



# FREMONT

GOLD LTD

## **Fremont Gold Ltd.**

(formerly Palisades Ventures Inc.)

An Exploration Stage Company

MANAGEMENT DISCUSSION AND ANALYSIS

SIX MONTHS ENDED SEPTEMBER 30, 2017

Dated: November 27, 2017

## **Fremont Gold Ltd.**

Management Discussion and Analysis  
For the six months ended September 30, 2017

---

### **Management Discussion and Analysis**

The following Management Discussion and Analysis (“MD&A”) of Fremont Gold Ltd. (“Fremont” or the “Company”) has been prepared as at November 27, 2017. It is intended to be read in conjunction with the condensed interim consolidated financial statements of the Company as at and for the six months ended September 30, 2017.

All of the financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards (“IFRS”) unless otherwise noted.

All monetary amounts, including comparatives, are expressed in Canadian dollars unless otherwise noted.

### **Overview**

The Company is a mineral exploration and development company with interests in gold projects in the state of Nevada. Fremont’s primary projects as at September 30, 2017 were Hurricane, Goldrun and Gold Bar. The Company’s strategy is to conduct exploration on its current projects and to build a quality portfolio of gold projects in Nevada.

The Company holds its mineral property interests through its wholly owned subsidiaries, 1027344 B.C. Ltd. (“1027344 B.C.”) and Intermont Exploration, LLC (“Intermont”).

The Company acquired its interest in each of 1027344 B.C. and Intermont in June 2017 through a transaction with these two entities and their respective shareholders and unitholders. See ‘Acquisition of 1027344 B.C. and Intermont’.

Exploration activity undertaken by 1027344 B.C. and Intermont prior to their acquisition by Fremont was nominal.

The Company held no interest in any mineral properties as at March 31, 2017 or March 31, 2016.

### **Highlights**

The six months ended September 30, 2017 and the period ended November 27, 2017 were highlighted by the following activities and initiatives:

- On June 29, 2017, the Company completed a business combination transaction with 1027344 B.C., Intermont and various individuals unrelated to the Company (the “Transaction”) pursuant to which the Company issued 3,500,000 post-consolidation common shares in exchange 100% of the shares of 1027344 B.C. and 6,500,000 post-consolidation common shares in exchange for 100% of the units of Intermont
- In connection with the Transaction, the Company completed a share consolidation of its issued and outstanding common shares such that every four existing common shares were consolidated into three new common shares
- In connection with the Transaction, the Company completed a non-brokered private placement of 10,257,132 units of the Company at a price of \$0.15 per unit for gross proceeds of \$1,538,570

- In connection with the Transaction, the Company changed its name from “Palisades Ventures Inc.” to “Fremont Gold Ltd.” and began trading on the TSX Venture Exchange (“TSX-V”) under its new name and symbol ‘FRE’
- In September 2017, the Company announced that it had entered into an option agreement to acquire the historic Gold Bar mine area which comprises approximately 2,235 hectares in the southern part of the Cortez Mineral Trend in Eureka County, Nevada
- In October 2017, the Company announced that it had staked a significant land position in the northern part of the Carlin Trend comprising the Alkali property (318 claims totalling 2,664 hectares) and the Coyote property (70 claims totalling 586 hectares) along the north-west extension of the Carlin Trend.

### ***Finance***

- The balance of cash and cash equivalents as at September 30, 2017 was \$1,060,466 (March 31, 2017: \$21,916) and the net working capital balance as at this date was \$929,989 (March 31, 2017: deficit of \$65,110).

### ***Exploration and development***

- The Company commenced exploration work on the Hurricane property in Q2 2018 in accordance with the work program set out in the NI 43-101 compliant technical report dated May 25, 2017. Activities undertaken during the quarter included preparation and submittal of a Notice of Intent with the United States Bureau of Land Management (“BLM”) to conduct trench excavation for exploration purposes
- In addition, the Company also initiated a ground magnetometer survey and a soil geochemical survey at the Goldrun property in Q2 2018
- 2018 claim maintenance fees have been paid to the the United States Bureau of Land Management (“BLM”) for all applicable mining claims comprising the Hurricane, Goldrun and Gold Bar properties and all claims are in good standing.

