# Fremont Gold Ltd.

(formerly Palisades Ventures Inc.)
An Exploration Stage Company

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED MARCH 31, 2019

Dated: July 25, 2019

# 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 July 25, 2019. It is intended to be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended March 31, 2019.

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.

The Company's year-end is March 31. Accordingly, references to Q4 2019 herein refer to the three months ended March 31, 2019.

# 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 March 31, 2019 were North Carlin, Hurricane and Gold Canyon. The Company's strategy is to conduct exploration on its 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.

# Highlights

The year ended March 31, 2019 and the period ended July 25, 2019 were highlighted by the following activities and initiatives:

***Finance***

- The balance of cash and cash equivalents as at March 31, 2019 was $491,933 (March 31, 2018: $504,760) and the net working capital balance as at this date was 410,586 (March 31, 2018: $328,761)
- In January 2019, the Company announced that it had entered into a debt settlement agreement with Dennis Moore, the Company's President and a director of the Company, pursuant to which $75,000 owing to Mr. Moore would be settled through the issuance of 500,000 common shares and the payment of a further $64,398 owing to him was deferred until December 31, 2019 (see 'Liquidity and going concern')

- In December 2018, the Company raised $1,230,590 through the issuance of 8,789,930 units at a price of $0.14 per unit (see 'Liquidity and going concern')
- In April 2018, the Company announced that it had had closed a non-brokered private placement for gross proceeds of $1,538,432 through the issuance of 9,615,200 common shares (see 'Liquidity and going concern')
- In March and April 2018, the Company realised proceeds of $184,153 on the exercise of 1,381,250 warrants at a price of $0.133 per share. The warrants had been previously issued by Palisades Ventures Inc.

***Exploration and development***

- The Company initiated drilling at Gold Bar in February 2019. The Company terminated the Gold Bar option agreement in July 2019 following disappointing drill results from the three hole reverse circulation drill program. A payment of US$ 100,000 was due to Nevada Select Royalties, Inc. (a wholly-owned subsidiary of Ely Gold & Minerals Inc.) in September 2019 to maintain the option agreement in good standing
- The Company chose not to proceed with a 500-metre diamond drilling program that had been planned at Gold Canyon for February 2019 due to unusually poor weather conditions
- Claims were staked at the Roberts Creek project, southeast of Gold Bar. The results of a magnetic survey and interpreted structures were reported in September 2018. Soil sampling was completed and samples were submitted to a laboratory in October 2018. In February 2019, the Company announced that it had discovered several gold-in-soils anomalies that coincide with intersecting multiple faults at the Roberts Creek project.
- A soil sampling program was completed at Gold Bar in September. The program identified several geochemical anomalies to the southeast of the historic Gold Bar mine. The results were reported in October 2018
- Soil sampling was conducted at the Northwest Gold Ridge and South Trail Ridge anomaly areas at the Gold Canyon project in September 2018
- The Company conducted ground magnetometer surveys and soil geochemical surveys over the North Carlin Property in Q1 2019. Results for the southern Coyote claim block were announced in July 2018 while results for the Alkali block were announced in October 2018. At Alkali, soil sampling results were returned and a ground magnetic survey was completed in September. Possible Carlin-type and epithermal gold targets were revealed by the soil survey and the results were announced in October 2018
- In May 2018, the Company announced that it had commenced a drill program at Gold Bar and Gold Canyon. Seven reverse-circulation drill holes totalling 1,559 metres were completed (two at Gold Bar and five at Gold Canyon). Drill results were announced in June 2018 for Gold Bar and July 2018 for Gold Canyon. Highlights included:
  - Gold Bar: Hole GBR-1 intersected 25.9m @ 4.66 g/t Au from surface
  - Gold Canyon: Hole GCR-3 intersected two separate mineralized horizons: 16.8m @ 1.9 g/t Au from surface and 6.1m @ 1.8 g/t Au from 51.8m to 57.9m

***Appointments***

- In October 2018, the Company announced the appointment of Blaine Monaghan as the new Chief Executive Officer of Fremont and a director of the Company. The previous CEO, Dennis Moore, will continue as President and director of the Company
- In May 2018, the Company announced that Derek White had accepted a position as an advisor to the Company
- In December 2018, the Company announced that Douglas Hurst had accepted a position as an advisor to the Company

## Acquisition of 1027344 B.C. and Intermont

On June 29, 2017, the Company completed a transaction (the "Transaction") with Intermont, 1027344 B.C. and various individuals unrelated to the Company pursuant to which the Company acquired 100% of the units of Intermont and 100% of the common shares of 1027344 B.C. in exchange for the issuance of 10,000,000 post-consolidation common shares. The closing of the Transaction was accompanied by the following:

- A three-for-four consolidation of the Company's common shares
- A non-brokered private placement resulting in the issuance of 10,257,132 units for gross proceeds of $1,538,570
- A change in name of the Company from Palisades Ventures Inc. to Fremont Gold Ltd., and
- The issuance of 300,000 post-consolidation common shares to the lessor of the Hurricane Project.

