PALLADIUM ONE MINING INC.

(An Exploration Stage Company)

(Expressed in Canadian Dollars)

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

Index

NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that these condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The attached condensed interim consolidated financial statements for the nine months ended September 30, 2021 have not been reviewed by the Company’s auditors.

PALLADIUM ONE MINING INC.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2021 and December 31, 2020
(Expressed in Canadian Dollars)

	Note		September 30, 2021		December 31, 2020
Assets					
Current assets:					
Cash		**$**	**13,712,618**	$	7,231,563
GST and VAT receivable			**850,359**		330,831
Prepaid expense and deposits			**176,737**		80,430
Total current assets			**14,739,714**		7,642,824
Non-current assets:					
Equipment			**2,953**		-
Other assets			**384,927**		-
Total non-current assets			**387,880**		-
Total assets		**$**	**15,127,594**	**$**	**7,642,824**
Liabilities and Shareholders' Equity (Deficit)					
Current liabilities:					
Accounts payable and accrued liabilities	5	**$**	**1,996,205**	$	985,857
Flow-through premium liability	6		**233,333**		857
Total liabilities			**2,229,538**		986,714
Shareholders' equity (deficiency):					
Capital Stock	6		**33,153,307**		18,721,062
Reserves	6		**1,679,083**		1,257,816
Deficit	6		**(21,934,334)**		(13,322,768)
Total shareholders' equity (deficiency)			**12,898,056**		6,656,110
Total shareholders' equity and liabilities		**$**	**15,127,594**	**$**	**7,642,824**

Nature and continuance of operations (Note 1)
Subsequent events (Note 11)

On behalf of the Board:

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

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

PALLADIUM ONE MINING INC.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the three and nine months ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

	Note	3 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2021	9 months ended September 30, 2020
Expenses					
Exploration and evaluation	4, 9	$ 2,373,070	$ 608,255	$ 7,359,316	$ 2,115,931
Investor relations		95,026	109,127	263,289	567,414
Management and consulting	9	249,847	84,826	779,195	220,535
Professional fees		47,888	1,888	165,232	57,451
Transfer agent and filing fees		44,665	9,972	194,719	38,763
Foreign exchange loss		9,042	10,234	43,924	34,463
General and administrative	9	37,378	21,759	108,222	69,225
Share-based compensation	6, 9	42,107	-	134,147	-
Depreciation		96	-	96	-
Results from operations		(2,899,119)	(846,061)	(9,048,140)	(3,103,782)
Other income					
Amortization of flow-through premium liability		68,046	-	355,024	6,565
Interest income		27,315	5,239	81,550	22,454
Total other income		95,361	5,239	436,574	29,019
Loss and comprehensive loss for the period		$ (2,803,758)	$ (840,822)	$ (8,611,566)	$ (3,074,763)
Loss per share – basic and diluted		$ (0.01)	$ (0.01)	$ (0.04)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted		241,214,884	126,136,599	227,752,305	119,899,150

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

PALLADIUM ONE MINING INC.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

		September 30, 2021		September 30, 2020
Operating activities				
Loss for the period	**$**	**(8,611,566)**	$	(3,074,763)
Items not requiring an outlay of cash:				
Depreciation of Equipment		**96**		-
Amortization of flow-through premium liability		**(355,024)**		(6,565)
Share-based compensation		**134,147**		-
Shares issued for net smelter royalty buyback		**-**		73,125
		(8,832,347)		(3,008,203)
Net change in non-cash working capital balances				
Accounts payable and accrued liabilities		**1,010,348**		424,561
Prepaid expense and deposits		**(96,307)**		(8,813)
Sales tax receivable		**(519,528)**		(127,385)
Net change in non-cash working capital balances		**394,513**		288,363
Net cash used in operating activities		**(8,437,834)**		(2,719,840)
Financing activities				
Proceeds from private placement		**15,009,000**		1,134,390
Private placement share issuance costs		**(1,291,245)**		(28,975)
Proceeds from options exercised		**111,500**		6,000
Proceeds from warrants exercised		**1,477,610**		570,150
Cash provided by financing activities		**15,306,865**		1,681,565
Investing Activities				
Acquisition of Equipment		**(3,049)**		-
Acquisition of other assets		**(384,927)**		-
Cash provided by investing activities		**(387,976)**		-
Increase (decrease) in cash		**6,481,055**		(1,038,275)
Cash, beginning of the period		**7,231,563**		3,780,176
Cash at the end of the period	**$**	**13,712,618**	$	2,741,901
Supplemental disclosures with respect to cash flows:				
Cash paid during the period for income taxes	$	-	$	-
Cash paid during the period for interest		-		-
Non-cash items:				
Flow through premium		**587,500**		128,161
Fair value of finders'/broker's warrants		**382,368**		3,894
Fair value transfer of options exercised		**59,274**		2,394
Fair value transfer of finders' warrants exercised		**3,896**		-
Share issuance costs allocated to reserves		**32,078**		-