## **Acquisition of 1027344 B.C. Ltd. and Intermont**

On June 29, 2017, the Company completed a business combination transaction with 1027344 B.C., Intermont and various individuals unrelated to the Company.

The business combination transaction was entered into pursuant to a binding letter agreement dated December 28, 2016 which was amended and restated effective February 22, 2017, and amended on April 28, 2017. The Company issued 3,500,000 post-consolidation common shares in exchange 100% of the shares of 1027344 B.C. and 6,500,000 post-consolidation common shares in exchange for 100% of the units of Intermont. 1027344 B.C. and Intermont own the rights to the Hurricane project and Goldrun / Rock Creek projects, respectively, in Nevada.

The 10,000,000 common shares issued to the unitholders of Intermont and shareholders of 1027344 B.C. had a fair value of \$0.15 reflecting total consideration of \$1,500,000. Total transaction costs incurred amounted to approximately \$153,947.

The transaction was accounted for as an asset acquisition and the allocation of the purchase price consideration paid to the assets acquired and liabilities assumed was based on estimated fair values at the time of acquisition.

The preliminary allocation of the purchase price to the estimated fair value of the assets and liabilities of each of 1027344 B.C. and Intermont is as follows:

	<b>1027344 B.C.</b> <b>(CAD)</b>	<b>Intermont</b> <b>(CAD)</b>	<b>Total</b> <b>(CAD)</b>
<i>Palisades shares issued</i>	<i>3,500,000</i>	<i>6,500,000</i>	<i>10,000,000</i>
Value of Palisades shares issued	525,000	975,000	1,500,000
Transaction costs	53,881	100,066	153,947
<b>Purchase price consideration</b>	<b>578,881</b>	<b>1,075,066</b>	<b>1,653,947</b>
Cash	7,081	-	7,081
Accounts receivable	5,528	-	5,528
Mineral properties	597,618	1,081,064	1,678,682
Accounts payable and accrued liabilities	(8,644)	(6,000)	(14,644)
Due to directors and officers	(39,583)	-	(39,583)
Due from Fremont	16,883	-	16,883
<b>Net assets acquired</b>	<b>578,883</b>	<b>1,075,064</b>	<b>1,653,947</b>

### *Share consolidation*

In connection with the Transaction, the Company completed a share consolidation of its issued and outstanding common shares such that every four existing common shares were consolidated into three new common shares thereby reducing the 16,614,386 pre-consolidation issued and outstanding common shares of the Company to 12,460,789 post-consolidation common shares.

### *Non-brokered private placement*

In connection with the Transaction, the Company completed a non-brokered private placement of 10,257,132 units of the Company at a price of \$0.15 per unit for gross proceeds of \$1,538,570 (see ‘Liquidity - June 2017 private placement’).

### *Other*

In connection with the Transaction, the Company changed its name from “Palisades Ventures Inc.” to “Fremont Gold Ltd.”

The Company also issued 300,000 post-consolidated common shares to Nevada Select Royalty, Inc. pursuant to the lease agreement on the Hurricane project (see ‘Hurricane property – Lease agreement’).

## **Hurricane Property**

### *Summary*

The Hurricane property consists of six unpatented mineral claims located in the Shoshone Range of Northern Lander County in Nevada, USA. The property is located in Sections 30 and 19, Township 30 N, Range 46 E in Lander County. 1027344 B.C. has a right to lease the claims comprising the Hurricane property pursuant to a lease agreement with Nevada Eagle LLC, a Nevada Corporation (“Nevada Eagle”), dated February 13, 2015, as amended on February 13, 2016, March 14, 2017 and April 27, 2017 (the “Lease Agreement”). Nevada Eagle subsequently assigned its interest in the property, including the lease, to Nevada Select Royalty, Inc. (“Nevada Select”).

### ***Lease agreement***

1027344 B.C. entered into an agreement dated February 13, 2015 with Nevada Eagle, a third party, pursuant to which 1027344 B.C. leases six unpatented mining claims in Nevada which are collectively known as 'Hurricane'. The claims total approximately 50.2 hectares. Subject to various conditions, the lease agreement provides 1027344 B.C. with the exclusive right to prospect, explore and mine on the property for a period of twenty years with a right to renew thereafter.