The Company remained the resulting issuer and a Tier 2 resource issuer upon closing of the Transaction.

The 16,614,386 issued and outstanding pre-consolidation, pre-Transaction common shares of the Company were adjusted to 12,460,789 post-consolidation common shares.

## North Carlin Property

The North Carlin Property included both an optioned property, the Ely North Carlin Property, and staked ground, Alkali and Coyote.

***Optioned property***

In February 2018, the Company announced that it had entered into an option agreement with Ely Gold Royalties Inc. ("Ely Gold Royalties") and Nevada Select Royalty, Inc. ("Nevada Select"), to acquire a property consisting of 12 unpatented lode mining claims situated in Elko County, Nevada (the "Ely North Carlin Property"). Option payments totalled US$ 267,500 to be paid over five years plus the issuance of 200,000 common shares to Ely Gold Royalties.

The parties agreed to terminate the option agreement in January 2019. In April 2019, Intermont and Nevada Select entered into the following two agreements:

- A mineral deed pursuant to which Nevada Select quitclaimed its interest in the Ely North Carlin Property to Intermont in return for nominal consideration
- A royalty deed pursuant to which Intermont granted Nevada Select a 2% NSR in respect of products produced on the Ely North Carlin Property in return for nominal consideration. The agreement includes a right of first refusal allowing Nevada Select to acquire any or all of the Company's staked mineral claims included in the North Carlin Property (as described below)

Option payments paid by the Company to the optionor through the date of termination of the option agreement totalled US$ 17,500. In addition, 200,000 common shares of the Company were issued to the optionor prior to termination pursuant to the option agreement.

***Staked claims***

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 of which 185 claims are recorded) and the Coyote Property (99 claims comprising 586 hectares all of which are recorded) 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.

As at March 31, 2019, the Alkali Property holdings consisted of 318 mining claims owned solely by Intermont, 185 of which were recorded with the BLM and the Coyote Property holdings consisted of 99 mining claims owned solely by Intermont, all of which were recorded with the BLM. The number of recorded claims had increased to 111 as at July 25, 2019.

***Exploration activity***

Exploration activities undertaken at the North Carlin Property during the year ended March 31, 2019 and the subsequent period ended July 25, 2019 included the following:

- In-fill soil sampling and additional claim staking in Q3 2019
- Ground based geomagnetic surveys and soil geochemical surveys in Q1 2019. Soil geochemical results for the southern Coyote claim block were announced in July 2018 while results for the Alkali block were announced in October 2018. Soil sampling results indicated multiple gold in soils anomalies at both Coyote and Alkali.

A total of $79,912 was incurred on exploration expenditures on the North Carlin Property in the year ended March 31, 2019 and a further $128,903 was incurred on option payments, claim acquisition and claim maintenance charges during this period.

## 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.

***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, April 27, 2017 and July 23, 2018 whereby the terms of certain of the lease payments, common share issuances 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: US$ 5,000 (paid)
- On or before the first anniversary of the date of execution (February 13, 2016): US$ 3,750 (paid)
- On or before May 16, 2016: US$ 3,750 (paid)
- On or before July 31, 2017: US$ 10,000 (paid)
- On or before the third anniversary of the date of execution (February 13, 2018): US$ 15,000 (paid)
- On or before the fourth anniversary of the date of execution (February 13, 2019): US$ 20,000 (paid)
- On or before the fifth anniversary of the date of execution (February 13, 2020): US$ 20,000
- On or before the sixth anniversary of the date of execution (February 13, 2021): US$ 25,000
- On or before the seventh anniversary of the date of execution (February 13, 2022): US$ 25,000
- Thereafter on or before the annual anniversary of the date of execution: US$ 25,000 increased by the consumer price index.

Pursuant to the lease agreement (as amended), 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.

Pursuant to the July 23, 2018 amendment, the minimum expenditure requirements associated with the property that were previously in place were terminated.

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 US$ 1,000,000.

***Exploration activity***

There were no exploration expenditures incurred on the Hurricane Property during the year ended March 31, 2019 and the subsequent period ended July 25, 2019, and claim acquisition and claim maintenance expenditures incurred during this period were nominal.

The Company initiated an initial exploration program designed to verify historic interpretations and mineralization following closing of the Transaction in June 2017. The program consisted 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 reverse-circulation drilling program took place.

