

PALLADIUM ONE MINING INC.

Management's Discussion and Analysis

For the three months ended March 31, 2022 and 2021

Palladium One Mining Inc.

Management Discussion and Analysis

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INTRODUCTION

The management discussion and analysis (“MD&A”) of financial condition and results of operations focuses upon the activities, results of operations, liquidity and capital resources of Palladium One Mining Inc. (the “Company” or “Palladium One”) for the three months ended March 31, 2022. 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, 2021 as well as the condensed interim consolidated financial statements for the three months ended March 31, 2022 and related notes. The Company’s financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and filed with appropriate regulatory authorities in Canada. This MD&A is current to May 25, 2022 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 THREE MONTHS ENDED MARCH 31, 2022

Exploration

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

- On April 25, 2022, the Company announced an updated Indicated and Inferred Mineral Resource Estimate disclosed in accordance with NI43-101 which increased the Kaukua Area’s indicated resources tonnes by approximately 250%. The below tables summarize the updated Mineral Resource Estimate (Table 1a) and the Mineral Resource Estimate in-situ contained metal (Table 1b):

Table 1a – LK Project Mineral Resource Estimate – April 2022

MINERAL RESOURCE ESTIMATE - April 2022									
Tonnes & Grade - US\$1,700 Pd per oz									
	Strip Ratio	Tonnes (Mt)	Pd (g/t)	Pt (g/t)	Au (g/t)	TPM (g/t)	Cu (%)	Ni (%)	Co (g/t)
Indicated									
Kaukua Area	1.50	38.2	0.61	0.22	0.07	0.89	0.13	0.11	64.56
Inferred									
Kaukua Area +Murtolampi	1.45	30.8	0.52	0.20	0.08	0.80	0.14	0.14	86.07
Haukiaho	0.58	18.9	0.27	0.11	0.10	0.48	0.18	0.14	54.30
Total Inf.	1.26	49.7	0.43	0.17	0.09	0.68	0.16	0.14	73.98

Table 1b – LK Project In-situ contained metal – April 2022

MINERAL RESOURCE ESTIMATE - April 2022								
Contained Metal - US\$1,700 Pd per oz								
	Strip Ratio	Pd (M oz)	Pt (M oz)	Au (M oz)	TPM (M oz)	Cu (M lbs)	Ni (M lbs)	Co (M lbs)
Indicated								
Kaukua Area	1.50	0.74	0.26	0.08	1.09	110.7	91.6	5.4
Inferred								
Kaukua Area +Murtolampi	1.45	0.52	0.20	0.07	0.79	96.5	93.9	5.8
Haukiaho	0.58	0.16	0.07	0.06	0.29	76.4	57.5	2.3
Total Inf.	1.26	0.68	0.26	0.14	1.08	172.9	151.5	8.1

Notes to table:

- CIM (2014) definitions were followed for Mineral Resources.
- The Mineral Resources have been reported above a preliminary open pit constraining surface using a Net Smelter Return (NSR) pit discard cut-off of US\$12.5/t (which for comparison purposes equates to an approximately 0.65 g/t Palladium Equivalent in-situ cut-off, based on metal prices
- The NSR used for reporting is based on the following:
 - Long term metal prices of US\$ 1,700/oz Pd, US\$ 1,100/oz Pt, US\$ 1,800/oz Au, US\$ 4.25/lb Cu, US\$ 8.50/lb Ni and US\$ 25/lb Co.

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- Variable metallurgical recoveries for each metal were used at Kaukua and Murtolampi and fixed recoveries of 79.8% Pd, 80.1% Pt, 65% Au, 89% Cu, 64% Ni and 0% Co at Haukiahio.
- Commercial terms for a Cu and Ni concentrate based on indicative quotations from smelters.
- Total Precious Metals (TPM) equals palladium plus platinum plus gold
- Bulk densities range between 1.8 and 3.23 t/m³.
- Numbers may not add up due to rounding.
- Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
- The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

In addition to the Mineral Resource Estimate (“MRE”) which used US\$1,700/oz palladium (Table 1a, 1b), a sensitivity analysis was completed with seven optimized open-pit constrained resource estimates, with palladium prices ranging from US\$900/oz to US\$2,500/oz (Table 2a, 2b).