Nevada Eagle's rights and responsibilities associated with the lease agreement were assigned to Nevada Select pursuant to an assignment and assumption agreement dated May 4, 2016. Nevada Select is not related to 1027344 B.C. Nevada Eagle's ownership interest in the property was transferred to Nevada Select on May 5, 2016.

The lease agreement was amended on each of February 13, 2016, March 14, 2017 and April 27, 2017 whereby the terms of certain of the lease payments, share payments and work obligations as specified in the original February 2015 lease agreement were amended.

The lease agreement (as amended) specifies payments by 1027344 B.C. to the lessor as follows:

- Upon execution of the agreement: \$5,000 (paid)
- On or before the first anniversary of the date of execution (February 13, 2016): \$3,750 (paid)
- On or before May 16, 2016: \$3,750 (paid)
- On or before July 31, 2017: \$10,000 (paid in August 2017)
- On or before the third anniversary of the date of execution (February 13, 2018): \$15,000
- On or before the fourth anniversary of the date of execution (February 13, 2019): \$20,000
- On or before the fifth anniversary of the date of execution (February 13, 2020): \$20,000
- On or before the sixth anniversary of the date of execution (February 13, 2021): \$25,000
- On or before the seventh anniversary of the date of execution (February 13, 2022): \$25,000
- Thereafter on or before the annual anniversary of the date of execution: \$25,000 increased by the consumer price index.

The lease agreement (as amended) contemplated the assignment of 1027344 B.C.'s rights to the Hurricane property to a public company. Upon such an assignment and the receipt of approval of such assignment from the applicable stock exchange, the lessor shall be entitled to receive 300,000 common shares of the public company. 300,000 post-consolidation common shares of the Company were issued to Nevada Select in conjunction with the closing of the Transaction.

1027344 B.C. is responsible for maintaining the property in good standing including the payment of all applicable government filings, fees and taxes.

The lease agreement (as amended) specifies minimum expenditure requirements of \$850,000 to be incurred by 1027344 B.C. on land holding costs, exploration, etc. as follows in the years following the date of execution:

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

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

### ***Technical report***

A NI 43-101 compliant technical report concerning the Hurricane property dated May 25, 2017 was prepared by Paul Noland, a Certified Professional Geologist. The report is available on [www.sedar.com](http://www.sedar.com).

No mineral resource or reserve estimates have been completed for the Hurricane property.

### ***Outlook***

The Company has initiated an initial exploration program designed to verify historic interpretations and mineralization. The program will consist of clean-up of existing roads and trenches, geologic mapping and sampling, additional trenching and road building where geologic interpretation and a four to eight hole RC drilling program will commence.

The initial exploration/verification budget is proposed at \$400,000 to \$535,000 as follows (as per the NI 43-101 compliant technical report dated May 25, 2017):

<b>Activity</b>	<b>US\$</b>	<b>CAD</b>
BLM Permit Preparation	25,000	33,333
Open/clean Roads	4,800	6,400
New roads/trenches/drill sites	21,600	28,800
Mapping and sampling	5,600	7,467
Field Supplies	3,500	4,667
Assays	21,000	28,000
Transportation	6,750	9,000
Project oversight	31,500	42,000
Additional Claim Staking	5,000	6,667
RC Drilling	250,000	333,333
	<b>374,750</b>	<b>499,667</b>

Limited exploration work was undertaken on the Hurricane Property in Q2 2018 pending receipt of the required permits from the BLM allowing the Company to undertake a trenching program. Activities undertaken during the quarter included preparation and submittal of a Notice of Intent with the BLM for trench excavation for exploration purposes.

Activities undertaken at the Hurricane Property during the subsequent period ended November 27, 2017 included the following:

- Receipt of required permits from the BLM
- Upgrade of the access road to the property and opening up old road/trench cuts in order to expose fresh outcrop to permit channel sampling
- Collection of three metre wide channel samples on three separate road/trench cuts
- Engagement of a local contractor to undertake trenching work. The program was completed in mid-November and 101 trench samples were in the process of being analyzed by American Assay Laboratories as at November 24, 2017.