The following table compares the use of funds as per the Filing Statement of Palisades Ventures Inc. dated as at May 29, 2017 (issued in connection with the Transaction) and the actual spend through June 30, 2018.

| | Use of funds (USD) | Use of funds (CAD) (1) | Actual spend (CAD) |
|---|---|---|---|
| Hurricane: | | | |
| Exploration work program | 374,750 | 503,717 | 49,336 |
| Lease payments | 25,000 | 33,604 | 31,640 |
| Other claim costs (2)(3) | - | - | - |
| Reclamation bond | - | - | 70,809 |
| | 399,750 | 537,321 | 151,785 |
| Other properties: | | | |
| Exploration | - | - | 412,905 |
| Option payments | - | - | 136,828 |
| Other claim costs (2)(3) | 30,000 | 40,324 | 391,068 |
| Reclamation bonds | - | - | 31,730 |
| | 30,000 | 40,324 | 972,531 |
| General and administration (3) | 348,325 | 468,198 | 678,812 |
| | 348,325 | 468,198 | 678,812 |
| ***Subtotal*** | ***778,075*** | ***1,045,843*** | ***1,803,128*** |
| Unallocated working capital | 106,453 | 143,088 | |
| | **884,528** | **1,188,931** | |

(1) Translated into CAD applying the May 29, 2017 foreign exchange rate of 1.3446 as per the Bank of Canada
(2) Includes staking costs
(3) Excludes non-cash items such as property option payments paid in the form of share issuances, stock-based compensation and depreciation

## Gold Canyon Property

In January 2018, the Company announced that it had entered into an option agreement with Ely Gold Royalties and Nevada Select (collectively the "Optionor"), to acquire the Gold Canyon Property, consisting of 26 unpatented lode mining claims covering approximately 186 hectares situated in Eureka County, Nevada. The option agreement is dated December 29, 2017.

Under the terms of the option agreement, the Company may earn a 100% interest in the Gold Canyon Property by making a series of cash payments totaling US$ 802,500 over five years as follows:

- US$ 15,000 on December 29, 2017 (the "Effective Date") being the date of the option agreement (paid)
- US$ 37,500 on or before June 29, 2018 (six months following the Effective Date; paid subsequent to March 31, 2019)
- US$ 75,000 on or before December 29, 2018 (one year following the Effective Date; paid)
- US$ 112,500 on or before December 29, 2019 (two years following the Effective Date)
- US$ 112,500 on or before December 29, 2020 (three years following the Effective Date)
- US$ 150,000 on or before December 29, 2021 (four years following the Effective Date)
- US$ 300,000 on or before December 29, 2022 (five years following the Effective Date).

Ely Gold will retain a 2% NSR in respect of products produced on the Gold Canyon Property and a further 1% NSR on any products produced on any after-acquired interest (as defined). In addition to the foregoing option payments, the Company is required to pay advance royalty payments as follows once the option is exercised:

- 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 Canyon Property at any time, by providing Ely Gold Royalties 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$ 3,000,000 any time after the option has been exercised.

***Exploration activity***

Exploration activities undertaken at the Gold Canyon Property during the year ended March 31, 2019 and the subsequent period ended July 25, 2019 included the following:

- The Company chose not to proceed with a 500-metre diamond drilling program that had been planned at Gold Canyon for February 2019 due to unusually poor weather conditions
- A third party was contracted to prepare a Leapfrog geological model in Q3 2019
- Soil sampling was undertaken at the South French Trail anomaly in Q2 2019. In December, the Company announced that the soil sampling program had identified coincident gold, arsenic and other pathfinder geochemical anomalies to the northeast of the historic Gold Canyon mine
- A reverse-circulation drill program was undertaken in May 2018 comprised of five holes and 1,067 metres. Drill results were announced in July 2018 and included the following:
  - Hole GCR-3 intersected two separate mineralized horizons: 16.8m @1.9 g/t Au from surface and 6.1m @ 1.8 g/t Au from 51.8m to 57.9m
  - Hole GCR-2 intersected 18.3m @ 1.1 g/t Au, including 9.2m @ 1.7 g/t Au just beyond the northeast end of the Gold Canyon pit, demonstrating that mineralization continues to the northeast beyond the historical excavations.

A total of $194,935 was incurred on exploration expenditures on the Gold Canyon Property in the year ended March 31, 2019 and a further $154,572 was incurred on option payments, claim acquisition and claim maintenance charges during this period.

## 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 in Eureka County Nevada (the "Gold Bar Property"). Option payments totalled US$ 1,010,000 to be paid over five years.

In July 2019, the Company terminated the Gold Bar option agreement following the disappointing drill results from the three hole reverse circulation drill program that was initiated in February 2019. A payment of US$ 100,000 was due to Nevada Select in September 2019 to maintain the option agreement in good standing. Fremont believes that the resources required to keep the Gold Bar option agreement in good standing would be better spent on identifying and acquiring a gold deposit in the Western U.S. that has the potential to host at least 1.0 million ounces of gold.