Table 2a: 2022 LK MRE Sensitivity to Palladium Price – Grade

SENSITIVITY TO CUTOFF GRADE - Mineral Resource Estimate - March 2022										
	Pd Price (US\$/oz)	Strip Ratio	Tonnes (Mt)	Pd (g/t)	Pt (g/t)	Au (g/t)	TPM (g/t)	Cu (%)	Ni (%)	Co (g/t)
Total Indicated	\$ 900	1.69	26.8	0.67	0.24	0.08	0.98	0.14	0.12	67.9
	\$1,400	1.54	35.2	0.62	0.22	0.07	0.91	0.13	0.11	65.2
	\$1,600	1.51	37.3	0.61	0.22	0.07	0.90	0.13	0.11	64.8
	\$1,700	1.50	38.2	0.61	0.22	0.07	0.89	0.13	0.11	64.6
	\$1,800	1.48	39.1	0.60	0.21	0.07	0.88	0.13	0.11	64.4
	\$2,000	1.54	46.5	0.58	0.21	0.06	0.85	0.12	0.11	65.6
	\$2,500	1.44	55.3	0.55	0.19	0.06	0.80	0.12	0.11	66.4
Total Inferred	\$ 900	1.39	31.2	0.47	0.18	0.10	0.75	0.18	0.15	75.2
	\$1,400	1.29	43.8	0.44	0.17	0.09	0.70	0.16	0.14	74.4
	\$1,600	1.27	47.7	0.43	0.17	0.09	0.69	0.16	0.14	74.0
	\$1,700	1.26	49.7	0.43	0.17	0.09	0.68	0.16	0.14	74.0
	\$1,800	1.24	51.2	0.42	0.16	0.09	0.67	0.16	0.14	73.5
	\$2,000	1.30	56.6	0.42	0.16	0.08	0.67	0.15	0.14	73.7
	\$2,500	1.23	68.1	0.40	0.15	0.08	0.64	0.15	0.13	73.2

Notes to table:

- Total Precious Metals (TPM) equals palladium plus platinum plus gold
- Only the Palladium Price is varied, all other commodity prices remained fixed at the 2022 MRE price deck.
- Each Palladium price point is tabulated using a conceptual pit specific to that price point.

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Table 2b: 2020 LK MRE Sensitivity to Palladium Price – contained metals

RESOURCE SENSITIVITY TO PALLADIUM PRICE (US\$ / OZ)									
IN-SITU CONTAINED METAL- Mineral Resource Estimate - March 2022									
	Pd Price	Strip	Pd	Pt	Au	TPM	Cu	Ni	Co
	(US\$/oz)	Ratio	(M oz)	(M oz)	(M oz)	(M oz)	(M lbs)	(M lbs)	(M lbs)
Total Indicated	\$ 900	1.69	0.58	0.21	0.07	0.85	83.3	67.9	4.0
	\$1,400	1.54	0.70	0.25	0.08	1.03	104.4	85.6	5.1
	\$1,600	1.51	0.73	0.26	0.08	1.07	108.8	89.9	5.3
	\$1,700	1.50	0.74	0.26	0.08	1.09	110.7	91.6	5.4
	\$1,800	1.48	0.75	0.27	0.08	1.11	112.5	93.4	5.5
	\$2,000	1.54	0.87	0.31	0.09	1.27	127.0	112.1	6.7
	\$2,500	1.44	0.97	0.34	0.11	1.42	143.8	133.6	8.1
Total Inferred	\$ 900	1.39	0.47	0.19	0.10	0.75	120.6	102.8	5.2
	\$1,400	1.29	0.62	0.24	0.13	0.99	158.9	137.4	7.2
	\$1,600	1.27	0.66	0.26	0.13	1.06	169.7	147.4	7.8
	\$1,700	1.26	0.68	0.26	0.14	1.08	172.9	151.5	8.1
	\$1,800	1.24	0.70	0.27	0.14	1.11	179.1	156.2	8.3
	\$2,000	1.30	0.77	0.30	0.15	1.21	192.6	170.9	9.2
	\$2,500	1.23	0.88	0.34	0.17	1.39	220.8	200.6	11.0

Notes to table:

- Total Precious Metals (TPM) equals palladium plus platinum plus gold
- Only the Palladium Price is varied, all other commodity prices remained fixed at the 2022 MRE price deck.
- Each Palladium price point is tabulated using a conceptual pit specific to that price point.

