

Palladium One Mining Inc.

Management Discussion and Analysis

For the nine months ended September 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 nine months ended September 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 nine months ended September 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 November 25, 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.”

Qualified Person

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

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 NINE MONTHS ENDED SEPTEMBER 30, 2021

Exploration

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

As at September 30, 2021, the LK project hosts an independent, NI43-101 compliant, Mineral Resource Estimate as shown in the table below:

LK Project Total National Instrument 43-101 Pit Constrained Resource Estimate

Deposit	Class	Tonnes (Mt)	Pd g/t	Pt g/t	Au g/t	PGE (Pd+Pt+Au) g/t	Ni %	Cu %	Co ppm	Pd_Eq*	
										g/t	Oz
Kaukua	Indicated	11.0	0.81	0.27	0.09	1.17	0.09	0.15	---	1.60	566,000
Kaukua	Inferred	10.9	0.64	0.20	0.08	0.92	0.08	0.13	---	1.31	459,000
Haukiahio	Inferred	32.7	0.25	0.10	0.10	0.45	0.13	0.18	53	1.15	1,210,000
Total	Inferred	43.6	0.35	0.12	0.10	0.57	0.12	0.17	40	1.19	1,669,000

Notes to table:

- Pd_Eq calculated is calculate in-situ assuming 100% recovery using prices from the current Haukiahio MRE consisting of \$1,600/oz Pd, \$1,100/oz Pt, \$1,650/oz Au, \$3.50/lb Cu, \$7.50/lb Ni, and \$20/lb Co.
- The 2019 Kaukua MRE was originally calculated using a different price assumption of \$1,100/oz for Pd, \$950/oz for Pt, \$1,300/oz for Au, \$3/lb for Cu and \$7/lb for Ni
- The Haukiahio MRE used a \$25/t cut off which equates to ~0.6 g/t Pd_Eq using the 2021 Haukiahio Mineral Resource Estimate prices.
- 2019 Kaukua MRE used a 0.3 g/t Pd cut off which equates to ~0.6 g/t Pd_Eq using the 2021 Haukiahio Mineral Resource Estimate prices. The Haukiahio MRE used metallurgical recoveries of 65.2%, 89.2%, 63.7%, 63.7%, 79.8% and 80.1% for Au, Cu, Ni, Co, Pd and Pt.
- The 2019 Kaukua MRE used metallurgical recoveries of 77.9%, 91.2%, 48.0%, 73.3% and 55.8% for Au, Cu, Ni, Pd and Pt .

Data and technical information in this document is extracted from the NI 43-101 technical report entitled ‘Technical Report for the Lantinen Koillismaa Project, Finland, Haukiahio Deposit Mineral Resource Estimate Update 2021 ‘ prepared for Palladium One Mining Inc.’, written by Mining Plus, dated October 20, 2021 (see www.sedar.com)

- 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 September 7, 2021, the Company announced an NI43-101 compliant Pit Constrained Resource Estimate for the Haukiahio zone at the LK Project The Haukiahio resource estimate includes a shallow deposit with a low 1:1 strip ratio with 1.21 million ounces Pd_Eq grading 1.15 g/t in 32.7 million tonnes. It comprises 3-kilometers of strike length and is part of the 17-kilometer long Haukiahio Trend.
- 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.

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- 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.
- On May 26, 2021, the Company reported its first drill results from the 2,000 meters drill program at Haukiaho, 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 Haukiaho 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.
- On September 23, 2021, the Company announced the highest-grade over width intercept to date at Kaukua South, reporting 4.1 g/t Palladium Equivalent over 24 meters, within 2.1 g/t Palladium Equivalent over 112 meters, starting at 171.5 meters depth.
- On October 5, 2021, the Company announced drill results at Kaukua South which returned an intersect of 3.1 g/t Palladium Equivalent over 21.3 meters, within 2.4 g/t Palladium Equivalent over 48.5 meters. In addition, drill results returning 1.0 g/t Pd_Eq over 51.0 meters has extended the mineralized zone of Kaukua South 200 meters east.
- On October 19, 2021, the Company announced that the deepest down plunge drill hole to date on the Kaukua South Zone, hole LK21-098, intersected 3.4 g/t Pd_Eq over 10.0 meters, within 1.7 g/t Pd_Eq over 62.9 meters, starting at 308 meters down hole. These drilling results extend the Kaukua South zone beyond 300 meters vertical depth and confirm that the high-grade core zones identified at surface extend to depth.
- On November 23, 2021, the Company announced that initial down plunge drilling has extended mineralization 250 meters southwest of the open-pit constrained Mineral Resource Estimate of the Kaukua Deposit, by intersecting 2.2 g/t Pd_Eq over 19.6 meters, within 1.5 g/t Pd_Eq over 74.5 meters, starting at 273 meters down hole LK21-101.

