# PALLADIUM ONE MINING INC.

(Formerly “Nickel One Resources Inc.”)

(An Exploration Stage Company)

(Expressed in Canadian Dollars)

**Consolidated Financial Statements**

**For the Years Ended December 31, 2020 and 2019**

**Index**

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Palladium One Mining Inc.

***Opinion***

We have audited the accompanying consolidated financial statements of Palladium One Mining Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of operations and comprehensive loss, cash flows, and changes in shareholders' equity (deficit) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

***Basis for Opinion***

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

***Other Information***

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

April 27, 2021

**PALLADIUM ONE MINING INC.**
(Formerly "Nickel One Resources Inc.")
(An Exploration Stage Company)
Consolidated Statements of Financial Position as at December 31,
(Expressed in Canadian Dollars)

| | Note(s) | | 2020 | | 2019 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets: | | | | | |
| Cash | | $ | 7,231,563 | $ | 3,780,176 |
| GST and VAT receivable | | | 330,831 | | 49,582 |
| Prepaid expense and deposits | | | 80,430 | | 74,625 |
| | | $ | 7,642,824 | $ | 3,904,383 |
| **Liabilities and Shareholders' Equity (Deficit)** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | 6, 11 | $ | 985,857 | $ | 221,355 |
| Flow-through premium liability | | | 857 | | 5,398 |
| | | | 986,714 | | 226,753 |
| Shareholders' equity (deficit): | | | | | |
| Capital stock | 7 | | 18,721,062 | | 10,831,682 |
| Reserves | 7 | | 1,257,816 | | 1,308,542 |
| Deficit | 7 | | (13,322,768) | | (8,462,594) |
| | | | 6,656,110 | | 3,677,630 |
| | | $ | 7,642,824 | $ | 3,904,383 |

Nature and continuance of operations (Note 1)
Subsequent events (Note 13)

On behalf of the Board:

*"Derrick Weyrauch"* Director *"Lawrence Roulston"* Director

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

**PALLADIUM ONE MINING INC.**
(Formerly "Nickel One Resources Inc.")
(An Exploration Stage Company)
Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31,
(Expressed in Canadian Dollars)

| | Note(s) | 2020 | 2019 |
|---|---|---|---|
| **Expenses** | | | |
| Consulting | 11 | $ 293,810 | $ 312,866 |
| Depreciation | | - | 635 |
| Exploration and evaluation | 5, 11 | 3,533,662 | 312,677 |
| Foreign exchange loss | | 52,910 | 135 |
| General and administrative | 11 | 53,181 | 36,139 |
| Investor relations | | 749,296 | 266,331 |
| Professional fees | | 224,736 | 107,467 |
| Rent | 11 | 57,921 | 23,965 |
| Share-based compensation | 7, 11 | - | 546,023 |
| Transfer agent and filing fees | | 55,836 | 40,609 |
| Travel and promotion | | 3,850 | 35,606 |
| | | (5,025,202) | (1,682,453) |
| Amortization of flow-through premium liability | | 132,702 | 17,102 |
| Interest income | | 32,326 | - |
| Gain on debt settlement | 11 | - | 108,568 |
| Loss on write off of interest | 4, 11 | - | (14,160) |
| | | 165,028 | 111,510 |
| **Loss and comprehensive loss for the year** | | (4,860,174) | (1,570,943) |
| **Loss per share** – basic and diluted | | $ (0.04) | $ (0.04) |
| **Weighted average number of common shares outstanding** – basic and diluted | | 129,174,665 | 42,700,781 |