As at March 31, 2019, the Company had staked in the field an additional 385 mining claims in areas adjacent to the Gold Bar Property, 214 of which had been recorded. Management has decided not to renew these claims in August 2019.

The carrying value of the Company's total interest in the Gold Bar Property of $498,128 was written off in full in Q4 2019.

***Exploration activity***

A total of $326,023 was incurred on exploration expenditures on the Gold Bar Property in the year ended March 31, 2019 and a further $281,421 was incurred on option payments, claim acquisition and claim maintenance charges during this period.

Activities undertaken at the Gold Bar Property during 2019 included a three hole reverse circulation drill program. One drill hole was designed to test a geochemical anomaly to the southeast of the historic Gold Bar mine, which may have represented a possible extension to the historic mine. The hole was terminated at 305 metres without intersecting bedrock. The other two holes, drilled on the southwest side of the Gold Bar pit, were designed to test for a possible feeder system at depth. Fremont targeted two mineralized faults, that had been mined higher in the section, that were thought to be dipping towards each other to test for a possible feeder system. The first hole intersected large void spaces along the first fault at 100 metres and was terminated. The second hole, offset 10 metres from the first hole and drilled at a steeper angle, successfully drilled through the first fault and intersected the second fault at 150 metres, about 60 metres below the level of the pit floor, but again encountered open fractures, resulting in lost circulation and little to no sampling. The hole was terminated at 190 metres. Samples returned around the missing intervals had weak gold mineralization, slightly above 100 ppb gold. The two holes drilled at the southwest side of the Gold Bar pit confirmed the existence and geometry of the faults at depth but did not return strong enough values to warrant further drilling.

## Proposed transactions

As at March 31, 2019 and July 25, 2019, there were no other announced asset or business acquisitions or dispositions other than as described herein.

Fremont is currently weighing the sale or joint venture of some of its projects while it evaluates opportunities to acquire an advanced stage gold project that has the potential to host an economic deposit with a minimum of 1.0 million ounces of gold in the Western United States. Over the last several months, the Company has evaluated dozens of advanced stage gold projects in Nevada, Idaho and Utah, resulting in a short-list of projects that warranted further due diligence. Fremont is in discussions with several third parties and is confident that the Company will be able to identify and acquire one or more advanced stage gold projects that have the potential to host an economic deposit with a minimum of 1.0 million ounces of gold.

## Selected annual information

A summary of annual results in respect of the years ended March 31, 2019, March 31, 2018 and March 31, 2017 is as follows. This summary information has been derived from the audited consolidated financial statements of the Company.

The Company commenced its current operations in Q2 2018 following closing of the Transaction in late June 2017.

*Consolidated statements of loss*

| | Year ended<br>31-Mar-19 | Year ended<br>31-Mar-18 | Year ended<br>31-Mar-17 |
|---|---|---|---|
| Revenue | - | - | - |
| Professional fees | 228,706 | 180,925 | 46,820 |
| Exploration | 763,034 | 163,388 | - |
| General and administration | 329,640 | 153,582 | 227 |
| Management | 264,838 | 66,667 | - |
| Travel | 138,125 | 46,500 | - |
| Stock-based compensation | 197,748 | 190,898 | - |
| Listing and transfer agent | 26,769 | 19,972 | 14,253 |
| Depreciation | 4,369 | 532 | - |
| Forgiveness of debt | - | - | (36,746) |
| Write-off of exploration and evaluation assets | 498,128 | - | - |
| Other income and expense items | (10,467) | (7,774) | - |
| **Net loss** | **2,440,890** | **814,690** | **24,554** |
| Net loss per share | $ 0.05 | $ 0.03 | $ 0.00 |
| *Weighted average shares outstanding* | *46,564,930* | *27,982,299* | *12,195,618* |

- Professional fees relate primarily to marketing advisory fees paid to third parties and legal fees associated with various mineral property acquisition transactions. This amount also includes a non-recurring fee associated with listing on the Frankfurt Stock Exchange (2018) and miscellaneous legal, audit and audit related fees. Legal, audit and accounting fees relating directly to the Transaction were capitalised as a cost of the Transaction. The level of professional fees are expected to decline significantly in fiscal 2020
- The nature and cost of exploration activity undertaken in the year ended March 31, 2019 is discussed above by individual property. The most individually significant exploration expenditures incurred in 2019 were in respect of the drill programs undertaken at each of Gold Bar and Gold Canyon
- General and administration charges relate to the cost of maintaining corporate offices in each of Vancouver and Winnemucca, Nevada as well as certain marketing related costs (road shows and conferences) and non-management payroll
- Management costs comprise remuneration of the Company's President, CEO and CFO; remuneration of the Company's VP-Exploration is included in exploration. The increase in 2019 relative to 2018 was attributable to the following:
  - Charging of management remuneration commenced in December 2017 (being two thirds of the way through 2018)
  - Splitting the responsibilities of President and CEO from a single individual to two individuals in October 2018
- Travel charges relate primarily to road shows, conferences and to the Company's properties in Nevada. The increase in 2019 relative to 2018 was attributable to increased travel associated with attendance at conferences and other marketing initiatives as well as increased travel to Nevada in connection with increased exploration activity

