

Palladium One Mining Inc.

Management Discussion and Analysis

For the six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 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 August 24, 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.

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HIGHLIGHTS DURING AND SUBSEQUENT TO THE SIX MONTHS ENDED JUNE 30, 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 Haukiahö 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 Haukiahö 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}.
- On May 26, 2021, the Company reported its first drill results from the 2,000 meters drill program at Haukiahö, a zone approximately 20 kilometers south of the Company's primary target area Kaukua South, have returned significant widths and grades, including 72 meters at 1.8 g/t Pd_{Eq}, on the LK PGE-Ni-Cu project in Finland.
- On June 1, 2021, the Company reported its first drill results from the 2,000 meters drill program at the Haukiahö Trend, a distinct zone approximately 20 kilometers south of the Company's primary target area Kaukua South, have returned significant widths and grades, including 48 meters at 2.2 g/t Pd_{Eq} with a wider 116 meters zone grading 1.2 g/t Pd_{Eq}, on the LK PGE-Ni-Cu project in Finland.
- On July 7, 2021, the Company announced that the two additional Induced Polarization ("IP") surveys were carried out in the Greater Kaukua Area to expand the known 4-kilometer long Kaukua South IP anomaly on both eastern and western ends. The results of the new surveys confirm an over 75% increase in the Kaukua South IP chargeability anomaly, which is now greater than 7 kilometers in strike length.

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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.
- 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.
- On June 17, 2021, the Company intercepts more high-grade Nickel including, 6.0% Ni_{Eq} (13.9% Cu_{Eq}) over 5.0 meters at Tyko Nickel-Copper project, in Ontario, Canada.
- On June 23, 2021, the Company drills 7.4% Ni_{Eq} (164 lbs/tonne) over 4.5 meters including 10.2% Ni_{Eq} (224 lbs/tonne) over 1.7 meters at Tyko Nickel-Copper project, in Ontario, Canada.
- On July 27, 2021, the Company entered into two Earn-in agreements to expand the Tyko Nickel-Copper project by 950 hectares. In addition, 3,500 hectares were purchased from the original Optionors. Tyko has grown from 20,100 hectares to over 24,500 hectares since the Phase II drill program was completed.

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.

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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 Läntinen 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 Haukiaho 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.

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 six months ended June 30, 2021, 11,418,500 warrants were exercised for gross proceeds of \$1,477,610 and 800,000 options were exercised for net proceeds of \$107,750.

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.

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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 (Lipeavaara and Haukiaho East) covering an additional 13 km of Prospective Basal Contact at the LK PGE-Cu-Ni Project in Finland. These reservations have now been converted to Exploration Permit Applications.

On April 2nd 2020, the Company announced it made a made an application to expand the LK palladium-copper-nickel project by applying for 2 additional reservations (Kaukunarvi and Haukiaho North). Kaukunarvi has now been convert to an Exploration Permit Application. While the Haukiaho North Reservation remains in good standing February 24 2022.

Kostonjarvi, Cu-Ni-PGE Project (“KS Project”), Finland

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

The KS reservation covers a large buried gravity and magnetic anomaly that is interpreted to represent a buried Feeder Dyke to the Koillismaa Complex which hosts the palladium dominant, LK PGE-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.

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 June 30, 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 five significant Ni-Cu-PGE showings or zones on the Tyko Project; the Smoke Lake, RJ and Tyko, Bulldozer and Shabotik zones.

The Smoke Lake zone, discovered in late 2020, has produced very high-grade mineralization with intersections up to 9.9% Nickel equivalent over 3.8 metres at surface (8.2 % Ni, 2.9 % Cu, 0.1 % Co, 0.6 g/t Pd, 0.5 g/t Pt), (see press release January 19, 2021). 28 drill holes have defined a shallow 350-meter mineralized strike length at the Smoke Lake zone. Smoke Lake is

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approximately 18-kilometers separated from the Tyko and RJ zones. The Tyko, RJ, and Smoke lake zones are thought to represent the conduit structures from multiple magmatic feeder systems.

