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**PALISADES GOLDCORP LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE AND SIX MONTHS ENDED  
JUNE 30, 2023 AND 2022

*(Unaudited - Expressed in Canadian Dollars)*

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**PALISADES GOLDCORP LTD.**  
**Condensed Interim Consolidated Statements of Financial Position**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	June 30, 2023 \$	December 31, 2022 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,960,036	5,390,215
Investments	5	10,703,335	18,049,860
Assets held for distribution	7	1,993,438	1,993,438
Interest and other receivables		-	33,300
Prepaid expenses and deposits		47,201	13,390
<b>Total current assets</b>		<b>14,704,010</b>	<b>25,480,203</b>
<b>Non-current assets</b>			
Investment in New Found Gold Corp.	8	249,058,783	258,612,464
<b>Total non-current assets</b>		<b>249,058,783</b>	<b>258,612,464</b>
<b>Total Assets</b>		<b>263,762,793</b>	<b>284,092,667</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		35,603	178,309
<b>Total current liabilities</b>		<b>35,603</b>	<b>178,309</b>
<b>Non-current liabilities</b>			
Deferred tax liability		61,104,731	66,535,269
<b>Total non-current liabilities</b>		<b>61,104,731</b>	<b>66,535,269</b>
<b>EQUITY</b>			
Share capital	10	35,563,121	36,032,641
Treasury shares	10	(300,313)	-
Contributed surplus	10	46,803,829	37,255,771
Retained earnings		120,555,822	144,090,677
<b>Total equity</b>		<b>202,622,459</b>	<b>217,379,089</b>
<b>Total Equity and Liabilities</b>		<b>263,762,793</b>	<b>284,092,667</b>

**NATURE OF OPERATIONS (Note 1)**  
**CONTINGENT LIABILITY (Note 13)**  
**SUBSEQUENT EVENT (Note 16)**

These condensed interim consolidated financial statements are authorized for issue by the Board of Directors on August 17, 2023. They are signed on the Company's behalf by:

"Gregor Gregersen" , Director  
"Collin Kettell" , CEO

## PALISADES GOLDCORP LTD.

### Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended June 30, 2023 \$	Three months ended June 30, 2022 \$	Six months ended June 30, 2023 \$	Six months ended June 30, 2022 \$
<b>Income (loss)</b>					
Net investment (losses)	6,7	(5,430,287)	(33,096,629)	(8,446,234)	(36,205,177)
Dividend income		5,365	-	11,400	107,062
Interest income		15,110	145	46,561	12,493
Total (loss)		(5,409,812)	(33,096,484)	(8,388,273)	(36,085,622)
<b>Expenses</b>					
Consulting and salaries	9	240,922	311,816	624,169	792,190
Corporate development		30,369	76,485	58,623	102,005
Exploration		-	-	-	2,672
Foreign exchange (gain)/loss		(4,968)	65,751	1,072	469,305
Interest		-	184	-	266
Loss from equity investment	8	4,215,466	6,735,106	9,563,293	13,089,097
Gain on dilution of equity interest	8	(9,612)	(154,963)	(9,612)	(156,793)
Impairment loss on equity investment	8	-	136,843,921	-	136,843,921
Office and sundry		21,553	48,691	49,859	76,779
Professional fees		246,896	482,567	594,608	727,848
Share-based compensation in parent	10	-	-	9,548,058	-
Transfer agent and regulatory fees		20,638	(1,975)	100,764	2,100
Travel		-	-	46,286	-
Total expenses		4,761,264	144,407,583	20,577,120	151,949,390
<b>Other income (loss)</b>					
Gain on loss of control of Godzilla Gold Corp.	4(i)	-	-	-	2,670,118
Impairment loss on other assets		-	(50,000)	-	(50,000)
Impairment loss on convertible notes		-	(587,329)	-	(587,329)
Impairment reversal on convertible notes		-	1,354,541	-	1,354,541
Total other income		-	717,212	-	3,387,330
<b>(Loss) before income taxes</b>		(10,171,076)	(176,786,855)	(28,965,393)	(184,647,682)
<b>Income tax (recovery)</b>					
Current		-	-	-	-
Deferred		(2,939,936)	(46,437,937)	(5,430,538)	(51,614,946)
<b>Net (loss) and comprehensive (loss) for the period</b>		(7,231,140)	(130,348,918)	(23,534,855)	(133,032,736)
<b>Net (loss) and comprehensive (loss) for the period attributable to:</b>					
Owners of the Company		(7,231,140)	(130,348,918)	(23,534,855)	(132,950,829)
Non-controlling interests		-	-	-	(81,907)
		(7,231,140)	(130,348,918)	(23,534,855)	(133,032,736)
(Loss) per share – basic (\$)		(0.15)	(2.53)	(0.48)	(2.58)
(Loss) per share – diluted (\$)		(0.15)	(2.53)	(0.48)	(2.58)
Weighted average number of shares outstanding					
Basic	11	49,277,402	51,600,793	49,311,500	51,600,793
Diluted	11	49,277,402	51,600,793	49,311,500	51,600,793