- On January 11, 2022, the Company announced that initial down plunge drilling had intersected the widest ore-grade intercept to date. Hole LK21-105 intersected 2.1 g/t Pd_Eq over 33.5 meters, within 1.6 g/t Pd_Eq over 121.1 meters, starting at a true depth of approximately 260 meters.
- On January 20, 2022, the Company announced that infill drilling in the ‘Gap Zone’ resulted in a better understanding and a new geological model for the area. Gap Zone drill results include 2.2 g/t Pd_Eq over 4.4 meters, within 1.3 g/t Pd_Eq over 21.6 meters, in hole LK21-209 starting at 138 meters down hole.
- On February 7, 2022, the Company announced that final assay results for Kaukua South had been received, with intersection up to 4.4 g/t Pd_Eq over 7.5 meters, within 2.6 g/t Pd_Eq over 49.3 meters in hole LK21-122 starting at 55 meters down hole.
- On March 17, 2022, the Company reported drill assay results for Murtolampi, Finland. Drill hole LK21-137 intersected up to 2.7 g/t Pd_Eq over 5.7 meters, within 2.1 g/t Pd_Eq over 24.2 meters, starting at a true depth of 5 meters.

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

- On May 11, 2022, the Company announced that three of five Exploration Permits had been received for the Tyko Nickel-Copper-Cobalt Project. A 15,000-meter diamond drill program was planned and scheduled to begin in May 2022.

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Corporate and Financing

There have been no significant Corporate and Financing activities during and subsequent to the three months ended March 31, 2022.

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 Permit Applications totalling 7,991 hectares. Exploration Permits are divided into two groups; the Kaukua Group consisting of the Kaukua and Murtolampi targets 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).

In 2021, for the LK project, the Company focused its drilling at the Kaukua South zone in preparation of the NI43-101 resource estimate. 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.

In April 2022, the Company finalized the LK project Phase II metallurgical testing and announced an updated Mineral Resource Estimate for the LK Project. See “Highlights During and Subsequent to the three months ended March 31, 2022” section.

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 15,902 hectare 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.

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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 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) in hole TK-20-023, (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 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. The Company also flew a 100m spaced VTEMmax airborne EM survey over the entire property and discovered four new multi line EM anomalies. Subsequent soils sampling over these four anomalies returned highly anomalous Cu-Ni in soils from all four. 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 Property (“Disraeli Project”), Canada

The Disraeli Project is a platinum-group element (PGE), nickel (Ni), copper (Cu), project, and as of March 31, 2022 comprised of 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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Exploration and evaluation expenditures

Palladium One is an exploration stage company and engages principally in the exploration of resource properties. The Company expenses all direct and indirect costs pertaining to exploration and evaluation of mineral properties in the period in which they are incurred. These direct exploration and evaluation expenditures include such costs as acquisition costs, materials used, surveying costs, drilling costs and payments made to contractors.

During the three months ended March 31, 2022, the Company performed the following work on their properties:

E&E Expenditures	March 31, 2022	March 31, 2021
LK Project:		
Assays	\$ 11,391	\$ 237,344
Drilling	-	909,644
Equipment rental	9,100	6,372
Field costs	1,056	117,779
Geological consulting and reports	223,042	237,298
Geophysical surveys	30,680	147,310
Other exploration & evaluation	102,370	-
Permits/Reservations	112,610	74,441
Travel and support	15,697	49,136
	505,946	1,779,324
Tyko Project:		
Assays	5,776	440
Drilling	-	89,652
Equipment rental	35,530	-
Exploration camp and field costs	287,942	8,469
Geological consulting and reports	43,738	-
Geological salaries	32,324	-
Geophysical surveys	388,017	2,700
Land management	2,760	-
Mobilization/Demobilization	107,425	2,851
Travel and support	2,795	-
	906,307	104,112
Disraeli Project		
Drilling	-	134,733
Equipment rental	-	146,771
Field costs	-	96,769
Geological consulting and reports	-	95,646
Geophysical surveys	-	39,954
Mobilization/Demobilization	-	82,163
Travel and support	-	5,230
	-	601,266
	\$ 1,412,253	\$ 2,484,702

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SUMMARY OF QUARTERLY RESULTS

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

	Mar 31 2022	Dec 31 2021	Sep 30 2021	Jun 30 2021
Operating Expenses	\$ (2,252,093)	\$ (2,142,672)	\$ (2,899,119)	\$ (2,798,669)
Other income	329,608	71,311	95,361	327,089
Net Loss	(1,922,485)	(2,071,361)	(2,803,758)	(2,471,580)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	14,469,381	15,724,032	15,127,594	17,046,225
Shareholders' equity	11,934,500	13,714,155	12,898,056	15,655,957
Capital stock	35,665,534	35,665,534	33,153,307	33,148,464
Reserves	2,197,146	2,054,316	1,679,083	1,638,069
Deficit	\$ 25,928,180	\$ 24,005,695	\$ 21,934,334	\$ 19,130,576