The Company plans to expand the previously trenched area in order to gain a better understanding of structural controls on mineralisation and confirm the historical results prior to drilling. Results from sampling are expected in Q3 2018.

The exploration program at Hurricane is expected to extend for nine months through June 2018.

## **Goldrun Property**

A ground magnetometer survey and a soil geochemical survey were initiated at the Goldrun property in Q2 2018 and completed in Q3 2018. Soil analytical results are expected in Q3 2018. Soil geochemical and ground magnetic signatures will be used to define drill targets.

## **Gold Bar Property**

In September 2017, the Company announced that it had entered into an option agreement with Ely Gold and Minerals Inc. (“Ely Gold”), an unrelated British Columbia based company, which controls 96 unpatented and 12 patented mining claims over the historic Gold Bar mine area (the “Gold Bar Property”).

The Gold Bar Property comprises approximately 2,235 hectares and is located in the historic Gold Bar mining district in Eureka County, within the southern part of the Cortez Mineral Trend, 30 miles northwest of Eureka, Nevada. The centre of the property hosts the historic open-pit Gold Bar mine formerly operated by Atlas Precious Metals Inc. Total cumulative production from the Gold Bar pit from 1986 through 1994 was 286,354 ounces of gold from 3,986,000 tons of ore.

Under the terms of the option agreement, the Company can earn a 100% interest in the Gold Bar Property by making a series of cash payments totaling US\$ 1,000,000 over five years as follows:

- US\$ 10,000 on September 8, (the “Effective Date”) being the date on which the Company receives approval of the option agreement by the TSX Venture Exchange (paid)
- US\$ 40,000 on or before March 8, 2018 (six months following the Effective Date)
- US\$ 150,000 on or before September 8, 2018 (one year following the Effective Date)
- US\$ 100,000 on or before September 8, 2019 (two years following the Effective Date)
- US\$ 100,000 on or before September 8, 2020 (three years following the Effective Date)
- US\$ 200,000 on or before September 8, 2021 (four years following the Effective Date)
- US\$ 400,000 on or before September 8, 2022 (five years following the Effective Date).

Ely Gold will retain a 2% NSR. In addition to the foregoing option payments, the Company is required to pay advance royalty payments as follows:

- US\$ 25,000 on each of the first through third anniversaries of the Effective Date
- US\$ 35,000 on the fourth anniversary of the Effective Date and on each anniversary thereafter.

The Company may accelerate the exercise of the option and acquire 100% of the Gold Bar Property at any time, by providing Ely Gold with ten days’ notice and paying all remaining option payments in full. In addition, the Company will have the right to buy-down 1% of the underlying NSR for US\$ 5,000,000 any time after all payments are made.

No exploration work was undertaken on the Gold Bar Property in Q2 2018.

## **Alkali and Coyote Properties**

In October 2017, the Company announced that it had staked a significant land position comprising 3,250 hectares in the northern part of the Carlin Trend which is home to Barrick Gold Corp.’s Goldstrike mine complex (Proven and Probable Reserves of 70.7 Mt @ 3.55 g/t for 8.1 Moz of gold) and the North and South Carlin complexes of Newmont Mining Corporation (Proven and Probable Reserves of 295.1 Mt @ 1.59 g/t Au for 15 Moz of gold, collectively).

The staked land comprises the Alkali property (318 claims comprising 2,664 hectares) and the Coyote property (70 claims comprising 586 hectares) along the north-west extension of the Carlin Trend. The

Alkali claim block is approximately four kilometres north-east of the Hollister Mine of Klondex Mines Ltd which has a measured and indicated resource of 0.43 Mt @ 17.4 g/t (gold equivalent) and an inferred resource of 0.18 Mt @ 15.3 g/t (gold equivalent); there is evidence of a NE structural control at Hollister which extends through the Alkali claim block. The Coyote claim block is located south-east of Alkali and is two kilometres north of the Rossi mine (Barrick/Meridian), which had a resource of 0.97 Mt @ 16.46 g/t gold in 2007; Rossi is the most northerly deposit currently known along the Carlin Trend.

The Company is planning a program of detailed mapping and ground geophysics on both the Alkali and Coyote blocks aimed at identifying drill targets.