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

**PALISADES GOLDCORP LTD.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
*(Unaudited - Expressed in Canadian Dollars)*

	Six months ended June 30, 2023 \$	Six months ended June 30, 2022 \$
<b>Cash flows from operating activities</b>		
(Loss) for the period	(23,534,855)	(133,032,736)
Items not affecting cash:		
Investment losses	8,455,933	42,297,520
Deferred income tax (recovery)	(5,430,538)	(51,614,946)
Gain on loss of control of Godzilla Gold Corp. (Note 4(i))	-	(2,670,118)
Impairment loss on equity investment (Note 8)		136,843,921
Gain on dilution of equity interest (Note 8)	(9,612)	(156,793)
Impairment loss on convertible notes	-	587,329
Impairment loss on other assets	-	50,000
Share-based compensation	9,548,058	-
Loss from equity investment	9,563,293	13,089,097
	(1,407,721)	5,393,274
Adjustments for:		
Proceeds on disposal of investments	4,278,194	9,424,787
Purchases of investments	(5,387,602)	(2,393,990)
Increase (decrease) in interest and other receivables	33,300	(12,329)
(Increase) in prepaid expenses and deposits	(33,811)	(35,723)
(Decrease) in accounts payable and accrued liabilities	(142,706)	(14,873,746)
Net cash used in operating activities	(2,660,346)	(2,497,727)
<b>Cash flows from financing activities</b>		
Re-purchase of common shares	(769,833)	-
Net cash used in financing activities	(769,833)	-
<b>Net (decrease) in cash and cash equivalents</b>	(3,430,179)	(2,497,727)
Cash and cash equivalents at beginning of period	5,390,215	8,423,997
<b>Cash and cash equivalents at end of period</b>	1,960,036	5,926,270

**SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Note 12)**

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

**PALISADES GOLDCORP LTD.****Condensed Interim Consolidated Statements of Changes in Equity***(Unaudited - Expressed in Canadian Dollars)*

	Equity attributable to equity holders of the Company								
	Number of shares	Amount \$	Treasury Shares \$	Contributed surplus \$	Retained earnings \$	Total \$	Non- controlling interest \$	Total equity \$	
Balance at December 31, 2021	64,568,313	92,278,939	(27,724,559)	37,255,813	292,169,219	393,979,412	(12,665)	<b>393,966,747</b>	
Distribution of shares of Nevada King (Note 7)	-	(2,321,992)	-	-	-	(2,321,992)	-	<b>(2,321,992)</b>	
Distribution of shares of GoldSpot Discoveries Corp. (Note 7)	-	(8,388,859)	-	-	-	(8,388,859)	-	<b>(8,388,859)</b>	
Sale of Godzilla Gold Corp. (Note 4(i))	-	-	-	(42)	-	(42)	94,572	<b>94,530</b>	
Shares received on exchange of Silver Bullion SG shares (Note 10)	-	-	(17,810,889)	-	-	(17,810,889)	-	<b>(17,810,889)</b>	
Shares returned to treasury and cancelled (Note 10)	(2,254,761)	(17,810,889)	17,810,889	-	-	-	-	-	
Shares returned to treasury on amalgamation with 1338072 BC Ulc and cancelled (Note 10)	(12,967,575)	(27,724,559)	27,724,559	-	-	-	-	-	
<b>Total comprehensive loss for the period</b>	-	-	-	-	(132,950,829)	(132,950,829)	(81,907)	<b>(133,032,736)</b>	
Balance at June 30, 2022	49,345,977	36,032,640	-	37,255,771	159,218,390	232,506,801	-	<b>232,506,801</b>	
Balance at December 31, 2022	49,345,977	36,032,641	-	37,255,771	144,090,677	217,379,089	-	<b>217,379,089</b>	
Shares re-purchased and cancelled (Note 10)	(189,500)	(469,520)	-	-	-	(469,520)	-	<b>(469,520)</b>	
Shares re-purchased and not yet cancelled (Note 10)	-	-	(300,313)	-	-	(300,313)	-	<b>(300,313)</b>	
Share-based compensation (Note 9,10)	-	-	-	9,548,058	-	9,548,058	-	<b>9,548,058</b>	
<b>Total comprehensive loss for the period</b>	-	-	-	-	(23,534,855)	(23,534,855)	-	<b>(23,534,855)</b>	
Balance at June 30, 2023	49,156,477	35,563,121	(300,313)	46,803,829	120,555,822	202,622,459	-	<b>202,622,459</b>	

