

# PALLADIUM ONE MINING INC.

(Formerly “Nickel One Resources Inc.”)

(An Exploration Stage Company)

(Expressed in Canadian Dollars)

## **Consolidated Financial Statements**

**For the Years Ended December 31, 2019 and 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Palladium One Mining Inc. (formerly "Nickel One Resources Inc.")

### *Opinion*

We have audited the accompanying consolidated financial statements of Palladium One Mining Inc. (Formerly "Nickel One Resources Inc.") (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018 and the consolidated statements of operations and comprehensive loss, cash flows and changes in shareholders' equity (deficit) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the consolidated financial statements, which indicates the Company's ability to continue as a going concern is dependent upon its ability to fund its exploration and evaluation. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erez Bahar.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

April 27, 2020

# PALLADIUM ONE MINING INC.

(Formerly "Nickel One Resources Inc.")

(An Exploration Stage Company)

Consolidated Statements of Financial Position as at December 31,

(Expressed in Canadian Dollars)

	Note	2019	2018
<b>Assets</b>			
Current assets:			
Cash		\$ 3,780,176	\$ 1,022
Sales tax receivable		49,582	2,307
Loans receivable	5, 12	-	18,335
Prepaid expense and deposits		74,625	24,403
		3,904,383	46,067
Equipment		-	668
		\$ 3,904,383	\$ 46,735
<b>Liabilities and Shareholders' Equity (Deficit)</b>			
Current liabilities:			
Accounts payable and accrued liabilities	7, 12	\$ 221,355	\$ 505,093
Loans payable to related parties	12	-	3,500
Flow-through premium liability		5,398	-
		226,753	508,593
Shareholders' equity (deficit):			
Capital stock	8	10,831,682	5,722,739
Reserves	8	1,308,542	707,054
Deficit		(8,462,594)	(6,891,651)
		3,677,630	(461,858)
		\$ 3,904,383	\$ 46,735

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

On behalf of the Board:

"Derrick Weyrauch" Director

"Lawrence Roulston" Director

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

# PALLADIUM ONE MINING INC.

(Formerly “Nickel One Resources Inc.”)

(An Exploration Stage Company)

Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31,

(Expressed in Canadian Dollars)

	Note	2019	2018
<b>Expenses</b>			
Consulting	12	\$ 312,866	\$ 232,000
Professional fees		107,467	20,225
Transfer agent and filing fees		40,609	25,161
Investor relations	12	266,331	7,218
Exploration and evaluation	6, 12	312,677	529,475
Foreign exchange loss (gain)		135	(2,218)
Depreciation		635	224
General and administrative		36,139	18,824
Rent		23,965	30,155
Stock option issuances	8, 12	546,023	-
Travel and promotion		35,606	19,581
		(1,682,453)	(880,645)
Amortization of flow-through premium liability		17,102	-
Gain on debt settlement	12	108,568	10,000
Loss on write off of interest	12	(14,160)	-
Interest income	5	-	1,737
		111,510	11,737
<b>Loss and comprehensive loss for the year</b>		<b>(1,570,943)</b>	<b>(868,908)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ (0.04)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding</b>			
– basic and diluted		42,700,781	24,699,674

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

**PALLADIUM ONE MINING INC.**

(Formerly "Nickel One Resources Inc.")

(An Exploration Stage Company)

Consolidated Statements of Cash Flows for the years ended December 31,

(Expressed in Canadian Dollars)