## Jarbidge Property

In August 2017, the Company announced that it had entered into an option agreement with an unrelated individual relating to 48 unpatented and 4 patented mining claims (the “Jarbidge Property”) comprising approximately 389 hectares in Elko County in Northeast Nevada.

Under the terms of the option agreement, the Company could earn a 100% interest in the Jarbidge Property, subject to a 2% NSR, by making total payments of US\$ 635,000 over a period of five years. A final payment of US\$ 5,000,000 was due at the end of five years. In addition to the options payments, the Company was required to complete 19,000 metres of drilling over four years.

The Company ultimately chose not to proceed with the Jarbidge option agreement in order to allocate more resources to its three most important gold projects, Hurricane, Goldrun and Gold Bar. No option payments were made to the optionor of the Jarbidge Property.

## Proposed transactions

As at September 30, 2017 and November 27, 2017, there were no other proposed asset or business acquisitions or dispositions other than as described herein.

## Summary of quarterly results

A summary of quarterly results in respect of the eight month period ended September 30, 2017 is as follows:

	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Revenues	-	-	-	-
Operating costs	(11,687)	(30,226)	(18,241)	(100,630)
Net income (loss)	(3,715)	(30,226)	(18,241)	(100,630)
Net working capital (deficit)	(34,884)	(65,110)	1,181,543	936,867
Total assets	38,054	22,860	3,071,582	2,928,869
Total liabilities	(72,938)	(87,970)	(166,357)	(180,869)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Revenues	-	-	-	-
Operating costs	(91,294)	(66,820)	(9,438)	(9,950)
Net income (loss)	(91,294)	(690,240)	3,312	6,074
Net working capital (deficit)	(193,491)	(195,311)	(37,244)	(31,170)
Total assets	628,653	2,163	84,857	56,377
Total liabilities	(198,724)	(197,474)	(122,101)	(87,547)

Fluctuations in the Company's quarterly results were attributable to the following factors:

- The increase in the net loss in the quarter ended September 30, 2017 and the corresponding reduction in net working capital in this quarter were attributable to the commencement of exploration activity, costs associated with establishing an office in Vancouver, professional fees associated with post-transaction issues and the negotiation of new property agreements and stock-based combination charges relating to the granting of stock options
- The increase in total assets in the quarter ended June 30, 2017 relates to the Transaction (see 'Acquisition of 1027344 B.C. Ltd. and Intermont')
- The increase in working capital in the quarter ended June 30, 2017 reflects the net proceeds of the private placement that closed in late June (see 'Liquidity - June 2017 private placement') offset by liabilities associated with costs relating to the Transaction
- Significant write-off of capitalised mineral property costs in the quarter ended March 31, 2016 (\$623,420). All capitalised mineral property costs had been written off in full by March 31, 2016
- Operating expenditures declined significantly in the quarter ended June 30, 2016 with the significant reduction or outright termination in various management and administrative costs
- The Company realised a gain of \$36,746 in the nine months ended December 31, 2016 relating to the restructuring of certain debts
- The absence of change in the working capital deficit in the quarter ended March 31, 2016 and the decline in the deficit in the quarter ended September 30, 2016 were attributable to net private placement proceeds of \$65,000 and \$154,755, respectively. The relatively minor fluctuations in the net working capital deficit in the nine months ended March 31, 2017 reflected ongoing operating costs offset by the gains derived from the debt restructuring
- Total asset balances related entirely to monetary items (cash, receivables and prepaid expenses) as at all dates presented subsequent to March 31, 2016 through March 31, 2017 following the aforementioned write-off of capitalised mineral property
- Total liabilities include amounts due to both related parties and third parties.

## Results of operations

The Company's net loss increased by \$106,704 from net income of \$6,074 in the quarter ended September 30, 2016 to a net loss of \$100,630 in the quarter ended September 30, 2017.