***Consolidated statements of financial position***

| | 31-Mar-19 | 31-Mar-18 | 31-Mar-17 |
|---|---|---|---|
| Cash and cash equivalents | 491,933 | 504,760 | 21,916 |
| Other current assets | 106,929 | 95,763 | 944 |
| Mineral properties | 2,535,426 | 2,218,020 | - |
| Fixed assets | 19,542 | 8,150 | - |
| Reclamation bonds | 125,970 | 104,685 | - |
| ***Total assets*** | ***3,279,800*** | ***2,931,378*** | ***22,860*** |
| | | | |
| Accounts payable and accrued liabilities | 108,496 | 173,230 | 69,070 |
| Due to related parties | 79,780 | 98,532 | 18,900 |
| ***Total liabilities*** | ***188,276*** | ***271,762*** | ***87,970*** |
| Equity: | | | |
| Share capital | 12,138,638 | 9,230,783 | 6,230,903 |
| Subscription receipts | - | 325,992 | - |
| Reserves | 1,367,592 | 1,169,844 | 943,497 |
| Other comprehensive income | 80,384 | (12,803) | - |
| Accumulated deficit | (10,495,090) | (8,054,200) | (7,239,510) |
| ***Total equity*** | ***3,091,524*** | ***2,659,616*** | ***(65,110)*** |

- Other current assets relate to various receivables (primarily GST and BLM charges due from partners on shared claims within the Goldrun Property) and prepaid marketing expenditures
- The carrying value of mineral properties includes claim acquisition (option payments, value of common shares issued to an optionor in connection with a property transaction, costs of staking, etc.) and the costs of maintaining the claims in good standing. Costs of both exploration and indirect costs associated with claim acquisition (such as legal expenses) are expensed as incurred. The cost of claim acquisition and maintenance undertaken in the year ended March 31, 2019 is discussed above by individual property
- Reclamation bonds totalling US$ 94,968 ($125,970) were paid in connection with the following:
  - Gold Bar drill program: US$ 13,079 (January 2019)
  - Gold Bar and Gold Canyon drill programs: US$ 25,123 (March 2018)
  - Hurricane trenching program: US$ 56,066 (October 2017)
- Accounts payable and accrued liabilities comprise amounts due to third parties including accrued audit fees and recurring liabilities relating to ongoing operations in both Nevada and Vancouver. The balance also includes a reclamation provision of $29,399 relating to drilling activity and trenching work performed at the Hurricane property. The decrease in the 2019 balance relative to that of 2018 relates to deferred legal and marketing advisory fees as at the latter date which were paid in April 2018 following the closing of the April 2018 financing
- See 'Transactions with related parties' for discussion regarding the balance due to related parties
- Changes in equity during the year ended March 31, 2019 include the April 2018 private placement (9,615,200 common shares at $0.16 per share for gross proceeds of $1,538,432), the December 2018 private placement (8,789,930 units at $0.14 per units for gross proceeds of $1,230,590), the issuance of stock options in each of July 2018 (600,000 options exercisable at $0.15) and December 2018 (1,075,000 options exercisable at $0.15) and the exercise of warrants in April 2018 (proceeds of $171,153). See 'Liquidity and going concern'

## Summary of quarterly results

A summary of quarterly results in respect of the two year period ended March 31, 2019 is as follows:

| | **Q1 2019** *June 30, 2018* | **Q2 2019** *Sept. 30, 2018* | **Q3 2019** *Dec. 31, 2018* | **Q4 2019** *March 31, 2019* |
|---|---|---|---|---|
| Revenues | - | - | - | - |
| Exploration | (298,853) | (123,411) | (128,177) | (212,593) |
| Operating costs | (255,797) | (252,168) | (399,920) | (282,310) |
| Write-off of mineral property | - | - | - | (498,128) |
| Net loss | (522,353) | (405,395) | (519,057) | (994,085) |
| | | | | |
| Net working capital | 1,056,094 | 519,140 | 853,124 | 410,586 |
| Claim acquisition and maintenance | 101,738 | 211,992 | 354,258 | 147,546 |
| Total assets | 3,746,681 | 3,359,926 | 4,320,726 | 3,279,800 |
| Total liabilities | (206,998) | (183,104) | (293,860) | (188,276) |

| | **Q1 2018** *June 30, 2017* | **Q2 2018** *Sept. 30, 2017* | **Q3 2018** *Dec. 31, 2017* | **Q4 2018** *March 31, 2018* |
|---|---|---|---|---|
| Revenues | - | - | - | - |
| Exploration | - | (20,597) | (80,806) | (61,985) |
| Operating costs | (18,241) | (80,033) | (129,089) | (423,939) |
| Net loss | (18,241) | (100,630) | (209,895) | (485,924) |
| | | | | |
| Net working capital (deficit) | 1,181,543 | 936,867 | 437,752 | 328,761 |
| Total assets | 3,071,582 | 2,928,869 | 2,678,057 | 2,391,378 |
| Total liabilities | (166,357) | (180,869) | (131,187) | (271,762) |