	Mar 31 2021 ¹	Dec 31 2020	Sep 30 2020	Jun 30 2020
Operating Expenses	\$ (3,350,352)	\$ (1,921,420)	\$ (846,061)	\$ (542,592)
Other income	14,124	136,009	5,239	6,116
Net Loss	(3,336,228)	(1,785,411)	(840,822)	(536,476)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	(0.02)
Total assets	20,171,309	7,642,824	3,002,306	3,416,635
Shareholders' equity	17,822,578	6,656,110	2,229,396	3,070,218
Capital stock	32,841,048	18,721,062	12,456,711	12,456,711
Reserves	1,633,026	1,257,816	1,310,042	1,310,042
Deficit	\$ 16,658,996	\$ 13,322,768	\$ 11,537,357	\$ 10,696,535

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

REVIEW OF FINANCIAL AND OPERATIONS RESULTS

Three months ended March 31, 2022 and 2021

During the three months ended March 31, 2022, the Company reported a net loss of \$1,922,485 (three months ended March 31, 2021 - \$3,336,228), a reduced loss of \$1,413,743. The primary contributors were the following:

- Exploration and evaluation expense decreased by \$1,072,449 in the three months ended March 31, 2022 due to a reduction in exploration activity when compared to the same period in 2021.
- Professional fees decreased by \$393,233 in the three months ended March 31, 2022 as a result of decreased legal fees when compared to the same period in 2021.

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The decreases in the above expenses were partially offset by increases in the following areas:

- Investor relations increased \$109,244 in the three months ended March 31, 2022 as a result of an increase in marketing activities when compared to the same period in 2021.
- Corporate development increased \$150,000 in the three months ended March 31, 2022 as a result of an increase in business development activities when compared to the same period in 2021.
- Share-based compensation expenses increased \$92,439 in the three months ended March 31, 2022 due to larger accruals related to option and RSU issuances which occurred in the year ended December 31, 2021.

Other income and expenses

During the three months ended March 31, 2022, the Company had other income of \$329,608 (three months ended March 31, 2021 - \$14,124) which was comprised of the following:

- amortization of the flow-through premium liability of \$241,045 (three months ended March 31, 2021 \$57,661),
- government grants of \$60,000 (three months ended March 31, 2021 \$nil),
- interest income of \$28,563 (three months ended March 31, 2021 \$21,989),, and
- deferred income tax of \$nil (three months ended March 31, 2021 recovery of \$65,526).

LIQUIDITY AND CAPITAL RESOURCES

Three months ended March 31, 2022 and 2021

As at March 31, 2022, the Company reported working capital of \$12,052,275 which decreased from the balance of \$13,680,517 at December 31, 2021 primarily due to the operating activities that occurred in the three months ended March 31, 2022.

During the three months ended March 31, 2022, cash used in operating activities was \$1,092,536 (three months ended March 31, 2021 - \$2,908,760) which was used significantly for exploration and evaluation activities.

During the three months ended March 31, 2022, cash proceeds generated from financing activities was \$nil (three months ended March 31, 2021 - \$13,192,115).

Shareholders' equity

Issued and outstanding commons shares as of March 31, 2022 was 256,521,352 (as at December 31, 2021 – 256,521,352).

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 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.

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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.

COVID-19 Pandemic

The COVID-19 global pandemic has adversely affected the global economy. 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 three months ended March 31, 2022 and 2021 there has been no material COVID-19 disruptions, however, the Company continues to closely monitor the situation to mitigate the risks.

COMMITMENTS

As of March 31, 2022, the Company has an obligation to spend \$4,127,081 (December 31, 2021 - \$5,083,147) by December 31, 2022 in relation to the flow-through financing in December 2021.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company's financial instruments are classified and subsequently measured in the following categories: amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). The classification is determined at initial recognition. A financial asset is derecognized when the contractual rights to cash flows from the financial asset expire, or when all associated risks and rewards of ownership of the asset are transferred. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

i) Financial assets and liabilities at amortized cost

Financial assets and liabilities categorized as amortized costs are initially recognized at fair value, adjusted for transaction costs, and subsequently carried at amortized cost less any impairment. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Gains and losses on derecognition of financial assets and liabilities categorized as amortized costs are recognized in the statements of operations and comprehensive loss.

ii) Financial assets at FVTOCI

Investments in equity instruments categorized as FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income, and with gains and losses on derecognition of such assets remaining in accumulated other comprehensive income.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities categorized as FVTPL are recorded initially at fair value and transaction costs are expensed in the statements of operations and comprehensive loss. Realized and unrealized gains and losses arising from changes in financial

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assets and liabilities classified as FVTPL are recognized in the statements of operations and comprehensive loss in the period they are realized.