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

**PALLADIUM ONE MINING INC.**
(Formerly "Nickel One Resources Inc.")
(An Exploration Stage Company)
Consolidated Statements of Cash Flows for the years ended December 31,
(Expressed in Canadian Dollars)

| | 2020 | 2019 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Loss for the year | $ (4,860,174) | $ (1,570,943) |
| Items not involving cash | | |
| Depreciation | - | 635 |
| Amortization of flow-through premium liability | (132,702) | (17,102) |
| Gain on debt settlement | - | (108,568) |
| Shares issued for net smelter royalty buyback | 73,125 | - |
| Share-based compensation | - | 546,023 |
| Loss on write-off of interest | - | 14,160 |
| Change in non-cash working capital items: | | |
| Accounts payable and accrued liabilities | 764,502 | (80,036) |
| Prepaid expense and deposits | (5,805) | (50,222) |
| Sales tax receivable | (281,249) | (47,275) |
| | (4,442,303) | (1,313,328) |
| INVESTING ACTIVITIES | | |
| Loans receivable | - | 4,175 |
| | - | 4,175 |
| FINANCING ACTIVITIES | | |
| Proceeds from private placement | 1,134,390 | 5,189,140 |
| Private placement shares issuance costs | (28,975) | (100,833) |
| Proceeds from options exercised | 6,000 | - |
| Proceeds from warrants exercised | 6,782,275 | - |
| | 7,893,690 | 5,088,307 |
| Increase in cash | 3,451,387 | 3,779,154 |
| Cash, beginning of the year | 3,780,176 | 1,022 |
| Cash, end of the year | $ 7,231,563 | $ 3,780,176 |
| **Supplemental disclosures with respect to cash flows:** | | |
| Cash paid during the year for income taxes | $ - | $ - |
| Cash paid during the year for interest | $ - | $ - |
| Non-cash items: | | |
| Flow through premium liability | $ 128,161 | $ 22,500 |
| Fair value of finders warrants | $ 3,894 | $ 55,465 |
| Fair value transfer of options exercised | $ 2,394 | $ - |
| Fair value transfer of finders warrants exercised | $ 52,226 | $ - |
| Share issuance costs in accounts payable | $ - | $ 12,408 |
| Shares issued as finders fees | $ - | $ 149,220 |
| Shares issued for debt | $ - | $ 111,009 |

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

**PALLADIUM ONE MINING INC.**
(Formerly "Nickel One Resources Inc.")
(An Exploration Stage Company)
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian Dollars)

| | Capital Stock | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | | Amount | | Reserves | | Deficit | | Total shareholders' equity (deficit) |
| **Balance at December 31, 2018** | **25,865,278** | **$** | **5,722,739** | **$** | **707,054** | **$** | **(6,891,651)** | **$** | **(461,858)** |
| Private placements | 80,514,999 | | 5,189,140 | | - | | - | | 5,189,140 |
| Private placement issuance costs | - | | (113,241) | | - | | - | | (113,241) |
| Shares for debt | 925,072 | | 111,009 | | - | | - | | 111,009 |
| Shares issued for finder's fee | 2,487,000 | | (55,465) | | 55,465 | | - | | - |
| Share-based compensation | - | | - | | 546,023 | | - | | 546,023 |
| Flow-through premium | - | | (22,500) | | - | | - | | (22,500) |
| Loss for the year | - | | - | | - | | (1,570,943) | | (1,570,943) |
| **Balance at December 31, 2019** | **109,792,349** | **$** | **10,831,682** | **$** | **1,308,542** | **$** | **(8,462,594)** | **$** | **3,677,630** |
| Shares issued for net smelter royalty buyback | 375,000 | | 73,125 | | - | | - | | 73,125 |
| Private placements | 11,143,000 | | 1,134,390 | | - | | - | | 1,134,390 |
| Share issuance costs – cash | - | | (28,975) | | - | | - | | (28,975) |
| Share issuance costs – finders' warrants | - | | (3,894) | | 3,894 | | - | | - |
| Warrants Exercised | 58,007,503 | | 6,834,501 | | (52,226) | | - | | 6,782,275 |
| Options Exercised | 75,000 | | 8,394 | | (2,394) | | - | | 6,000 |
| Flow-through premium | - | | (128,161) | | - | | - | | (128,161) |
| Loss for the year | - | | - | | - | | (4,860,174) | | (4,860,174) |
| **Balance at December 31, 2020** | **179,392,852** | **$** | **18,721,062** | **$** | **1,257,816** | **$** | **(13,322,768)** | **$** | **6,656,110** |

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

## 1. Nature and continuance of operations

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

On May 3, 2019, the Company changed its name from Nickel One Resources Inc. to Palladium One Mining Inc. and its stock symbol from NNN to PDM. The Company also consolidated its share capital on a ratio of one (1) new post-consolidated common share for every two (2) old pre-consolidated common shares. All shares and per share references in these financial statements have been retroactively restated accordingly unless noted otherwise.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Management estimates that the Company will be able to meet its obligations and to sustain operations for at least the next twelve months.

The Company's ability to continue as a going concern is dependent upon its ability to fund its exploration and evaluation programs. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of business operations. Such adjustments could be material.

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

The consolidated financial statements were approved by the Board of Directors on April 27, 2021.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, there have been no adverse effects on the Company's business or ability to raise funds.

## 2. Basis of presentation

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

## 3. Summary of significant accounting policies

### Principles of consolidation

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

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

### Mineral exploration and evaluation expenditures

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

### Financial instruments

Classification

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

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

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

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

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

**3. Significant accounting policies (continued)**

**Financial instruments (continued)**

Measurement

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

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

Impairment

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

**Income taxes**

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

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

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

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

## 3. Significant accounting policies (continued)

### Provision

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

*Provision for environmental rehabilitation*

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

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

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

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

### Capital stock

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

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

*Flow-through shares*

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

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

## 3. Significant accounting policies (continued)

### Capital stock (continued)

*Flow-through shares (continued)*

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

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

### Share-based payments

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

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

### Foreign currency translation

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

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

### Loss per share

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

## 3. Significant accounting policies (continued)

### Critical accounting estimates and judgments

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

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

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

*Critical estimates*

Share-based Payment Transactions

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

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

Income taxes

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

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

On January 1, 2020, the Company adopted IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 –Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"). Those standards refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 and must be applied prospectively.

The adoption of the above did not have a material impact on the Company's financial results.

(Expressed in Canadian Dollars)

## 4. Loan receivable

During the year ended December 31, 2019, the Company agreed to forgo the accrued interest of $14,160 on a loan receivable and received the principal balance of $4,175. At December 31, 2020, the Company had a loan receivable of $nil (Note 11).

## 5. Exploration and evaluation expenditures

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

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| LK Project: | | |
| Acquisition costs – Net Smelter Royalty ("NSR") buyback | $ 130,000 | $ - |
| Assays and surveying | 641,245 | 5,959 |
| Drilling | 1,180,676 | - |
| Equipment rental | 28,164 | - |
| Field costs | 68,928 | - |
| Geological consulting | 499,357 | 167,384 |
| Meals | - | 684 |
| Mobilization/demobilization | 44,437 | - |
| Permits / Reservations | 229,276 | 22,088 |
| Report | 37,380 | - |
| Travel and support | 141,468 | 17,323 |
| | 3,000,931 | 213,438 |
| Tyko Project: | | |
| Assays and surveying | 49,342 | 2,542 |
| Claims | - | 24,394 |
| Drilling | 167,371 | - |
| Equipment rental | 29,321 | 3,300 |
| Field costs | 5,021 | 6,340 |
| Geological consulting | 130,203 | 51,000 |
| Mobilization/demobilization | 216 | 2,000 |
| Report | - | 5,500 |
| Staking and line cutting | 5,868 | - |
| Travel and support | 10,793 | 4,163 |
| | 398,135 | 99,239 |
| Disraeli Lake Project: | | |
| Acquisition cost of Disraeli | 5,000 | - |
| Assays and surveying | 49,230 | - |
| Equipment rental | 5,840 | - |
| Field costs | 702 | - |
| Geological consulting | 25,924 | - |
| Mobilization/demobilization | 5,967 | - |
| Report | 6,131 | - |
| Staking and line cutting | 33,254 | - |
| Travel and support | 2,548 | - |
| | 134,596 | - |
| | $ 3,533,662 | $ 312,677 |

(Expressed in Canadian Dollars)

## 5. Exploration and evaluation expenditures (continued)

### LK Project

The Company holds a 100% interest in the Lantinen Koillismaa Platinum Group Element-Copper-Nickel (PGE-Cu-Ni) project ("LK Project") located in North-central Finland. The LK project was acquired on February 28, 2018 as part of the acquisition of Nortec Minerals Oy.

On January 16, 2020, the Company bought back an existing 2% Net Smelter Return ("NSR") royalty in respect of the historic Haukiaho deposit and surrounding properties. The terms of the royalty buyback included a cash payment of $50,000 and issuance of 375,000 common shares (Note 7).

### KS Project

The Company holds a 100% interest in the Kostonjarvi Platinum Group Element-Copper-Nickel (PGE-Cu-Ni) project ("KS Project") located in North-central Finland adjacent to the LK project. The KS reservation was acquired by staking on April 2, 2020.

### Tyko Project

The Company holds a 100% interest in the Tyko project located in Northwestern Ontario.

### Disraeli Lake Project

The Company holds a 100% interest in the Disraeli Lake project located near Thunder Bay, Ontario. The project was acquired on February 5, 2020 by making a cash payment of $5,000 and incurring $56,000 in exploration expenditures, which was fulfilled by the end of March 2020. In addition, the Company has the right at any time following the closing date of the sale, but before the eighth anniversary of the closing date to purchase from the vendor one-half of the NSR by way of a one-time payment to the vendor of $1,000,000 and thereby reduce the royalty rate payable to the vendor from 1.0% to 0.5%.

## 6. Accounts payable and accrued liabilities

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

| | December 31,2020 | December 31,2019 |
|---|---|---|
| Accounts Payable | $ 961,991 | $ 204,493 |
| Accrued Liabilities | 23,866 | 16,862 |
| | $ 985,857 | $ 221,355 |

During the year ended December 31, 2019, the Company entered into a debt settlement agreement with related and non-related parties whereby, the Company agreed to settle $419,577 of accounts payable for $311,009 resulting in total a gain on settlement of debt of $108,568 (Note 11). As part of the settlement, the Company issued 925,072 common shares at a value of $0.12 per share to settle $95,557 in accounts payable which resulted in a loss on settlement of debt of $15,452 (Note 7).

## 7. Capital stock and reserves

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

*Transactions for the year ended December 31, 2020 were as follows:*

Private placements

On May 20, 2020, the Company completed the first tranche of its non-brokered private placement of flow through units for gross proceeds of $1,057,950. The Company issued 2,700,000 charity flow-through units at a price of $0.13 per unit and 7,855,000 flow-through units at a price of $0.09 per unit. Each unit is comprised of one common share, one-half of one Common Share purchase warrant exercisable at $0.13 for 12 months, then $0.22 for the following 12 months. The Company incurred finders' fees totaling $28,975 and issued 67,500 finders' warrants with a fair value of $3,894, exercisable at $0.13 for 12 months, then $0.22 for the following 12 months. A flow through liability of $128,161 was recognized with respect to these flow through shares.

On May 26, 2020, the Company completed the second tranche of its non-brokered private placement of charity flow through units, for gross proceeds of $76,440. The Company issued 588,000 charity flow-through units at a price of $0.13 per unit. Each unit is comprised of one common share, one-half of one Common Share purchase warrant exercisable at $0.13 for 12 months, then $0.22 for the following 12 months.

Shares for Net Smelter Royalty buyback

On January 16, 2020, the Company bought back an existing 2% Net Smelter Return ("NSR") royalty in respect of the historic Haukiaho deposit and surrounding properties. The terms of the royalty buyback included a cash payment of $50,000 and on January 20, 2020, the Company issued 375,000 common shares at a price of $0.195, with a fair value of $73,125.

Warrants Exercised

During the year ended December 31, 2020, 58,007,503 shares were issued upon exercise of warrants for proceeds of $6,782,275. In connection with the issuance, a total of $52,226 was reallocated from reserves to capital stock.

Options Exercised

During the year ended December 31, 2020, 75,000 shares were issued upon option exercise for proceeds of $6,000. In connection with the issuance, a total of $2,394 was reallocated from reserves to capital stock.

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

Private placements

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

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

(Expressed in Canadian Dollars)

## 7. Capital stock and reserves (continued)

Private placements (continued)

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

Shares for debt

On May 13, 2019, the Company issued 925,072 common shares at a price of $0.11 per share to settle $101,758 in accounts payable.

**Warrants**

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

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

| | Number of warrants | Weighted average exercise price |
|---|---|---|
| Outstanding warrants, December 31, 2018 | 4,655,158 | $0.20 |
| Granted | 66,695,499 | $0.17 |
| Expired | (1,700,158) | $0.16 |
| Outstanding warrants, December 31, 2019 | 69,650,499 | $0.17 |
| Granted | 5,639,000 | $0.13 |
| Exercised | (58,007,503) | $0.17 |
| Expired | (4,410,000) | $0.19 |
| Outstanding warrants, December 31, 2020 | 12,871,996 | $0.13 |

As at December 31, 2020, warrants enabling the holders to acquire common shares are as follows:

| Expiry date (mm/dd/yyyy) | Number of warrants | Weighted average remaining life in years | Weighted average exercise price |
|---|---|---|---|
| 05/09/2021 | 5,192,000 | 0.35 | $0.12 |
| 10/18/2021 | 500,000 | 0.81 | $0.12 |
| 12/02/2021 | 1,449,996 | 0.92 | $0.20[1] |
| 12/02/2021 | 91,000 | 0.92 | $0.20[1] |
| 05/20/2022 | 5,571,500 | 1.38 | $0.13[2] |
| 05/20/2022 | 67,500 | 1.38 | $0.13[2] |
| | 12,871,996 | 0.89 | $0.13 |

1 Exercise price $0.20 per Warrant in the second year from issuance.
2 Exercise price $0.22 per Warrant in the second year from issuance.

(Expressed in Canadian Dollars)

## 7. Capital stock and reserves (continued)

### Warrants (continued)

During the years ended December 31, 2020 and 2019, finders warrants were issued in connection with the May 2020 and December 2019 private placement, wherein a fair value of $3,894 and $55,465 respectively, was calculated using the Black Scholes pricing model, based on the following assumptions:

| | 2020 | 2019 |
|---|---|---|
| Forfeiture rate | 0.00% | 0.00% |
| Estimated risk-free rate | 0.30% | 1.63% |
| Expected volatility | 191.41% | 107.97% |
| Estimated annual dividend yield | 0.00% | 0.00% |
| Expected life of warrants | 2 years | 1.68 years |

### Stock options

The Company has established a rolling stock option plan ("Option Plan") enabling the directors to grant options to employees, officers, directors, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Option Plan, provided that the total number of shares reserved for issuance by the Board shall not exceed 10% of the issued and outstanding listed shares (on a non-diluted basis) as at the date of grant. Options are non-assignable and may be granted for a term not exceeding that permitted by the Exchange, currently ten years. All stock options issued are subject to vesting terms. All stock options granted during the fiscal year 2019 vested immediately.

There were no stock options issued and no share based payments expense recognized during the year ended December 31, 2020. Share-based payments relating to options vested during the year ended December 31, 2019 using the Black-Scholes option pricing model was $546,023, which was recorded as reserves on the statements of financial position and as stock option issuances expense on the statement of operations and comprehensive loss. The associated stock option issuances expense for the options granted was calculated based on the following assumptions:

| | 2020 | 2019 |
|---|---|---|
| Forfeiture rate | N/A | 0.00% |
| Estimated risk-free rate | N/A | 1.51% |
| Expected volatility | N/A | 63.81% |
| Estimated annual dividend yield | N/A | 0.00% |
| Expected life of options | N/A | 5 years |

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

| | **Number of options** | **Weighted average exercise price** |
|---|---|---|
| Outstanding options, December 31, 2018 | 687,500 | $0.30 |
| Granted | 8,625,000 | $0.12 |
| Forfeited | (450,000) | $(0.30) |
| Outstanding options, December 31, 2019 | 8,862,500 | $0.13 |
| Exercised | (75,000) | $0.08 |
| Forfeited | (50,000) | $0.08 |
| Outstanding options, December 31, 2020 | 8,737,500 | $0.13 |

