

**Form 51-102F4**  
***Business Acquisition Report***

**Item 1 Identity of Company**

**1.1 Name and Address of Company**

Fremont Gold Ltd. (“**Fremont**” or the “**Company**”)  
Suite 1500 – 409 Granville Street  
Vancouver, BC V6C 1T2  
Canada

**1.2 Executive Officer**

For further information, please contact Paul Hansed, Chief Financial Officer and Corporate Secretary, at (604) 676-5660.

**Item 2 Details of Acquisition**

**2.1 Nature of Business Acquired**

On June 29, 2017 (the “**Closing Date**”), Fremont (then Palisades Ventures Inc.) acquired 1027344 B.C. Ltd. (“**1027344 B.C.**”) and Intermont Exploration, LLC (“**Intermont**”), both of which own rights to certain mineral projects in Nevada, USA (the “**Acquisition**”).

*Details Respecting 1027344 B.C. Ltd.*

1027344 B.C. is a junior resource company incorporated on February 12, 2015, pursuant to the laws of British Columbia. 1027344 B.C. is engaged in the identification, exploration and development, of mineral properties located in Nevada. The principal asset of 1027344 B.C. is the Hurricane Project, a gold exploration project located in Lander County, Nevada.

*Details Respecting Intermont Exploration, LLC*

Intermont is a limited liability company incorporated on March 10, 2015 pursuant to the laws of Nevada. Intermont is engaged in the exploration and development of mineral properties in Nevada. Intermont’s principle asset is the Goldrun Project, a gold exploration project located in Humboldt County, Nevada.

**2.2 Acquisition Date**

June 29, 2017.

**2.3 Consideration**

The total fair value of the consideration paid or payable by Fremont in connection with the Acquisition as of the Closing Date was a total of 10 million common shares of Fremont (“**Common Shares**”):

- 3.5 million Common Shares paid to the shareholders of 1027344 B.C.; and
- 6.5 million Common Shares paid to the members of Intermont.

Fremont also issued 300,000 Common Shares to Nevada Select Royalty, Inc. pursuant to the lease agreement on the Hurricane Project.

The Common Shares Fremont issued in connection with the Acquisition were issued post-Consolidation (as described below).

#### *Consolidation*

Immediately prior to the closing of the Acquisition, Fremont completed a consolidation of its issued and outstanding Common Shares on a 3:4 basis (the “**Consolidation**”).

#### *Private Placement*

On June 29 and 30, 2017, Fremont completed a non-brokered private placement of 10,257,132 units of the Company (the “**Units**”) at a price of \$0.15 per Unit for gross proceeds of CDN\$1,538,570 (the “**Private Placement**”). Each Unit consists of one post-Consolidation Common Share and one-half of one post-Consolidation Common Share purchase warrant (a “**Warrant**”) exercisable at a price of \$0.25 for a period of 24 months after the closing of the Private Placement. Upon exercise, each whole Warrant entitles the holder thereof to purchase one post-Consolidation Common Share.

In connection with the Private Placement, Fremont paid a total of CDN\$54,258 cash and issued a total of 361,720 broker warrants as finders’ fees. Each broker warrant is exercisable into one additional post-Consolidation Common Share of Fremont at an exercise price of CDN\$0.15 per Common Share for a period of two years from the closing date of the Private Placement.

## **2.4 Effect on Financial Position**

Other than the Acquisition itself, Fremont has no plans or proposals for material changes to its business affairs or the affairs of Intermont and 1027344 B.C. which may have a significant effect on the financial performance and financial position of Fremont. Fremont reconstituted its board of directors and management on the Closing Date. Pursuant to the terms of the Acquisition, Jonathan Jackson, Director, and Gordon Steblin, Chief Financial Officer, Interim Chief Executive Officer and Director, resigned. The board of directors of the Company is now comprised of Dennis Moore, acting as President and Chief Executive Officer, Alan Carter, acting as Chairman, Paul Reynolds, and Michael Williams. Paul Hansed is the Chief Financial Officer and Corporate Secretary of the Company and Clay Newton is the VP Exploration of the Company.

## **2.5 Prior Valuations**

Not applicable.

**2.6 Parties to Transaction**

The Acquisition was not a transaction with an informed person, associate or affiliate of Fremont.

**2.7 Date of Report**

September 12, 2017.

**Item 3 Financial Statements and Other Information**

The following financial statements are included in this business acquisition report:

1. Audited financial statements of Intermont for the year ended December 31, 2016 and period ended December 31, 2015;
2. Audited financial statements of 1027344 B.C. for the year ended December 31, 2016 and period ended December 31, 2015;
3. Unaudited interim financial statements of Intermont for the three months ended March 31, 2017; and
4. Unaudited interim financial statements of 1027344 B.C. for the three months ended March 31, 2017.

De Visser Gray LLP has not given their consent to include in this business acquisition report their audit reports dated May 12, 2017 on the financial statements listed as items 1 and 2 above.

**Intermont Exploration, LLC**  
(An Exploration Stage Company)

FINANCIAL STATEMENTS

DECEMBER 31, 2016

## INDEPENDENT AUDITOR'S REPORT

### To the Member of Intermont Exploration, LLC,

We have audited the accompanying financial statements of Intermont Exploration, LLC which comprise the statements of financial position as at December 31, 2016 and December 31, 2015, and the statements of loss and comprehensive loss, changes in member's capital and cash flows for the periods then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Intermont Exploration, LLC as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has limited working capital, losses since inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC  
May 12, 2017

**Intermont Exploration, LLC**  
**Statements of financial position**  
(United States dollars)

	Notes	December 31, 2016	December 31, 2015
<b>ASSETS</b>			
<b>Current assets</b>			
Accounts receivable		1,251	1
<b>Total Current assets</b>		<b>1,251</b>	<b>1</b>
<b>Non-current assets</b>			
Mineral properties	6	48,963	-
<b>Total Assets</b>		<b>50,214</b>	<b>1</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		9,132	-
<b>Total Current liabilities</b>		<b>9,132</b>	<b>-</b>
<b>Total liabilities</b>		<b>9,132</b>	<b>-</b>
<b>Member's capital</b>			
Member's capital		72,525	326
Accumulated deficit		(31,443)	(325)
<b>Total Member's capital</b>		<b>41,082</b>	<b>1</b>
<b>Total Liabilities and Shareholder's equity</b>		<b>50,214</b>	<b>1</b>
<b>Nature of operations and going concern (Note 1)</b>			
<b>Subsequent events (Note 5)</b>			

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

Approved by the Member

"Clay Newton"  
Clay Newton, Member

**Intermont Exploration, LLC**  
**Statements of loss and comprehensive loss**  
(United States dollars)

	Notes	Year ended December 31, 2016	Period from March 10, 2015 (date of incorporation) to December 31, 2015
<b>Expenses</b>			
Exploration expenditures	7	21,672	-
Professional fees		9,132	325
Office and administration		314	-
		31,118	325
<b>Net loss and comprehensive loss for the period</b>		<b>31,118</b>	<b>325</b>

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

**Intermont Exploration, LLC**  
**Statements of changes in member's capital**  
(United States dollars)

	Member's capital	Accumulated deficit	Total member's capital
<b>Balance at March 10, 2015</b> (date of incorporation)	-	-	-
Comprehensive loss	-	(325)	(325)
Member's capital contributions	326	-	326
<b>Balance at December 31, 2015</b>	<b>326</b>	<b>(325)</b>	<b>1</b>
<b>Balance at December 31, 2015</b>	<b>326</b>	<b>(325)</b>	<b>1</b>
Comprehensive loss	-	(31,118)	(31,118)
Member's capital contributions	72,199	-	72,199
<b>Balance at December 31, 2016</b>	<b>72,525</b>	<b>(31,443)</b>	<b>41,082</b>

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

# Intermont Exploration, LLC

## Statements of cash flows

(United States dollars)

	Year ended December 31, 2016	Period from March 10, 2015 (date of incorporation) to December 31, 2015
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(31,118)	(325)
Net changes in non-cash working capital:		
Increase in accounts receivable	(1,250)	(1)
Increase in accounts payable and accrued liabilities	9,132	-
<b>Cash used in operating activities</b>	<b>(23,236)</b>	<b>(326)</b>
<b>INVESTING ACTIVITIES</b>		
Additions to mineral properties	(48,963)	-
<b>Cash used in investing activities</b>	<b>(48,963)</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Member's capital contributions	72,199	326
<b>Cash provided by financing activities</b>	<b>72,199</b>	<b>326</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>	<b>-</b>	<b>-</b>

The accompanying notes are an integral part of these financial statements

# **Intermont Exploration, LLC**

## **NOTES TO FINANCIAL STATEMENTS**

(United States dollars)

Year ended December 31, 2016 and Period from incorporation to December 31, 2015

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

Intermont Exploration, LLC (“Intermont” or the “Company”) was established as a limited liability company in the state of Nevada on March 10, 2015 under Chapter 86 of the Nevada Revised Statutes. Intermont is in the business of the exploration and development of mineral properties, with a primary focus on gold and copper properties in Nevada.

The Company’s registered office is located in Winnemucca, Nevada.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“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 operations as it is considered to be in the exploration stage. For the year ended December 31, 2016, the Company reported a net loss of \$31,118 (period ended December 31, 2015: \$325) and negative cash flow from operations of \$23,236 (period ended December 31, 2015: \$326), and as at that date had a net working capital deficit of \$7,881 (December 31, 2015: net working capital of \$1) and an accumulated deficit of \$31,443 (December 31, 2015: 325). These factors create material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

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 members of management, the Company’s existing members or new members 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.

These financial statements 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.

In February 2017, the Company entered into a binding letter agreement with two other entities and five individuals pursuant to which one of the entities will acquire the membership interest of Intermont from its legal and beneficial owner in exchange for shares of the acquiring entity (see Note 5).

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

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The policies applied in these financial statements are based on IFRS issued and outstanding as of May 12, 2017, the date the membership approved these financial statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements as at and for the year ended December 31, 2016.

# **Intermont Exploration, LLC**

## **NOTES TO FINANCIAL STATEMENTS**

(United States dollars)

Year ended December 31, 2016 and Period from incorporation to December 31, 2015

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

All amounts are presented in United States Dollars unless otherwise indicated. A summary of significant accounting policies is as follows:

#### **(a) Basis of measurement**

The financial statements have been prepared under the historical cost convention.

#### **(b) Significant estimates and judgement**

The preparation of the financial statements in conformity with IFRS requires the use of judgements and estimates that affect the amounts reported and disclosed in the financial statements and related notes. These judgements and estimates are based on management's knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and notes to the financial statements, and the key areas are summarized below.

##### ***Impairment of mineral properties***

Mineral properties are considered for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assessment of impairment indicators involves the application of a number of significant judgments over internal and external factors including reserve and resource estimation, future precious metal prices, estimated costs of future production, changes in government legislation and regulations, estimated deferred income taxes, the availability of financing and various other operational factors. If any such indication exists, an estimate of the recoverable amount is undertaken. If the asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized in the statement of loss.

#### **(c) Mineral properties and exploration and development expenditures**

Costs relating to the acquisition and claim maintenance of mineral properties (including direct and indirect costs of staking ground, option payments and fees to maintain the property in good standing) are capitalised and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company expenses all exploration, evaluation and development expenditures until management concludes that a future economic benefit is more likely than not to be realized. In evaluating if expenditures meet this criterion to be capitalized, management considers the following:

- The extent to which reserves or resources, as defined in National Instrument 43-101, have been identified in relation to the property in question
- The conclusions of National Instrument 43-101 compliant preliminary economic assessment studies, preliminary feasibility studies and/or feasibility studies regarding the property in question
- The status of environmental permits

# Intermont Exploration, LLC

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Year ended December 31, 2016 and Period from incorporation to December 31, 2015

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- The status of mining leases or permits.

Once the Company considers that a future economic benefit is more likely than not of being realized, all subsequent costs directly relating to the advancement of the related area of interest are capitalized.

Capitalised mineral property costs are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator is identified, the asset's recoverable amount is calculated and compared to the carrying amount. For the purpose of measuring recoverable amounts, assets are grouped into cash-generating units ("CGUs"). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

### (d) Decommissioning provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at December 31, 2016 the Company does not have any decommissioning obligations.

### (e) Income taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the member. As such, no recognition of federal or state income taxes for the Company has been provided for in the accompanying financial statements. Any uncertain tax position taken by the member is not an uncertain position of the Company.

## 4. RECENT ACCOUNTING PRONOUNCEMENTS

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"  
Amendments to IAS 1, "Presentation of Financial Statements"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

# Intermont Exploration, LLC

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Year ended December 31, 2016 and Period from incorporation to December 31, 2015

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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 financial statements.

### 5. BINDING LETTER AGREEMENT

On December 28, 2016, the Company entered into a binding letter agreement (the "Agreement") with Palisades Ventures Inc. ("Palisades"), 1027344 B.C. Ltd. ("1027344 B.C.") and five individuals (one of whom is a member of the Company) pursuant to which Palisades will acquire the membership interest in Intermont and all of the issued and outstanding common shares of 1027344 B.C. from their respective members and shareholders in exchange for common shares of Palisades. Palisades is a publicly quoted company listed on the TSX Venture Exchange. The Agreement specifies that the member of the Company and its designees will receive a total of 6,500,000 post-consolidation common shares of Palisades as consideration for the membership interest of Intermont.

The closing of the transaction is subject to numerous conditions including satisfactory completion of due diligence, a three-for-four consolidation of Palisades common shares, the completion by Palisades of an equity private placement raising minimum gross proceeds of 1,000,000 Canadian dollars (\$744,768 applying the spot foreign exchange rate as at December 31, 2016), a minimum 50% approval of Palisades' shareholders, approval of the TSX Venture Exchange and various other conditions typical of a transaction of this type.

Subsequent to December 28, 2016, amendments to the Agreement dated January 23, 2017, January 31, 2017, February 15, 2017, February 22, 2017 and April 28, 2017 were entered into. The amendments related to timing and minor issues.

### 6. MINERAL PROPERTIES

Year ended December 31, 2016			
	Dec. 31, 2015	Additions	Dec. 31, 2016
Goldrun	-	43,996	43,996
Rock Creek	-	4,967	4,967
	-	<b>48,963</b>	<b>48,963</b>

The Company's primary mineral property is Goldrun.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee their titles. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

It is possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties could be written off in the future.

# Intermont Exploration, LLC

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Year ended December 31, 2016 and Period from incorporation to December 31, 2015

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**(a) Goldrun**

The Goldrun holdings consist of 148 mining claims owned solely by Intermont, 31 of which are recorded, and a further 103 claims owned jointly with an unrelated individual, all of which are recorded with the land authorities. The claims were acquired by staking in the field with posts and location notices.

**(b) Rock Creek**

The Rock Creek holdings consist of 160 mining claims owned solely by Intermont, none of which are recorded with the land authorities. The claims were acquired by staking in the field with posts and location notices.

### 7. EXPLORATION AND DEVELOPMENT EXPENDITURES

Year ended December 31, 2016	Goldrun	Rock Creek	Total
Consulting	10,253	1,782	12,035
Equipment	372	-	372
Field supplies	658	402	1,060
Geochemistry	3,547	1,588	5,135
Travel	2,579	491	3,070
	<u>17,409</u>	<u>4,263</u>	<u>21,672</u>

### 8. RELATED PARTY TRANSACTIONS

**(a) Management compensation**

2016 exploration, administrative and claim acquisition expenditures totalling \$70,949 (period ended December 31, 2015: \$325) were invoiced to the Company by Tectonex LLC ("Tectonex"), a company owned by the Company's member. All such expenditures are recharged to the Company without margin or discount at the actual cost incurred by Tectonex.

2016 exploration consulting expenditures includes \$29,610 which was owing by Tectonex to the principal member of the Company as at December 31, 2016 (period ended December 31, 2015: nil).

**(b) Balances due to related parties**

As at both December 31, 2016 and December 31, 2015, there were no amounts owing by the Company to related parties or from the Company to related parties.

# **Intermont Exploration, LLC**

## **NOTES TO FINANCIAL STATEMENTS**

(United States dollars)

Year ended December 31, 2016 and Period from incorporation to December 31, 2015

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### **9. CAPITAL MANAGEMENT**

The Company's objectives in managing its capital are as follows:

- To safeguard its ability to continue as a going concern
- To have sufficient capital to be able to meet its strategic objectives including the continued exploration and development of its existing mineral projects and the identification of additional projects.

Given the current exploration stage of its projects, the Company's primary source of capital is derived from funding provided by the membership of the Company.

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions.

Additional information relating to going concern is disclosed in Note 1.

### **10. FINANCIAL INSTRUMENTS**

#### **(a) Carrying value and fair value**

The Company's financial instruments comprise accounts receivable, accounts payable and accrued liabilities.

Financial instruments recognized at fair value on the balance sheets are classified in fair value hierarchy levels as follows:

- Level 1: Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

The Company does not have any financial instruments recognised at fair value.

Accounts receivable are classified as loans and receivables and are recorded in the financial statements at amortized cost. Amortized cost approximates fair market value due to the short-term nature of the balances.

Accounts payable and accrued liabilities are classified as other financial liabilities and are recorded in the financial statements at amortized cost. The fair value of accounts payable and accrued liabilities may be less than the carrying value as a result of the Company's credit and liquidity risk (See Note 1).

**Intermont Exploration, LLC**  
NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Year ended December 31, 2016 and Period from incorporation to December 31, 2015

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**(b) Financial risks**

The Company's activities expose it to a variety of financial risks, including liquidity risk.

*Liquidity risk*

Liquidity risk encompasses the risk that an entity cannot meet its financial obligations in full as they become due. The Company manages liquidity by taking the appropriate steps to maintain adequate cash and cash equivalent balances. The Company monitors actual and forecast cash flows, and matches the maturity profile of financial assets and liabilities (see Note 1).

**1027344 B.C. Ltd.**  
(An Exploration Stage Company)

FINANCIAL STATEMENTS

DECEMBER 31, 2016

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of 1027344 BC Ltd.,

We have audited the accompanying financial statements of 1027344 BC Ltd. which comprise the statements of financial position as at December 31, 2016 and December 31, 2015, and the statements of loss and comprehensive loss, changes in shareholder's equity and cash flows for the periods then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of 1027344 BC Ltd. as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has limited working capital, losses since inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



**1027344 B.C. Ltd.****Statements of financial position**

(United States dollars)

	Notes	December 31, 2016	December 31, 2015
<b>ASSETS</b>			
<b>Current assets</b>			
Accounts receivable		1	1
<b>Total Current assets</b>		<b>1</b>	<b>1</b>
<b>Non-current assets</b>			
Mineral properties	6	12,500	5,000
<b>Total Assets</b>		<b>12,501</b>	<b>5,001</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		6,816	-
<b>Total Current liabilities</b>		<b>6,816</b>	-
<b>Total liabilities</b>		<b>6,816</b>	-
<b>Shareholder's equity</b>			
Share capital	8	1	1
Subscription receipts		35,821	26,756
Accumulated deficit		(30,137)	(21,756)
<b>Total Shareholder's equity</b>		<b>5,685</b>	<b>5,001</b>
<b>Total Liabilities and Shareholder's equity</b>		<b>12,501</b>	<b>5,001</b>
<b>Nature of operations and going concern (Note 1)</b>			
<b>Subsequent events (Notes 5, 6 and 8)</b>			

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

Approved by the Director

"Alan Carter"

Alan Carter, Director

**1027344 B.C. Ltd.****Statements of loss and comprehensive loss**

(United States dollars)

	Notes	Year ended December 31, 2016	Period from February 12, 2015 (date of incorporation) to December 31, 2015
<b>Expenses</b>			
Exploration expenditures		1,565	21,756
Professional fees		6,816	-
		<u>8,381</u>	<u>21,756</u>
<b>Net loss and comprehensive loss for the period</b>		<b><u>8,381</u></b>	<b><u>21,756</u></b>
Loss per share, Basic and diluted		\$ 8,381	\$ 21,756
Weighted average shares outstanding, Basic and diluted		1	1

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

**1027344 B.C. Ltd.****Statements of changes in shareholder's equity**

(United States dollars)

	Issued common shares	Share capital	Subscription receipts	Accumulated deficit	Total equity
<b>Balance at February 12, 2015</b> (date of incorporation)	-	-	-	-	-
Comprehensive loss	-	-	-	(21,756)	(21,756)
Shares issued for cash	1	1	-	-	1
Shareholder contribution	-	-	26,756	-	26,756
<b>Balance at December 31, 2015</b>	<b>1</b>	<b>1</b>	<b>26,756</b>	<b>(21,756)</b>	<b>5,001</b>
<b>Balance at December 31, 2015</b>	<b>1</b>	<b>1</b>	<b>26,756</b>	<b>(21,756)</b>	<b>5,001</b>
Comprehensive loss	-	-	-	(8,381)	(8,381)
Shareholder contribution	-	-	9,065	-	9,065
<b>Balance at December 31, 2016</b>	<b>1</b>	<b>1</b>	<b>35,821</b>	<b>(30,137)</b>	<b>5,685</b>

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

**1027344 B.C. Ltd.****Statements of cash flows**

(United States dollars)

	Year ended December 31, 2016	Period from February 12, 2015 (date of incorporation) to December 31, 2015
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(8,381)	(21,756)
Net changes in non-cash working capital:		
Increase in accounts receivable	-	(1)
Increase in accounts payable and accrued liabilities	6,816	-
<b>Cash used in operating activities</b>	<b>(1,565)</b>	<b>(21,757)</b>
<b>INVESTING ACTIVITIES</b>		
Additions to mineral properties	(7,500)	(5,000)
<b>Cash used in investing activities</b>	<b>(7,500)</b>	<b>(5,000)</b>
<b>FINANCING ACTIVITIES</b>		
Subscription receipts	9,065	26,756
Issuance of share capital	-	1
<b>Cash provided by financing activities</b>	<b>9,065</b>	<b>26,757</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>	<b>-</b>	<b>-</b>

The accompanying notes are an integral part of these financial statements

# **1027344 B.C. Ltd.**

## **NOTES TO FINANCIAL STATEMENTS**

(United States dollars)

Year ended December 31, 2016 and Period from incorporation on February 12, 2015 to December 31, 2015

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

1027344 B.C. Ltd. (“1027344 B.C.” or the “Company”) was incorporated in British Columbia on February 12, 2015 under the British Columbia Business Corporations Act. 1027344 B.C. is in the business of the exploration and development of mineral properties, with a primary focus on gold and copper properties in Nevada.

The Company’s registered office is located at 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“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 operations as it is considered to be in the exploration stage. For the year ended December 31, 2016, the Company reported a net loss of \$8,381 (period ended December 31, 2015: \$21,756) and negative cash flow from operations of \$1,565 (period ended December 31, 2015: negative cash flows of \$21,757), and as at that date had a net working capital deficit of \$6,815 (December 31, 2015: net working capital of \$1) and an accumulated deficit of \$30,137 (December 31, 2015: 21,756). These factors create material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

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 members of management, the Company’s existing shareholder 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.

These financial statements 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.

In February 2017, the Company entered into a binding letter agreement with two other entities and five individuals pursuant to which one of the entities will acquire all of the issued and outstanding common shares of 1027344 B.C. from its shareholders in exchange for shares of the acquiring entity (see Note 5).

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

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The policies applied in these financial statements are based on IFRS issued and outstanding as of May 12, 2017, the date the Board of Directors approved these financial statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements as at and for the year ended December 31, 2016.

# 1027344 B.C. Ltd.

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Year ended December 31, 2016 and Period from incorporation on February 12, 2015 to December 31, 2015

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All amounts are presented in United States Dollars unless otherwise indicated. A summary of significant accounting policies is as follows:

#### (a) Basis of measurement

The financial statements have been prepared under the historical cost convention.

#### (b) Significant estimates and judgement

The preparation of the financial statements in conformity with IFRS requires the use of judgements and estimates that affect the amounts reported and disclosed in the financial statements and related notes. These judgements and estimates are based on management's knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and notes to the financial statements, and the key areas are summarized below.

##### *Impairment of mineral properties*

Mineral properties are considered for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assessment of impairment indicators involves the application of a number of significant judgments over internal and external factors including reserve and resource estimation, future precious metal prices, estimated costs of future production, changes in government legislation and regulations, estimated deferred income taxes, the availability of financing and various other operational factors. If any such indication exists, an estimate of the recoverable amount is undertaken. If the asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized in the statement of loss.

#### (c) Mineral properties and exploration and development expenditures

Costs relating to the acquisition and claim maintenance of mineral properties are capitalised and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company expenses all exploration, evaluation and development expenditures until management concludes that a future economic benefit is more likely than not to be realized. In evaluating if expenditures meet this criterion to be capitalized, management considers the following:

- The extent to which reserves or resources, as defined in National Instrument 43-101, have been identified in relation to the property in question
- The conclusions of National Instrument 43-101 compliant preliminary economic assessment studies, preliminary feasibility studies and/or feasibility studies regarding the property in question
- The status of environmental permits
- The status of mining leases or permits.

# 1027344 B.C. Ltd.

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Year ended December 31, 2016 and Period from incorporation on February 12, 2015 to December 31, 2015

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Once the Company considers that a future economic benefit is more likely than not of being realized, all subsequent costs directly relating to the advancement of the related area of interest are capitalized.

Capitalised mineral property costs are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator is identified, the asset's recoverable amount is calculated and compared to the carrying amount. For the purpose of measuring recoverable amounts, assets are grouped into cash-generating units ("CGUs"). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

### (d) Decommissioning provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at December 31, 2016 the Company does not have any decommissioning obligations.

### (e) Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between accounting carrying values and tax bases of assets and liabilities, measured using enacted or substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

### (f) Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

### (g) Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the period.

## 4. RECENT ACCOUNTING PRONOUNCEMENTS

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these financial statements.

# 1027344 B.C. Ltd.

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Year ended December 31, 2016 and Period from incorporation on February 12, 2015 to December 31, 2015

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New standard IFRS 9, “Financial Instruments”  
Amendments to IAS 1, “Presentation of Financial Statements”

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the 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 financial statements.

### 5. BINDING LETTER AGREEMENT

On December 28, 2016, the Company entered into a binding letter agreement (the “Agreement”) with Palisades Ventures Inc. (“Palisades”), Intermont Exploration, LLC. (“Intermont”) and five individuals (one of whom is a director of the Company) pursuant to which Palisades will acquire all of the issued and outstanding common shares of 1027344 B.C. and the membership interest in Intermont from their respective shareholders and members in exchange for common shares of Palisades. Palisades is a publicly quoted company listed on the TSX Venture Exchange. The Agreement specifies that the shareholders of the Company will receive a total of 3,500,000 post-consolidation common shares of Palisades as consideration for the issued and outstanding common share of 1027344 B.C.

The closing of the transaction is subject to numerous conditions including satisfactory completion of due diligence, a three-for-four consolidation of Palisades common shares, the completion by Palisades of an equity private placement raising minimum gross proceeds of 1,000,000 Canadian dollars (\$744,768 applying the spot foreign exchange rate as at December 31, 2016), a minimum 50% approval of Palisades’ shareholders, approval of the TSX Venture Exchange and various other conditions typical of a transaction of this type.

Subsequent to December 28, 2016, amendments to the Agreement dated January 23, 2017, January 31, 2017, February 15, 2017, February 22, 2017 and April 28, 2017 were entered into. The amendments related to timing and minor issues.

### 6. MINERAL PROPERTIES

Year ended December 31, 2016			
	Dec. 31, 2015	Additions	Dec. 31, 2016
Hurricane	5,000	7,500	12,500
	<b>5,000</b>	<b>7,500</b>	<b>12,500</b>

# 1027344 B.C. Ltd.

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Year ended December 31, 2016 and Period from incorporation on February 12, 2015 to December 31, 2015

Period ended December 31, 2015			
	Feb. 12, 2015	Additions	Dec. 31, 2015
Hurricane	-	5,000	5,000
	-	<b>5,000</b>	<b>5,000</b>

The Company's sole mineral property is Hurricane.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee their titles. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

It is possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties could be written off in the future.

### *Hurricane, lease agreement*

The Company entered into an agreement dated February 13, 2015 with Nevada Eagle, LLC ("Nevada Eagle"), a third party, pursuant to which the Company will lease six unpatented mining claims in Nevada collectively known as Hurricane. The claims total approximately 50.2 hectares. Subject to various conditions, the lease agreement provides the Company 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 Royalty, Inc. ("Nevada Select") pursuant to an assignment and assumption agreement dated May 4, 2016. Nevada Select is not related to the Company. Nevada Eagle's ownership interest in the property was transferred to Nevada Select on March 24, 2016.

The lease agreement was amended on 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 the Company 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 June 30, 2017: \$10,000
- 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

## **1027344 B.C. Ltd.**

### **NOTES TO FINANCIAL STATEMENTS**

(United States dollars)

Year ended December 31, 2016 and Period from incorporation on February 12, 2015 to December 31, 2015

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- 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) contemplates the assignment of the Company'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.

The Company 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 the Company 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. The Company may purchase one third of the NSR (1.0%) for \$1,000,000.

#### ***Assignment and Assumption Agreement***

Pursuant to the Agreement (see Note 5), the Company agreed to assign to Palisades all of its rights and responsibilities associated with the lease agreement (the "Assignment") and Palisades agreed to the Assignment. The Assignment will be undertaken pursuant to an Assignment and Assumption Agreement dated March 21, 2017 and will become effective upon closing of the transaction contemplated by the Agreement and communication of such closing by the Company and Palisades to Nevada Select on or before September 30, 2017.

## **7. INCOME TAXES**

The estimated taxable income for the period is \$nil. A reconciliation of the income taxes calculated at the statutory rates to the Company's effective income tax provision is as follows:

**1027344 B.C. Ltd.****NOTES TO FINANCIAL STATEMENTS**

(United States dollars)

Year ended December 31, 2016 and Period from incorporation on February 12, 2015 to December 31, 2015

	Year ended December 31, 2016	Period from February 12, 2015 (date of incorporation) to December 31, 2015
Net loss for the period	8,381	21,756
Applicable statutory tax rate	26.00%	26.00%
Income tax recovery at statutory rates	2,179	5,657
Unrecognised tax loss	(2,179)	(5,657)
	-	-

The Company's deductible temporary differences and unused tax losses consist of the following amounts:

	Year ended December 31, 2016	Period from February 12, 2015 (date of incorporation) to December 31, 2015
Non-capital losses	30,137	21,756
	30,137	21,756

The Company has available income tax losses which may be carried forward and applied against future taxable income when earned. It has approximately \$30,000 of available tax losses which expire in 2035 and 2036.

**8. SHARE CAPITAL**

The Company has authorized capital of an unlimited number of common shares with no par value.

As at December 31, 2016, the Company had one common share issued and outstanding (December 31, 2015: one share).

On January 19, 2017, the Company issued a further 1,000 common shares at a price of \$0.01 each for total proceeds of \$10.

## **1027344 B.C. Ltd.**

### **NOTES TO FINANCIAL STATEMENTS**

(United States dollars)

Year ended December 31, 2016 and Period from incorporation on February 12, 2015 to December 31, 2015

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#### **9. RELATED PARTY TRANSACTIONS**

##### **(a) Management compensation**

No remuneration to members of management (or individuals or entities relating thereto) was incurred (paid or accrued) from February 12, 2015 (being the date of incorporation) through May 12, 2017.

##### **(b) Balances due to related parties**

As at both December 31, 2016 and December 31, 2015, there were no amounts owing by the Company to related parties or from the Company to related parties.

#### **10. CAPITAL MANAGEMENT**

The Company's objectives in managing its capital are as follows:

- To safeguard its ability to continue as a going concern
- To have sufficient capital to be able to meet its strategic objectives including the continued exploration and development of its existing mineral projects and the identification of additional projects.

Given the current exploration stage of its projects, the Company's primary source of capital is derived from funding provided by directors of the Company. Capital consists of equity attributable to common shareholders.

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue new shares in the form of private placements and/or secondary public offerings.

Additional information relating to going concern is disclosed in Note 1.

#### **11. FINANCIAL INSTRUMENTS**

##### **(a) Carrying value and fair value**

The Company's financial instruments comprise accounts payable and accrued liabilities.

Financial instruments recognized at fair value on the balance sheets are classified in fair value hierarchy levels as follows:

- Level 1: Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

# 1027344 B.C. Ltd.

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Year ended December 31, 2016 and Period from incorporation on February 12, 2015 to December 31, 2015

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The Company does not have any financial instruments recognised at fair value.

Accounts payable and accrued liabilities are classified as other financial liabilities and are recorded in the financial statements at amortized cost. The fair value of accounts payable and accrued liabilities may be less than the carrying value as a result of the Company's credit and liquidity risk (See Note 1).

### **(b) Financial risks**

The Company's activities expose it to a variety of financial risks, including liquidity risk.

#### *Liquidity risk*

Liquidity risk encompasses the risk that an entity cannot meet its financial obligations in full as they become due. The Company manages liquidity by taking the appropriate steps to maintain adequate cash and cash equivalent balances. The Company monitors actual and forecast cash flows, and matches the maturity profile of financial assets and liabilities (see Note 1).

**Intermont Exploration, LLC**  
(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
(Unaudited)

THREE MONTHS ENDED MARCH 31, 2017

**NOTICE**

These unaudited interim consolidated financial statements have been prepared by management and have not been the subject of a review by the Company's independent auditor

**Intermont Exploration, LLC**  
**Statements of financial position**  
(United States dollars)

	Notes	March 31, 2017	December 31, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Accounts receivable		-	1,251
<b>Total Current assets</b>		<b>-</b>	<b>1,251</b>
<b>Non-current assets</b>			
Mineral properties	5	55,387	48,963
<b>Total Assets</b>		<b>55,387</b>	<b>50,214</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		4,500	9,132
Due to 1027344 B.C. Ltd.		29,232	-
<b>Total Current liabilities</b>		<b>33,732</b>	<b>9,132</b>
<b>Total liabilities</b>		<b>33,732</b>	<b>9,132</b>
<b>Member's capital</b>			
Member's capital		82,366	72,525
Accumulated deficit		(60,711)	(31,443)
<b>Total Member's capital</b>		<b>21,655</b>	<b>41,082</b>
<b>Total Liabilities and Member's capital</b>		<b>55,387</b>	<b>50,214</b>
<b>Nature of operations and going concern (Note 1)</b>			
<b>Subsequent events (Note 4)</b>			

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

Approved by the Member

"Clay Newton"  
Clay Newton, Member

**Intermont Exploration, LLC**  
**Statements of loss and comprehensive loss**  
(United States dollars)

Notes	3 months ended March 31, 2017	3 months ended March 31, 2016
<b>Expenses</b>		
Exploration expenditures	4,135	-
Professional fees	24,583	-
Office and administration	534	-
Foreign exchange losses	16	-
	29,268	-
<b>Net loss and comprehensive loss for the period</b>	<b>29,268</b>	<b>-</b>

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

**Intermont Exploration, LLC**  
**Statements of changes in member's capital**  
(United States dollars)

	Member's capital	Accumulated deficit	Total member's capital
<b>Balance at December 31, 2015</b>	<b>326</b>	<b>(325)</b>	<b>1</b>
Comprehensive loss		-	-
Member's capital contributions	-		-
<b>Balance at March 31, 2016</b>	<b>326</b>	<b>(325)</b>	<b>1</b>
<b>Balance at December 31, 2016</b>	<b>72,525</b>	<b>(31,443)</b>	<b>41,082</b>
Comprehensive loss		(29,268)	(29,268)
Member's capital contributions	9,841		9,841
<b>Balance at March 31, 2017</b>	<b>82,366</b>	<b>(60,711)</b>	<b>21,655</b>

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

# Intermont Exploration, LLC

## Statements of cash flows

(United States dollars)

	3 months ended March 31, 2017	3 months ended March 31, 2016
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(29,268)	-
Net changes in non-cash working capital:		
Decrease in accounts receivable	1,251	-
Decrease in accounts payable and accrued liabilities	(4,632)	-
Increase in amounts due to 1027344 B.C. Ltd.	29,232	-
<b>Cash used in operating activities</b>	<b>(3,417)</b>	-
<b>INVESTING ACTIVITIES</b>		
Additions to mineral properties	(6,424)	-
<b>Cash used in investing activities</b>	<b>(6,424)</b>	-
<b>FINANCING ACTIVITIES</b>		
Member's capital contributions	9,841	-
<b>Cash provided by financing activities</b>	<b>9,841</b>	-
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	-
<b>Cash and cash equivalents, beginning of period</b>	<b>-</b>	-
<b>Cash and cash equivalents, end of period</b>	<b>-</b>	-

The accompanying notes are an integral part of these financial statements

# **Intermont Exploration, LLC**

## **NOTES TO FINANCIAL STATEMENTS**

(United States dollars)

Three months ended March 31, 2017

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Intermont Exploration, LLC (“Intermont” or the “Company”) was established as a limited liability company in the state of Nevada on March 10, 2015 under Chapter 86 of the Nevada Revised Statutes. Intermont is in the business of the exploration and development of mineral properties, with a primary focus on gold and copper properties in Nevada.

The Company’s registered office is located in Winnemucca, Nevada.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“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 operations as it is considered to be in the exploration stage. For the three months ended March 31, 2017, the Company reported a net loss of \$29,268 (three months ended March 31, 2016: \$nil) and negative cash flow from operations of \$3,417 (three months ended March 31, 2016: \$nil), and as at that date had a net working capital deficit of \$33,732 (December 31, 2016: \$7,881) and an accumulated deficit of \$60,771 (December 31, 2016: \$31,443).

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 members of management, the Company’s existing members or new members 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.

These financial statements 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.

In February 2017, the Company entered into a binding letter agreement with two other entities and five individuals pursuant to which one of the entities will acquire the membership interest of Intermont from its legal and beneficial owner in exchange for shares of the acquiring entity (see Note 4).

### **2. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB (“International Accounting Standards Board”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, ‘Interim Financial Reporting’. The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company’s annual consolidated financial statements for the year ended December 31, 2016.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of June 5, 2017, the effective date the Board of Directors approved these financial statements. Any subsequent changes to IFRS after this date could result in changes to the consolidated financial statements as at and for the three months ended March 31, 2017.

**Intermont Exploration, LLC**  
NOTES TO FINANCIAL STATEMENTS  
(United States dollars)  
Three months ended March 31, 2017

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The condensed interim consolidated financial statements do not contain all disclosures required under IFRS and should be read in conjunction with Company's annual consolidated financial statements and the notes thereto for the year ended December 31, 2016.

**3. RECENT ACCOUNTING PRONOUNCEMENTS**

***IFRS 9 Financial Instruments (2014)***

The IASB replaced IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9. IFRS 9 deals with classification and measurement, impairment, hedge accounting and derecognition of financial assets and liabilities. In February 2014, the IASB decided to defer to January 1, 2018 the implementation of IFRS 9. The Company's management has yet to assess the impact of this new standard on the Company's financial statements. Management does not expect to implement IFRS 9 until it has been issued and its overall impact can be assessed. IFRS 9 is applicable to annual periods commencing on or after January 1, 2018.

**4. BINDING LETTER AGREEMENT**

On December 28, 2016, the Company entered into a binding letter agreement (the "Agreement") with Palisades Ventures Inc. ("Palisades"), 1027344 B.C. Ltd. ("1027344 B.C.") and five individuals (one of whom is a member of the Company) pursuant to which Palisades will acquire the membership interest in Intermont and all of the issued and outstanding common shares of 1027344 B.C. from their respective member and shareholders in exchange for common shares of Palisades. Palisades is a publicly quoted company listed on the TSX Venture Exchange. The Agreement specifies that the member of the Company and its designees will receive a total of 6,500,000 post-consolidation common shares of Palisades as consideration for 100% of the membership interest of Intermont.

The closing of the transaction is subject to numerous conditions including satisfactory completion of due diligence, a three-for-four consolidation of Palisades common shares, the completion by Palisades of an equity private placement raising minimum gross proceeds of 1,000,000 Canadian dollars (\$751,300 applying the spot foreign exchange rate as at March 31, 2017), a minimum 50% approval of Palisades' shareholders, approval of the TSX Venture Exchange and various other conditions typical of a transaction of this type.

Subsequent to December 28, 2016, amendments to the Agreement dated February 22, 2017 and April 28, 2017 were entered into. The amendments related to timing and minor issues.

**Intermont Exploration, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
(United States dollars)  
Three months ended March 31, 2017

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**5. MINERAL PROPERTIES**

<b>3 months ended March 31, 2017</b>			
	<b>Dec. 31, 2016</b>	<b>Additions</b>	<b>Mar. 31, 2017</b>
Goldrun	43,996	6,424	50,420
Rock Creek	4,967	-	4,967
	<b>48,963</b>	<b>6,424</b>	<b>55,387</b>

<b>Year ended December 31, 2016</b>			
	<b>Dec. 31, 2015</b>	<b>Additions</b>	<b>Dec. 31, 2016</b>
Goldrun	-	43,996	43,996
Rock Creek	-	4,967	4,967
	-	<b>48,963</b>	<b>48,963</b>

The Company's primary mineral property is Goldrun.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee their titles. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

It is possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties could be written off in the future.

**(a) Goldrun**

The Goldrun holdings consist of 148 mining claims owned solely by Intermont, 31 of which are recorded, and a further 103 claims owned jointly with an unrelated individual, all of which are recorded with the land authorities. The claims were acquired by staking in the field with posts and location notices.

**(b) Rock Creek**

The Rock Creek holdings consist of 160 mining claims owned solely by Intermont, none of which are recorded with the land authorities. The claims were acquired by staking in the field with posts and location notices.

**Intermont Exploration, LLC**  
NOTES TO FINANCIAL STATEMENTS  
(United States dollars)  
Three months ended March 31, 2017

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**6. RELATED PARTY TRANSACTIONS**

**(a) Management compensation**

Exploration, administrative and claim acquisition expenditures totalling \$9,272 in the three months ended March 31, 2017 (three months ended March 31, 2016: \$nil) were invoiced to the Company by Tectonex LLC (“Tectonex”), a company owned by the Company’s member. All such expenditures are recharged to the Company without margin or discount at the actual cost incurred by Tectonex.

**(b) Balances due to related parties**

As at both March 31, 2017 and December 31, 2016, there were no amounts owing by the Company to related parties or from the Company to related parties.

**7. CAPITAL MANAGEMENT**

The Company’s objectives in managing its capital are as follows:

- To safeguard its ability to continue as a going concern
- To have sufficient capital to be able to meet its strategic objectives including the continued exploration and development of its existing mineral projects and the identification of additional projects.

Given the current exploration stage of its projects, the Company’s primary source of capital is derived from funding provided by the membership of the Company.

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions.

Additional information relating to going concern is disclosed in Note 1.

**8. FINANCIAL INSTRUMENTS**

**(a) Carrying value and fair value**

The Company’s financial instruments comprise accounts receivable, accounts payable and accrued liabilities and other liabilities.

Financial instruments recognized at fair value on the balance sheets are classified in fair value hierarchy levels as follows:

- Level 1: Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

**Intermont Exploration, LLC**  
NOTES TO FINANCIAL STATEMENTS  
(United States dollars)  
Three months ended March 31, 2017

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The Company does not have any financial instruments recognised at fair value.

Accounts receivable are classified as loans and receivables and are recorded in the financial statements at amortized cost. Amortized cost approximates fair market value due to the short-term nature of the balances.

Accounts payable and accrued liabilities and other liabilities are classified as other financial liabilities and are recorded in the financial statements at amortized cost. The fair value of accounts payable and accrued liabilities may be less than the carrying value as a result of the Company's credit and liquidity risk (See Note 1).

**(b) Financial risks**

The Company's activities expose it to a variety of financial risks, including liquidity risk.

***Liquidity risk***

Liquidity risk encompasses the risk that an entity cannot meet its financial obligations in full as they become due. The Company manages liquidity by taking the appropriate steps to maintain adequate cash and cash equivalent balances. The Company monitors actual and forecast cash flows, and matches the maturity profile of financial assets and liabilities (see Note 1).

**1027344 B.C. Ltd.**

(An Exploration Stage Company)

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

(Unaudited)

**THREE MONTHS ENDED MARCH 31, 2017**

**NOTICE**

These unaudited interim consolidated financial statements have been prepared by management and have not been the subject of a review by the Company's independent auditor

**1027344 B.C. Ltd.**  
**Statements of financial position**  
(United States dollars)

	Notes	March 31, 2017	December 31, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		120	-
Accounts receivable		2,064	1
Due from Intermont Exploration, LLC		29,232	-
<b>Total Current assets</b>		<b>31,416</b>	<b>1</b>
<b>Non-current assets</b>			
Mineral properties	5	12,500	12,500
<b>Total Assets</b>		<b>43,916</b>	<b>12,501</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		51,529	6,816
Due to officers and directors		9,600	-
<b>Total Current liabilities</b>		<b>61,129</b>	<b>6,816</b>
<b>Total liabilities</b>		<b>61,129</b>	<b>6,816</b>
<b>Shareholders' equity</b>			
Share capital		11	1
Subscription receipts		36,005	35,821
Accumulated deficit		(53,229)	(30,137)
<b>Total Shareholders' equity</b>		<b>(17,213)</b>	<b>5,685</b>
<b>Total Liabilities and Shareholders' equity</b>		<b>43,916</b>	<b>12,501</b>
<b>Nature of operations and going concern (Note 1)</b>			
<b>Subsequent events (Note 4)</b>			

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

Approved by the Director

"Alan Carter"

Alan Carter, Director

**1027344 B.C. Ltd.****Statements of loss and comprehensive loss**

(United States dollars)

	<b>3 months ended March 31, 2017</b>	<b>3 months ended March 31, 2016</b>
<b>Expenses</b>		
Exploration expenditures	6,951	-
Professional fees	14,721	-
Office and administration	1,420	-
	<u>23,092</u>	-
<b>Net loss and comprehensive loss for the period</b>	<u><b>23,092</b></u>	<u>-</u>
Loss per share, Basic and diluted	\$ 26	\$ -
Weighted average shares outstanding, Basic and diluted	896	1

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

**1027344 B.C. Ltd.****Statements of changes in shareholder's equity**

(United States dollars)

	Issued common shares	Share capital	Subscription receipts	Accumulated deficit	Total equity
<b>Balance at December 31, 2015</b>	<b>1</b>	<b>1</b>	<b>26,756</b>	<b>(21,756)</b>	<b>5,001</b>
Comprehensive loss	-	-	-	-	-
Shareholder contribution	-	-	5,000	-	5,000
<b>Balance at March 31, 2016</b>	<b>1</b>	<b>1</b>	<b>31,756</b>	<b>(21,756)</b>	<b>10,001</b>
<b>Balance at December 31, 2016</b>	<b>1</b>	<b>1</b>	<b>35,821</b>	<b>(30,137)</b>	<b>5,685</b>
Comprehensive loss	-	-	-	(23,092)	(23,092)
Shares issued	1,000	10	-	-	10
Shareholder contribution	-	-	184	-	184
<b>Balance at March 31, 2017</b>	<b>1,001</b>	<b>11</b>	<b>36,005</b>	<b>(53,229)</b>	<b>(17,213)</b>

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

**1027344 B.C. Ltd.****Statements of cash flows**

(United States dollars)

	<b>3 months ended March 31, 2017</b>	<b>3 months ended March 31, 2016</b>
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	<b>(23,092)</b>	-
Net changes in non-cash working capital:		
Increase in accounts receivable	(2,063)	-
Increase in amounts due from Intermont Exploration, LLC	(29,232)	-
Increase in accounts payable and accrued liabilities	44,713	-
Increase in amounts due from officers and directors	9,600	-
<b>Cash used in operating activities</b>	<b>(74)</b>	-
<b>INVESTING ACTIVITIES</b>		
Additions to mineral properties	-	-
<b>Cash used in investing activities</b>	<b>-</b>	-
<b>FINANCING ACTIVITIES</b>		
Increase in share capital	10	-
Subscription receipts	184	-
<b>Cash provided by financing activities</b>	<b>194</b>	-
<b>Net increase in cash and cash equivalents</b>	<b>120</b>	-
<b>Cash and cash equivalents, beginning of period</b>	<b>-</b>	-
<b>Cash and cash equivalents, end of period</b>	<b>120</b>	-

The accompanying notes are an integral part of these financial statements

# **1027344 B.C. Ltd.**

## **NOTES TO FINANCIAL STATEMENTS**

(United States dollars)

Three months ended March 31, 2017

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

1027344 B.C. Ltd. (“1027344 B.C.” or the “Company”) was incorporated in British Columbia on February 12, 2015 under the British Columbia Business Corporations Act. 1027344 B.C. is in the business of the exploration and development of mineral properties, with a primary focus on gold and copper properties in Nevada.

The Company’s registered office is located at 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“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 operations as it is considered to be in the exploration stage. For the three months ended March 31, 2017, the Company reported a net loss of \$23,092 (three months ended March 31, 2016: \$nil) and negative cash flow from operations of \$64 (three months ended March 31, 2016: \$nil), and as at that date had a net working capital deficit of \$29,713 (December 31, 2016: \$6,815) and an accumulated deficit of \$53,229 (December 31, 2016: \$30,137).

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 members of management, the Company’s existing shareholders 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.

These financial statements 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.

In February 2017, the Company entered into a binding letter agreement with two other entities and five individuals pursuant to which one of the entities will acquire all of the issued and outstanding common shares of 1027344 B.C. from its shareholders in exchange for shares of the acquiring entity (see Note 4).

### **2. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB (“International Accounting Standards Board”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, ‘Interim Financial Reporting’. The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company’s annual consolidated financial statements for the period ended December 31, 2016.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of June 5, 2017, the effective date the Board of Directors approved these financial

# 1027344 B.C. Ltd.

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Three months ended March 31, 2017

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statements. Any subsequent changes to IFRS after this date could result in changes to the consolidated financial statements as at and for the three months ended March 31, 2017.

The condensed interim consolidated financial statements do not contain all disclosures required under IFRS and should be read in conjunction with Company's annual consolidated financial statements and the notes thereto for the year ended December 31, 2016.

### 3. RECENT ACCOUNTING PRONOUNCEMENTS

#### *IFRS 9 Financial Instruments (2014)*

The IASB replaced IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9. IFRS 9 deals with classification and measurement, impairment, hedge accounting and derecognition of financial assets and liabilities. In February 2014, the IASB decided to defer to January 1, 2018 the implementation of IFRS 9. The Company's management has yet to assess the impact of this new standard on the Company's financial statements. Management does not expect to implement IFRS 9 until it has been issued and its overall impact can be assessed. IFRS 9 is applicable to annual periods commencing on or after January 1, 2018.

### 4. BINDING LETTER AGREEMENT

On December 28, 2016, the Company entered into a binding letter agreement (the "Agreement") with Palisades Ventures Inc. ("Palisades"), Intermont Exploration, LLC. ("Intermont") and five individuals (one of whom is the director of the Company) pursuant to which Palisades will acquire all of the issued and outstanding common shares of 1027344 B.C. and the membership interest in Intermont from their respective shareholders and member in exchange for common shares of Palisades. Palisades is a publicly quoted company listed on the TSX Venture Exchange. The Agreement specifies that the shareholders of the Company will receive a total of 3,500,000 post-consolidation common shares of Palisades as consideration for 100% of the issued and outstanding common shares of 1027344 B.C.

The closing of the transaction is subject to numerous conditions including satisfactory completion of due diligence, a three-for-four consolidation of Palisades common shares, the completion by Palisades of an equity private placement raising minimum gross proceeds of 1,000,000 Canadian dollars (\$751,300 applying the spot foreign exchange rate as at March 31, 2017), a minimum 50% approval of Palisades' shareholders, approval of the TSX Venture Exchange and various other conditions typical of a transaction of this type.

Subsequent to December 28, 2016, amendments to the Agreement dated February 22, 2017 and April 28, 2017 were entered into. The amendments related to timing and minor issues.

# 1027344 B.C. Ltd.

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Three months ended March 31, 2017

### 5. MINERAL PROPERTIES

3 months ended March 31, 2017			
	Dec. 31, 2016	Additions	Mar. 31, 2017
Hurricane	12,500	-	12,500
	<b>12,500</b>	<b>-</b>	<b>12,500</b>

Year ended December 31, 2016			
	Dec. 31, 2015	Additions	Dec. 31, 2016
Hurricane	5,000	7,500	12,500
	<b>5,000</b>	<b>7,500</b>	<b>12,500</b>

The Company's sole mineral property is Hurricane.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee their titles. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

It is possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties could be written off in the future.

#### *Hurricane, lease agreement*

The Company entered into an agreement dated February 13, 2015 with Nevada Eagle, LLC ("Nevada Eagle"), a third party, pursuant to which the Company will lease six unpatented mining claims in Nevada collectively known as Hurricane. The claims total approximately 50.2 hectares. Subject to various conditions, the lease agreement provides the Company 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 Royalty, Inc. ("Nevada Select") pursuant to an assignment and assumption agreement dated May 4, 2016. Nevada Select is not related to the Company. 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 the Company to the lessor as follows:

# 1027344 B.C. Ltd.

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Three months ended March 31, 2017

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- 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 June 30, 2017: \$10,000
- 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) contemplates the assignment of the Company'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.

The Company 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 the Company 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 staked ground situated adjacent thereto. The Company may purchase one third of the NSR (1.0%) for \$1,000,000.

## 6. SHARE CAPITAL

The Company has authorized capital of an unlimited number of common shares with no par value.

On January 19, 2017, the Company issued 1,000 common shares at a price of Canadian dollar 0.01 each for total proceeds of ten Canadian dollars.

As at March 31, 2017, the Company had 1,001 common shares issued and outstanding (December 31, 2016: one share).

# 1027344 B.C. Ltd.

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Three months ended March 31, 2017

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### 7. RELATED PARTY TRANSACTIONS

#### (a) Management compensation

No remuneration to members of management (or individuals or entities relating thereto) was incurred (paid or accrued) from February 12, 2015 (being the date of incorporation) through June 5, 2017.

#### (b) Balances due to related parties

As at March 31, 2017, a total of \$9,600 was owed to members of management by the Company in connection with expenditures incurred on behalf of the Company.

As at December 31, 2016, there were no amounts owing by the Company to related parties or from the Company to related parties.

### 8. CAPITAL MANAGEMENT

The Company's objectives in managing its capital are as follows:

- To safeguard its ability to continue as a going concern
- To have sufficient capital to be able to meet its strategic objectives including the continued exploration and development of its existing mineral projects and the identification of additional projects.

Given the current exploration stage of its projects, the Company's primary source of capital is derived from funding provided by the shareholders of the Company.

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions.

Additional information relating to going concern is disclosed in Note 1.

### 9. FINANCIAL INSTRUMENTS

#### (a) Carrying value and fair value

The Company's financial instruments comprise accounts receivable, other receivables, accounts payable and accrued liabilities and amounts due from officers and directors.

Financial instruments recognized at fair value on the balance sheets are classified in fair value hierarchy levels as follows:

- Level 1: Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

# 1027344 B.C. Ltd.

## NOTES TO FINANCIAL STATEMENTS

(United States dollars)

Three months ended March 31, 2017

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The Company does not have any financial instruments recognised at fair value.

Accounts receivable and other receivables are classified as loans and receivables and are recorded in the financial statements at amortized cost. Amortized cost approximates fair market value due to the short-term nature of the balances.

Accounts payable and accrued liabilities and amounts due from officers and directors are classified as other financial liabilities and are recorded in the financial statements at amortized cost. The fair value of accounts payable and accrued liabilities may be less than the carrying value as a result of the Company's credit and liquidity risk (See Note 1).

### (b) Financial risks

The Company's activities expose it to a variety of financial risks, including liquidity risk.

#### *Liquidity risk*

Liquidity risk encompasses the risk that an entity cannot meet its financial obligations in full as they become due. The Company manages liquidity by taking the appropriate steps to maintain adequate cash and cash equivalent balances. The Company monitors actual and forecast cash flows, and matches the maturity profile of financial assets and liabilities (see Note 1).