PALLADIUM ONE MINING INC.

(An Exploration Stage Company)

(Expressed in Canadian Dollars)

Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

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, 2022 and 2021, and the consolidated statements of operations and comprehensive loss, cash flows, and changes in shareholders' equity 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, 2022 and 2021, 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 audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate within our auditor's report.

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 and the Annual Information Form.

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.

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 Zachary Faure.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 13, 2023

PALLADIUM ONE MINING INC.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
As at December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Note(s)		**December 31 2022**		**December 31 2021**
Assets					
Current assets:					
Cash		**$**	**11,388,062**	$	15,060,023
Sales tax recoverable			**508,544**		442,512
Prepaid expense and deposits	7		**126,479**		187,859
Total current assets			**12,023,085**		15,690,394
Non-current assets:					
Reclamation deposits			**31,089**		30,942
Equipment			**-**		2,696
Total assets		**$**	**12,054,174**	**$**	**15,724,032**
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	6, 14	**$**	**1,174,655**	$	386,491
Flow-through premium liability	8		**1,894,806**		1,623,386
Total liabilities			**3,069,461**		2,009,877
Shareholders' equity:					
Capital Stock	10		**38,422,785**		35,665,534
Reserves	10		**2,577,509**		2,054,316
Deficit			**(32,015,581)**		(24,005,695)
Total shareholders' equity			**8,984,713**		13,714,155
Total liabilities and shareholders' equity		**$**	**12,054,174**	**$**	**15,724,032**

Nature and continuance of operations (Note 1)
Subsequent events (Note 16)

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.
(An Exploration Stage Company)
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Note(s)		Year ended December 31, 2022		Year ended December 31, 2021
Expenses					
Exploration and evaluation	4, 5, 14	**$**	**7,557,593**	$	8,851,021
Management and consulting	14		**855,588**		939,883
Share-based compensation	10, 14		**464,371**		444,102
Investor relations			**452,709**		361,385
General and administrative	14		**316,168**		198,886
Professional fees			**179,516**		207,254
Corporate development			**150,000**		-
Transfer agent and filing fees			**77,110**		120,686
Foreign exchange loss			**19,651**		67,242
Depreciation			**505**		353
Total expenses			**(10,073,211)**		(11,190,812)
Other items					
Amortization of flow-through premium liability	8	**$**	**1,623,386**	$	404,091
Government grants	9		**200,000**		-
Interest income			**239,939**		103,794
Total other items			**2,063,325**		507,885
Loss and comprehensive loss for the year		**$**	**(8,009,886)**	$	(10,682,927)
Loss per share – basic and diluted		**$**	**(0.03)**	$	(0.05)
Weighted average number of common shares outstanding – basic and diluted			**257,741,412**		231,782,052

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

PALLADIUM ONE MINING INC.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

		Year ended December 31, 2022		Year ended December 31, 2021
Operating activities				
Loss for the year	**$**	**(8,009,886)**	$	(10,682,927)
Items not requiring an outlay of cash:				
Amortization of flow-through premium liability		**(1,623,386)**		(404,091)
Depreciation of Equipment		**505**		353
Write off of equipment		**2,191**		
Foreign exchange loss		**(147)**		-
Share-based compensation		**464,371**		444,102
Shares issued for Canalask property acquisition		**200,000**		-
Shares issued for earn-in agreement		**2,800**		2,350
		(8,963,552)		(10,640,213)
Net change in non-cash working capital balances				
Accounts payable and accrued liabilities		**698,091**		(667,854)
Prepaid expense and deposits		**61,380**		(107,429)
Sales tax recoverable		**(66,032)**		(111,681)
Net cash used in operating activities		**(8,270,113)**		(11,527,177)
Financing activities				
Proceeds from private placements		**4,950,050**		19,359,000
Private placement share issuance costs		**(351,898)**		(1,587,482)
Proceeds from options exercised		**-**		140,500
Proceeds from warrants exercised		-		1,477,610
Cash provided by financing activities		**4,598,152**		19,389,628
Investing Activities				
Reclamation deposits		**-**		(30,942)
Acquisition of equipment		-		(3,049)
Cash used in investing activities		-		(33,991)
Increase (decrease) in cash		**(3,671,961)**		7,828,460
Cash, beginning of the year		**15,060,023**		7,231,563
Cash, end of the year	**$**	**11,388,062**	$	15,060,023
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:				
Fair value of finders'/broker's warrants	**$**	**58,822**	$	431,601
Fair value transfer of options exercised	**$**	**-**	$	75,307
Flow through premium	**$**	**1,894,806**	$	2,026,620
Fair value transfer of finders' warrants exercised	**$**	**-**	$	3,896
Share issuance costs included in accounts payable and accrued liabilities	**$**	**158,561**	$	68,488