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

## **PALISADES GOLDCORP LTD.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

*(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)*

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

Palisades Goldcorp Ltd. (the “Company”) was incorporated on August 30, 2019 as Palisades Acquisitions Corp. under the Business Corporations Act in the Province of British Columbia. The address of the Company’s registered office is 700 West Georgia Street, 25<sup>th</sup> 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”.

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

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

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

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as applicable to interim financial reports including International Accounting Standards 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS, as issued by the IASB.

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

The condensed consolidated interim 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.

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries at June 30, 2023 and December 31, 2022 as follows:

#### **c) Basis of consolidation**

	Location	Ownership Interest at June 30, 2023	Ownership Interest at December 31, 2022	Principal Activity
Palisade Global Investments Ltd. (1)	Belize	N/A	N/A	Investment company
1338072 BC Ulc. (2)	Canada	N/A	N/A	Holding company
Godzilla Gold Corp. (3)	Canada	0%	0%	Exploration company

(1) Palisade Global Investments Ltd. was dissolved and deconsolidated on April 9, 2022 (see Note 10).

(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 10).

(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(i)).

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.

## **PALISADES GOLDCORP LTD.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

*(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)*

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

#### **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. In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the annual financial statements as at and for the year ended December 31, 2022.

#### **e) 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, 2023, including amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2, and IAS 8 Accounting Policies, Changes in Accounting Estimates. 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 consolidated financial statements.

#### **f) 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.

### **3. MATERIAL ACCOUNTING POLICIES**

The policies applied in these condensed interim financial statements are the same as those applied in the most recent annual consolidated financial statements and were consistently applied to all the periods presented.

### **4. ACQUISITIONS AND DISPOSITIONS**

#### **(i) 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. 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 six months ended June 30, 2022.

## PALISADES GOLDCORP LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 4. ACQUISITIONS AND DISPOSITIONS (continued)

(ii) Golden Planet Mining Corp.

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 at the time of reclassification of \$11,960,627 to assets held for distribution (see Note 7).

### 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 June 30, 2023:

<b>Investments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Equities	6,866,826	-	-	6,866,826
Warrants	21,750	3,814,759	-	3,836,509
<b>Total Investments</b>	<b>6,888,576</b>	<b>3,814,759</b>	<b>-</b>	<b>10,703,335</b>
Investments denominated in foreign currencies	107,422	51	-	107,473
% of investments denominated in foreign currencies	3.7%	0.1%	-	1.7%

The Company's investments according to the fair value hierarchy are as follows as at December 31, 2022:

<b>Investments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Equities	8,223,586	-	-	8,223,586
Warrants	225,250	9,601,024	-	9,826,274
<b>Total Investments</b>	<b>8,448,836</b>	<b>9,601,024</b>	<b>-</b>	<b>18,049,860</b>
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%



## PALISADES GOLDCORP LTD.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

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

There were no movements between levels during the three and six months ended June 30, 2023 or the fiscal year ended December 31, 2022.

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.

The Company did not have any Level 3 investments at June 30, 2023 and December 31, 2022.