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

- On January 5, 2021, the Company intersected a massive magmatic sulphide 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 intercepted 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 drilled 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 is now over 24,500 hectares in size. The Company also reported the completion of a 3,100-kilometer airborne Electro Magnetic (VTEMmax) geophysical survey that covered the entire Tyko project.
- On October 25, 2021, the Company’s team was awarded the 2020 “Bernie Schnieders Discovery of the Year Award” for the discovery of a high-grade copper-nickel zone at its 100% owned Tyko Copper-Nickel Project. The award, presented by the Northwestern Ontario Prospectors Association (NWOPA), recognizes an exceptional discovery in Northwestern Ontario during the previous calendar year. Smoke Lake was discovered in late November 2020 with the first hole of drill program returning up to 8.7% Ni_{Eq} over 3.8 Meters (6.6% Ni, 3.7% Cu, 0.09% Co, 0.67 g/t Pd, 0.81 g/t Pt, and 0.03 g/t Au) in hole TK-20-016, (see news release January 5, 2021)
- On October 28, 2021, the Company reported preliminary results of the VTEMmax airborne survey and four significant multi-line EM anomalies on the Tyko Copper-Nickel Project.
- On November 16, 2021, the Company provided an update on the Tyko project, reporting that geophysical crews are on-site conducting ground-based Electromagnetic (“EM”) surveys on key target areas; three new Exploration Permit applications have been filed for drill testing the newly identified multi-line Electromagnetic (“EM”) geophysics anomalies; and a fourth Exploration Permit application has been made to expand upon the existing Smoke Lake Exploration Permit to allow for additional step out drill pad locations.

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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 warrants were allocated a value of \$nil using the residual value allocation method. 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.

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 warrants were allocated a value of \$nil using the residual value allocation method. 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. A flow through liability of \$587,500 was recognized with respect to these flow through shares. Professional fees related to the financings were \$390,705 which were in addition to the commission fees paid.

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 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.

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.

On October 5, 2021, the Company announced the appointment of Mr. Lawrence Roulston as Non-Executive Chairman and Ms. Sara Hills as Chief Financial Officer and Corporate Secretary. In addition, the Company announced the formation of a new ESG committee of the board of directors and the appointment of Giovanna Bee Moscoso as the Chair of the ESG committee.

On October 20, 2021, the Company announced its common shares are fully eligible for settlement through the Depository Trust Company ("DTC"), a subsidiary of the Depository Trust & Clearing Corp. that manages the electronic clearing and settlement of publicly-traded companies in the United States. The Company will continue to trade in the United States on the OTCQB under the ticker symbol "NKORF".

On November 15, 2021, the Company granted 1,341,100 RSUs with a fair value of \$295,042 to certain employees, consultants, and directors which vest three years from the date of grant.

On November 15, 2021, the Company also granted 4,450,000 stock options to certain employees, consultants, and directors exercisable at a price of \$0.22 per common share for a period of five years and with 1/3 vesting immediately and 1/3 every year thereafter.

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Mineral properties

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

The LK Project is the Company’s flagship project and 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.

The LK Project area is covered by Exploration Permits, and Reservation Notifications. Exploration Permits are divided into two groups; the Kaukua Group consisting of the Kaukua and Murtolampi targets (Kaukua North 1-2) and the Haukiaho Group covering the Lipeävaara and Haukiaho targets. An Exploration Permit is granted for a fixed term of up to 4 years and can be renewed for up to 3 years at time for a total maximum duration of 15 years, excluding renewal review periods, and includes preceding comparable permits, which are referred to as Claims in the old Mining Act (pre-2011). Reservations are granted for up to 2 years and are not renewable but must either be converted into Exploration Permits or dropped.

The LK project hosts an independent, NI43-101 compliant, Mineral Resource Estimate. See “Highlights During and Subsequent to the Nine Months Ended September 30, 2021” section.