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

PALLADIUM ONE MINING INC.
(An Exploration Stage Company)
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Number of shares	Capital stock	Reserves	Deficit	Shareholder's equity
Balance at December 31, 2020	**179,392,852**	**$ 18,721,062**	**$ 1,257,816**	**$ (13,322,768)**	**$ 6,656,110**
Bought deal and private placements	64,600,000	19,359,000	-	-	19,359,000
Share issuance costs – cash	-	(1,655,970)	-	-	(1,655,970)
Share issuance costs – brokers' warrants	-	(431,601)	431,601	-	-
Share-based compensation	-	-	444,102	-	444,102
Warrants Exercised	11,418,500	1,481,506	(3,896)	-	1,477,610
Options Exercised	1,100,000	215,807	(75,307)	-	140,500
Flow-Through premium	-	(2,026,620)	-	-	(2,026,620)
Shares issued for earn-in agreement	10,000	2,350	-		2,350
Loss for the year	-	-	-	(10,682,927)	(10,682,927)
Balance at December 31, 2021	**256,521,352**	**$ 35,665,534**	**$ 2,054,316**	**$ (24,005,695)**	**$ 13,714,155**
Private placements	26,000,334	4,950,050	-	-	4,950,050
Share issuance costs – cash	-	(441,971)	-	-	(441,971)
Share issuance costs – brokers' warrants	-	(58,822)	58,822	-	-
Shares issued for Canalask acquisition	1,212,121	200,000	-	-	200,000
Shares issued for earn-in agreement	20,000	2,800	-	-	2,800
Share-based compensation	-	-	464,371	-	464,371
Flow-Through premium	-	(1,894,806)	-	-	(1,894,806)
Loss for the year	-	-	-	(8,009,886)	(8,009,886)
Balance at December 31, 2022	**283,753,807**	**$ 38,422,785**	**$ 2,577,509**	**$ (32,015,581)**	**$ 8,984,713**

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 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. The Company's registered and records office is 25th floor, 666 Burrard Street, Vancouver, BC, V6C 2X8.

These consolidated financial statements were authorized for issue by the Company's Board of Directors on April 13, 2023.

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 consolidated financial statements have been prepared on a going concern basis and 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.

Management has applied judgement in the assessment of the Company continuing as a going concern by taking into account all available information. Management estimates that the going concern assumption is appropriate for at least the next twelve months following the reporting date of these statements.

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.

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.

Statement of Compliance

These 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"). These consolidated financial statements, including comparative financial information have been prepared using accounting policies consistent with IFRS.

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.

A subsidiary is an entity which the Company controls. The Company has control over an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

3. Summary of significant accounting policies (continued)

A subsidiary is fully consolidated from the date on which control is obtained by the Company and is deconsolidated from the date that control ceases.

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.

Government grants

Government grants are recognized when there is reasonable assurance that a) the Company will comply with the conditions attached to them and b) the grants will be received. Government grants are recognised in other income, in profit or loss, on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Financial instruments

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

i) Financial assets and liabilities at amortized cost

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

ii) Financial assets at FVTOCI

Investments in equity instruments categorized as FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income, and with gains and losses on derecognition of such assets remaining in accumulated other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

3. Summary of significant accounting policies (continued)

iii) Financial assets and liabilities at FVTPL

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

Impairment of Financial Instruments

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

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.