	Q2 2018	Q2 2017
<b>Expenses</b>		
Professional fees	49,463	7,350
Exploration	20,597	0
Office and administrative	11,495	20
Stock-based compensation	8,931	0
Listing and transfer agent	4,628	2,580
Travel	1,243	-
	96,357	9,950
<b>Other expenses (income)</b>		
Foreign exchange loss	4,597	-
Interest income	(324)	-
Forgiveness of debt	-	(16,024)
	4,273	(16,024)
<b>Net loss (income) for the period</b>	<b>100,630</b>	<b>(6,074)</b>

The level of costs incurred in the quarter ended September 30 2016 was nominal.

Expenditures incurred significantly in the quarter ended September 30 2017 reflecting the following:

- Significant legal and professional fees incurred in connection with various post-Transaction transition issues and negotiation of the Jarbidge and Gold Bar option agreements
- General and administrative costs associated with the establishment of Fremont's offices following closing of the Transaction
- Stock-based compensation associated with the granting of 2,350,000 stock options to officers, directors and consultants in September 2017
- Exploration expenditures (see 'Hurricane Property').

## Liquidity

As at September 30, 2017, the Company had a cash balance of \$1,060,466 (March 31, 2017: \$21,916), and a net working capital balance of \$936,887 (March 31, 2017: deficit of \$65,110).

### *June 2017 private placement*

On June 29, 2017, the Company completed a non-brokered private placement of \$1,538,570 in connection with the Transaction. The private placement consisted of 10,257,132 units at a price of \$0.15 per unit, with each unit comprised of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of \$0.25 until June 29, 2018 or September 30, 2018. Applying the residual value method, no value was allocated to the warrants.

The units are subject to a four month hold period which expired on October 30, 2017 for 10,047,132 units and October 31, 2017 for the remaining 210,000 units

The Company incurred \$132,690 in share issue costs in connection with the financing including \$54,258 in finder's fees paid in cash and the issuance of 361,720 finder's fee warrants having an estimated value of \$35,449. The remaining share issue costs amounting to \$42,983 related primarily to legal fees and fees levied by the TSX-V.

### ***Going concern***

Management has estimated that the Company does not currently have sufficient working capital to meet its corporate development, administrative and property objectives and obligations for the coming year through September 30, 2018. The Company will periodically need to obtain additional financing, and while it has been successful in the past, there can be no assurance that it will be able to do so in the future.

The Company's financial statements have been prepared in accordance with IFRS applicable to a going concern, which assumes the Company will be able to realize its assets and settle its liabilities in the normal course of business. To date, the Company has not generated any revenue from mining or other operations as it is considered to be in the exploration stage.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings provided by the Company's existing shareholders and/or new shareholders or through other arrangements. There is no assurance that the Company will be successful in this regard. These material uncertainties cast substantial doubt about its ability to continue as a going concern.

The Company's financial statements as at and for the six months ended September 30, 2017 do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

### ***Cash flows***

	<b>6 months ended 30-Sep-17</b>	<b>6 months ended 30-Sep-16</b>
<b>Operating activities</b>		
Net income (loss) for the period	(118,871)	9,386
Non-cash items	10,662	(28,774)
	<u>(108,209)</u>	<u>(19,388)</u>
Changes in non-cash working capital:		
Current assets	(50,818)	209
Current liabilities	38,672	(81,153)
	<u><b>(120,355)</b></u>	<u><b>(100,332)</b></u>
<b>Investing activities</b>		
Additions to mineral properties	(152,441)	-
Transaction costs, net of cash acquired	(146,866)	-
Advances provided to Fremont by 1027344 B.C.	16,883	-
	<u><b>(282,424)</b></u>	<u>-</u>
<b>Financing activities</b>		
Issuance of share capital (net of issuance costs)	<u><b>1,441,329</b></u>	<u><b>154,755</b></u>
Net increase in cash	1,038,550	54,423
Cash, beginning of period	<u>21,916</u>	<u>1,166</u>
<b>Cash, end of period</b>	<u><u><b>1,060,466</b></u></u>	<u><u><b>55,589</b></u></u>

### Operating activities

Cash applied to operating activities in the six months ended September 30, 2017 amounted to \$120,355 as compared to \$100,332 in the six months ended September 30, 2016. The 2017 use of cash was attributable to the net loss for the period with non-cash expenses (depreciation and stock-based compensation) offsetting movements in non-cash working capital items. The 2016 use of cash was attributable to a significant increase in non-cash working capital (reduction of current liabilities with proceeds from a private placement) and a net loss that was significantly less than that of 2017.