(Expressed in Canadian Dollars)

## 7. Capital stock and reserves (continued)

### Stock options (continued)

As at December 31, 2020, the Company has outstanding stock options exercisable as follows:

| Expiry date (mm/dd/yyyy) | Number of options outstanding | Weighted average remaining life in years | Exercise price | Number of options exercisable |
|---|---|---|---|---|
| 03/29/2021 | 237,500 | 0.24 | $0.30 | 237,500 |
| 06/07/2024 | 2,400,000 | 3.44 | $0.08 | 2,400,000 |
| 09/30/2024 | 1,000,000 | 3.75 | $0.08 | 1,000,000 |
| 12/29/2024 | 5,100,000 | 4.00 | $0.15 | 5,100,000 |
| | 8,737,500 | 3.71 | $0.13 | 8,737,500 |

## 8. Income Taxes

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

| | | 2020 | | 2019 |
|---|---|---|---|---|
| Net loss for the year | $ | (4,860,174) | $ | (1,570,943) |
| Expected income tax (recovery) | $ | (1,312,000) | $ | (424,000) |
| Change in statutory, foreign tax, foreign exchange rates and other | | 125,000 | | 61,000 |
| Permanent difference | | - | | 148,000 |
| Impact of flow through share | | 306,000 | | 10,000 |
| Share issue cost | | (8,000) | | (31,000) |
| Adjustment to prior years provision versus tax returns and expiry of non-capital losses | | (14,000) | | (13,000) |
| Change in unrecognized deductible temporary differences | | 903,000 | | 249,000 |
| Total income tax expense (recovery) | $ | - | $ | - |

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

| | | 2020 | | 2019 |
|---|---|---|---|---|
| Deferred tax assets (liabilities): | | | | |
| Exploration and evaluation assets | $ | 632,000 | $ | 109,000 |
| Share issue costs | | 25,000 | | 29,000 |
| Allowable capital losses | | 10,000 | | 11,000 |
| Non-capital losses available for future period | | 1,306,000 | | 921,000 |
| | | 1,973,000 | | 1,070,000 |
| Unrecognized deferred tax assets | | (1,973,000) | | (1,070,000) |
| Deferred income tax asset | $ | - | $ | - |

(Expressed in Canadian Dollars)

## 8. Income Taxes (continued)

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

| | 2020 | Expiry date range | 2019 | Expiry date range |
|---|---|---|---|---|
| Temporary differences | | | | |
| Exploration and evaluation assets | 2,850,000 | No expiry date | 427,000 | No expiry date |
| Property and equipment | - | No expiry date | 1,000 | No expiry date |
| Share issue costs | 97,000 | 2041 to 2044 | 108,000 | 2040 to 2043 |
| Allowable capital losses | 38,000 | No expiry date | 43,000 | No expiry date |
| Non-capital losses available for future period | 4,887,000 | 2033 to 2039 | 3,453,000 | 2032 to 2038 |

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

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

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.

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

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Cash | $ 7,231,563 | $ 3,780,176 |
| GST and VAT receivable | 330,831 | 49,582 |
| Accounts payable and accrued liabilities | 985,857 | 221,355 |

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
Level 3 – Inputs that are not based on observable market data

The following table sets for the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash | $ 7,231,563 | $ - | $ - | $ 7,231,563 |

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and receivables. The Company's cash is held through a large Canadian financial institution. At December 31, 2020, the Company's receivables consist of sales tax receivable due from the Government of Canada and Finland of $330,831 (December 31, 2019 - $49,582).

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

*Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 10 of these consolidated financial statements. As at December 31, 2020, the Company had a cash balance of $7,231,563 (December 31, 2019 - $3,780,176) to settle current liabilities of $986,714 (December 31, 2019 - $226,753). However, the Company has an accumulated deficit of $13,322,768 (December 31, 2019 - $8,462,594). The continuation of the Company depends upon the support of its equity investors, which cannot be assured.

*Other Market Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of palladium, platinum and nickel, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

*Currency risk*

The Company has transactions internationally and is exposed to foreign exchange risk from the Euro currency. Foreign exchange risk arises from financing and purchase transactions that are denominated in currency other than the Canadian Dollar, which is the functional currency of the Company. As at December 31, 2020, the Company held the Canadian dollar equivalent of $236,417 (December 31, 2019 - $4,329) in cash, and $624,864 in accounts payable and accrued liabilities (December 31, 2019 - $74,133) both of which were denominated in Euros. A 10% increase or decrease in the Euro would increase or decrease net loss by $38,900 (December 31, 2019 - $6,900).

*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 December 31, 2020, the Company is not exposed to significant interest rate risk.

## 10. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. There were no changes in the Company's approach to capital management during the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

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

(Expressed in Canadian Dollars)

## 11. Related party transactions

a) Key management compensation

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

Remuneration of key management includes the following:

| | | Year ended December 31, 2020 | | Year ended December 31, 2019 |
|---|---|---|---|---|
| Salaries, consulting and management fees (1) | $ | 289,510 | $ | 254,000 |
| Exploration and evaluation (2) | | 593,799 | | 87,973 |
| Share based compensation (3) | | - | | 409,820 |
| Total remuneration | $ | 883,309 | $ | 751,793 |

(1) Represents:
  a. CEO compensation,
  b. The CFO and Corporate Secretary of the Company are related parties to the Company and are retained via FT Management Inc. ("FT"). FT is engaged by the Company to execute accounting and corporate secretarial services on behalf of the Company,
  c. Dr. Peter Lightfoot, independent director of the Company is a related party to the Company and is the owner of Lightfoot Geoscience Inc. ("Lightfoot"). Lightfoot is retained periodically to provide technical assistance with regard to exploration activities and project evaluations,
  d. Lawrence Roulston, independent director of the Company is a related party to the Company and is the owner of ResOpp Publishing Corp. ("ResOpp"). ResOpp is retained periodically to provide technical assistance with regard to exploration activities and project evaluations.

(2) Neil Pettigrew, Vice President of Exploration, Director and internal Qualified Person of the Company, is a related party to the Company and is a partner in Fladgate Exploration Limited in Thunder Bay, ON. Fladgate is engaged by the Company to execute exploration and drilling programs on behalf of the Company, for each of its properties. As a consequence, Fladgate provides management, personnel, software and equipment to the Company.

(3) Represents the fair-value of stock options granted to directors and officers.

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

As at December 31, 2020, the Company owed $84,222 (December 31, 2019 - $29,963) 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 year ended December 31, 2020, the Company paid $27,000 (2019 - $nil) to a person related to the CEO for occupancy costs. In addition, the Company paid $40,000 (2019 - $nil) to Weyrauch and Associates Inc., a company owned by a related person to the CEO for administrative services.

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

During the year ended December 31, 2019, the Company settled debt with various officers and directors resulting in a gain on settlement of debt of $124,020. This amount has been netted against other vendors' gains or losses on the settlement of debt.

## 12. Segmented information

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

## 13. Subsequent events

Subsequent to the year ended December 31, 2020, the following events took place:

- On February 24, 2021, the Company completed a bought deal financing of $15,009,000, which consist of offering 43,100,000 units at a price of $0.29 per unit for gross proceeds $12,499,000, brokered private placement of 5,000,000 charity flow through units at a price of $0.40 per unit for gross proceeds of $2,000,000, and 1,500,000 flow-through units at a price of $0.34 per unit for gross proceeds of $510,000. Each unit consists of one common share and one-half common share purchase warrant. Each warrant is exercisable into one common share for a period of two years from closing at a price of $0.45 per share.

- Subsequent to year end, 7,501,000 warrants were exercised for gross proceeds of $984,335.

- Subsequent to year end, 750,000 options were exercised for gross proceeds of $100,250.

- 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, exercisable at a price of $0.29 per common share and vesting 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.