	Note	2019	2018
<b>OPERATING ACTIVITIES</b>			
Loss for the year		\$ (1,570,943)	\$ (868,908)
Items not involving cash			
Depreciation		635	224
Exploration and evaluation assets	4	-	526,516
Amortization of flow-through premium liability		(17,102)	-
Gain on debt settlement	7,12	(108,568)	(10,000)
Interest income	5	-	(1,724)
Stock option issuances	8, 12	546,023	-
Loss on write-off of interest	12	14,160	-
Change in non-cash working capital items:			
Accounts payable and accrued liabilities		(80,036)	11,992
Prepaid expense and deposits		(50,222)	(330)
Sales tax receivable		(47,275)	7,377
		(1,313,328)	(334,853)
<b>INVESTING ACTIVITIES</b>			
Cash received on acquisition	4	-	4,932
Loans receivable	5, 12	4,175	-
		4,175	4,932
<b>FINANCING ACTIVITIES</b>			
Loan repayment		-	(17,000)
Private placement shares issuance costs	8	(100,833)	(3,105)
Proceeds from private placement	8	5,189,140	306,000
Proceeds from warrants exercised	8	-	8,000
		5,088,307	293,895
Increase (decrease) in cash		3,779,154	(36,026)
Cash, beginning of the year		1,022	37,048
Cash, end of the year		\$ 3,780,176	\$ 1,022
<b>Supplemental disclosures with respect to cash flows:</b>			
Cash paid during the year for income taxes		\$ -	\$ -
Cash paid during the year for interest		\$ -	\$ -
<b>Non-cash items:</b>			
Flow through premium liability	8	\$ 22,500	\$ -
Fair value of finders warrants	8	\$ 55,465	\$ -
Transfer of reserves of warrants	8	\$ -	\$ 3,000
Share issuance costs in accounts payable	8	\$ 12,408	\$ -
Shares issued as finders fees	8	\$ 149,220	\$ -
Shares issued for debt	8	\$ 111,009	\$ -

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

## PALLADIUM ONE MINING INC.

(Formerly “Nickel One Resources Inc.”)

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders’ Equity (Deficit)

(Expressed in Canadian Dollars)

		Capital Stock		Subscriptions Received	Reserves	Deficit	Total shareholders’ equity (deficit)
	Note	Shares	Amount				
<b>Balance at December 31, 2017</b>		19,780,278	\$ 5,087,594	\$ 35,000	\$ 644,285	\$ (6,022,743)	(255,864)
Private placements	8	3,410,000	341,000	(35,000)	-	-	306,000
Private placement issuance costs	8	-	(3,105)	-	-	-	(3,105)
Acquisition of Nortec Minerals Oy	4,8	2,500,000	275,000	-	65,769	-	340,769
Shares issued for finder’s fee	4,8	125,000	11,250	-	-	-	11,250
Warrants exercised	8	50,000	11,000	-	(3,000)	-	8,000
Loss for the year		-	-	-	-	(868,908)	(868,908)
<b>Balance at December 31, 2018</b>		25,865,278	\$ 5,722,739	\$ -	\$ 707,054	\$ (6,891,651)	\$ (461,858)
Private placements	8	80,514,999	5,189,140	-	-	-	5,189,140
Private placement issuance costs - cash	8	-	(113,241)	-	-	-	(113,241)
Shares for debt	8, 12	925,072	111,009	-	-	-	111,009
Shares issued for finder’s fee	8	2,487,000	(55,465)	-	55,465	-	-
Stock option issuances	8, 12	-	-	-	546,023	-	546,023
Flow-Through premium		-	(22,500)	-	-	-	(22,500)
Loss for the year		-	-	-	-	(1,570,943)	(1,570,943)
<b>Balance at December 31, 2019</b>		109,792,349	\$ 10,831,682	\$ -	\$ 1,308,542	\$ (8,462,594)	\$ 3,677,630

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



# PALLADIUM ONE MINING INC.

(Formerly "Nickel One Resources Inc.")

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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## 1. Nature and continuance of operations

Palladium One Mining Inc. ("Palladium" or the "Company") is a mineral exploration company listed on the TSX Venture Exchange ("TSX-V") under the symbol "PDM". The address of the Company's corporate head office and principal place of business is 550 - 800 West Pender Street, Vancouver, BC, V6C 2V6.

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. The Company also consolidated its share capital on a ratio of one (1) new post-consolidated common share for every two (2) old pre-consolidated common shares. All shares and per share references in these financial statements have been retroactively restated accordingly unless noted otherwise.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. These material uncertainties may cast significant doubt as to 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 fund its exploration and evaluation programs. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of business operations. Such adjustments could be material.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements were approved by the Board of Directors on April 27, 2020.

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.

## 2. Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

# PALLADIUM ONE MINING INC.

(Formerly “Nickel One Resources Inc.”)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

## 3. Summary of significant accounting policies

### Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Tyko Resources Inc. and Nortec Mineral Oy (“Nortec”). All inter-company transactions and balances have been eliminated upon consolidation.