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

PALLADIUM ONE MINING INC.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)
For the nine months ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Reserves	Deficit	Total equity (deficiency)
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	4,751,250	570,150	-	-	570,150
Options Exercised	75,000	8,394	(2,394)	-	6,000
Flow-Through premium	-	(128,161)		-	(128,161)
Loss for the period	-	-	-	(3,074,763)	(3,074,763)
Balance at September 30, 2020	**126,136,599**	**$ 12,456,711**	**$ 1,310,042**	**$ (11,537,357)**	**$ 2,229,396**
Balance at December 31, 2020	**179,392,852**	**$ 18,721,062**	**$ 1,257,816**	**$ (13,322,768)**	**$ 6,656,110**
Private placements	49,600,000	15,009,000	-	-	15,009,000
Share issuance costs – cash	-	(1,259,167)	-	-	(1,259,167)
Warrant issuance costs – cash	-	-	(32,078)	-	(32,078)
Share issuance costs – brokers' warrants	-	(382,368)	382,368	-	-
Warrants Exercised	11,418,500	1,481,506	(3,896)	-	1,477,610
Options Exercised	825,000	170,774	(59,274)	-	111,500
Share-based compensation	-	-	134,147	-	134,147
Flow-Through premium	-	(587,500)	-	-	(587,500)
Loss for the period	-	-	-	(8,611,566)	(8,611,566)
Balance at September 30, 2021	**241,236,352**	**$ 33,153,307**	**$ 1,679,083**	**$ (21,934,334)**	**$ 12,898,056**

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 Company was incorporated under the *Business Corporations Act of British Columbia* on January 16, 2007. The Company's head office is located at Suite 3704-88 Scott Street, Toronto, ON, M5E 0A9.

These financial statements were authorized for issue by the Company's Board of Directors on November 25, 2021.

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.

Going concern

The Company's ability to continue as a going concern is dependent upon its ability to fund its exploration and evaluation programs. These condensed interim 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.

COVID-19 Pandemic

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

2. Basis of preparation

a) Statement of compliance

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for interim information, specifically International Accounting Standards ("IAS") 34 – *Interim Financial Reporting*. In addition, the condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020. In management's opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected of the year ended December 31, 2021.

b) Basis of measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss or available for sale, which are stated at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Tyko Resources Inc. ("Tyko") 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

d) Critical accounting estimates and judgements

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.

(Expressed in Canadian Dollars)

3. Summary of significant accounting policies

The accounting policies in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2020.

4. Exploration and evaluation expenditures

The Company incurred the following expenditures on its properties during the period:

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

(Expressed in Canadian Dollars)

4. 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.

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 application for the KS Reservation was granted on December 4, 2019 and on October 15th 2021 an exploration permit application was submitted.

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 6, 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.

5. 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:

	September 30, 2021	December 31, 2020
Accounts Payable	$ 1,843,749	$ 961,991
Accrued Liabilities	152,456	23,866
	$ 1,996,205	$ 985,857

6. Capital stock and reserves

a) Authorized capital

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

b) Shares

Transactions for the nine months ended September 30, 2021 were as follows:

Private placements

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

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

A flow through liability of $587,500 was recognized with respect to the flow through shares. The flow through liability is amortized based on the eligible flow through expenditures in the period as a percentage of flow through expenditures required.