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

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

	Level 1	Level 2	Level 3	Total
Balance, December 31, 2022	\$ 8,448,836	\$ 9,601,024	\$ -	\$ 18,049,860
Purchases of equities	5,387,602	-	-	5,387,602
Sales of equities	(5,246,321)	-	-	(5,246,321)
Exercises and sales of warrants	286,509	(924,642)	-	(638,133)
Net unrealized gains and foreign exchange (losses)	(1,988,050)	(4,861,623)	-	(6,849,673)
Balance, June 30, 2023	\$ 6,888,576	\$ 3,814,759	\$ -	\$ 10,703,335

	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(i))	-	-	2,510,627	2,510,627
Reclassified from assets held for distribution	98,000	-	-	98,000
Reclassified to assets held for distribution (Note 7)	-	-	(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

## PALISADES GOLDCORP LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

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

#### (i) Equities Held

	Quantity	Fair Value June 30, 2023 \$
Labrador Gold Corp.	10,205,000	2,500,225
Other <sup>1</sup>		4,366,601
Total equities held		6,866,826

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

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

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

#### (ii) Warrants Held

	Quantity	Fair Value June 30, 2023 \$
Santacruz Silver Mining Ltd.	23,961,834	1,349,362
Goliath Resources Inc.	2,500,000	1,397,244
Other <sup>2</sup>		1,089,903
Total warrants held		3,836,509

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

1. The cost of warrants acquired through participation in private placements of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the purchase price is allocated to common shares based on the fair value of a common share at the date of the transaction and any residual remaining is allocated to common share purchase warrants.

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

## **PALISADES GOLDCORP LTD.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

*(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)*

### **6. NET INVESTMENT LOSSES**

Net investment losses consist of the following:

	Three months June 30, 2023	Three months June 30, 2022	Six months June 30, 2023	Six months June 30, 2022
	\$	\$	\$	\$
Net realized (losses) gains on disposal of investments	(1,089,158)	(6,885,269)	(1,596,561)	(6,432,519)
Net change in unrealized (losses) on investments	(4,341,129)	(26,211,360)	(6,849,673)	(29,772,658)
<b>Net investment losses</b>	<b>(5,430,287)</b>	<b>(33,096,629)</b>	<b>(8,446,234)</b>	<b>(36,205,177)</b>

### **7. ASSETS HELD FOR DISTRIBUTION**

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 (ii)). At December 31, 2022 and June 30, 2023, the estimated fair value of this investment was \$1,993,438.

The fair value of shares of Golden Planet at June 30, 2023 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.

### **8. INVESTMENT IN NEW FOUND GOLD**

As at June 30, 2023, the investment in New Found represents 26.44% (December 31, 2022 – 26.67%) 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.

## PALISADES GOLDCORP LTD.

Notes to the Condensed Interim Consolidated Financial Statements

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

The following table illustrates the summarised financial information of the Company's investment in New Found as at June 30, 2023:

	June 30, 2023
	\$
<b>Summarised Balance Sheet</b>	
Current assets	51,704,429
Non-current assets	904,763,430
Current liabilities	(14,355,621)
Non-current liabilities	(68,629)
Net Assets	942,043,609
The Company's ownership interest	26.44%
Share of New Found's net assets	249,058,783
<b>Summarised Income Statement</b>	
Revenues	-
Loss from continuing operations	(35,999,384)
Post-tax loss from discontinued operations	-
Net loss and comprehensive loss for the period	(35,999,384)
Share of New Found's loss for the period from January 1, 2023 to June 30, 2023	(9,563,293)

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, 2023, it was concluded that there are no indicators of impairment and investment in New Found is not impaired. During the year ended December 31, 2022, the Company recognized an impairment write-down on its investment in New Found of \$136,843,921, which was included in the consolidated statement of (loss) income and comprehensive (loss) income for the year.

The following table illustrates the movement in investment in associate for the period from December 31, 2021 to June 30, 2023:

<b>Net Carrying amount – December 31, 2021</b>	<b>\$ 418,166,497</b>
Additional interest acquired during the period	1,750,000
Share of loss from operations of associate during the period	(24,938,130)
Gain on dilution of equity interest	478,018
Impairment loss	(136,843,921)
<b>Net Carrying amount – December 31, 2022</b>	<b>\$ 258,612,464</b>
Share of loss from operations of associate during the period	(9,563,293)
Gain on dilution of equity interest	9,612
<b>Net Carrying amount – June 30, 2023</b>	<b>\$ 249,058,783</b>

The estimated fair value of investment in New Found was \$308,190,741 at June 30, 2023 (December 31, 2022 - \$254,877,016).

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### 9. 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*

There were no sales of investments to related parties during the three and six months ended June 30, 2023.

During the three months ended March 31, 2022, the Company sold \$4,912,139 of investments in private company shares to the Company's Chief Executive Officer and received total proceeds of \$4,912,139. In addition, during the three months ended June 30, 2022, 26,593 shares of Silver Bullion SG with a fair value of \$3,000,000 were sold to the Company's Chief Executive Officer, Collin Kettell, for gross proceeds of \$3,000,000.

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

#### *Key management personnel compensation*

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

<b>Three months ended June 30, 2023</b>	<b>Position</b>	<b>Salaries and Consulting \$</b>	<b>Bonus \$</b>	<b>Share-based compensation \$</b>	<b>Total \$</b>
Collin Kettell	Chairman and Chief Executive Officer	82,500	-	-	82,500
Bassam Moubarak	Chief Financial Officer	70,875	-	-	70,875
Gregor Gregersen	Non-executive director	18,000	-	-	18,000
Elizabeth Harrison	Non-executive director	18,000	-	-	18,000
William Hayden	Non-executive director	18,000	-	-	18,000
<b>Total</b>		<b>207,375</b>	<b>-</b>	<b>-</b>	<b>207,375</b>

<b>Three months ended June 30, 2022</b>	<b>Position</b>	<b>Salaries and Consulting \$</b>	<b>Bonus \$</b>	<b>Share-based compensation \$</b>	<b>Total \$</b>
Collin Kettell	Chairman and Chief Executive Officer	82,500	-	-	82,500
Bassam Moubarak	Chief Financial Officer	70,875	-	-	70,875
Gregor Gregersen	Non-executive director	18,000	-	-	18,000
Elizabeth Harrison	Non-executive director	18,000	-	-	18,000
William Hayden	Non-executive director	18,000	-	-	18,000
<b>Total</b>		<b>207,375</b>	<b>-</b>	<b>-</b>	<b>207,375</b>

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

Six months ended June 30, 2023	Position	Salaries and Consulting \$	Bonus \$	Share-based compensation \$	Total \$
	Chairman and Chief				
Collin Kettell	Executive Officer	165,120	82,500	6,875,238	7,122,858
Bassam Moubarak	Chief Financial Officer	141,750	70,875	2,386,446	2,599,071
Gregor Gregersen	Non-executive director	36,000	-	95,458	131,458
Elizabeth Harrison	Non-executive director	36,000	-	95,458	131,458
William Hayden	Non-executive director	36,000	-	95,458	131,458
Total		414,870	153,375	9,548,058	10,116,303

Six months ended June 30, 2022	Position	Salaries and Consulting \$	Bonus \$	Share-based compensation \$	Total \$
	Chairman and Chief				
Collin Kettell	Executive Officer	165,000	-	-	165,000
Bassam Moubarak	Chief Financial Officer	141,750	-	-	141,750
Gregor Gregersen	Non-executive director	36,000	-	-	36,000
Elizabeth Harrison	Non-executive director	36,000	-	-	36,000
William Hayden	Non-executive director	36,000	-	-	36,000
Total		414,750	-	-	414,750

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

As at June 30, 2023 and December 31, 2022, there were no amounts payable to related parties with respect to key management compensation.

On February 1, 2023, the Company granted 4,201,000 stock options to directors and officers with an exercise price of \$4.20 per share for a period of five years (see Note 10). The options vested immediately.

### 10. SHARE CAPITAL

#### *Authorized Share Capital*

At June 30, 2023 and December 31, 2022, 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.

#### *Listing on the TSXV*

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

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### 10. SHARE CAPITAL (continued)

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

There were no shares issued during the three and six months ended June 30, 2023.

On March 15, 2023, the Board of Directors of the Company has agreed that up to 2,467,298 shares will be acquired under the normal course issuer bid (the "NCIB"), constituting approximately 5.0% of the issued and outstanding shares. The Company submitted a Notice of Intention to Make a Normal Course Issuer Bid (the "Notice") to the TSXV. The Notice was accepted by the TSXV on March 29, 2023. The NCIB will expire on June 30, 2024, unless terminated earlier.

During the six months ended June 30, 2023, the Company repurchased 314,600 of its previously issued and outstanding common shares at a weighed average price of \$2.45 per common share for a total price of \$769,833. Out of 314,600 re-purchased common shares, 189,500 were returned to treasury and cancelled, with the remaining 125,100 shares cancelled subsequent to June 30, 2023 (see Note 16).

