# PALLADIUM ONE MINING INC.

(formerly "Nickel One Resources Inc.")
MANAGEMENT DISCUSSION AND ANALYSIS
For the three months ended March 31, 2020

## INTRODUCTION

The management discussion and analysis ("MD&A") of financial condition and results of operations focuses upon the activities, results of operations, liquidity and capital resources of Palladium One Mining Inc. (the "Company" or "Palladium One") for the three months ended March 31, 2020. In order to better understand the MD&A, it should be read in conjunction with the audited financial statements for the year ended December 31, 2019 as well as condensed interim financial statements for the three months ended March 31, 2020 and related notes. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and filed with appropriate regulatory authorities in Canada. This MD&A is current to May 28, 2020 and expressed in Canadian dollars unless otherwise stated.

## FORWARD LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company's properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of our common share price and volume and other reports and filings with the TSX Venture Exchange ("TSX-V") and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com).

This MD&A has been prepared in accordance with the requirements of National Instrument 43-101, "Standards of Disclosure for Mineral Projects", and National Instrument 51-102, "Continuous Disclosure Obligations."

## OVERVIEW

Palladium One Mining Inc. ("Palladium" or the "Company", formerly Nickel One Resources Inc.) is a mineral exploration and development company listed on the TSX Venture Exchange ("TSX-V") under the symbol "PDM" and is engaged in the exploration of mineral properties. Its assets consist of the Lantinen Koillismaa ("LK") PGE-Cu-Ni and Kostonjarvi ("KS") Cu-Ni-PGE projects, located in North-Central Finland and the Tyko Ni-Cu-PGE and Disraeli PGE-Ni-Cu projects, near Thunder Bay, Ontario, Canada.

On May 3, 2019, the Company changed its name from Nickel One Resources Inc. to Palladium One Mining Inc. and its stock symbol from NNN to PDM.

## HIGHLIGHTS DURING AND SUBSEQUENT TO THE THREE MONTHS ENDED MARCH 31, 2020

### Exploration

*Lantinen Koillismaa PGE-Cu-Ni Project ("LK Project"), Finland*

- On January 14, 2020, the Company announced that it had retained SJ Geophysics Ltd. to conduct an induced polarization survey. Five separate grids planned to be surveyed total 75 line-kilometers.

- On January 16, 2020, the Company bought back an existing 2% Net Smelter Return ("NSR") royalty in respect of the historic Haukiaho deposit, with a cash payment of $50,000 and issuance of 375,000 common shares, with a fair value of $73,125.

- On February 13, 2020, the Company reported that the Finnish Mining Authority had approved all eight exploration permit renewals and one new exploration permit application.

- On February 18, 2020, the Company retained a local diamond drilling contractor to conduct a drill program, with crews scheduled to mobilize on February 24th.

- On February 25, 2020, the Company reported initial results from the first Induced Polarization (IP) survey with the discovery of a large chargeability anomaly.

- On March 10, 2020, the Company reported that the second 2020 Induced Polarization (IP) survey grid had successfully outlined a significant untested chargeability anomaly.

- On March 24, 2020, the Company announced that due to the COVID-19 pandemic, the current exploration program was suspended at the palladium dominant, Läntinen Koillismaa ("LK") PGE-nickel-copper project located in Finland.

- On April 2, 2020, the Company reported that it has applied for two additional reservations Kaukuanjarvi (9,100 ha) and Haukiaho North (2,140 ha).

- On April 2, 2020, the Company also reported that the Salmivaara 2-11 exploration permit had gained legal force.

- On April 14, 2020, the Company reported that the Kaukua South Zone anomaly extends over more than a four (4) km strike length and into a large overburdened area that has never been drill tested.

- On May 7, 2020, the Company reported that it had identified three new drill targets on the Haukiaho Trend resulting from the Haukiaho Induced Polarization (IP) survey.

- On May 26, 2020, the Company reported that it had identified a new, large chargeability drill target at the Haukiaho East Induced Polarization (IP) survey grid.

*Kostonjarvi, Cu-Ni-PGE Project ("KS Project"), Finland*

- On April 2, 2020, the Company reported that it had received approval from the Finnish Mining Authority for a ~20,000-hectare Reservation, Kostonjarvi (KS), which is adjacent to the Company's Flagship Läntinen Koillismaa (LK) Project in Central Finland. KS is a high grade massive-sulphide target interpreted to represent the feeder system to the LK project.