Professional fees related to the financings on February 24, 2021 were $390,705 which were in addition to the commission fees paid.

<u>Warrant and option exercises</u>

During the nine months ended September 30, 2021, 11,418,500 shares were issued upon warrants exercised for proceeds of $1,477,610 and 825,000 shares were issued upon options exercised for proceeds of $111,500. A total of $59,274 was reallocated from reserves to capital stock in connection with options exercised.

Transactions for the nine-months ended September 30, 2020 were as follows:

<u>Private placements</u>

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.

<u>Shares for Net Smelter Royalty buyback</u>

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.

<u>Warrant and option exercises</u>

During the nine months ended September 30, 2020, 4,751,250 shares were issued as a result of warrants being exercised, resulting in proceeds of $570,150 and 75,000 shares were issued upon stock options being exercised for proceeds of $6,000.

(Expressed in Canadian Dollars)

c) 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, 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
Granted	27,776,000	0.43
Exercised	(11,418,500)	0.13
Expired	(400,000)	0.12
Outstanding warrants, September 30, 2021	28,829,496	$ 0.43

As at September 30, 2021, warrants enabling the holders to acquire common shares are as follows:

Expiry date	Number of warrants	Weighted average remaining life in years	Weighted average exercise price
10/18/2021	150,000	0.05	$ 0.12
12/2/2021	903,496	0.17	0.20[1]
2/24/2023	24,800,000	1.40	0.45
2/24/2023	2,586,000	1.40	0.29
2/24/2023	90,000	1.40	0.34
2/24/2023	300,000	1.40	0.40
	28,829,496	1.36	$ 0.43

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

During the nine months ended September 30, 2021, brokers' warrants were issued in connection with the February 2021 financing, wherein a fair value of $382,368 was assigned using the Black Scholes pricing model.

During the year ended December 31, 2020, finders' warrants were issued in connection with the May 2020 private placement, wherein a fair value of $3,894 was assigned using the Black Scholes pricing model, based on the following assumptions:

	2021	2020
Forfeiture rate	0.00%	0.00%
Estimated risk-free rate	0.23%	0.30%
Expected volatility	75%	191.41%
Estimated annual dividend yield	0.00%	0.00%
Expected life of warrants	2 years	2 years

(Expressed in Canadian Dollars)

d) Restricted Share Unit Plan

The Company has established a Restricted Share Unit ("RSU") Plan that provides for the issuance of RSUs enabling the directors to grant RSUs to employees, officers, directors, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for Stock Options and/or RSUs provided that the total number of shares reserved for issuance by the Board shall not exceed 23,300,000. RSUs are non-assignable and may be granted for a term not exceeding three years. RSUs issued are subject to up to a three-year vesting term.

On March 15, 2021, 1,275,862 RSUs (2020 – nil) were issued to directors, officers, consultants and advisors, with a three-year vesting period, thereby expiring on March 15, 2024. For the nine-months ended September 30, 2021, the Company recognized share-based compensation expense related to RSUs in the amount of $67,242.

e) Stock option plan

The Company has established a Stock Option Plan that provides for the issuance of stock options (the "Options") 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 and/or RSUs provided that the total number of shares reserved for issuance by the Board shall not exceed 23,300,000. Options are non-assignable and may be granted for a term not exceeding that permitted by the Exchange, currently ten years. Options issued are subject to vesting terms.

During the nine months ended September 30, 2021, 775,000 stock options were issued to directors, officers, consultants and advisors, exercisable at a price of $0.29 per common share with 1/3 vesting immediately and 1/3 every year thereafter with a five-year term. There were no stock options issued during the nine months ended September 30, 2020.

The Company recognized share-based compensation expense of $66,905 during the nine-months ended September 30, 2021 (nine-months ended September 30, 2020 - $nil) related to stock options. The Black-Scholes option pricing model was used for the valuation of stock options granted using the following assumptions:

	2021	2020
Forfeiture rate	0.00%	N/A
Estimated risk-free rate	1.02%	N/A
Expected volatility	75%	N/A
Estimated annual dividend yield	0.00%	N/A
Expected life of options	5 years	N/A

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, 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
Granted	775,000	0.29
Exercised	(825,000)	0.14
Expired	(287,500)	0.27
Outstanding options, September 30, 2021	8,400,000	$ 0.14

(Expressed in Canadian Dollars)

As at September 30, 2021, the Company had outstanding and exercisable stock options as follows:

Expiry date	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
06/07/2024	2,225,000	2.69	$0.08	2,225,000
09/30/2024	1,000,000	3.00	0.08	1,000,000
12/30/2024	4,400,000	3.25	0.15	4,400,000
03/15/2026	775,000	4.46	0.29	258,334
	8,400,000	**3.18**	$0.14	**7,883,334**

7. Nature and extent of risks arising from financial instruments

As at September 30, 2021, the Company's financial instruments consist of cash, GST and VAT receivable and accounts payable and accrued liabilities. The fair values of financial assets and financial liabilities approximate their carrying amounts due to the short-term maturity of the instruments.

Financial instruments measured at fair value are classified in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value, as follows:

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

The fair value of cash is based on Level 1 inputs of the fair value hierarchy.

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and sales tax receivables. The Company's cash is held through a large Canadian financial institution. At September 30, 2021, the Company's receivables consist of sales tax receivable due from the Government of Canada and Finland of $850,359 (December 31, 2020 - $330,831). Management believes the risk of loss to be remote.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds and meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 8. As at September 30, 2021, the Company had working capital of $12,510,176 (December 31, 2020 - $6,656,110). However, the Company has an accumulated deficit of $21,934,334 (December 31, 2020 - $13,322,768). The continuation of the Company depends upon the support of its equity investors, which cannot be assured.

Other Market Price Risk

The Company is exposed to price risk with respect to 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.

(Expressed in Canadian Dollars)

Currency risk

The Company has transactions internationally and is exposed to foreign exchange risk from the Euro currency. Foreign exchange risk arises from financing and purchase transactions that are denominated in currency other than the Canadian Dollar, which is the functional currency of the Company. As at September 30, 2021, the Company held in Euros the Canadian dollar equivalent of $699,678 (December 31, 2020 - $236,417) in cash, and $1,506,271 in accounts payable and accrued liabilities (December 31, 2020 - $624,864). A 10% increase or decrease in the Euro would increase or decrease net loss by $80,700 (December 31, 2020 - $38,900).

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. As at September 30, 2021, the Company is not exposed to significant interest rate risk.

8. 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 nine-months ended September 30, 2021. 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.

9. 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 and RSUs. Remuneration of key management includes the following:

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

(1) Represents:
  a. CEO and CFO compensation,
  b. The former CFO and Corporate Secretary of the Company, as of September 30, 2021, are related parties to the Company and were retained via FT Management Inc. ("FT"). FT was engaged by the Company to execute accounting and corporate secretarial services on behalf of the Company,
  c. Neil Pettigrew, Vice President of Exploration, Director and internal Qualified Person of the Company, is a related party to the Company and is a partner in Fladgate Exploration Limited in Thunder Bay, ON.

d. Dr. Peter Lightfoot, independent director of the Company is a related party to the Company and is the owner of Lightfoot Geoscience Inc. ("Lightfoot"). Lightfoot is retained periodically to provide technical assistance with regard to exploration activities and project evaluations,

e. Lawrence Roulston, independent director of the Company is a related party to the Company and is the owner of ResOpp Publishing Corp. ("ResOpp"). ResOpp is retained periodically to provide technical assistance with regard to exploration activities and project evaluations.

(2) Fladgate Exploration Limited is engaged by the Company to execute exploration and drilling programs on behalf of the Company, for each of its properties. As a result, Fladgate provides management, personnel, software and equipment to the Company.

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

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

As at September 30, 2021, the Company owed $151,885 (December 31, 2020 - $84,222) to Fladgate Exploration Consulting Corp, which was related to exploration and evaluation expenses and for project management services. The amount owing was included in accounts payable and accrued liabilities and is unsecured, non-interest bearing and is expected to be repaid under normal trade terms.

During the nine months ended September 30, 2021, the Company paid $27,000 (nine months ended September 30, 2020 - $18,000) to a person related to the CEO for office rental in Toronto.

10. 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.

11. Subsequent events

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

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