Impairment of Financial Instruments

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

As at December 31, 2021, the Company's financial instruments consist of cash, sales tax recoverable 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 large financial institutions in Canada and Finland. At March 31, 2022, the Company's receivables consist of sales tax receivable due from the Government of Canada and Finland of \$204,769 (December 31, 2021 - \$442,512). Management believes the risk of loss to be not significant.

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 10 in the condensed interim consolidated financial statements for the three months ended March 31, 2022. As at March 31, 2022, the Company had working capital of \$11,902,275 (December 31, 2021 - \$13,680,517). However, the Company has an accumulated deficit of \$25,928,180 (December 31, 2021 - \$24,005,695). 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 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.

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Currency risk

The Company has transactions internationally and is exposed to foreign exchange risk from the Euro currency. Foreign exchange risk arises from financing and purchase transactions that are denominated in currency other than the Canadian Dollar, which is the functional currency of the Company. As at March 31, 2022, the Company held in Euros the Canadian dollar equivalent of \$579,129 (December 31, 2021 - \$992,344) in cash, \$29,784 in reclamation deposits (December 31, 2021 - \$30,942), \$35,001 in sales tax recoverable (December 31, 2021 - \$190,619), and \$167,945 in accounts payable and accrued liabilities (December 31, 2021 - \$120,304). A 10% increase or decrease in the Euro would increase or decrease net loss by \$47,600 (December 31, 2021 - \$109,400).

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. As at March 31, 2022, 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:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Management and consulting ⁽¹⁾	\$ 140,250	\$ 136,750
Share based compensation ⁽²⁾	76,074	31,871
Total remuneration	\$ 216,324	\$ 168,621

(1) Represents:

- Executive and officer compensation
- 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) Represents the fair-value of stock options and RSUs granted to directors and officers.

Related party transactions and balances not disclosed elsewhere

As at March 31, 2022, the Company owed \$150,585 (December 31, 2021 - \$32,509) to Fladgate Exploration Consulting Corp, a corporation related to the Vice President - Exploration, which was related to exploration and evaluation expenses and for project management services. The amount owing was included in accounts payable and accrued liabilities and is unsecured, non-interest bearing and is expected to be repaid under normal trade terms. During the three months ended March 31, 2022, the Company recognized \$178,602 (Three months ended March 31, 2021 - \$266,213) in exploration and evaluation expense related to transactions with this party.

As at March 31, 2022, the Company owed \$3,000 (December 31, 2021 - \$10,217) to a person related to the CEO for costs related to office rental in Toronto. The amount owing was included in accounts payable and accrued liabilities and is unsecured, non-interest bearing and is expected to be repaid under normal trade terms. During the three months ended March 31, 2022,

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the Company recognized \$9,000 (Three months ended March 31, 2021 - \$9,000) in general and administrative expense related to transactions with this party.

As at March 31, 2022, the Company owed officers of the Company \$6,000 (2021 - \$6,956) for miscellaneous expense reimbursements and accrued payroll. 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.

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, 2021. 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 three months ended March 31, 2022 include the valuation of share-based payments and income taxes. For share-based payments, the Company measures the cost of options granted for goods and services with reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

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

PROPOSED TRANSACTIONS

There are no proposed transactions that should be disclosed.

RISK FACTORS

See the risk factors disclosed in the Company's Annual Information Form for the year ended December 31, 2021 and filed on March 28, 2022 for a detailed discussion on the Company's risk factors.

ACCOUNTING STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board continually issues new and amended standards and interpretations which may need to be adopted by the Company. The Company continually assesses the impact that the new and amended standards and interpretations may have on its financial statements or whether to early adopt any of the new requirements. No new or amended standards and interpretations have affected the condensed interim consolidated financial statements for March 31, 2022.

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OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. At March 31, 2022, there were 256,521,352 shares issued and outstanding.

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	256,521,352		
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
Share purchase warrants	900,000	0.29	12-16-23
Stock options	2,050,000	0.08	06-07-24
Stock options	1,000,000	0.08	09-30-24
Stock options	4,300,000	0.15	12-29-24
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	300,389,314		

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Operations and Comprehensive Loss contained in its unaudited financial statements for March 31, 2022, that are available on SEDAR (www.sedar.com).

ADDITIONAL INFORMATION

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