Name of subsidiary	Country of incorporation	Proportion of ownership interest	Principal activity
Tyko Resources Inc.	Canada	100%	Mineral exploration
Nortec Mineral Oy.	Finland	100%	Mineral exploration

### Mineral exploration and evaluation expenditures

Exploration and evaluation costs are recognized in profit or loss. Costs incurred before and after the Company has obtained the legal rights to explore an area of interest are recognized in profit or loss until such time the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, after which such costs are capitalized. Upon achieving production, costs for a producing property will be amortized on a unit of-production method based on the estimated life of the ore reserves. The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

### Financial instruments

#### Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, Fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income (“FVTOCI”). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Fair value through profit or loss (“FVTPL”) – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise.

Fair value through other comprehensive income (“FVTOCI”) - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

# PALLADIUM ONE MINING INC.

(Formerly "Nickel One Resources Inc.")

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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## 3. Significant accounting policies (continued)

### Financial instruments (continued)

#### Classification (continued)

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

#### Measurement

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in the consolidated statement of operations and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in the consolidated statement of operations and comprehensive loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in OCI.

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

#### Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### Income taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred taxes are recognized in net income except to the extent that they relate to a business combination or items recognized directly in equity or profit or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

# PALLADIUM ONE MINING INC.

(Formerly “Nickel One Resources Inc.”)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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## 3. Significant accounting policies (continued)

### Income taxes (continued)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is possible that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

### Provision

Provisions are recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

#### *Provision for environmental rehabilitation*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset.

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company’s estimates of reclamation costs, are charged to profit or loss for the year.

For the years presented the Company has no provisions for environmental rehabilitation.

### Capital stock

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company’s common shares, share warrants, share options and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company uses the residual approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common share and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant.

# PALLADIUM ONE MINING INC.

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Notes to the Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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## 3. Significant accounting policies (continued)

### Capital stock (continued)

#### *Flow-through shares*

The Company will from time to time issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital.

Upon expenditures being incurred, the Company derecognizes the liability and recognizes a future tax liability for the tax reduction renounced to the shareholders. The pro-rata amount of the premium is recognized as finance income and the related deferred tax is recognized as a deferred tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

### Share-based payments

The Company applies the fair value method of accounting for all stock option awards. Under this method, compensation expense attributed to the award of options to employees is measured at the fair value of the award on the date of grant and is recognized over the vesting period of the award. Share-based payments to non-employees are valued based on the fair value of the service received, if reliably determinable, otherwise based on the fair value of the award granted. Valuation is calculated based on the date at which the Company receives the service. If and when the stock options are ultimately exercised, the applicable amounts of other equity reserves are transferred to capital stock.

The fair value of instruments granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions under which the instruments are granted. The fair value of the awards is adjusted by an estimate of the number of awards that are expected to vest as a result of non-market conditions. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest based on the non-market conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

### Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the functional currency for an entity are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the profit or loss.

# PALLADIUM ONE MINING INC.

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(An Exploration Stage Company)

Notes to the Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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## 3. Significant accounting policies (continued)

### Loss per share

Basic loss per common share is calculated by dividing net loss available to common shareholders by the weighted-average number of shares outstanding during the year. The effect of dilutive stock options, warrants and similar instruments on loss per share is recognized on the use of the proceeds that could be obtained upon of these and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

### Critical accounting estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss/income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

#### *Critical estimates*

##### Share-based Payment Transactions

The Company measures the cost of options granted for goods and services with reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

##### Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company’s ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management’s assessment of the Company’s ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

### New accounting standards and interpretations adopted during the year

As at the date of these financial statements, the following standards have been applied in these financial statements:

# PALLADIUM ONE MINING INC.

(Formerly “Nickel One Resources Inc.”)

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

## 3. Significant accounting policies (continued)

### New accounting standards and interpretations adopted during the year (continued)

(i) IFRS 16 – In January 2016, the IASB issued IFRS 16, replacing IAS 17, “Leases”. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity’s lease obligation. This standard is effective for reporting periods beginning on or after January 1, 2019. The Company has assessed its office lease agreement and concluded that the agreement does not constitute the ability to direct the use (right to use) of the underlying office premises in the context of IFRS 16.

(ii) IFRIC 23 - New standard sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. IFRIC 23 requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

The adoption of the above standards did not have an impact on the consolidated financial statements of the Company.