Provisions

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 expensed in the statements of operations and comprehensive loss 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.

3. Summary of significant accounting policies (continued)

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.

Contingent Consideration

Contingent consideration from an asset acquisition is recognized when: (i) the conditions associated with the contingency are met; (ii) the Company has a present legal or constructive obligation that can be estimated reliably; and (iii) and it is probable that an outflow of economic benefits will be required to settle the obligation.

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. For warrants issued to brokers or agents as a part of a financing transaction, fair value is determined using the Black Scholes Option Pricing Model and recorded in share capital and reserves as issuance costs.

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) capital stock. The flow through liability is amortized based on the eligible flow through expenditures in the period as a percentage of flow through expenditures required and is recognized as amortization of flow-through premium liability in profit or loss.

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 compensation

The Company applies the fair value method of accounting for all stock option awards. Under this method, share-based 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 compensation 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.

3. Summary of significant accounting policies (continued)

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 and diluted loss per share data for its common shares is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares, if dilutive. When the Company is incurring losses, basic and diluted loss per share are the same since including the exercise of outstanding options and warrants in the diluted loss per share calculation would be anti-dilutive.

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 profit or loss 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:

Significant judgements

Going Concern

In the preparation of these consolidated financial statements, the Company made judgements related to the going concern of the Company as discussed in Note 1.

3. Summary of significant accounting policies (continued)

Critical estimates

Share-based Compensation 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 compensation 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

The International Accounting Standards Board continually issues new and amended standards and interpretations which may need to be adopted by the Company. The Company continually assesses the impact that the new and amended standards and interpretations may have on its financial statements or whether to early adopt any of the new requirements.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e., costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfil the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022 and have been evaluated to have no impact on the Company for the year ended December 31, 2022.

New accounting standards issued but not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in October 2022 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024 and has not yet been adopted by the Company and is being evaluated to determine the impact.

(Expressed in Canadian Dollars)

4. Exploration and evaluation expenditures

The Company incurred the following expenditures on its properties during the years ended December 31, 2022 and 2021:

E&E Expenditures Year ended December 31, 2022	LK Project	Tyko Project	Disraeli Project	Canalask Project	Total
Acquisition Costs	$ -	$ 15,064	$ -	$ 233,273	**$ 248,337**
Drilling and assays	33,144	2,062,421	-	-	**2,095,565**
Environmental	227,454	-	-	-	**227,454**
Equipment rental	12,675	306,011	-	-	**318,686**
Exploration camp and field costs	-	1,045,780	-	1,292	**1,047,072**
Field costs	13,458	-	-	-	**13,458**
Geological consulting	262,140	598,532	-	-	**860,672**
Geological salaries	-	159,834	-	-	**159,834**
Geophysical surveys	102,573	648,091	-	34,156	**784,820**
Land management	-	2,760	-	-	**2,760**
Metallurgical	104,425	-	-	-	**104,425**
Mineral resource estimate	200,777	-	-	-	**200,777**
Mobilization/Demobilization	-	496,991	-	-	**496,991**
Other exploration & evaluation	529,589	-	-	-	**529,589**
Permits and reservations	-	18,550	-	1,880	**20,430**
Permits/Reservations	233,813	-	-	-	**233,813**
Travel and support	35,775	176,540	-	595	**212,910**
	$ 1,755,823	**$ 5,530,574**	**$ -**	**$ 271,196**	**$ 7,557,593**