In general, fluctuations in the Company's quarterly results over the two years ended March 31, 2019 related primarily to the acquisition of additional mineral properties and the commencement of exploration programs at certain of these properties commencing in Q2 2018 following closing of the Transaction in late June 2017. Non-exploration expenses - including costs of general and administration, management, marketing advisory fees, other professional charges, travel, etc. - also increased in Q2 2018 with the establishment of offices in each of Vancouver and Nevada.

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

- The increase in exploration spend in Q1 2019 was related to the drill program undertaken at Gold Bar and Gold Canyon
- The increase in operating costs (non-exploration) in Q4 2018 through Q4 2019 was related, in part, to stock-based compensation expenses in all quarters relating to stock options issued in Q4 2018, Q2 2019 and Q3 2019; excluding such expenses, operating costs are reduced to $241,972, $214,147, $193,800, $352,659 and $282,310, respectively. The significant increase in operating costs in Q3 2019 were related to various cost items that are considered to be non-recurring in nature:
  - Travel and marketing costs incurred in connection with the December financing
  - The introduction of a new CEO at the beginning of the quarter and related transition costs incurred during October and November
- The increases in net working capital in Q1 2019 and Q3 2019 were due to the closing of private placements with gross proceeds of $1,538,432 in April 2018 and $1,230,590 in December 2018

- Claim acquisition and maintenance expenditures relate to option and lease payments paid to third parties, claim maintenance charges paid to the United States Bureau of Land Management ("BLM") and costs of staking ground

# Liquidity and going concern

As at March 31, 2019, the Company had a cash balance of $491,933 (March 31, 2018: $504,760), and a net working capital balance of $410,586 (March 31, 2018: $328,761).

***Going concern***

The nature of the Company's operations results in significant expenditures for the acquisition, maintenance and exploration of mineral properties. 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 operations in the normal course of business is dependent on several factors, including its ability to secure additional funding.

Management has estimated that the Company will not have sufficient funds from existing working capital to meet its planned objectives and property obligations beyond August 30, 2019.

In the event the Company is unable to arrange appropriate financing in the future, the carrying value of the Company's assets and liabilities could be subject to material adjustment and the Company will not be able to meet its obligations as they become due in the normal course of business. Furthermore, these conditions indicate the existence of a material uncertainty that raises doubt as to the Company's ability to continue as a going concern.

***December 2018 private placement***

In November 2018, the Company announced the terms of a non-brokered private placement comprised of up to 7,200,000 units ("Unit") at a price of $0.14 per Unit for gross proceeds of up to $1,008,000. Gross proceeds ultimately realised in the December 2018 closing amounted to $1,230,590 through the issuance of 8,789,930 Units at a price of $0.14 per Unit.

Each Unit is comprised of a common share of the Company and one half of one share purchase warrant. Each whole share purchase warrant ("Warrant") entitles the holder to purchase one common share at a purchase price of $0.20 per for a period of 24 months through December 5, 2020.

The Warrants are subject to an accelerator provision whereby if over a period of 15 consecutive trading days between the closing date and the expiry of the Warrants, the daily volume weighted average trading price of the Company's common shares exceeds $0.30 on each of those 15 consecutive trading days, the Company may give written notice (via news release) within 30 days to the holders of the Warrants that the Warrants will expire on the 30th day following the provision of notice. The holders of the Warrants will then have 30 days to exercise their Warrants after the date of the news release. Any insiders who are unable to exercise their Warrants due to a 'blackout period' being in effect during the 30 day term following the provision of notice will automatically have the exercise period extended by the aggregate time of the blackout period(s).

Fremont paid finders' fees to third parties equivalent to 6% of the gross proceeds raised in connection with the private placement; total finders' fees amounted to $39,198. The remaining share issue costs amounted to $20,718 and related primarily to legal fees and fees levied by the TSX-V.

Certain directors and officers of the Company participated in the private placement and subscribed for an aggregate of 1,708,500 common shares at a cost of $239,190.

***April 2018 private placement***

In April 2018, the Company announced the completion of a non-brokered private placement of $1,538,432 through the issuance of 9,615,200 common shares at $0.16 per common share.