In the nine months ended September 30, 2021, for the LK project, the Company focused its drilling at the Kaukua South zone in preparation of the initial NI43-101 resource estimate. Results include an intersection of 4.07 g/t Pd_Eq over 24 meters, within 2.08 g/t Pd_Eq over 112 meters, starting at 171.5 meters depth. In addition to drilling, Induced Polarization (“IP”) surveys were carried out in the Greater Kaukua Area, which confirm an IP chargeability anomaly, which is greater than 7 kilometers in strike length. Phase II metallurgical testing of the Kaukua Areas was underway as at September 30, 2021.

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

On April 2, 2020, the Company received approval from the Finnish Mining Authority for a ~20,000-hectare Reservation, Kostonjarvi (KS), which is adjacent to the Company’s LK Project in Central Finland. On October 15, 2021, the Company applied to the Finnish Mining Authority to convert the KS Reservation to an Exploration Permit.

KS covers a large buried gravity and magnetic anomaly that is interpreted to represent a buried Feeder Dyke to the Koillismaa Complex which hosts the, 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.

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

The Tyko Property is a nickel (Ni), copper (Cu), platinum-group element (PGE) project, is comprised of 165 mining claims, registered to Tyko Resources Inc. and covers approximately 24,500 hectares including claims under option from First Class

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Metals and a private prospector. The mining 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 approximately 18-kilometers east of 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 the Company'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.

In 2021, the Company has focused its drilling program at the Smoke Lake zone. The program was preceded by a detailed ground based Electromagnetic and Borehole Electromagnetic surveys to better define the conductive high-grade nickel mineralization.

During July 2021, the Company entered into two earn-in agreements and one property acquisition agreement, expanding the project by approximately 4,450 ha to 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 September 30, 2021 comprised 85 mining claims, registered to Tyko Resources Inc. and covering approximately 4,200 hectares. The mining cell claims are located in 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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REVIEW OF FINANCIAL AND OPERATIONS RESULTS

Three months ended September 30, 2021 and 2020

During the three months ended September 30, 2021, the Company reported a net loss of \$2,803,758 (three months ended September 30, 2020 - \$840,822), an increased loss of \$1,962,936. The primary contributors were the following:

- Exploration expenses increased by \$1,764,815 in the three months ended September 30, 2021 due to larger exploration programs at the LK and Tyko projects, compared to the same period in 2020.
- Management and consulting expenses were higher by \$165,021 in the three months ended September 30, 2021 due to salary adjustments and hiring that took place during 2021.
- Professional fees were higher by \$46,000 in the three months ended September 30, 2021 mainly due to legal fees related to earn-in agreements and general corporate matters.
- Share-based compensation was \$42,107 higher in the three months ended September 30, 2021 mainly due to the expense related to the granting of RSUs and Options in March 2021. There were no stock options or RSUs granted in 2020.

Nine months ended September 30, 2021 and 2020

During the nine months ended September 30, 2021, the Company reported a net loss of \$8,611,566 (nine months ended September 30, 2020 - \$3,074,763), an increased loss of \$5,536,803. The primary contributors were the following:

- Exploration expenses increased by \$5,243,385 due to larger exploration programs, including more drilling at the LK and Tyko projects in the nine months ended September 30, 2021 compared to the same period in 2020.
- Management and consulting expenses were higher by \$558,660 in the nine months ended September 30, 2021, mainly due to compensation increases and additional hiring in the 2021.
- Professional fees were higher by \$107,781 in the nine months ended September 30, 2021 mainly due to increased spending on legal fees related to general corporate matters.
- Transfer agent and filing fees were higher by \$155,956 in the nine months ended September 30, 2021 mainly due to fees from the TSX-V related to the financings and approval of the employee stock option plan that occurred during the period.
- Share-based compensation was higher by \$134,147 in the nine months ended September 30, 2021 mainly related to the RSUs and Options granted in March 2021. No stock options or RSUs were granted in 2020.
- The increase in expenses were partially offset by lower investor relations costs of \$304,125 mainly due to higher costs in the nine months ended September 30, 2020 related to promotional efforts, compared to the same period in 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 nine months ended September 30, 2021, the Company performed the following work on their properties:

E&E Expenditures	September 30, 2021	September 30, 2020
LK Project:		
Acquisition costs - Net Smelter Royalty ("NSR") buyback	\$ -	\$ 129,317
Assays	580,838	75,780
Geophysical Surveys	147,310	375,107
Permits/Reservations	166,447	191,760
Drilling	2,814,989	620,427
Field costs	289,366	48,673
Geological consulting	871,193	292,016
Report	-	36,996
Mobilization/Demobilization	-	44,398
Travel and support	177,497	112,921
Equipment Rental	30,387	19,734
Meals	6,638	1,895
	5,084,665	1,949,024
Tyko Project:		
Acquisition Costs - Earn-in agreement	6,350	-
Assays	43,914	2,910
Geophysical Surveys	514,518	24,732
Drilling	493,814	-
Field costs	128,658	2,847
Geological consulting	186,752	24,570
Mobilization/Demobilization	98,738	-
Staking and line cutting	6,034	5,868
Travel and support	38,399	1,905
Equipment Rental	61,223	4,144
	1,578,400	66,976
Disraeli Project		
Acquisition cost of Disraeli	-	5,000
Assays	9,225	4,238
Geophysical Surveys	36,994	36,144
Drilling	124,753	-
Field costs	122,056	8,199
Geological consulting	135,314	22,792
Report	7,625	6,131
Mobilization/Demobilization	79,677	5,967
Staking and line cutting	-	3,317
Travel and support	10,966	2,384
Equipment Rental	169,641	5,759
	696,251	99,931
	\$ 7,359,316	\$ 2,115,931

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Other income and expenses

During the nine months ended September 30, 2021, the Company had other income of \$436,574 (nine months ended September 30, 2020 - \$29,019) which was made up of the amortization of the flow-through premium liability of \$355,024 and interest income of \$81,550 (nine months ended September 30, 2020 - \$6,565 and \$22,454 respectively).

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 Loss		(4,860,174)		(1,570,943)		(868,908)
Deficit		(13,322,768)		(8,462,594)		(6,891,651)
Loss per share	\$	(0.04)	\$	(0.04)	\$	(0.04)
Weighted average number of shares O/S		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.

	Sep 30 2021	Jun 30 2021	Mar 31 2021 ¹	Dec 31 2020	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sep 30 2019
Operating Expenses	\$ (2,899,119)	\$ (2,798,669)	\$ (3,350,352)	\$ (1,921,420)	\$ (846,061)	\$ (542,592)	\$ (1,715,129)	\$ (873,030)	\$ (311,707)
Other income	95,361	327,089	14,124	136,009	5,239	6,116	17,664	9,003	14
Net Loss	(2,803,758)	(2,471,580)	(3,336,228)	(1,785,411)	(840,822)	(536,476)	(1,697,465)	(864,027)	(311,693)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)
Total assets	15,127,594	17,046,225	20,171,309	7,642,824	3,002,306	3,416,635	3,025,613	3,904,383	591,285
Shareholders' equity	12,898,056	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	33,153,307	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	1,679,083	1,638,069	1,633,026	1,257,816	1,310,042	1,310,042	1,306,148	1,308,542	882,741
Deficit	\$21,934,334	\$19,130,576	\$16,658,996	\$13,322,768	\$11,537,357	\$10,696,535	\$10,160,059	\$8,462,594	\$7,598,567

¹At March 31st, 2021, total Subscriptions received in advance was \$7,500

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LIQUIDITY AND CAPITAL RESOURCES

Nine months ended September 30, 2021 and 2020

As at September 30, 2021, the Company reported working capital of \$12,510,176 (December 31, 2020 – \$6,656,110). The increase in working capital was primarily the result of the financings in February 2021.

During the nine months ended September 30, 2021, cash used in operating activities was \$8,437,834 (nine months ended September 30, 2020 - \$2,719,840) which was used significantly for exploration and evaluation activities.

During the nine months ended September 30, 2021, investing activities consisted of acquisition of equipment and other long-term assets totalling \$387,976.

During the nine months ended September 30, 2021, cash proceeds generated from financing activities was \$15,306,865 (nine months ended September 30, 2020 - \$1,681,565). The sources of financing came from:

- A bought deal financing of 43,100,000 units and a brokered private placement of 6,500,000 flow-through and charity flow-through units for total gross proceeds of \$15,009,000, less share issuance cost of \$1,291,245
- The issuance of 11,418,500 common shares upon warrants being exercised for total proceeds of \$1,477,610, and
- The issuance of 825,000 common shares upon options being exercised for total proceeds of \$111,500.

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 warrants were allocated a value of \$nil using the residual value allocation method. 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.

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 warrants were allocated a value of \$nil using the residual value allocation method. 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. A flow through liability of \$587,500 was recognized with respect to these flow through shares.