E&E Expenditures Year ended December 31, 2021	LK Project	Tyko Project	Disraeli Project	Canalask Project	Total
Acquisition Costs	$ -	$ 6,350	$ -	$ -	**$ 6,350**
Drilling and assays	3,789,242	558,554	133,978	-	**4,481,774**
Equipment rental	41,441	83,790	169,641	-	**294,872**
Exploration camp and field costs	-	145,402	121,859	-	**267,261**
Field costs	302,604	-	-	-	**302,604**
Geological consulting	1,179,603	224,987	143,136	-	**1,547,726**
Geophysical surveys	147,310	124,644	36,994	-	**308,948**
Mineral resource estimate	32,649	-	-	-	**32,649**
Mobilization/Demobilization	-	641,395	79,677	-	**721,072**
Other exploration & evaluation	433,386	-	-	-	**433,386**
Permits/Reservations	192,690	-	-	-	**192,690**
Travel and support	203,644	47,079	10,966	-	**261,689**
	$ 6,322,569	**$ 1,832,201**	**$ 696,251**	**$ -**	**$ 8,851,021**

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.

(Expressed in Canadian Dollars)

4. Exploration and evaluation expenditures (continued)

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 Company has the right, before February 5, 2028, to purchase one-half of the NSR held by a third party by way of a one-time payment of $1,000,000 and which would thereby reduce the royalty rate payable from 1.0% to 0.5%.

5. Acquisition of the Canalask property

On June 10, 2022, the Company entered into an Asset Purchase Agreement ("the Agreement") with Victoria Gold Corporation ("the Vendor") to purchase the Canalask Nickel-Copper-PGE Project, in Yukon, Canada. The terms of the agreement include a $25,000 cash payment and $200,000 in common shares of the Company. The Vendor shall retain a 2% Net Smelter Return royalty with the Company retaining a 50% buyback right by paying $1,000,000. Contingent consideration includes $2,000,000 to be paid to the Vendor upon the earlier of (A) the publication of a Feasibility Study, or (B) the Commencement of Commercial Production; and $5,000,000 will be paid to the Vendor upon the commencement of commercial production on the Canalask Property.

In June 2022, the Company completed the acquisition by paying $25,000 and issuing 1,212,121 common shares with a fair value of $200,000 to the Vendor as per the Agreement. Contingent payments related to performance milestones were not included in the purchase price as per the Company's Policy (Note 3).

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, 2022	December 31, 2021
Accounts Payable	$ 762,423	$ 193,494
Accrued Liabilities	412,232	192,997
	$ 1,174,655	$ 386,491

7. Prepaid expense and deposits

The breakdowns of prepaid expense and deposits are as follows:

	December 31, 2022	December 31, 2021
Exploration prepaids	$ 89,874	$ 77,788
Conferences and investor relations	13,584	65,825
Other	23,021	44,246
	$ 126,479	$ 187,859

(Expressed in Canadian Dollars)

8. Flow-through premium liability

Transactions related to the recognition and amortization of the flow-through premium liability are summarized as follows:

	December 31, 2022	December 31, 2021
Balance, beginning of year	$ 1,623,386	$ 857
Deferred premium liability recognized on flow-through issuances	1,894,806	2,026,620
Income recognized based on corresponding eligible expenditures	(1,623,386)	(404,091)
Balance, end of year	$ 1,894,806	$ 1,623,386

As at December 31, 2022, the Company has an obligation to spend $4,950,050 (2021 - $5,083,147) by December 31, 2023 (2021 – December 31, 2022) in relation to flow-through proceeds.

9. Government grants

Government grants recognized are amounts received through the Government of Ontario and covered 50% of eligible exploration costs incurred in 2022 for the Tyko project. At December 31, 2022 and 2021, there were no unfulfilled conditions or other contingencies related to government grants.

10. Capital stock and reserves

Authorized capital

The authorized capital stock of the Company consists of an unlimited number of common shares with no par value. As at December 31, 2022, the Company had 283,753,807 (2021 – 256,521,352) common shares issued and outstanding.

a) Shares

Transactions for the year ended December 31, 2022 were as follows:

Private placements

On December 23, 2022, the Company completed a brokered private placement and issued 21,000,000 units at a price of $0.20 per unit for gross proceeds of $4,200,000. Each unit consisted of one flow-through share and one-half common share purchase warrant. Each whole common share purchase warrant entitles the holder therof to purchase one non flow-through common share for a period of 36 months from the date of issuance at a price of $0.20. The warrants were allocated a value of $nil using the residual value allocation method.