## 4. Acquisition of Nortec Mineral Oy

On January 31, 2017, the Company signed a Definitive Agreement with Micron Waste Technologies Inc. (“Micron”) for the purchase of 100% of Nortec Mineral Oy (“Nortec”), a wholly owned subsidiary of Micron which holds the Lantinen Koillismaa Platinum Group Element-Copper-Nickel (PGE-Cu-Ni) project (“LK Project”) located in North-central 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, exercisable at \$0.12 for 24 months. The share purchase warrants have a fair value of \$65,769 which has determined using a Black Scholes valuation model with the following assumptions:

	2018
Forfeiture rate	0.00%
Estimated risk-free rate	1.78%
Expected volatility	139%
Estimated annual dividend yield	0.00%
Expected life of options	2 years

In connection with the acquisition, the Company issued 250,000 common shares with a fair value of \$11,250 as a finder’s fee. The following table summarizes the allocation of the purchase price and related acquisition costs to the fair value of the assets acquired and liabilities assumed of Nortec at the date of acquisition:

Purchase price (5,000,000 common shares)	\$	275,000
Fair value of warrants (2,500,000 common share purchase warrants)		65,769
Transaction costs (250,000 common shares)		11,250
<b>Total cost of acquisition</b>	<b>\$</b>	<b>352,019</b>
Cash and cash equivalents	\$	4,932
Prepaid expensed and deposits		14,438
Sales tax receivable		6,449
Equipment		892
Accounts payable and accrued liabilities		(201,208)
Mineral property		526,516
<b>Net identifiable assets acquired</b>	<b>\$</b>	<b>352,019</b>

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## 4. Acquisition of Nortec Mineral Oy (continued)

The value attributed to the acquisition of the mineral property is included exploration and evaluation in profit or loss in line with the Company's policy mineral exploration and evaluation expenditures.

## 5. Loan receivable

At December 31, 2018, the Company had a loan receivable \$18,335 which was comprised of a principal balance of \$4,175 and accrued interests of \$14,160.

During the year ended December 31, 2019, the Company received the principal balance of \$4,175 and agreed to forgo the accrued interest of \$14,160 on the loan receivable (Note 12).

## 6. Exploration and evaluation expenditures

The Company incurred the following expenditures on their properties during the year:

	December 31, 2019	December 31, 2018
Tyko Project:		
Assays and surveying	\$ 2,542	\$ -
Claims	24,394	1,122
Field costs	6,340	-
Geological consulting	51,000	-
Report	5,500	-
Mobilization/ demobilization	2,000	-
Travel and support	4,163	-
Equipment Rental	3,300	-
	99,239	1,122
LK Project:		
Acquisition costs	-	526,516
Assays and surveying	5,959	-
Claims	22,088	-
Geological consulting	167,384	-
Meals	684	-
Report	-	1,837
Travel and support	17,323	-
	213,438	528,353
	\$ 312,677	\$ 529,475

### Tyko Project

The Company conducts exploration and evaluation activities on the Tyko property, located in Northwestern Ontario, and holds a 100% interest. As at December 31, 2019, a number of claims were forfeited, with no further obligation with respect to those claims. 12 new claims were acquired 4.5km south of the Tyko project, near Marathon, Ontario.

### LK Project

The Company holds a 100% interest in the LK project located in North-Central Finland. The LK project was acquired on February 2018 as part of the acquisition of Nortec (Note 4). As at December 31, 2019, a number of claims were in application stage and the Company will continue with the application and further obligation with respect to those claims.



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## 7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of payables to vendors. The breakdowns of accounts payable and accrued liabilities are as follows:

	December 31, 2019	December 31, 2018
Accounts Payable	\$ 204,493	\$ 369,093
Accrued Liabilities	16,862	136,000
	<u>\$ 221,355</u>	<u>\$ 505,093</u>

During the year ended December 31, 2019, the Company entered into a debt settlement agreement with related and non-related parties whereby, the Company agreed to settle \$419,577 of accounts payable for \$311,009 resulting in total a gain on settlement of debt of \$108,568 (Note 12). As part of the settlement, 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 a loss on settlement of debt of \$15,452 (Note 8).

## 8. Capital stock

The authorized capital stock of Palladium consists of an unlimited number of common shares with no par value.

*Transactions for the year ended December 31, 2019 were as follows:*

### Escrow shares

As at December 31, 2019, there were Nil (December 31, 2018 – 758,635) common shares held in escrow.

### Private placement

On May 9, 2019, the Company completed a non-brokered private placement and issued 16,912,000 units at a price of \$0.08 per unit for gross proceeds \$1,352,960. Each unit consists of one common share and one common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of \$0.12 per share. The Company incurred a total of \$19,404 in share issuance costs related to the private placement. The warrants were allocated a value of \$nil using the residual value allocation method.

On October 18, 2019, the Company completed a non-brokered flow-through private placement and issued 500,000 units at a price of \$0.10 for gross proceeds of \$50,000. Each unit consists of one flow-through common share and one common share purchase warrant. Each purchase warrant is exercisable for two years at a price of \$0.12. The Warrants are subject to an acceleration provision: if the shares close at \$0.20 or more for ten consecutive trading days on the TSX-Venture Exchange, the Company has the right to accelerate the expiry. A flow-through premium liability of \$22,500 was recognized in respect of these flow-through shares.

On December 2, 2019, the Company completed a non-brokered private placement offering, issuing 63,102,999 units for total gross proceeds of \$3,786,180 at a price of \$0.06 per unit. Each Unit is comprised of one common share in the capital of the Company, 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 warrants were allocated a value of \$nil using the residual value allocation method. In addition, the Company incurred a total of \$93,837 in share issuance costs (of which \$12,408 remains in accounts payable), issued 2,487,000 common shares valued at \$nil and issued 1,956,250 finders warrants with a fair value of \$55,465 in connection with the private placement. 1,334,500 of the finders' warrants are exercisable at \$0.10 for the first year then \$0.20 for a further year and the remaining 621,750 are exercisable at \$0.15 for a period of one year from the grant date.

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## 8. Capital stock (continued)

### Shares for debt

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.

*Transactions for the year ended December 31, 2018 were as follows:*

### Escrow shares

As at December 31, 2018, there were 758,635 common shares held in escrow. The balance is scheduled to be released in equal 15% tranches every six months.

### Private placement

During the year ended December 31, 2018, the Company completed a non-brokered private placement of 3,410,000 units at a price of \$0.10 per unit for gross proceeds \$341,000. Each unit consists of one common share and one-half common share purchase warrant. The warrants were allocated a value of \$nil using the residual value allocation method.

Each whole common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of \$0.20 per share. A total of \$35,000 was received during the year ended December 31, 2017 and was included in subscription received in advance. The Company incurred a total of \$3,105 in share issuance costs related to the private placement.

### Shares for mineral property

On March 12, 2018, the Company issued 2,500,000 common shares with a fair value of \$275,000 and 1,250,000 common share purchase warrants at a price of \$0.24 for the acquisition of Nortec. In connection with the acquisition, the Company issued 125,000 common shares with a fair value of \$11,250 as a finder’s fee.

## Warrants

The Company uses the residual approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common share and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant.

The number and weighted average exercise prices of warrants are as follows:

	Number of warrants	Weighted average exercise price
Outstanding warrants, December 31, 2017	5,151,149	\$0.24
Granted	2,955,000	\$0.22
Exercised	(50,000)	\$0.16
Expired	(3,400,991)	\$0.28
Outstanding warrants, December 31, 2018	4,655,158	\$0.20
Granted	66,695,499	\$0.17
Expired	(1,700,158)	\$0.16
Outstanding warrants, December 31, 2019	69,650,499	\$0.17

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## 8. Capital stock (continued)

### Warrants (continued)

As at December 31, 2019, warrants enabling the holders to acquire common shares are as follows:

Expiry date (mm/dd/yyyy)	Number of warrants	Weighted average remaining life in years	Weighted average exercise price
02/28/2020	1,250,000	0.16	\$0.24
03/19/2020	1,680,000	0.22	\$0.20
04/27/2020	25,000	0.32	\$0.20
05/09/2021	16,912,000	1.36	\$0.12
10/18/2021	500,000	1.81	\$0.12
12/2/2021	31,551,500	1.92	\$0.20
12/2/2020	15,775,749	0.92	\$0.15
12/2/2020	621,750	0.92	\$0.15
12/2/2021	1,334,500	1.92	\$0.20
	69,650,499	1.48	\$0.17

Subsequent to the year ended December 31, 2019, 4,751,250 warrants were exercised. On 2/28/2020 1,250,000 warrants expired unexercised, on 3/19/2020 1,680,000 warrants expired (Note 14).

During the year, finders warrants were issued in connection with the December 2019 private placement. The fair value of \$55,465 was calculated using the Black-Scholes pricing model, based on the following assumptions:

	2019	2018
Forfeiture rate	0.00%	N/A
Estimated risk-free rate	1.63%	N/A
Expected volatility	107.97%	N/A
Estimated annual dividend yield	0.00%	N/A
Expected life of warrants	1.68 years	N/A

### Stock options

The Company has established a rolling stock option plan (“Option Plan”) enabling the directors to grant options to employees, officers, directors, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Option Plan, provided that the total number of shares reserved for issuance by the Board shall not exceed 10% of the issued and outstanding listed shares (on a non-diluted basis) as at the date of grant. Options are non-assignable and may be granted for a term not exceeding that permitted by the Exchange, currently ten years. All stock options issued are subject to vesting terms. Options issued to directors, vest in the amount of 25% every three months from the date of grant; and options issued to officers and/or consultants vest in 12 months depending on date of grant and nature of service. The exercise price of each option equals the market price, minimum price, or discounted market price of the Company’s shares as calculated on the date of grant. All stock options granted during the fiscal year 2019 vested immediately.

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## 8. Capital stock (continued)

### Stock Options (continued)

Share-based payments relating to options vested during the year ended December 31, 2019 using the Black-Scholes option pricing model was \$546,023 (2018 - \$nil), which was recorded as reserves on the statements of financial position and as stock option issuances expense on the statement of operations and comprehensive loss. The associated stock option issuances expense for the options granted during the year was calculated based on the following assumptions:

	2019	2018
Forfeiture rate	0.00%	N/A
Estimated risk-free rate	1.51%	N/A
Expected volatility	63.81%	N/A
Estimated annual dividend yield	0.00%	N/A
Expected life of options	5 years	N/A

The number and weighted average exercise prices of the stock options are as follows:

	Number of options	Weighted average exercise price
Outstanding options, December 31, 2017	787,500	\$0.30
Forfeited	(100,000)	\$(0.30)
Outstanding options, December 31, 2018	687,500	\$0.30
Granted	8,625,000	\$0.12
Forfeited	(450,000)	\$(0.30)
Outstanding options, December 31, 2019	8,862,500	\$0.13

\*Subsequent to the year ended December 31, 2019, 75,000 options were exercised (Note 14).

As at December 31, 2019, the Company has outstanding stock options exercisable as follows:

Expiry date (mm/dd/yyyy)	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
03/29/2021	237,500	1.24	\$0.30	237,500
06/07/2024	2,400,000	4.44	\$0.08	2,400,000
09/30/2024	1,125,000	4.75	\$0.08	1,125,000
12/29/2024	5,100,000	5	\$0.15	5,100,000
	8,862,500	4.72	\$0.13	8,862,500

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### 9. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2019		2018	
Net loss for the year	\$	(1,570,943)	\$	(868,908)
Expected income tax (recovery)	\$	(424,000)	\$	(235,000)
Change in statutory, foreign tax, foreign exchange rates and other		61,000		17,000
Permanent difference		148,000		87,000
Impact of flow through share		10,000		-
Share issue cost		(31,000)		(1,000)
Adjustment to prior years provision versus tax returns and expiry of non-capital losses		(13,000)		15,000
Change in unrecognized deductible temporary differences		249,000		117,000
Total income tax expense (recovery)	\$	-	\$	-

The significant components of the Company’s deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2019		2018	
Deferred tax assets (liabilities):				
Exploration and evaluation assets	\$	109,000	\$	69,000
Share issue costs		29,000		9,000
Allowable capital losses		11,000		11,000
Non-capital losses available for future period		921,000		723,000
		1,070,000		812,000
Unrecognized deferred tax assets		(1,070,000)		(812,000)
Deferred income tax asset	\$	-	\$	-

The significant components of the Company’s temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2019	Expiry date range	2018	Expiry date range
Temporary differences				
Exploration and evaluation assets	427,000	No expiry date	256,000	No expiry date
Property and equipment	1,000	No expiry date	1,000	No expiry date
Share issue costs	108,000	2040 to 2043	32,000	2039 to 2042
Allowable capital losses	43,000	No expiry date	43,000	No expiry date
Non-capital losses available for future period	3,453,000	2032 to 2038	2,696,000	2032 to 2037

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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## 10. Nature and extent of risks arising from financial instruments

The Company's financial instruments consist of cash, sales tax receivable, loan receivable, loans payable to related parties, and accounts payable and accrued liabilities. The fair values of financial assets and financial liabilities approximate their carrying amounts due to the short-term maturity of the instruments.

The following table summarizes the carrying values of the Company's financial instruments:

	December 31, 2019	December 31, 2018
	\$	\$
Cash	3,780,176	1,022
Loans and accounts receivable	49,582	20,642
Loans payable	-	3,500
Accounts payable	221,355	505,093

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	3,780,176	-	-	3,780,176

### *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 31 December, 2019 The Company's receivables consist of sales tax receivable due from the Government of Canada and Finland of \$49,582 (December 31, 2018 - \$2,307).

### *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 11 of these consolidated financial statements. As at December 31, 2019, the Company had a cash balance of \$3,780,176 (December 31, 2018 - \$1,022) to settle current liabilities of \$226,753 (December 31, 2018 - \$508,593). However, the Company has an accumulated deficit of \$8,462,594 (December 31, 2018 - \$6,891,651). The continuation of the Company depends upon the support of its lenders, and equity investors, which cannot be assured.

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## 10. Nature and extent of risks arising from financial instruments (continued)

### *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 currency. 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 December 31, 2019, the Company held the Canadian dollar equivalent of \$4,329 (December 31, 2018 - \$73) in cash, and the \$74,133 in accounts payable and accrued liabilities (December 31, 2018 - \$67,439) both of which were denominated in Euros. A 10% increase or decrease in the Euro would increase or decrease comprehensive income by \$6,900 (December 31, 2018 - \$6,700).

### *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 December 31, 2019, the Company is not exposed to significant interest rate risk.

## 11. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. There were no changes in the Company's approach to capital management during the year ended December 31, 2019. The Company is not subject to externally imposed capital requirements.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements.

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## 12. Related party transactions

### a) 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:

	Year ended December 31, 2019	Year ended December 31, 2018
Consulting and management fees	\$ 254,000	\$ 160,000
Exploration and evaluation	87,973	Nil
Rent	3,000	Nil
Stock option issuances	409,820	Nil
Total remuneration	\$ 754,793	\$ 160,000

Related party transactions and balances not disclosed elsewhere in these financial statements are as follows:

The balance payable to related parties as at December 31, 2019 was \$29,963 (December 31, 2018 - \$196,074) 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.

The Company received \$4,175 (2018 - \$nil) in connection with a related party loan receivable and wrote off \$14,160 (2019 - \$nil) in interest related to the same loan which resulted in a loss on write off of interest.

The Company settled debt with various officers and directors during the year resulting in a gain on settlement of debt of \$124,020 (2018 - \$10,000). This amount has been netted against other vendors' gains or losses on the settlement of debt.

Loans payable to related parties as at December 31, 2019 \$nil (2018 - \$1,500).

## 13. Segmented Information

The Company has one reportable operating segment being the acquisition, exploration and evaluation of mineral properties. For the years presented, all of the Company's long-term assets are located in Canada and Finland.

## 14. Subsequent Events

On January 15, 2020 the Company purchased the existing 2% Net Smelter Return ("NSR") royalty in respect of the Haukiahio deposit of the LK PGE-Ni-Cu project in Finland. The terms of the royalty buyback include a cash payment of C\$50,000 (paid) and issuance of 375,000 (issued) common shares of the Company on closing.

Subsequent to year end 4,751,250 warrants were exercised for gross proceeds of \$570,150.

Subsequent to year end 75,000 options were exercised for gross proceeds of \$6,000.

On February 28, 2020 1,250,000 warrants expired unexercised.

On March 19, 2020 1,680,000 warrants expired unexercised.