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 (Pt+Pd+Au) at the RJ Zone and 16.3% Ni, 8.70% Cu, and 12.8g/t PGE at the Tyko Zone. 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 systems. The Company's objective is to delineate this feeder system and ultimately develop mineral resources.

On December 7, 2020, the Company announced the discovery of the high-grade Smoke Lake Zone. Two phases of drilling have been conducted, with a third having been launched during the 2021 summer, with Phase I returning up to 9.9% Ni_{Eq} over 3.8 meters. High-grade massive sulphide mineralization has been delineated along a 350 meter strike length and the current drill program is designed to extend known mineralization.

During June 2021, the Company completed a 3,100-line kilometer VTEMmax geophysical survey over the entire Tyko property and subsequently increased the property size via two earn-in agreements and one property acquisition agreement. Tyko is now approximately 24,500 ha in size.

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

The Disraeli Project is a platinum-group element (PGE), nickel (Ni), copper (Cu), project, and as of June 30, 2021 comprised 84 mining claims, registered to Tyko Resources Inc. and covering approximately 4,200 hectares. The mining cell claims are located in the Eagle Head lake, Little Sturge Lake, Rightangle Lake, and Lecki Lake areas, Thunder Bay Mining Division, Ontario, Canada.

The Disraeli Project hosts a Proterozoic, early mid-continental rift related ultramafic intrusion, portions of which are reversely polarized. It is considered highly prospective for disseminated Escape Lake-style PGE-rich mineralization and potentially Eagle-Tamarack-style massive sulphide Ni-rich mineralization. Abundant magnetite skarn also occurs on the Project which is prospective for copper-cobalt mineralization.

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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.

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.

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REVIEW OF FINANCIAL AND OPERATIONS RESULTS

Three months ended June 30, 2021 and 2020

During the three months ended June 30, 2021, the Company reported a net loss of \$2,471,580 (2020 - \$536,476), an increased loss of \$1,935,104. The primary contributors were the following:

- Exploration expenses increased by \$2,231,467, due to greater activities at the LK, Tyko and Disraeli projects during the three months ended.
- Consulting fees were higher by \$290,323 mainly due to 1 new consultant added, salary adjustments and payment of one-time bonus of \$150,000.
- Transfer agent and filing fees were higher by \$28,305 mainly attributable to the annual SEDAR filing fees and increased activities with the transfer agent related to warrants and options exercise.
- Foreign exchange loss was \$23,389 mainly due to foreign translation loss from EUR to CAD.
- Share-based compensation was \$41,649 mainly due to fair value allocation of RSU and Options granted in March 2021. No stock options were granted in 2020.
- The increase in cost was offset by lower professional fees of \$318,145 due to reclassification of legal fees directly related to financing to share issuance cost.

Six months ended June 30, 2021 and 2020

During the six months ended June 30, 2021, the Company reported a net loss of \$5,807,808 (2020 - \$2,233,941), an increased loss of \$3,573,867. The primary contributors were the following:

- Exploration expenses increased by \$3,478,570 primarily due to significant drilling activity and surveying program at the LK, Tyko and Disraeli projects.
- Consulting fees were higher by \$393,639 mainly due to 2 new consultants added, salary adjustments and payment of one-time bonus of \$150,000.
- Professional fees were higher by \$61,781 mainly attributable to legal and audit fees.
- Transfer agent and filing fees were higher by \$121,263 mainly due to increased activities conducted by the transfer agent related to warrants and options exercise.
- Share-based compensation was \$92,040 mainly due to fair value allocation of RSU and Options granted in March 2021. No stock options were granted in 2020.
- The increased in expenses were partially offset by lower investor relations costs of \$290,792 mainly due to reduced corporate activities during the period ended June 30, 2021.