### Investing activities

Cash used in investing activities in the six months ended September 30, 2017 amounted to \$282,424 and related to the following:

- Additions to mineral properties comprised of lease payments (Hurricane), option payments (Gold Bar) and staked claims (various properties)
- Various costs associated with the Transaction offset by cash balances of 1027344 B.C. and Intermont acquired and advances provided to the Company by 1027344 B.C. prior to closing.

### Financing activities

Cash provided by financing activities in the six months ended September 30, 2017 and September 30, 2016, amounted to \$1,441,329 and \$154,755, respectively, and related to the proceeds of private placements offset by share issuance costs.

### ***Dividends***

The Company has neither declared nor paid any dividends on its common shares to date. The Company does not anticipate paying any dividends on its common shares in the foreseeable future.

### ***Contractual commitments***

The Company had no significant medium- or long-term contractual commitments as at September 30, 2017 or November 27, 2017 beyond its stated liabilities and commitments associated with its mineral properties and related lease and option agreements.

### ***Legal proceedings***

The Company was not involved in any legal proceedings as at either September 30, 2017 or November 27, 2017.

### ***Off-balance sheet arrangements***

The Company is not a party to any off-balance sheet arrangements.

## **Capital resources**

The Company had no capital expenditure commitments as at either September 30, 2017 or November 27, 2017.

The Company is required to make certain payments in order to maintain its mineral properties and agreements in good standing. These payments are not considered to be commitments as the applicable

agreements may be terminated by the Company at short notice without penalty. Expected mineral property expenditures to be incurred in the year ended September 30, 2018 include the following:

- Hurricane lease payments: US\$ 15,000
- Hurricane work program (including claim maintenance): \$500,000
- Goldrun and Rock Creek claim maintenance: US\$ 65,000
- Gold Bar option payment: US\$ 190,000
- Gold Bar advance NSR payment: US\$ 25,000.

## Transactions with related parties

The Company's current Chairman, President and CEO, CFO and VP Exploration were previously significant shareholders of 1027344 B.C. and/or Intermont prior to the Transaction. The Company's Chairman and President and CEO became directors of the Company following closing of the Transaction.

The Company's current Chairman, President and CEO, CFO and VP Exploration have received no remuneration from the Company from the time of closing of the Transaction through November 27, 2017 and no remuneration was owed to these individuals as at November 27, 2017.

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

	<b>6 months ended 30-Sep-17</b>	<b>6 months ended 30-Sep-16</b>
Professional fees charged by a company controlled by former CFO of the Company	2,000	-
Office services paid to a company controlled by a director	-	14,342
Geological consulting fees paid to a former director	-	1,500
	<b>2,000</b>	<b>15,842</b>

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

	<b>30-Sep-17</b>	<b>31-Mar-17</b>
Amounts owing to current directors and officers in connection with the reimbursement of various expenditures relating to the Transaction	56,310	-
Professional fees owing to a company controlled by the former CFO of the Company	-	18,900
	<b>56,310</b>	<b>18,900</b>

The amount owing to directors and officers in connection with the reimbursement of various Transaction expenditures relates primarily to legal fees and TSX-V fees. Directors and officers have not been and will not be reimbursed for any exploration, claim acquisition, claim maintenance or related expenditures incurred prior to closing of the Transaction.

These transactions were measured at the exchange amount, which is the amount established and agreed to by the transacting parties and are on terms and conditions similar to transactions entered into with non-related entities. The amounts payable are unsecured, non-interest bearing and have no set terms of repayment.

## Outstanding share data

The Company has authorized capital of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value.

The Company had the following common shares, warrants and stock options outstanding as at November 27, 2017:

Issued and outstanding common shares	33,017,921
Fully diluted	42,555,082
Share purchase warrants:	
April 29, 2018 (\$0.133)	1,668,750
June 29, 2020 (\$0.15)	361,720
June 29, 2020 (\$0.25)	5,023,566
June 30, 2020 (\$0.25)	105,000
	7,159,036
Stock options	2,378,125

### *Escrow shares*

Under the policies of the TSX-V, an aggregate of 1,250,000 common shares issued in October 2014 were placed in escrow to be released over a 36-month period commencing in October 2014; 10% were released October 14, 2014 and 15% will be released every six months thereafter through October 2, 2017. The number of common shares issued in October 2014 held in escrow as at September 30, 2017 was 187,500.