Fremont paid finders' fees to third parties equivalent to 7% of the gross proceeds raised in connection with the private placement; total finders' fees amounted to 24,362. The remaining share issue costs amounted to $21,112 and related primarily to legal fees and fees levied by the TSX-V.

Certain directors and officers of the Company participated in the private placement and subscribed for an aggregate of 1,563,750 common shares at a cost of $250,200.

***Debt settlement agreement***

In January 2019, the Company announced that it had entered into a debt settlement agreement with Mr. Dennis Moore relating to amounts owing to Mr. Moore by the Company for unreimbursed expenditures (primarily travel) incurred by Mr. Moore on behalf of the Company and unpaid remuneration. Mr. Moore is one of the founders of the Company, was its CEO until September 30, 2018 and remains its President and a director. The debt settlement agreement relates to $139,398 owed to Mr. Moore and was addressed by the Company in two parts as follows:

- $75,000 was settled in February 2019 through the issuance of 500,000 common shares to Mr. Moore at a deemed price of $0.15 per share
- $64,398 was addressed through the issuance of a promissory note which is to be paid on or before December 31, 2019. The Company will pay a fee of $1,288 to Mr. Moore equivalent to 2% of the amount of the promissory note. With the exception of this fee, the balance payable is non-interest bearing and is unsecured.

*Cash flows*

| | Year ended 31-Mar-19 | Year ended 31-Mar-18 |
|---|---|---|
| **Operating activities** | | |
| Net loss for the year | (2,440,890) | (814,690) |
| Non-cash items | 689,626 | 178,087 |
| | (1,751,264) | (636,603) |
| Changes in non-cash working capital: | | |
| Current assets | (11,166) | (89,291) |
| Current liabilities | (8,486) | 109,081 |
| | **(1,770,916)** | **(616,813)** |
| **Investing activities** | | |
| Additions to mineral properties | (721,656) | (445,996) |
| Additions to fixed assets | (15,309) | - |
| Reclamation bond | (17,162) | (104,685) |
| Transaction costs, net of cash acquired | - | (129,983) |
| | **(754,127)** | **(680,664)** |
| **Financing activities** | | |
| Issuance of share capital (net of issuance costs) | 2,335,710 | 1,441,329 |
| Subscription receipts | - | 325,992 |
| Exercise of warrants | 171,153 | 13,000 |
| | **2,506,863** | **1,780,321** |
| Effect of change in exchange rate | 5,353 | - |
| Net increase in cash | (12,827) | 482,844 |
| Cash, beginning of year | 504,760 | 21,916 |
| **Cash, end of year** | **491,933** | **504,760** |

<u>Operating activities</u>

Cash applied to operating activities in the year ended March 31, 2019 amounted to $1,770,916. Non-cash items related primarily to the write-off of the Gold Bar property and stock-based compensation charges.

<u>Investing activities</u>

Cash used in investing activities in the year ended March 31, 2019 amounted to $754,127 and related to the following:

- Additions to mineral properties comprised of option payments relating to Gold Canyon (US$ 112,500), Gold Bar (US$ 160,000) and North Carlin (US$ 12,500), and expenditures relating to claim maintenance and staking (primarily Gold Bar, Goldrun and North Carlin)
- Additions to fixed assets comprised of computer equipment (Vancouver) and ATVs and trailers (Nevada)
- Reclamation bond totalling US$ 13,079 paid in respect of the Gold Bar drill program undertaken in Q4 2019. The bond will be refunded in full once reclamation work has been completed to the satisfaction of the BLM

Financing activities

Cash provided by financing activities in the year ended March 31, 2019 amounted to $2,506,863 and related to the following:

- Proceeds of the April 2018 private placement (net of share issuance costs) of $1,492,958
- Proceeds of the December 2018 private placement (net of share issuance costs) of $1,168,744
- Exercise of 1,283,750 share purchase warrants at a price of $0.133 for proceeds of $171,153.

***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 is responsible for remediating ground on its Hurricane Property on which it undertook trenching activity in Q3 2018. In this regard, the Company was required to post a reclamation bond of US$ 56,066 with the BLM.

The Company is responsible for remediating ground on its Gold Bar Property and Gold Canyon Property on which it undertook drilling activity in Q1 2019. In this regard, the Company was required to post reclamation bonds totalling US$ 25,123 with the BLM.

The Company is responsible for remediating ground on its Gold Bar Property on which it undertook drilling activity in Q4 2019. In this regard, the Company was required to post reclamation bonds totalling US$ 13,079 with the BLM.

The bonds will be refunded in full once reclamation work has been completed to the satisfaction of the BLM.

Otherwise, the Company had no significant medium- or long-term contractual commitments as at March 31, 2019 or July 25, 2019 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 March 31, 2019 or July 25, 2019.

***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 March 31, 2019 or July 25, 2019.

The Company is required to make certain option and lease payments in order to maintain its mineral properties and agreements in good standing. Such expenditures to be incurred in the year ended March 31, 2020 include the following:

- Hurricane lease payment: US$ 20,000
- Gold Canyon option payments: US$ 112,500.

Estimated claim maintenance expenditures (BLM charges) to be incurred through September 2019 relating to the Company's current portfolio of properties amount to approximately US$ 91,000.

## Transactions with related parties

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

The Company's Chairman, President and CEO, CFO and VP Exploration were not remunerated by the Company from the time of closing of the Transaction through November 30, 2017 and no remuneration was owed to these individuals as at that date. The recognition of management remuneration for the Company's President and CEO, CFO and VP Exploration commenced on December 1, 2017; the Company's Chairman does not receive any form of remuneration (other than stock options). The remuneration of the VP Exploration is included in exploration costs.

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

| | | Year ended March 31, 2019 | | Year ended March 31, 2018 |
|---|---|---|---|---|
| Remuneration of officers of the Company (1) | $ | 358,997 | $ | 100,000 |
| Recharge of exploration, claim and local administrative expenditures | | 154,851 | | 133,920 |
| Stock-based compensation relating to stock options issued to officers and directors of the Company | | 99,382 | | 147,228 |
| Professional fees charged by a company controlled by the former CFO | | - | | 8,000 |
| | **$** | **613,230** | **$** | **389,148** |

(1) Includes fees charged by companies controlled by officers of the Company

Certain exploration, local administrative (Nevada office), claim acquisition and clam maintenance expenditures are charged to the Company by Tectonex LLC, a company owned by the Company's VP Exploration. Such charges totalled US$ 118,060 ($154,851) in the year ended March 31, 2019 (year ended March 31, 2018: US$ 106,036 ($133,920)). All such expenditures are recharged to the Company without margin or discount at the actual cost incurred by Tectonex

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

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Deferred amount due to the President (due Dec. 31, 2019) | $ 64,398 | $ - |
| Amounts owing to directors and officers relating to the reimbursement of expenses | 14,277 | 24,397 |
| Amount owing to the President and CFO relating to deferred remuneration | - | 45,000 |
| Amount owing to Tectonex relating to the recharge of exploration, claim and local administrative expenditures | 1,105 | 29,135 |
| | **$ 79,780** | **$ 98,532** |

Certain directors and officers of the Company participated in the April 2018 and December 2018 private placements, subscribing for an aggregate of 1,563,750 common shares at a cost of $250,200 and 1,708,500 units at a cost of $239,190, respectively.

In January 2019, the Company announced that it had agreed to settle $75,000 in outstanding liabilities owed to Dennis Moore, the Company's President and a director of the Company (see 'Liquidity – Debt settlement agreement').

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 March 31, 2019 and July 25, 2019:

| | March 31, 2019 | July 25, 2019 |
|---|---|---|
| Issued and outstanding common shares | 53,504,302 | 53,504,302 |
| Fully diluted | 67,514,553 | 67,514,553 |
| Share purchase warrants: | | |
| June 29, 2019 ($0.15) | 361,720 | 361,720 |
| June 29, 2020 ($0.25) | 5,023,566 | 5,023,566 |
| June 30, 2020 ($0.25) | 105,000 | 105,000 |
| Dec. 5, 2020 ($0.20) | 4,394,965 | 4,394,965 |
| | 9,885,251 | 9,885,251 |
| Stock options | 4,125,000 | 4,125,000 |

In June 2019, the Company announced that would amend the terms of 5,128,566 share purchase warrants, issued pursuant to a private placement in June 2017. The expiry date of 5,023,566 share purchase warrants was extended from June 29, 2019, to June 29, 2020, and the expiry date of the remaining 105,000 share purchase warrants was extended from June 30, 2019, to June 30, 2020. All other terms of the share purchase warrants, including the $0.25 exercise price, remain unchanged.

## Changes in accounting policies

***Adoption of IFRS 9***

On April 1, 2018, the Company adopted IFRS 9 in accordance with the transitional provisions of the standard. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. Accordinlgy, management has assessed the provisions of IFRS 9 and has concluded that its implementation did not have any significant impact on the Company's financial statements and the change did not impact the carrying value of any of the Company's financial assets on the transition date.

***New accounting standards and interpretations***

IFRS 16, Leases ("IFRS 16") replaced IAS 17, Leases ("IAS 17") effective for annual periods commencing on or after January 1, 2019. The new model requires the recognition of lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively.

The Company has determined that the adoption of IFRS 16 will have no impact on its 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.

## Financial instruments

The Company's financial instruments are comprised of cash and cash equivalents, accounts receivable, 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 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.

See ‘Liquidity and going concern’.

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 year ended March 31, 2019 or the period ended July 25, 2019.

## 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 President and CEO and CFO 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 July 25, 2019.

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 and going concern’)
- 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.

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.