During the nine months ended September 30, 2021, 11,418,500 warrants were exercised for net proceeds of \$1,477,610 and 825,000 options were exercised for net proceeds of \$111,500.

Issued and outstanding commons shares as of September 30, 2021 was 241,236,352 (as at December 30, 2020 – 179,392,852).

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.

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

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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 September 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 September 30, 2021, the Company's financial instruments consist of cash, sales tax receivable 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.

Financial instruments measured at fair value are classified 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 fair value of cash is based on Level 1 inputs of the fair value hierarchy.

The Company is exposed to a varying degree of risks related to financial instruments. Management actively monitors and manages these risks. How management mitigates these risks are discussed below:

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 sales tax receivables. The Company's cash is held through a large Canadian financial institution. At September 30, 2021, the Company's receivables consist of sales tax receivable due from the Government of Canada and Finland of \$850,359 (December 31, 2020 - \$330,831). Management believes the risk of loss to be remote.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds and meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 8 in the September 30, 2021 condensed interim consolidated financial statements. As at September 30, 2021, the Company had working capital of \$12,510,176 (December 31, 2020 - \$6,656,110). However, the Company has an accumulated deficit of \$21,934,334 (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 equity and commodity 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

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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 September 30, 2021, the Company held in Euros the Canadian dollar equivalent of \$699,678 (December 31, 2020 - \$236,417) in cash, and \$1,506,271 in accounts payable and accrued liabilities (December 31, 2020 - \$624,864). A 10% increase or decrease in the Euro would increase or decrease net loss by \$80,700 (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 September 30, 2021, the Company is not exposed to significant interest rate risk.

RELATED PARTY TRANSACTIONS

Key management compensation

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

	Nine months ended September 30, 2021	Nine months ended September 30, 2021
Management and consulting ⁽¹⁾	\$ 450,019	\$ 180,700
Exploration and evaluation ⁽²⁾	774,664	248,116
Share based compensation ⁽³⁾	55,110	-
Total remuneration	\$ 1,279,793	\$ 428,816

(1) Represents:

- CEO and CFO compensation,
- The CFO and Corporate Secretary of the Company as of September 30, 2021 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,
- 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.
- 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,
- 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 result, 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.

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Related party transactions and balances not disclosed elsewhere

As at September 30, 2021, the Company owed \$151,885 (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 nine months ended September 30, 2021, the Company paid \$27,000 (nine months ended September 30, 2020 - \$18,000) 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 nine months ended September 30, 2021 include the valuation of share-based payments and income taxes.

RECENT DEVELOPMENTS AND OUTLOOK

The Company is scheduled to complete the Phase II metallurgical testing for the Kaukua and Kaukua South zones at the end of 2021, and plans to complete the updated NI43-101 compliant resource estimate for those zones in the first quarter of 2022.

The Company is experiencing slower than usual assay turnaround times due to assay labs continuing to struggle with timely delivery of results because of an industry wide high volume of activity.

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.

COVID-19 Pandemic

The COVID-19 global pandemic has adversely affected the global economy. During the pandemic, the Company's business travel has been restricted as well in 2020, the Company suspended its drill program at the LK project for just under 4 months. The Company follows all Canadian and Finnish COVID protocols, and has continued to safely conduct exploration on both the Finnish and Canadian properties. In the nine month's ended September 30, 2021 there has been no material COVID-19 disruptions, however, the Company continues to closely monitor the situation to mitigate the risks. It is not possible for the Company to predict the duration or magnitude of the adverse results of the pandemic going forward and its effects on the Company's business or ability to raise funds.

PROPOSED TRANSACTIONS

There are no proposed transactions that should be disclosed.

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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	241,246,352		
Share purchase warrants	150,000	\$0.12	10/18/21
Share purchase warrants	903,496	0.20 ¹	12/02/21
Share purchase warrants	24,800,000	0.45	02/24/23
Share purchase warrants	2,586,000	0.29	02/24/23
Share purchase warrants	90,000	0.34	02/24/23
Share purchase warrants	300,000	0.40	02/24/23
Stock options	2,225,000	0.08	06/07/24
Stock options	1,000,000	0.08	09/30/24
Stock options	4,400,000	0.15	12/30/24
Stock options	775,000	\$0.29	03/15/26
Stock options	4,450,000	\$0.22	11/15/26
Restricted share units	1,275,862	n/a	03/15/24
Restricted share units	1,341,100	n/a	11/15/24
Fully diluted	285,542,810		

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 September 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.