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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 six months ended June 30, 2021, the Company performed the following work on their properties:

| | June 30, 2021 | June 30, 2020 |
|---|---------------------|---------------------|
| LK Project: | | |
| Acquisition costs – Net Smelter Royalty (“NSR”) buyback | \$ - | \$ 127,825 |
| Assays and surveying | 584,226 | 402,040 |
| Drilling | 1,624,800 | 271,953 |
| Equipment rental | 14,310 | 6,542 |
| Field costs | 243,604 | 44,951 |
| Geological consulting | 599,716 | 189,617 |
| Mobilization/demobilization | - | 44,312 |
| Permits / Reservations | 96,705 | 190,584 |
| Report | - | 36,634 |
| Travel and support | 75,267 | 82,365 |
| | 3,238,628 | 1,396,823 |
| Tyko Project: | | |
| Assays and surveying | 484,796 | 2,910 |
| Drilling | 196,683 | - |
| Equipment rental | 25,847 | 4,011 |
| Field costs | 133,220 | 2,840 |
| Geological consulting | 47,520 | 23,278 |
| Mobilization/demobilization | 96,158 | - |
| Staking and line cutting | 8,300 | 5,820 |
| Travel and support | 2,361 | 1,764 |
| | 994,885 | 40,623 |
| Disraeli Project: | | |
| Acquisition cost of Disraeli | - | 5,000 |
| Assays and surveying | 50,034 | 45,636 |
| Drilling | 134,733 | - |
| Equipment rental | 181,779 | 1,941 |
| Field costs | 131,841 | 432 |
| Geological consulting | 148,275 | 1,026 |
| Mobilization/demobilization | 86,051 | 5,967 |
| Report | 8,235 | 7,184 |
| Staking and line cutting | - | 660 |
| Travel and support | 11,785 | 2,384 |
| | 752,733 | 70,230 |
| | \$ 4,986,246 | \$ 1,507,676 |

Other income and expenses

During the six months ended June 30, 2021, the Company had other income of \$341,213 (2020 - \$23,780). This was due to \$286,978 (2020 - \$6,565) amortization of flow-through premium liability and interest income of \$54,235 (2020 - \$17,215).

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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.

| | Jun 30, 2021 | Mar 31, 2021 | Dec 31, 2020 | Sep 30, 2020 | Jun 30, 2020 | Mar 31, 2020 | Dec 31, 2019 | Sep 30, 2019 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating expenses | \$(2,798,669) | \$(3,350,352) | \$(1,921,420) | \$(846,061) | \$(542,592) | \$(1,715,129) | \$(873,030) | \$(311,707) |
| Other income or (expense) | \$327,089 | \$14,124 | \$136,009 | \$5,239 | \$6,116 | \$17,664 | \$9,003 | \$14 |
| Net loss | \$(2,471,580) | \$(3,336,228) | \$(1,785,411) | \$(840,822) | \$(536,476) | \$(1,697,465) | \$(864,027) | \$(311,693) |
| Basic and diluted earnings (loss) per share | \$(0.01) | \$(0.02) | \$(0.01) | \$(0.01) | \$(0.02) | \$(0.01) | \$(0.01) | \$(0.01) |
| Total assets | \$17,046,225 | \$20,171,309 | \$7,642,824 | \$3,002,306 | \$3,416,635 | \$3,025,613 | \$3,904,383 | \$591,285 |
| Shareholders’ (deficiency) | \$15,655,957 | \$17,822,578 | \$6,656,110 | \$2,229,396 | \$3,070,218 | \$2,629,440 | \$3,677,630 | \$442,222 |
| Capital stock | \$33,148,464 | \$32,841,048 | \$18,721,062 | \$12,456,711 | \$12,456,711 | \$11,483,351 | \$10,831,682 | \$7,158,048 |
| Reserves | \$1,638,069 | \$1,633,026 | \$1,257,816 | \$1,310,042 | \$1,310,042 | \$1,306,148 | \$1,308,542 | \$882,741 |
| Subscriptions received in advance | - | \$7,500 | - | - | - | - | - | - |
| Deficit | \$19,130,576 | \$16,658,996 | \$13,322,768 | \$11,537,357 | \$10,696,535 | \$10,160,059 | \$8,462,594 | \$7,598,567 |

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LIQUIDITY AND CAPITAL RESOURCES

Six months ended June 30, 2021 and 2020

As at June 30, 2021, the Company reported working capital of \$15,655,957 (December 31, 2020 – \$6,656,110). The increase in working capital was the result of the financing during the fiscal year.