*Tyko Ni-Cu-PGE Property ("Tyko Project"), Canada*

- On January 21, 2020, the Company reported prospecting samples with assay results of up to 0.74% Ni, 4.09% Cu and 2.51g/t PGE (1.21 g/t Pt, 1.19 g/t Pd, and 0.11 g/t Au) from the Tyko Showing.

- On January 27, 2020, the Company reported greater than 20 times background levels for both nickel and copper in soil sampling at the Smoke Lake electromagnetic geophysical anomaly.

*Disraeli Lake, PGE-Ni-Cu Property (“Disraeli Project”), Canada*

- On February 6, 2020, the Company completed the purchase of the Disraeli Property, located near Thunder Bay, Ontario, by making a cash payment of $5,000 and incurring $56,000 in exploration expenditures.

- In Late February and early March 2020, the Company conducted detailed drone airborne magnetic and lake sediment surveys on the project.

**COVID-19 Pandemic**

On March 24, 2020, the Company reported that due to the COVID-19 pandemic, it has suspended the exploration program at the LK project, in Finland. The Company repatriated all Canadian staff on March 16, 2020 and praised the professionalism of its Finnish team during the challenging period. The Company's exploration program concluded having completed the full 85-line kilometers of Induced Polarization (IP) and 385-line kilometers of drone Magnetic geophysical surveys, and approximately 2,000-meters of the planned 5,000-meter diamond drilling program.

**Liquidity**

As at March 31, 2020, the Company had a cash balance of $2,715,088 (December 31, 2019 - $3,780,176) to settle current liabilities of $396,173 (December 31, 2019 - $226,753), representing working capital of $2,629,440 (December 31, 2019 – $3,677,630).

**Financing**

During the three months ended March 31, 2020, 4,751,250 units were issued upon exercise of warrants for proceeds of $570,150, and 75,000 shares were issued upon option exercise for proceeds of $6,000.

On May 20, 2020, the Company completed the first tranche of its non-brokered private placement of flow through units for gross proceeds of $1,057,950. The Company issued 2,700,000 charity flow-through units at a price of $0.13 per unit and 7,855,000 flow-through units at a price of $0.09 per unit. Each unit is comprised of one common share, one-half of one Common Share purchase warrant exercisable at $0.13 for 12 months, then $0.22 for the following 12 months. The Company incurred finders’ fees totaling $28,975 and issued 67,500 finders’ warrants.

On May 26, 2020, the Company completed the second tranche of its non-brokered private placement of charity flow through units, for gross proceeds of $76,440. Each unit is comprised of one common share, one-half of one Common Share purchase warrant exercisable at $0.13 for 12 months, then $0.22 for the following 12 months.

**Operations**

Palladium One’s net loss from operations for the three months ended March 31, 2020 was $1,697,465 or $0.03 per common share (2019 – $10,013 or $0.00 per common share). Assets totaled $3,025,613 as at March 31, 2020 (December 31, 2019 - $3,904,383).

Palladium One is an exploration stage company and engages principally in the exploration of resource properties. The Company expenses all direct and indirect costs pertaining to exploration and evaluation of mineral properties in the period in which they are incurred. These direct exploration and evaluation expenditures include such costs as acquisition costs, materials used, surveying costs, drilling costs and payments made to contractors. Costs not directly attributable to exploration and evaluation activities are expensed in the period in which they occur under another classification. As at March 31, 2020, $1,280,108 was expensed under exploration and evaluation expenditures (2019 - $10,000). Details of the expense break-down are contained in the following section of Exploration and Evaluation Expenditures in the MD&A.

## MINERAL PROPERTIES

### Lantinen Koillismaa PGE-Cu-Ni Project ("LK Project"), Finland

On February 28, 2018, the Company completed the acquisition pursuant to the Definitive Agreement. The Company paid Micron 5,000,000 common shares of Nickel One with a fair value of $275,000 and 2,500,000 common share purchase warrants.

The LK Project is located in North-Central Finland approximately 60 km north of the village of Taivalkoski. The Property is situated about 130 km southeast of the town of Rovaniemi and 160 km northeast of the port city of Oulu and is accessed by major paved roads and local access on gravel or dirt roads.

The Project comprises 9 permits and 4 reservations, totalling approximately 12,416 hectares, including over 38 kilometers of the prospective basal contact of the Koillismaa layered mafic-ultramafic Complex. These permits cover the 43-101 compliant Kaukua and historic Haukiaho deposits and the Tilsa and Mortolampi priority targets. None of the LK property holdings are located on environmentally protected lands known as Natura 2000.

Claim costs range between €20-50 per ha per annum. The longer a claim is in place, the higher the annual fee. An exploration permit may only be held for a period of 15 years before being converted to a mining permit. Converting exploration permits to mining permits requires the project to reach an advanced stage such as pre-feasibility/feasibility studies. Assuming the Company's 7 exploration permit applications are accepted they will have a total of 10 years remaining, whereas the 2 exploration permits undergoing renewal will have 7 years remaining.

The elements palladium, platinum, gold, copper, cobalt, and nickel are known to be present and have been analysed in drilling and surface sampling in the Property. The deposit type is an open pit style, with disseminated sulphide mineralization along the prospective basal unit of the Koillismaa Complex, with similarities to Platreef type deposits. The Kollismaa Complex forms part of the 2.5-2.4 Ga Tornio-Näränkävaara Layered Intrusion Belt that runs roughly east - west across Finland and into neighbouring Russia. The Koillismaa Complex is part of a suite of Paleoproterozoic continental rift-related intrusions which are highly prospective for PGE-Cu-Ni deposits.

On January 31, 2017, the Company signed a Definitive Agreement with Micron Waste Technologies Inc. ("Micron") (formerly Finore Mining Inc.) for the purchase of 100% interest in the Lantinen Koillismaa PGE-Cu-Ni project ("LK Project") located in North-Central Finland. In 2018, the Company completed the acquisition pursuant to the Definitive Agreement (please refer to "Acquisition of Nortec Mineral Oy" for additional details).

On June 10, 2019, the Company retained Mining Plus UK Ltd to prepare an independent National Instrument 43-101 compliant mineral resource estimate for the Kaukua deposit of the LK project. As part of the mineral resource estimation, a data verification program was undertaken wherein over 100, quarter-split core samples were collected from historical diamond drill core and have been sent to ALS Global in Finland for re-assaying and ultimately reconciliation with the existing drill hole assay database.

On August 12, 2019, the Company reported Reconnaissance Prospecting that returned up to 3.106 g/t PGE, 0.78% Cu, and 0.13% Ni at the LK Project.

On September 5, 2019, the Company announced it had made an application to expand the LK palladium-nickel-copper project by nearly 50%, by applying for 2 reservations covering an additional 13 km of Prospective Basal Contact at the LK PGE-Ni-Cu Project in Finland.

On September 9, 2019, the Company issued a resource statement for the Kaukua deposit, highlighting the following:

An optimized pit-constrained 43-101 compliant Mineral Resource, at a 0.3 g/t Pd ("grams per tonne" "palladium") cut-off, for the Kaukua Deposit includes: 635,600 Pd_Eq ounces of Indicated Resources grading 1.80 g/t Pd_Eq ("palladium equivalent") contained in 11 million tonnes, and 525,800 Pd_Eq ounces of Inferred Resources grading 1.50 g/t Pd_Eq contained in 11 million tonnes.

On December 17, 2019, the Company announced that the LK Project had seven of eight exploration permit renewal applications approved by the Finnish Mining Authority, with the approvals entering an appeals process. The Company also announced plans to conduct a 75 line-kilometer Induced Polarization (IP) geophysical program along with a diamond drilling program of up to 5,000 meters at the LK Project.

**Kostonjarvi, Cu-Ni-PGE Project ("KS Project"), Finland**

On April 2, 2020, the Company reported that it had received approval from the Finnish Mining Authority for a ~20,000-hectare Reservation, Kostonjarvi (KS), which is adjacent to the Company's Flagship Läntinen Koillismaa (LK) Project in Central Finland.

The KS reservation covers a large buried gravity and magnetic anomaly that is interpreted to represent a buried Feeder Dyke to the Koillismaa Complex which hosts the palladium dominant, LK PGE-nickel-copper project. While the LK and KS projects are contiguous, the targets are very different: The LK project is an open pit style, with disseminated sulphide mineralization along the prospective basal unit of the Koillismaa complex, with similarities to Platreef type deposits. Whereas the KS project target is underground, high-grade massive sulphide, in the feeder system (Feeder Dyke) of the Koillismaa Complex, similar to a Norlisk, or Voisey's Bay type deposit.

KS is 100% owned, royalty free, of district-scale, and has been the subject of extensive academic research. Holding costs for KS are zero until the reservation is converted into an exploration permit.

**Tyko Ni-Cu-PGE Property ("Tyko Project"), Canada**

The Tyko Property is a nickel (Ni), copper (Cu), platinum-group element (PGE) project, and as of September 30, 2019 comprised 161 single cell mining claims, registered to Tyko Resources Inc. and covering approximately 2,620 hectares. The mining cell claims are located in the Bigrock Lake and Olga Lake areas, and the townships of McGill and Shabotik, Thunder Bay Mining Division, Ontario, Canada (NTS 42C/13NW and 14NE).

There are four significant Ni-Cu-PGE showings or zones on the Tyko Project; the RJ and Tyko, Bulldozer and Shabotik zones. The Tyko and RJ zones are separated by 2 km and are thought to be part of a conduit structure that has strong potential to host additional Ni-Cu-PGE mineralization.

On March 8, 2016, the Company announced it would commence a diamond drilling program at the Tyko Project in order to confirm the orientation of known mineralization in the conduit structure, extend the continuity of mineralization at the RJ and Tyko showings, and test additional targets, including the Bruce Lake Anomaly, an AeroTEM airborne geophysics anomaly. The diamond drilling program consisted of 14 drill holes, totalling 1,780 metres with five holes at the RJ zone (TK-16-001 to 005), six holes at the Tyko zone (TK-16-006 to 011), and three holes on the Bruce Lake Anomaly (TK-012 to 014). Final assay results from the diamond drilling program were reported on June 8, 2016.

The RJ Zone consists primarily of metamorphosed mineralized pyroxenite which has been intruded by later granitoid rocks. The mineralized pyroxenite contains abundant rip-up clasts of other mafic-ultramafic phases and clastic sediments indicative of an active feeder-type system. The mineralization is nickel-rich with an average Ni:Cu ratio of ~2:1 and a Pt:Pd ratio of ~1:1. Sulphides are typically disseminated to blebby with local patches of net-textured and semi-massive sulphide breccia.
The overall sulphide tenors of the Ni-Cu-PGE mineralization at the Tyko Property are very high. Total sulphur analysis completed by the Company indicated tenors in 100% sulphide that average 8.6% Ni, 4.6% Cu, and 3.3g/t PGE at the RJ Zone and 16.3% Ni, 8.70% Cu, and 12.8g/t PGE at the Tyko Zone. The high tenor of the sulphide suggests a high value flotation concentrate could be generated from the RJ or Tyko Zone style mineralization. This indicates that even a disseminated sulphide deposit could potentially be economic and further supports the view that Palladium One's 100% owned Tyko Project contains a fertile magmatic feeder system. The Company's objective is to delineate this feeder system and ultimately develop mineral resources.

On August 19, 2019, the Company announced it had acquired, through staking, 12 new claims totalling 254 hectares covering the historic Shabotik Zone, located 4.5km south of the Tyko project, near Marathon, Ontario.

On October 21, 2019, the Company announced that it had submitted a sample collected from it's Tyko Ni-Cu-PGE project to Activation Laboratories for metallurgical testing. This testing represents the first metallurgical work done on the project and assessed the floatation characteristics of mineralization. The metallurgical sample was collected from hole TK-16-002 from the RJ zone which was drilled by the Company in 2016. The sample consists of ~20kg of drill core and represents a 50/50 mixture of primary pyroxenite and remobilized granite hosted sulphide mineralization.

As at March 31, 2020, the Company has spent a total of $1,322,259 on the property since it was acquired by Tyko in 2010.

**Finnish Mining Act**

Mining Act of Finland defines 'Exploration Permit' and 'Mining Permit'. Prior to acquiring an Exploration Permit a company may apply for a 'Reservation notification' and can be granted the Reservation Decision. The Finnish Safety and Chemicals Agency TUKES acts as Finland's mining authority. TUKES processes and grants Permits ("Reservations, Exploration Permits and Mining Licences") as defined in the Mining Act.

An appeal against each Permit granted by the mining authority can be submitted to the Administrative Court within 30 days from the decision. The Supreme Administrative Court is the next and final court to judge the case, if no settlement is reached earlier.

**A Reservation Decision** gives a priority right to the recipient to apply for an Exploration Permit. The maximum length of a Reservation Decision is two years, during which time it is expected that the recipient would apply for an Exploration Permit.

**An Exploration Permit** gives the recipient full rights to conduct exploration activities including test mining and construction of temporary roads and buildings, provided however that such activities are specified in the underlying Exploration Permit.

The fees for Exploration Permits include annual payments (malminetsintäkorvaus) to the landowners and reclamation collateral to the State, the amount of which will be decided by the mining authority. The landowner compensation is EUR 20/hectare/year for the first four years and is raised to EUR 30/ha/year for years 5-7, EUR 40/ha/year for the years 8-10, and to EUR 50/ha/year from year 11 onward.

The maximum length of an Exploration Permit is 15 years, but extensions can be applied for and received, if the mining authority, TUKES, so assesses.

Application for **the Mining Permit** is accompanied by environmental and a number of other permit applications. A mine can be opened when the company has received a Mining Permit, a Environmental Permit and other case dependent permits. Mining permits are granted until further notice, the government retains the right to review mining permits every 10 years.

*Neil Pettigrew, P. Geo. a director of the Company and is the Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the technical information in this document.*

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS

### Three months ended March 31, 2020 and 2019

During the three months ended March 31, 2020, the Company reported a net loss of $1,697,465 (2019 - $10,013), an increased loss of $1,663,212. The primary contributors were the following:

- Exploration expenses increased by $1,270,108 primarily due to a drilling and surveying program at the LK Project.

- Investor relations costs were higher by $311,306 mainly due to increased promotional efforts surrounding financing activities during the period ended March 31, 2020.

- During the three months ended March 31, 2019, the Company recognized a gain of $122,674 in debt settlements with certain dissident shareholders, while no gain on was recorded during the three months ended March 31, 2020.

**Exploration and evaluation expenditures**

The Company expenses all exploration costs as incurred. During the period ended March 31, 2020, the Company expensed $1,280,108 (2019 - $10,000) in exploration and evaluation expenditures.

The Company performed the following work on their properties during the period:

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Finland: | | |
| Net Smelter Royalty (NSR) buyback | $ 125,883 | $ - |
| Permits / Reservations | 112,869 | - |
| Drilling | 267,900 | - |
| Field costs | 38,289 | - |
| Geological consulting | 118,607 | 10,000 |
| Report | 36,634 | - |
| Mobilization/demobilization | 43,665 | - |
| Surveying | 374,452 | - |
| Travel and support | 81,970 | - |
| Equipment rental | 5,841 | - |
| | 1,206,110 | 10,000 |
| | | |
| | | |
| Canada: | | |
| Acquisition cost of Disraeli | 5,000 | - |
| Assays and surveying | 5,641 | - |
| Field costs | 3,135 | - |
| Report | 5,743 | - |
| Mobilization/demobilization | 5,314 | - |
| Surveying | 39,014 | - |
| Staking and line cutting | 5,880 | - |
| Travel and support | 2,384 | - |
| Equipment rental | 1,887 | - |
| | 73,998 | - |
| | | |
| | $ 1,280,108 | $ 10,000 |

**Other income and expenses**

During the three months ended March 31, 2020, the Company had other income of $17,664. This was due to $5,398 amortization of flow-through premium liability and interest income of $12,266.

During the three months ended March 31, 2019, the Company had other income of $108,521. This was mainly due to the gain on debt settlement in the amount of $122,674 but was partially offset by forgoing the $14,160 accrued interests on a loan receivable. There was no gain on debt settlement during the three months ended March 31, 2020.

## SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected financial data reported by the Company for the years ended December 31, 2019, 2018, and 2017. The information set forth should be read in conjunction with the consolidated audited financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and the related notes thereon.

| | | 2019 | | 2018 | | 2017 |
|---|---|---|---|---|---|---|
| Current assets | $ | 3,904,383 | $ | 46,067 | $ | 146,529 |
| Total assets | | 3,904,383 | | 46,735 | | 146,529 |
| Current liabilities | | 226,753 | | 508,593 | | 402,393 |
| Capital stock | | 10,831,682 | | 5,722,739 | | 5,087,594 |
| Reserves | | 1,308,542 | | 707,054 | | 644,685 |
| Net income (loss) | | (1,570,943) | | (868,908) | | (625,245) |
| Deficit | | (8,462,594) | | (6,891,651) | | (6,022,743) |
| Earnings (loss) per share | $ | (0.04) | $ | (0.04) | $ | (0.04) |
| Weighted average shares | | 42,700,781 | | 24,699,674 | | 18,283,239 |

## SUMMARY OF QUARTERLY RESULTS

The following summary information is taken from the Company's quarterly and annual financial reports covering the last eight reporting quarters.

| | March 31, 2020 | Dec 31, 2019 | Sep 30, 2019 | Jun 30, 2019 | Mar 31, 2019 | Dec 31, 2018 | Sep 30, 2018 | Jun 30, 2018 |
|---|---|---|---|---|---|---|---|---|
| Operating expenses | (1)$(1,715,129) | (2)$(873,030) | $(311,707) | $(379,182) | $(118,534) | (3)$(583,955) | $(28,376) | $(64,829) |
| Other income or (expense) | $17,664 | $9,003 | $14 | $(6,028) | $108,521 | $454 | $443 | $427 |
| Net loss | $(1,697,465) | $(864,027) | $(311,693) | $(385,210) | $(10,013) | $(583,501) | $(27,933) | $(64,402) |
| Basic and diluted earnings (loss) per share | $(0.03) | $(0.01) | $(0.01) | $(0.01) | $0.00 | $(0.01) | $(0.00) | $(0.00) |
| Total assets | $3,025,613 | $3,904,383 | $591,285 | $809,281 | $91,674 | $46,735 | $51,209 | $58,102 |
| Shareholders' (deficiency) | $2,629,440 | $3,677,630 | $442,222 | (1)$717,999 | $(373,371) | $(461,881) | $(405,343) | $(350,138) |
| Capital stock | $11,483,351 | $10,831,682 | $7,158,048 | $7,158,048 | $5,722,739 | $5,722,739 | $5,722,239 | $5,727,239 |
| Subscriptions received | - | - | - | - | $98,500 | - | - | - |
| Reserves | $1,306,148 | $1,308,542 | $882,741 | $846,825 | $707,054 | $707,054 | $707,054 | $707,054 |
| Deficit | $10,160,059 | $8,462,594 | $7,598,567 | $7,286,874 | $6,901,664 | $6,891,651 | $6,308,621 | $6,280,217 |

(1) Operating expenses increased during the quarter ended March 31, 2020 due to the Company incurring $1,280,108 in exploration and evaluation expenses.
(2) Operating expenses increased during the quarter ended December 31, 2019, due to the Company incurring $370,336 in stock option issuances, $173,728 in investor relation expenses, $139,088 in exploration and evaluation expenses and $107,654 in consulting fees during the period.
(3) Operating expenses significantly increased during the quarter ended December 31, 2018, due to the Company incurring $526,507 in exploration and evaluation expenditures with respect to the acquisition costs of the LK project.

## LIQUIDITY AND CAPITAL RESOURCES

### Three months ended March 31, 2020 and 2019

As at March 31, 2020, the Company reported working capital of $2,629,440 (December 31, 2019 – $3,677,630). The decrease in working capital was primarily the result of payments to vendors in connection with exploration expenditures and general administrative expenses.

Cash used in operating activities during the period ended March 31, 2020 was $1,641,238 (2019 - $100,117). The main cause of this change was payments to vendors in connection with exploration expenditures and general administrative expenses.

There were no investing activities for the three months ended March 31, 2020 (2019 – $nil).

Cash proceeds generated from financing activities for the three months ended March 31, 2020 was $ 576,150 (2019 - $150,500), as a result of issuing 4,751,250 units upon exercise of warrants for proceeds of $570,150, and 75,000 shares issued upon option exercise for proceeds of $6,000.

### Shareholders’ equity

On May 3, 2019, the Company consolidated its share capital on a ratio of one (1) new post-consolidated common share for every two (2) old pre-consolidated common shares. The following shares and per share references have been retroactively restated accordingly unless noted otherwise.

On May 9, 2019, the Company issued 16,912,000 units for proceeds of $1,333,551 net of share issuance costs. Each unit consists of one common share and one common share purchase warrant, exercisable at $0.12 for two years.

On May 13, 2019, the Company issued 925,072 common shares at a value of $0.12 per share to settle $95,557 in accounts payable which resulted in loss on settlement of debt of $15,452.

On October 18, 2019, the Company issued 500,000 flow-through units for proceeds of $50,000, with no share issuance costs. Each unit consists of one flow-through common share and one common share purchase warrant, exercisable for two years at $0.12. A flow-through premium liability of $22,500 was recognized in respect of these flow-through shares.

On December 2, 2019 the Company issued 63,102,999 units for proceeds of $3,692,343 net of share issuance costs. Each unit comprised one common share and one-half of one non-transferable common share purchase warrant, exercisable at $0.10 for the first year then $0.20 for a further year, and one-quarter of one non-transferable Common Share purchase warrant, exercisable for $0.15 for one year. The company issued 2,487,000 shares valued at nil in connection with the private placement.

On January 16, 2020, the Company bought back an existing 2% Net Smelter Return ("NSR") royalty in respect of the historic Haukiaho deposit. The terms of the royalty buyback include a cash payment of C$50,000 and issuance of 375,000 common shares, with a fair value of $73,125.

During the three months ended March 31, 2020, the company issued 4,751,250 units upon exercise of warrants for proceeds of $570,150, and issued 75,000 shares issued upon option exercise for proceeds of $6,000.

At March 31, 2020, capital stock was $11,483,351 and comprised of 114,993,599 issued and outstanding common shares (December 31, 2019 - $10,831,682 comprised of 109,792,349 shares outstanding). Reserves which arise from the recognition of the estimated fair value of stock options and warrants was $1,306,148 (December 31, 2019 - $1,308,542). As a result of the net loss for the period ended March 31, 2020 of $1,697,465 (December 31, 2019 –$1,570,943), the deficit at March 31, 2020 increased to $10,160,059 from $8,462,594 at December 31, 2019. Accordingly, shareholders’ equity was $2,629,440 as compared to $3,677,630 at December 31, 2019.

On April 27, 2020, 25,000 warrants expired unexercised.

On May 20, 2020, the Company completed the first tranche of its non-brokered private placement of flow through units for gross proceeds of $1,057,950. The Company issued 2,700,000 charity flow-through units at a price of $0.13 per unit and 7,855,000 flow-through units at a price of $0.09 per unit. Each unit is comprised of one common share, one-half of one Common Share purchase warrant exercisable at $0.13 for 12 months, then $0.22 for the following 12 months. The Company incurred finders’ fees totaling $28,975 and issued 67,500 finders’ warrants.

On May 26, 2020, the Company completed the second tranche of its non-brokered private placement of charity flow through units, for gross proceeds of $76,440. Each unit is comprised of one common share, one-half of one Common Share purchase warrant exercisable at $0.13 for 12 months, then $0.22 for the following 12 months.

**Loan receivable**

During the quarter ended March 31, 2019, the Company agreed to forgo the accrued interest of $14,160 on a loan receivable. Subsequent to the quarter ended, the Company received the principal balance of $4,175. At March 31, 2020, the Company had a loan receivable of $nil.

**Other**

At present, the Company’s operations do not generate cash inflows and its financial success is dependent on management’s ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company’s control. See “Risks and Uncertainties”.

In order to finance the Company’s future exploration programs and to cover administrative and overhead expenses, the Company may raise money through the sale of equity instruments. Many factors influence the Company’s ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company’s track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term but recognizes there will be risks involved that may be beyond their control.

## COMMITMENTS

As of March 31, 2020, the Company had no material lease obligations or significant contractual obligations other than those associated with its loans payable.

## OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off balance sheet arrangements.

## FINANCIAL INSTRUMENTS

As at March 31, 2020, the Company’s financial instruments consist of cash, sales tax receivable, loan receivable, accounts payable and accrued liabilities, loans payable and loans payable to related parties. The carrying values of these financial instruments approximate their fair values because of their short-term nature and/or the existence of market related interest rates on the instruments. The Company’s investments, under the fair value hierarchy, are based on level one input.
The following table summarizes the carrying values of the Company's financial instruments:

| | | **March 31, 2020** | | **December 31, 2019** |
|---|---|---|---|---|
| Cash | $ | 2,715,088 | $ | 3,780,176 |
| Accounts receivable | | 170,584 | | 49,582 |
| Accounts payable | $ | 396,173 | $ | 221,355 |

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
Level 3 – Inputs that are not based on observable market data

The following table sets for the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash and cash equivalents | $ 2,715,088 | $ - | $ - | $ 2,715,088 |

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and receivables. The Company's cash is held through a large Canadian financial institution. At March 31, 2020 the Company's receivables consist of sales tax receivable due from the Government of Canada and Finland of $170,584 (2019 - $49,582).

*Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 10 of these financial statements. As at March 31, 2020, the Company had a cash balance of $2,715,088 (December 31, 2019 - $3,780,176) to settle current liabilities of $396,173 (December 31, 2019 - $226,753). However, the Company has an accumulated deficit of $10,160,059 (December 31, 2019 - $8,462,594). The continuation of the Company depends upon the support of its lenders, and equity investors, which cannot be assured.

*Other Market Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, silver and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

*Currency risk*

The Company has transactions internationally and is exposed to foreign exchange risk from the Euro. Foreign exchange risk arises from financing and purchase transactions that are denominated in currency other than the Canadian Dollar, which is the functional currency of the Company. As at March 31, 2020, the Company held the Canadian dollar equivalent of $110,966 (December 31, 2019 - $4,329) in Euros, and the equivalent of $20,157 in liabilities (December 31, 2019 - $74,133). A 10% increase or decrease in the Euro would increase or decrease net loss by $9,100 (December 31, 2019 - $6,900).

*Interest risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. As at March 31, 2020, the Company is not exposed to significant interest rate risk.

## RELATED PARTY TRANSACTIONS

Key management compensation

Key management consists of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides stock options. Remuneration of key management includes the following:

| | Three months ended March 31, 2020 | Three months ended March 31, 2019 |
|---|---|---|
| Salaries, consulting and management fees | $ 60,000 | $ 40,000 |
| Exploration and evaluation | 129,761 | - |
| Total remuneration | $ 189,761 | $ 40,000 |

Related party transactions and balances are as follows:

The balance payable to related parties as at March 31, 2020 was $10,594 (December 31, 2019 - $29,963) and is included in accounts payable and accrued liabilities. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's accounting policies are described in Note 3 to the consolidated financial statements for the year ended December 31, 2019. The preparation of financial statements in accordance with IFRS requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. Areas where estimates were used for the period ended March 31, 2020 include the valuation of acquisition of mineral property transactions, valuation of share based payments and income taxes.

## RECENT DEVELOPMENTS AND OUTLOOK

The Company expects to obtain financing in the future primarily through further equity financing. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its exploration and evaluation assets.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

## PROPOSED TRANSACTIONS

There are no proposed transactions that should be disclosed.

## OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at the date of this MD&A, the following common shares, options, and share purchase warrants were outstanding:

| | Number of shares | Exercise price | Expiry date |
|---|---|---|---|
| Issued and outstanding common shares | 125,548,599 | | |
| Share purchase warrants | 12,160,749 | $0.12 | 05/09/2021 |
| Share purchase warrants | 500,000 | $0.12 | 10/18/2021 |
| Share purchase warrants | 31,551,500 | $0.10[1] | 12/02/2021 |
| Share purchase warrants | 15,775,749 | $0.15 | 12/02/2020 |
| Share purchase warrants | 621,750 | $0.15 | 12/02/2020 |
| Share purchase warrants | 1,334,500 | $0.10[1] | 12/02/2021 |
| Stock options | 237,500 | $0.30 | 03/29/2021 |
| Stock options | 2,400,000 | $0.08 | 06/07/2024 |
| Stock options | 1,000,000 | $0.08 | 09/30/2024 |
| Stock options | 5,100,000 | $0.15 | 12/29/2024 |
| Fully diluted | 196,230,347 | | |

[1]Exercise price $0.20 per Warrant in the second year from issuance.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Operations and Comprehensive Loss contained in its unaudited financial statements for March 31, 2019, that are available on SEDAR (*www.sedar.com*).

## ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com.