME TAXES

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

	2022	2021
	$	$
Income before income taxes	(206,957,671)	361,398,126
Combined federal and provincial statutory income tax rate	27.00%	27.00%
Expected income tax	(55,878,571)	97,577,494
Non-deductible expenditures	4,465	8,218,273
Deductible temporary differences not recognized	-	(8,259,730)
Change in estimate	(2,332,800)	(1,075,574)
Change in deferred tax assets not recognized	59,401	5,864,057
Other	(649,718)	1,244,323
Income tax (recovery) expense	(58,797,223)	103,568,843

(Expressed in Canadian Dollars Unless Otherwise Noted)

15. INCOME TAXES (continued)

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:

	2022 $	2021 $
Deferred income tax liabilities		
Investments, including investment in associate	(67,432,685)	(127,693,060)
Investments held for distribution	-	(3,570,652)
Deferred income tax assets		
Non-capital losses carryforward	777,916	5,834,066
Other	119,500	97,154
Net deferred tax asset (liability)	(66,535,269)	(125,332,492)

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2022 $	2021 $
Non-capital losses carryforward	-	36,746
Exploration	-	997,272
	-	1,034,018

As at December 31, 2022, the Company has Canadian non-capital loss carry forwards of $2,881,169 (2021 - $21,644,397) which may be carried forward and applied against future income for Canadian income tax purposes, subject to final determination by tax authorities, expiring in 2042.

16. 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.

16. CONTINGENT LIABILITY (continued)

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) recission 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.

17. 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 and convertible note 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 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.

17. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

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 is 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, 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 Company's total comprehensive 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 Company's total comprehensive (loss) income by $63,504 (December 31, 2021 – $1,634,154).

17. FINANCIAL RISK MANAGEMENT (continued)

Fair value

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

18. 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 year ended December 31, 2022.

19. SUBSEQUENT EVENTS

Stock option granted

On February 1, 2023, the Company granted 4,021,000 stock options to directors, officers and consultants at an exercise price of $4.20 per share for a period of five years. The options vested immediately.

Completion of Initial Public Offering

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

Re-purchase of shares

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.