During the six months ended June 30, 2021, cash used in operating activities was \$5,866,324 (2020 - \$2,240,834). The majority of cash used in operating activities were for exploration and evaluation expenditures.

During the six months ended June 30, 2021 and 2020, there were no investing activities.

During the six months ended June 30, 2021, cash proceeds generated from financing activities was \$15,303,115 (2020 - \$1,681,565). The sources of financing came from:

- A public offering of 43,100,000 units for a total gross proceeds of \$12,499,000,
- A brokered private placement of 6,500,000 flow-through and charity flow-through units for a total gross proceeds of \$2,510,000,
- Share issuance cost of \$1,291,245 representing cash commission and legal fees incurred related to financing,
- The issuance of 11,418,500 common shares upon warrants being exercised for the total proceeds of \$1,477,610, and
- The issuance of 800,000 common shares upon options being exercised for the total proceeds of \$107,750.

Shareholders' equity

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 \$587,500 was recognized with respect to these flow through shares.

During the six months ended June 30, 2021, 11,418,500 warrants were exercised for net proceeds of \$1,477,610 and 800,000 options were exercised for net proceeds of \$107,750.

As at June 30, 2021, capital stock was \$33,148,464 and comprised of 241,211,352 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, RSU and warrants was \$1,638,069 (December 31, 2020 - \$1,257,816). As a result of the net loss for the six months ended June 30, 2021 of \$5,807,808 (2020 - \$2,233,941), the deficit increased to \$19,130,576 as at June 30, 2021 (December 31, 2020 - \$13,322,768). Accordingly, shareholders' equity was \$15,655,957 as compared to \$6,656,110 on December 31, 2020.

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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 June 30, 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 June 30, 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:

| | June 30, 2021 | December 31, 2020 |
|--|--------------------------|------------------------------|
| Cash | \$ 16,668,354 | \$ 7,231,563 |
| GST and VAT receivable | 157,153 | 330,831 |
| Accounts payable and accrued liabilities | 1,088,889 | 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

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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 | \$ 16,668,354 | \$ - | \$ - | \$ 16,668,354 |

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 June 30, 2021, the Company's receivables consist of sales tax receivable due from the Government of Canada and Finland of \$157,153 (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 June 30, 2021, the Company had a cash balance of \$16,668,354 (December 31, 2020 - \$7,231,563) to settle current liabilities of \$1,390,268 (December 31, 2020 - \$986,714). However, the Company has an accumulated deficit of \$19,130,576 (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 June 30, 2021, the Company held the Canadian dollar equivalent of \$680,806 (December 31, 2020 - \$236,417) in cash, and \$793,750 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 \$11,300 (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 June 30, 2021, the Company is not exposed to significant interest rate risk.

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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:

| | | Six months ended June 30, 2021 | | Six months ended June 30, 2020 |
|---|-----------|-----------------------------------|-----------|-----------------------------------|
| Salaries, consulting and management fees ⁽¹⁾ | \$ | 273,500 | \$ | 120,700 |
| Exploration and evaluation ⁽²⁾ | | 520,104 | | 188,361 |
| Share based compensation ⁽³⁾ | | 55,109 | | - |
| Total remuneration | \$ | 848,713 | \$ | 309,061 |

(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. 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.
- d. 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,
- e. 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) Fladgate Exploration Limited 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 and RSUs granted to directors and officers.

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

As at June 30, 2021, the Company owed \$43,162 (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 six months ended June 30, 2021, the Company paid \$18,000 (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 June 30, 2021 include the valuation of acquisition of mineral property transactions, valuation of share based payments and income taxes.

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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 | 241,211,352 | | |
| 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 | 4,425,000 | \$0.15 | 12/29/2024 |
| Stock options | 775,000 | \$0.29 | 03/15/2026 |
| Restricted share units | 1,275,862 | n/a | 03/15/2024 |
| Fully diluted | 279,741,710 | | |

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

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Operations and Comprehensive Loss contained in its unaudited financial statements for June 30, 2021, that are available on SEDAR (www.sedar.com).

ADDITIONAL INFORMATION

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