The Company paid $57,510 in agents' expenses and legal fees in relation to the financing. The Company also incurred 6% cash financing fees totaling $252,000 and issued 1,260,000 broker warrants with a fair value of $58,822. Each broker warrant entitles the holder to acquire one non flow-through common share and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Broker Unit Warrant") for a period of 24 months from the date of issuance at an exercise price of $0.14. Each Broker Unit Warrant entitles the holder to acquire one common share at an exercise price of $0.20 for a period of 36 months from the date of issuance thereof.

On December 23, 2022, the Company completed a non-brokered private placement and issued 5,000,334 units at a price of $0.15 per unit for gross proceeds of $750,050. Each unit consisted of one flow-through share and one-half common share purchase warrant. Each whole common share purchase warrant entitles the holder therof to purchase one non flow-through common share for a period of 24 months from the date of issuance at an exercise price of $0.20. The warrants were allocated a value of $nil using the residual value allocation method. No fees were paid with respect to this non-brokered private placement.

Professional fees and exchange fees related to the private placements in 2022 were $132,461. These fees were in addition to the agents' expenses and legal fees, and cash financing fees paid.

10. Capital stock and reserves (continued)

Flow through liabilities totaling $1,894,806 were recognized with respect to the company's share financings in the year ended December 31, 2022 (Note 8).

Other issuances

On June 21, 2022, the Company issued 1,212,121 common shares with a fair value of $200,000 as per the asset purchase agreement in Note 5.

On July 15, 2022, the Company issued 20,000 common shares with a fair value of $2,800 in relation to an earn-in agreement entered into in the year ended December 31, 2021.

Transactions for the year ended December 31, 2021 were as follows:

Bought deal and private placements

On February 24, 2021, the Company completed a bought deal, short-form prospectus offering and issued 43,100,000 units at a price of $0.29 per unit for gross proceeds $12,499,000. Each unit consisted 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 $341,040, exercisable at $0.29 for two years from closing date.

On February 24, 2021, the Company also completed a 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 consisted 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.

On December 16, 2021, the Company completed a private placement and issued 15,000,000 flow-through shares at a price of $0.29 per share for gross proceeds of $4,350,000. The company incurred finder fees of $261,000 and issued 900,000 finders warrants with a fair value of $49,234 exercisable at $0.29 for two years from closing date.

Professional and exchange fees related to the financings in 2021 were $494,430. These fees were in addition to the commission and finders' fees paid.

Flow through liabilities totaling $2,026,620 were recognized with respect to the company's share financings in the year ended December 31, 2021 (Note 8).

Warrant and option exercises

During the year ended December 31, 2021, 11,418,500 shares were issued upon warrants exercised for proceeds of $1,477,610. A total of $3,896 was reallocated from reserves to capital stock in connection with warrants exercised.

During the year ended December 31, 2021, 1,100,000 shares were issued upon options exercised for proceeds of $140,500. A total of $75,307 was reallocated from reserves to capital stock in connection with options exercised.

(Expressed in Canadian Dollars)

10. Capital stock and reserves (continued)

b) Warrants

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

	Number of warrants		Weighted average exercise price
Outstanding warrants, December 31, 2020	12,871,996	$	0.13
Granted	28,676,000		0.43
Exercised	(11,418,500)		0.13
Expired	(1,453,496)		0.17
Outstanding warrants, December 31, 2021	28,676,000	$	0.43
Granted	14,260,167		0.19
Outstanding warrants, December 31, 2022	42,936,167	$	0.35

As at December 31, 2022, 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
2/24/2023(1)	24,800,000	0.15	$	0.45
2/24/2023(1)	2,586,000	0.15		0.29
2/24/2023(1)	90,000	0.15		0.34
2/24/2023(1)	300,000	0.15		0.40
12/16/2023	900,000	0.96		0.29
12/23/2025	10,500,000	2.98		0.20
12/23/2024	2,500,167	1.98		0.20
12/23/2024(2)	1,260,000	1.98		0.14
	42,936,167	1.02	$	0.35

(1) Expired unexercised subsequent to December 31, 2022, see Note 16 – Subsequent events.
(2) Broker warrants which entitle the holder to acquire one common share and one-half of one common share purchase warrant with an exercise price of $0.20 and expiry of December 23, 2025, see Note 10 a).