#### *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.

#### *Warrants*

The continuity of warrants for the six months ended June 30, 2023 is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2022	Issued	Exercised	Cancelled/ Expired	Outstanding June 30, 2023
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 \$		2.59	-	-	-	2.59
Weighted average contractual remaining life (years)		1.51	-	-	-	1.01

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### 10. SHARE CAPITAL (continued)

The continuity of warrants for the six months ended June 30, 2022 is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2021	Issued	Exercised	Cancelled/ Expired	Outstanding June 30, 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	-	-	-	2.58
Weighted average contractual remaining life (years)		2.51	-	-	-	2.01

#### 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

The continuity of stock options for the six months ended June 30, 2023 is as follows is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2022	Issued	Exercised	Cancelled/ Expired	Outstanding June 30, 2023
May 21, 2026	\$10.60	732,812	-	-	-	732,812
February 1, 2023	\$4.20	-	4,201,000	-	-	4,201,000
		732,812	4,201,000	-	-	4,933,812
Weighted average exercise price \$		10.60	4.20	-	-	5.15
Weighted average contractual remaining life (years)		3.39	5.00	-	-	4.34

The continuity of stock options for the six months ended June 30, 2022 is as follows is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2021	Issued	Exercised	Cancelled/ Expired	Outstanding June 30, 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	10.60
Weighted average contractual remaining life (years)		4.39	-	-	-	3.89



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### 10. SHARE CAPITAL (continued)

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:

	Six months ended June 30, 2023
Risk-free interest rate	2.93%
Expected option life in years	5.0
Expected share price volatility(i)	84.59%
Grant date share price (ii)	\$3.50
Grant date fair value	\$2.27
Expected forfeiture rate	-
Expected dividend yield	Nil

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

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

### 11. BASIC AND DILUTED LOSS PER COMMON SHARE

Diluted loss per common share did not include the effect of 125,100 (2022 – Nil) common shares held by the Company as treasury stock. Diluted loss per common share at June 30, 2023 and 2022 did not include the effect of 4,933,812 (2022 – 723,812) stock options and 514,070 (2022 – 514,070) warrants outstanding as their effect was anti-dilutive.

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

	Six months ended June 30, 2023	Six months ended June 30, 2022
	\$	\$
Non-cash investing and financing activities:		
Investments added on sale of Godzilla (Note 4(i))	-	2,510,800
Investments in shares of Nevada King distributed to shareholders at fair value (Note 7)	-	(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 9)	-	(17,810,889)
Cash paid for interest	-	(266)

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### **13. CONTINGENT LIABILITY**

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

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

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

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

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

In early 2022, the Plaintiffs formally amended their statement of claim to increase the amount claimed to \$229,000,000 and to advance a direct claim of oppressive conduct against the Company. While continuing to deny any and all liability to the Plaintiffs, the Company has amended its defence to include specific denials of the new allegations of oppressive conduct against it. The parties completed an additional round of examinations for discovery in January 2023, following which the plaintiffs set the action down for trial. The parties have scheduled a mandatory mediation for October 3, 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.

### **14. FINANCIAL RISK MANAGEMENT**

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

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is not exposed to significant credit risk on its cash and cash equivalents since they are placed with major financial institutions that have high credit ratings. The credit risk exposure of the Company’s investments is represented by their values disclosed.

There have been no changes in management’s methods for managing credit risk since December 31, 2022.

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

#### *Liquidity risk*

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

There were no changes in management's methods for managing liquidity risk since December 31, 2022.

At June 30, 2023, the Company has \$35,603 (December 31, 2022 - \$178,309) in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

#### *Market risk*

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

There were no changes in management's methods for managing market risk since December 31, 2022. 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 June 30, 2023, would change the Company's total comprehensive (loss) income by \$535,167 (December 31, 2022 - \$902,493).

#### *(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.

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

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, 2022.

A 5% change in the exchange rate of the Company's investments held in foreign currencies relative to the Canadian dollar would change the Company's total comprehensive income (loss) by \$5,374 (December 31, 2022 – \$63,504).

### **15. 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 since the year ended December 31, 2022.

### **16. SUBSEQUENT EVENT**

#### *Re-purchase of common shares*

Subsequent to June 30, 2023, 125,100 common shares re-purchased by the Company during the six months ended June 30, 2023 (see Note 10) were returned to the treasury and cancelled.

Subsequent to June 30, 2023, the Company re-purchased 43,900 of its own common shares at a weighted-average price of \$2.77 per common share for a total price of \$121,660. Out of 43,900 re-purchased common shares, 40,700 common shares were returned to treasury and cancelled.