In addition, the entire 10,000,000 common shares issued to shareholders of 1027344 B.C. and unitholders of Intermont in June 2017 were placed in escrow to be released over a 36-month period commencing in June 2017; 10% were released on July 6, 2017 and 15% will be released every six months thereafter through July 6, 2020. 9,000,000 of the common shares issued in June 2017 were held in escrow as at September 30, 2017.

## Changes in accounting policies

Except as described below in respect of exploration and evaluation expenditures, the accounting policies applied in the preparation of the Company's unaudited condensed interim consolidated financial statements for the six months ended September 30, 2017 are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2017.

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2017, and were not applied in the preparation of the condensed interim consolidated financial statements for the six months ended September 30, 2017 including IFRS 9, "Financial Instruments". The Company has not early adopted this revised standard and is currently assessing the impact that this standard will have on the consolidated financial statements.

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

### ***Exploration and evaluation expenditures***

The Company re-assessed its accounting for exploration and evaluation expenditures with respect to the capitalisation of certain components of such expenditures. Exploration and evaluation expenditures include the costs of acquiring and maintaining licenses and rights, costs associated with exploration and evaluation activity and costs of exploration and evaluation assets. The Company previously capitalised all exploration and evaluation expenditures once it had obtained the legal rights to explore an area.

Effective April 1, 2017, the Company elected to change its capitalisation policy whereby all costs associated with exploration and evaluation activity will be recognised in net income or loss as opposed to being capitalised. The Company believes that its revised policy is more conservative and therefore more appropriate given the nature of its activity and stage of development. All other components of the previous accounting policy regarding exploration and evaluation expenditures remain unchanged.

This change in accounting policy has not been applied retrospectively as the Company had no capitalised exploration and evaluation expenditure balances present in the comparative period. The introduction of this change in accounting policy has therefore had no impact on either the financial statements of the Company as at and for the six months ended September 30, 2017 or on the comparative information presented.

## **Financial instruments**

The Company's financial instruments are comprised of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued liabilities and amounts due to related parties. It is management's opinion that the Company is not exposed to significant interest, foreign exchange or credit risk arising from these financial instruments

## **Capital management**

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

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

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relatively small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the six months ended September 30, 2017 or the year ended March 31, 2017.

## **Disclosure controls and internal controls over financial reporting**

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

## **Cautionary Statement on Forward-Looking Information**

This MD&A document contains 'forward-looking information' and 'forward-looking statements' (together, the "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements concern the Company's anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. This information relates to analyses and other information that is based on expectations of future performance and planned work programs. These forward-looking statements are made as of November 27, 2017.

Users of forward-looking statements are cautioned that actual results may vary from the forward-looking statements contained herein. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to:

- Risks related to the exploration and development of natural resource properties
- Risks related to the uncertainty of mineral resource calculations and the inclusion of inferred mineral resources in economic estimations
- Risks related to fluctuations in future metal prices (particularly gold prices)
- Risks related to market events and conditions
- Risks related to governmental regulations, including without limitation, environmental laws and regulations
- Risks related to delays in obtaining governmental or regulatory approvals, licenses or permits
- Risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title
- Risks related to uncertainty associated with the Company's ability to obtain funding in the future
- Risks related to the Company's inability to meet its financial obligations under agreements to which it is a party (see 'Liquidity')
- Risks related to competition from larger companies with greater financial and technical resources, and
- Risks related to the Company's directors and officers becoming associated with other natural resource companies which may give rise to conflicts of interest.

Other risk factors associated with the Company are identified in the document entitled 'Filing Statement of Palisades Ventures Inc.' dated as at May 29, 2017 which is available on [www.sedar.com](http://www.sedar.com).

Although the forward-looking statements contained in this document are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this document, and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as may be required under applicable securities laws. There can be no assurance that forward-looking statements, or the material factors or assumptions used to develop such forward-looking statements, will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements.