

Palladium One Mining Inc.

Management Discussion and Analysis

For the three months ended March 31, 2021

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, 2021. 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, 2020 as well as condensed interim financial statements for the three months ended March 31, 2021 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, 2021 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”) 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.

Palladium One Mining Inc.
Management Discussion and Analysis
For the three months ended March 31, 2021

HIGHLIGHTS DURING AND SUBSEQUENT TO THE THREE MONTHS ENDED MARCH 31, 2021

Exploration

Lantinen Koillismaa PGE-Cu-Ni Project (“LK Project”), 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 January 15, 2021, the Company announced the filing of an updated National Instrument 43-101 technical report on the LK project, a summary of which is as follows: An optimized pit-constrained National Instrument 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 January 18, 2021, the Company announced the initial infill drilling results from the 17,500-meter Phase II drill program having delivered superior grades and demonstrate broad zones of continuity with multiple intercepts of high-grade, open-pit resource potential at the Kaukua South zone of the LK PGE-Ni-Cu project.
- On February 10, 2021, the Company applied to convert 2,862 hectares of the Kaukuanjarvi reservation to an Exploration Permit.
- On March 11, 2021, the Company reported that the infill drilling spaced at 100-meter grid spacing has increased continuous mineralization to over 1,300 meters and into the 'gap zone', thereby supporting the thesis of potentially more open-pit resources at the Kaukua South zone of the LK PGE-Ni-Cu project in Finland.
- On March 18, 2021, the Company reported that it had expanded a high-grade zone at Kaukua South, drills 47 meters at 2.6 g/t palladium equivalent, including 12 meters at 4.2 g/t palladium equivalent.
- On April 15, 2021, the Company reported that it continues to intersect significant widths at Kaukua South, drills 47 meters at 2.3 g/t palladium equivalent.
- On May 4, 2021, the Company began the process to convert the 480-hectare Haukiaho East and 871-hectare Lipeavaara reservations to an Exploration Permits.
- On May 11, 2021 the Company reported a drill intercept of 38m grading 2.1g/t Pd_Eq in Kaukua South and further discussed the significantly of the upper zone mineralization which returned up to 51m grading 0.9g/t Pd_Eq.

Tyko Ni-Cu-PGE Property (“Tyko Project”), Canada

- On January 5, 2021, the Company intersected a massive magmatic sulphides grading of 8.7% Ni_Eq (193 pounds per tonne) over 3.8 meters (6.6% Ni, 3.7% Cu, 1.5g/t PGE) at less than 30 meters true-depth, at the Smoke Lake target of the Tyko Ni-Cu-PGE project.
- On January 12, 2021, the Company reported the results of six additional drill holes containing several massive magmatic sulphide intercepts grading up to 7.5% Ni_Eq (164 pounds per tonne) over 4.2 meters (5.8% Ni, 2.7% Cu, 1.3/t PGE), at the Smoke Lake target of the Tyko Ni-Cu-PGE project.
- On January 19, 2021, the Company reported the final results of its 2020 Tyko drill program showing a massive magmatic sulphide interval grading up to 9.9% Ni_Eq (218 pounds per tonne) over 3.8 meters (8.1% Ni, 2.9% Cu, 1.3/t PGE), starting at less than 9 meters true-depth, located at the Smoke Lake target of the Tyko Ni-Cu-PGE project. The intercept is within a broader interval that returned 6.1% Ni_Eq over 7.5 meters (135 pounds per tonne) (4.5% Ni, 2.9% Cu, 1.0g/t PGE) from 5.3 meters down hole.

Palladium One Mining Inc.

Management Discussion and Analysis

For the three months ended March 31, 2021

- On April 6, 2021, the Company reported that it had started its 2,000-meter Phase II drilling program at the high-grade Smoke Lake nickel discovery, which returned up to 9.9% Ni_{Eq} over 3.8 meters from surface, on the Tyko Sulphide-Nickel-Copper project in Ontario, Canada. In advance of drilling, in February 2021, detailed ground based Electromagnetic ("EM") and Borehole Electromagnetic ("BHEM") surveys were conducted to better define the conductive high-grade nickel mineralization.
- On April 28, 2021, the Company reported that it had intersected multiple massive sulphide intersections in the Phase II Tyko drill program. The Phase II program was designed to test the down dip continuity of the Electromagnetic ("EM") Maxwell Plate "Plate" that was modelled subsequent to the Q4 2020 Phase I drill program.

Disraeli Lake, PGE-Ni-Cu Property ("Disraeli Project"), Canada

- On April 6, 2021, the Company reported 5 ice-based holes totaling 1,233 meters. One conductor was found to be caused by cobalt bearing massive magnetite skarn mineralization (returning 2.63 meters grading 0.12% Cu, 0.05% Co, and 0.09% Ni), while several of the airborne EM conductors proved to be the result of lake sediments. The reversely polarized magnetic body may have been caused by magnetite skarn but requires additional follow up as the skarn does not appear to be extensive enough to explain the large reversely polarized body. Of particular note was an off-hole EM conductor identified at the basement contact. Unseasonably warm conditions in early March resulted in deterioration of the ice road, cutting the drill program short and thus this target was not able to be tested. This target remains a priority for future work.

Corporate and Financing

On February 24, 2021, the Company completed a bought deal financing and issued 43,100,000 units at a price of \$0.29 per unit for gross proceeds \$12,499,000. Each unit consists of one common share and one-half 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 \$0.45 per share. The Company incurred 6% commission fees totaling \$749,940 and issued 2,586,000 brokers' warrants with a fair value of \$341,041, exercisable at \$0.29 for two years from closing date. The warrants were allocated a value of \$nil using the residual value allocation method.

On February 24, 2021, the Company also completed a brokered private placement of flow through units for gross proceeds of \$2,510,000. The Company issued 5,000,000 charity flow-through units at a price of \$0.40 per unit and 1,500,000 flow-through units at a price of \$0.34 per unit. Each unit consists of one common share and one-half 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 \$0.45 per share. The Company incurred 6% commission fees totaling \$150,600 and issued 300,000 brokers' warrants with a fair value of \$30,778 exercisable at \$0.40 and 90,000 brokers' warrants with a fair value of \$10,549 exercisable at \$0.34 for two years from closing date. The warrants were allocated a value of \$nil using the residual value allocation method. A flow through liability of \$465,300 was recognized with respect to these flow through shares.

On March 3, 2021, the Company reported its planned exploration activities in 2021 have been expanded at both the palladium dominant Lantinen Koillismaa ("LK") PGE-Ni-Cu project in Finland and the Tyko Nickel-Copper project in Ontario, Canada, with the acceleration of exploration activities and expansion of the initial 2021 exploration budget to \$11.5 million. The expanded program in Finland allows the company to complete the resource definition drilling at the Kaukua South and Haukiahö zones, while also initiating drilling at potential eastern and western extensions of Kaukua South. At the Tyko project, the expanded program will be centered on new target development infill drilling, and expansion of known high-grade nickel mineralization at the Smoke Lake zone.

On March 15, 2021, the Company announced the appointment of Ms. Giovanna Bee Moscoso as an independent director to the board of directors of the Company, effective April 2, 2021. Ms. Bee Moscoso is an experienced mining executive with over 28 years of experience, including progressive responsibilities over 25 years at Barrick Gold Corporation, where previously she was a partner, Vice President and Assistant General Counsel.

Palladium One Mining Inc.

Management Discussion and Analysis

For the three months ended March 31, 2021

On March 15, 2021, the Company granted 1,275,862 restricted share units (“RSU”) with a fair value of \$370,000 to certain directors, officers, consultants and advisors. The RSU will fully vest three years from the date of grant.

On March 15, 2021, the Company also granted 775,000 stock options to certain directors, officers, consultants and advisors, exercisable at a price of \$0.29 per common share for a period of five years and with 1/3 vesting immediately and 1/3 every year thereafter.

During the three months ended March 31, 2021, 6,686,500 warrants were exercised for gross proceeds of \$823,595 and 750,000 options were exercised for net proceeds of \$100,250.

Subsequent to March 31, 2021, 4,732,000 warrants were exercised for gross proceeds of \$594,015.

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 resumed exploration in early August 2020 at the LK project, following all Canadian and Finnish COVID protocols, and has continued to safely conduct exploration on both the Finnish and Canadian properties since that time.

MINERAL PROPERTIES

Lantinen Koillismaa PGE-Cu-Ni Project (“LK Project”), Finland

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 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 of the Bushveld Igneous Complex. The Koillismaa Complex forms part of the 2.5-2.4 Ga Tornio-Näränkäväära 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 sulphide deposits.

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

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 Lantinen 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-copper-nickel project. Although 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, exploration will focus on high-grade massive sulphide, in the feeder system (Feeder Dyke) of the Koillismaa Complex, similar to the mineralization styles at Noril'sk and Voisey's Bay.

Palladium One Mining Inc.

Management Discussion and Analysis

For the three months ended March 31, 2021

KS is 100% owned, royalty free, of district-scale, and has been the subject of extensive work by the geological survey of Finland and academic research. Holding costs for KS are zero until the reservation is converted into an exploration permit. The application for the KS reservation was submitted on October 21, 2019, was granted on December 4, 2019 and is in good standing until October 20, 2021.

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 March 31, 2021 comprised 750 mining claims, registered to Tyko Resources Inc. and covering approximately 20,090 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 metal 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 indicates that a high value flotation concentrate could be generated from the RJ or Tyko Zone style mineralization. Based on the high metal tenor of known mineralization 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 December 7, 2021, the Company announced the discovery of the high-grade Smoke Lake Zone. Two phases of drilling have been conducted thus far with Phase I returning up to 9.9% Ni_{Eq} over 3.8 meters. Assays for Phase II drilling are pending.

Finnish Mining Act

The 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.

Palladium One Mining Inc.

Management Discussion and Analysis

For the three months ended March 31, 2021

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, an 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 FINANCIAL AND OPERATIONS RESULTS

Three months ended March 31, 2021 and 2020

During the three months ended March 31, 2021, the Company reported a net loss of \$3,336,228 (2020 - \$1,697,465), an increased loss of \$1,638,763. The primary contributors were the following:

- Exploration expenses increased by \$1,204,594, due to greater activities at the LK and Disraeli projects during the three months ended.
- Professional fees and transfer agent and filing fees were higher by \$523,241 mainly due to financing activities that occurred during the three months ended.
- Consulting fees were higher by \$103,316 mainly due to 2 new consultants added during the three months ended.
- Share-based compensation was \$50,391 mainly coming from the fair value allocation of RSU and Options granted during the three months ended. No stock options were granted in 2020.
- The increase in loss was partially offset by the lower investor relations by \$256,096 due to reduced corporate activities during the three months ended.

Palladium One Mining Inc.
Management Discussion and Analysis
For the three months ended March 31, 2021

Exploration and evaluation expenditures

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.

During the three months ended March 31, 2021, the Company performed the following work on their properties:

	March 31, 2021	March 31, 2020
LK Project:		
Acquisition costs – Net Smelter Royalty (“NSR”) buyback	\$ -	\$ 125,883
Assays and surveying	384,654	374,452
Drilling	909,644	267,900
Equipment rental	6,372	5,841
Field costs	117,779	38,289
Geological consulting	237,298	118,607
Mobilization/demobilization	-	43,665
Permits / Reservations	74,441	112,869
Report	-	36,634
Travel and support	49,136	81,970
	1,779,324	1,206,110
Tyko Project:		
Assays and surveying	3,140	2,910
Drilling	89,652	-
Field costs	8,469	2,750
Mobilization/demobilization	2,851	-
Staking and line cutting	-	5,220
	104,112	10,880
Disraeli Lake Project:		
Acquisition cost of Disraeli	-	5,000
Assays and surveying	39,954	41,745
Drilling	134,733	-
Equipment rental	146,771	1,887
Field costs	96,769	385
Geological consulting	95,646	-
Mobilization/demobilization	82,163	5,314
Report	-	5,743
Staking and line cutting	-	660
Travel and support	5,230	2,384
	601,266	63,118
	\$ 2,484,702	\$ 1,280,108

Other income and expenses

During the three months ended March 31, 2021, the Company had other income of \$79,650 (2020 - \$17,664). This was due to \$57,661 (2020 - \$5,398) amortization of flow-through premium liability and interest income of \$21,989 (2020 - \$12,266).

As at March 31, 2021, the Company had other expense of \$65,526 (2020 - \$nil) mainly from the deferred income tax related to total spending from flow-through financing.

Palladium One Mining Inc.
Management Discussion and Analysis
For the three months ended March 31, 2021

SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected financial data reported by the Company for the years ended December 31, 2020, 2019, and 2018. 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.

	2020		2019		2018	
Current assets	\$	7,642,824	\$	3,904,383	\$	46,067
Total assets		7,642,824		3,904,383		46,735
Current liabilities		986,714		226,753		508,593
Capital stock		18,721,062		10,831,682		5,722,739
Reserves		1,257,816		1,308,542		707,054
Net income (loss)		(4,860,174)		(1,570,943)		(868,908)
Deficit		(13,322,768)		(8,462,594)		(6,891,651)
Earnings (loss) per share	\$	(0.04)	\$	(0.04)	\$	(0.04)
Weighted average shares		129,174,665		42,700,781		24,699,674

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.

	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019
Operating expenses	\$(3,350,352)	\$(1,921,420)	\$(846,061)	\$(542,592)	\$(1,715,129)	\$(873,030)	\$(311,707)	\$(379,182)
Other income or (expense)	\$14,124	\$136,009	\$5,239	\$6,116	\$17,664	\$9,003	\$14	\$(6,028)
Net loss	\$(3,336,228)	\$(1,785,411)	\$(840,822)	\$(536,476)	\$(1,697,465)	\$(864,027)	\$(311,693)	\$(385,210)
Basic and diluted earnings (loss) per share	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)
Total assets	\$20,171,309	\$7,642,824	\$3,002,306	\$3,416,635	\$3,025,613	\$3,904,383	\$591,285	\$809,281
Shareholders’ (deficiency)	\$17,822,578	\$6,656,110	\$2,229,396	\$3,070,218	\$2,629,440	\$3,677,630	\$442,222	\$717,999
Capital stock	\$32,841,048	\$18,721,062	\$12,456,711	\$12,456,711	\$11,483,351	\$10,831,682	\$7,158,048	\$7,158,048
Reserves	\$1,633,026	\$1,257,816	\$1,310,042	\$1,310,042	\$1,306,148	\$1,308,542	\$882,741	\$846,825
Subscriptions received in advance	\$7,500	-	-	-	-	-	-	-
Deficit	\$16,658,996	\$13,322,768	\$11,537,357	\$10,696,535	\$10,160,059	\$8,462,594	\$7,598,567	\$7,286,874

Palladium One Mining Inc.
Management Discussion and Analysis
For the three months ended March 31, 2021

LIQUIDITY AND CAPITAL RESOURCES

Three months ended March 31, 2021 and 2020

As at March 31, 2021, the Company reported working capital of \$17,888,104 (December 31, 2020 – \$6,656,110). The increase in working capital was the result of the financing during the fiscal year.

During the three months ended March 31, 2021, cash used in operating activities was \$2,908,760 (2020 - \$1,641,238). The majority of cash used in operating activities were for exploration and evaluation expenditures.

During the three months ended March 31, 2021 and 2020, there were no investing activities.

During the three months ended March 31, 2021, cash proceeds generated from financing activities was \$15,039,805 (2020 - \$576,150). The sources of financing came from:

- A public offering of 43,100,000 units for a total net proceeds of \$11,749,060,
- A brokered private placement of 6,500,000 flow-through and charity flow-through units for the total net proceeds of \$2,359,400,
- The issuance of 6,686,500 common shares upon warrants being exercised for the total proceeds of \$823,595,
- The issuance of 750,000 common shares upon options being exercised for the total proceeds of \$100,250, and
- A total of \$7,500 subscriptions received in advance for warrants exercised.

Shareholders' equity

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

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, with a fair value of \$3,894, exercisable at \$0.13 for 12 months, then \$0.22 for the following 12 months.

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.

During the three months ended March 31, 2021, 6,686,500 warrants were exercised for net proceeds of \$823,595 and 750,000 options were exercised for net proceeds of \$100,250.

As at March 31, 2021, capital stock was \$32,841,048 and comprised of 236,429,352 issued and outstanding common shares (December 31, 2020 - \$18,721,062 comprised of 179,392,852 shares outstanding). Reserves which arise from the recognition of the estimated fair value of stock options and warrants was \$1,633,026 (December 31, 2020 - \$1,257,816). Subscriptions received in advance related to warrants exercised was \$7,500 (December 31, 2020 - \$nil). As a result of the net loss for the three months ended March 31, 2021 of \$3,336,228 (December 31, 2020 –\$4,860,174), the deficit increased to \$16,658,996 as at March 31, 2021 (December 31, 2020 - \$13,322,768). Accordingly, shareholders' equity was \$17,822,578 as compared to \$6,656,110 on December 31, 2020.

Palladium One Mining Inc.
Management Discussion and Analysis
For the three months ended March 31, 2021

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, 2021, the Company had no material lease obligations or significant contractual obligations.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off balance sheet arrangements.

FINANCIAL INSTRUMENTS

As at March 31, 2021, the Company's financial instruments consist of cash, sales tax receivable, and accounts payable and accrued liabilities. 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, 2021	December 31, 2020
Cash	\$ 19,362,608	\$ 7,231,563
GST and VAT receivable	626,275	330,831
Accounts payable and accrued liabilities	1,752,509	985,857

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

Palladium One Mining Inc.
Management Discussion and Analysis
For the three months ended March 31, 2021

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	\$ 19,362,608	\$ -	\$ -	\$ 19,362,608

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, 2021, the Company's receivables consist of sales tax receivable due from the Government of Canada and Finland of \$626,275 (December 31, 2020 - \$330,831).

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 8 of these condensed interim consolidated financial statements. As at March 31, 2021, the Company had a cash balance of \$19,362,608 (December 31, 2020 - \$7,231,563) to settle current liabilities of \$2,283,205 (December 31, 2020 - \$986,714). However, the Company has an accumulated deficit of \$16,658,996 (December 31, 2020 - \$13,322,768). The continuation of the Company depends upon the support of its 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 palladium, platinum and nickel, 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 March 31, 2021, the Company held the Canadian dollar equivalent of \$133,953 (December 31, 2020 - \$236,417) in cash, and \$751,407 in accounts payable and accrued liabilities (December 31, 2020 - \$624,864) both of which were denominated in Euros. A 10% increase or decrease in the Euro would increase or decrease net loss by \$61,700 (December 31, 2020 - \$38,900).

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, 2021, the Company is not exposed to significant interest rate risk.

Palladium One Mining Inc.
Management Discussion and Analysis
For the three months ended March 31, 2021

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, 2021		Three months ended March 31, 2020	
Salaries, consulting and management fees ⁽¹⁾	\$	136,750	\$	60,000
Exploration and evaluation ⁽²⁾		266,213		129,761
Share based compensation ⁽³⁾		31,871		-
Total remuneration	\$	434,834	\$	189,761

- (1) Represents:
- a. CEO compensation,
 - b. The CFO and Corporate Secretary of the Company are related parties to the Company and are retained via FT Management Inc. (“FT”). FT is engaged by the Company to execute accounting and corporate secretarial services on behalf of the Company,
 - c. Dr. Peter Lightfoot, independent director of the Company is a related party to the Company and is the owner of Lightfoot Geoscience Inc. (“Lightfoot”). Lightfoot is retained periodically to provide technical assistance with regard to exploration activities and project evaluations,
 - d. Lawrence Roulston, independent director of the Company is a related party to the Company and is the owner of ResOpp Publishing Corp. (“ResOpp”). ResOpp is retained periodically to provide technical assistance with regard to exploration activities and project evaluations.
- (2) Neil Pettigrew, Vice President of Exploration, Director and internal Qualified Person of the Company, is a related party to the Company and is a partner in Fladgate Exploration Limited in Thunder Bay, ON. Fladgate is engaged by the Company to execute exploration and drilling programs on behalf of the Company, for each of its properties. As a consequence, Fladgate provides management, personnel, software and equipment to the Company.
- (3) Represents the fair-value of stock options granted to directors and officers.

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

As at March 31, 2021, the Company owed \$100,826 (December 31, 2020 - \$84,222) to Fladgate Exploration Consulting Corp, which was related to exploration and evaluation expenses and for project management services. The amount owing was included in accounts payable and accrued liabilities and is unsecured, non-interest bearing and is expected to be repaid under normal trade terms.

During the three months ended March 31, 2021, the Company paid \$9,000 (December 31, 2020 - \$27,000) to a person related to the CEO for office rental in Toronto.

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, 2020. 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, 2021 include the valuation of acquisition of mineral property transactions, valuation of share based payments and income taxes.

Palladium One Mining Inc.
Management Discussion and Analysis
For the three months ended March 31, 2021

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	241,161,352		
Share purchase warrants	150,000	\$0.12	10/18/2021
Share purchase warrants	812,496	\$0.20 ¹	12/02/2021
Share purchase warrants	91,000	\$0.20 ¹	12/02/2021
Share purchase warrants	21,550,000	\$0.45	02/24/2023
Share purchase warrants	3,250,000	\$0.45	02/24/2023
Share purchase warrants	2,586,000	\$0.29	02/24/2023
Share purchase warrants	90,000	\$0.34	02/24/2023
Share purchase warrants	300,000	\$0.40	02/24/2023
Stock options	2,225,000	\$0.08	06/07/2024
Stock options	1,000,000	\$0.08	09/30/2024
Stock options	4,475,000	\$0.15	12/29/2024
Stock options	775,000	\$0.29	03/15/2024
Fully diluted	278,465,848		

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

²Exercise price \$0.22 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, 2021, that are available on SEDAR (www.sedar.com).

ADDITIONAL INFORMATION

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