Warrant valuations in the years ended December 31, 2022 and 2021 were based on the following assumptions:

	2022	2021
Forfeiture rate	0.00%	0.00%
Estimated risk-free rate	3.93%	0.23% - 0.90%
Expected volatility	82.25%	75%
Stock price at date of grant	$0.115	$0.19 - $0.31
Estimated annual dividend yield	0.00%	0.00%
Expected life of warrants	2 years	2 years
Weighted average fair value	$0.05	$0.05 – $0.13

c) 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.

There were no RSUs issued in the year ended December 31, 2022. During the year ended December 31, 2022, 473,372 RSUs were forfeited (year ended December 31, 2022 – nil) and as at December 31, 2022 - 2,143,590 RSUs were outstanding (December 31, 2021 – 2,616,962 RSUs were outstanding).

(Expressed in Canadian Dollars)

10. Capital stock and reserves (continued)

For the year ended December 31, 2022, the Company recognized share-based compensation expense related to RSUs in the amount of $168,446 (year ended December 31, 2021 - $110,723).

On March 15 and November 15, 2021, 1,275,862 and 1,341,100 RSUs respectively were issued to directors, officers, consultants and advisors respectively, with a three-year vesting period, thereby expiring on March 15 and November 15, 2024.

d) 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 determined by the Board of Directors.

There were no stock options issued in the year ended December 31, 2022. In the year ended December 31, 2022, 900,000 stock options were forfeited.

For the year ended December 31, 2022, the Company recognized share-based compensation expense related to stock options in the amount of $295,925 (year ended December 31, 2021 - $333,379).

On March 15, 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.

On November 15, 2021, 4,450,000 stock options were issued to directors, officers, consultants and advisors, exercisable at a price of $0.22 per common share with 1/3 vesting immediately and 1/3 every year thereafter with a five-year term.

Stock option valuations in the years ended December 31, 2022 and 2021 were based on the following assumptions:

	2022	2021
Forfeiture rate	N/A	0.00%
Estimated risk-free rate	N/A	1.02% - 1.48%
Expected volatility	N/A	75%
Stock price at date of grant	N/A	$0.22 - $0.28
Estimated annual dividend yield	N/A	0.00%
Expected life of options	N/A	5 years
Fair value	N/A	$0.13 - $0.17

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, 2020	8,737,500	$ 0.13
Granted	5,225,000	0.23
Exercised	(1,100,000)	0.13
Expired	(287,500)	0.27
Outstanding options, December 31, 2021	12,575,000	0.17
Forfeited	(900,000)	0.17
Outstanding options, December 31, 2022	11,675,000	$ 0.17

(Expressed in Canadian Dollars)

10. Capital stock and reserves (continued)

As at December 31, 2022, 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
6/7/2024	1,875,000	1.44	$0.08	1,875,000
9/30/2024	925,000	1.75	0.08	925,000
12/29/2024	4,100,000	2.00	0.15	4,100,000
3/15/2026	700,000	3.21	0.29	466,666
11/15/2026	4,075,000	3.88	0.22	2,716,668
	11,675,000	**2.62**	$0.17	**10,083,334**

11. Income Taxes

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

	2022	2021
Net loss for the year	$ (8,009,886)	$ (10,682,927)
Expected income tax (recovery)	$ (2,123,000)	$ (2,884,000)
Change in statutory, foreign tax, foreign exchange rates and other	119,000	564,000
Permanent differences	(307,000)	42,000
Impact of flow through share	1,381,000	683,000
Share issue cost	(117,000)	(564,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(267,000)	(268,000)
Change in unrecognized deductible temporary differences	1,314,000	2,427,000
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:

	2022	2021
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$ 726,000	$ 360,000
Share issue costs	435,000	468,000
Allowable capital losses	-	9,000
Non-capital losses available for future period	4,552,000	3,563,000
	5,714,000	4,400,000
Unrecognized deferred tax assets	(5,714,000)	(4,400,000)
Net deferred tax assets	**$ -**	**$ -**

(Expressed in Canadian Dollars)

11. 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:

		2022	Expiry Date Range		2021	Expiry Date Range
Temporary Differences						
Exploration and evaluation assets	$	2,742,000	No expiry date	$	1,335,000	No expiry date
Property and equipment		4,000	No expiry date		2,000	No expiry date
Share issue costs		1,640,000	2042 to 2046		1,733,000	2042 to 2045
Allowable capital losses		-	No expiry date		34,000	No expiry date
Non-capital losses available for future periods		19,919,000	2023 to 2042		15,758,000	2023 to 2040
Canada		8,734,000	2032 to 2042		5,877,000	2034 to 2040
Finland		11,184,000	2023 to 2036		9,881,000	2023 to 2035

12. Nature and extent of risks arising from financial instruments

As at December 31, 2022, the Company's financial instruments consist of cash, sales tax recoverable and accounts payable and accrued liabilities. The fair values of financial assets and financial liabilities carried at amortized cost 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 balance was $11,388,062 as at December 31, 2022 (December 31, 2021 - $15,060,023) and is held through large financial institutions in Canada and Finland. At December 31, 2022, the Company's receivables consist of sales tax receivable due from the Governments of Canada and Finland of $508,544 (December 31, 2021 - $442,512). Management believes the risk of loss to be not significant.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds and meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 12. As at December 31, 2022, the Company had working capital of $8,953,624 (December 31, 2021 - $13,680,517). However, the Company had an accumulated deficit of $32,015,581 (December 31, 2021 - $24,005,695). The continuation of the Company depends upon the support of its equity investors, which cannot be assured.

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

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, 2022, the Company held in Euros the Canadian dollar equivalent of $156,874 (December 31, 2021 - $992,344) in cash, $31,089 in reclamation deposits (December 31, 2021 - $30,942), $11,156 in sales tax recoverable (December 31, 2021 - $190,619), and $75,481 in accounts payable and accrued liabilities (December 31, 2021 - $120,304). A 10% increase or decrease in the Euro would increase or decrease net loss by $12,400 (December 31, 2021 - $109,400).

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. As at December 31, 2022, the Company is not exposed to significant interest rate risk.

13. 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, 2022. 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)

14. 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:

	Year ended December 31, 2022	Year ended December 31, 2021
Management and consulting (1)	$ 548,675	$ 698,019
Share based compensation (2)	268,743	265,709
Total remuneration	$ 817,418	$ 963,728

(1) Executive and officer compensation
(2) 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 consolidated financial statements are as follows:

As at December 31, 2022, the Company owed $128,111 (December 31, 2021 - $32,509) and during the year ended December 31, 2022, has paid or accrued $1,139,990 (2021 - $979,219) to Fladgate Exploration Consulting Corp, a corporation related to the Vice President - Exploration, which was related to exploration and evaluation expenses and for project management services. The amount owing was included in accounts payable and accrued liabilities and is unsecured, non-interest bearing and is expected to be repaid under normal trade terms.

As at December 31, 2022, the Company owed $nil (December 31, 2021 - $10,217) and during the year ended December 31, 2021, has paid $36,000 (2021 - $36,000) to a person related to the CEO for costs related to office rental in Toronto. The amount owing was included in accounts payable and accrued liabilities and is unsecured, non-interest bearing and is expected to be repaid under normal trade terms.

As at December 31, 2022, the Company owed officers of the Company $4,950 (2021 - $6,956) for various expenses, including but not limited to marketing and travel costs and accrued payroll. The amount owing was included in accounts payable and accrued liabilities and is unsecured, non-interest bearing and is expected to be repaid under normal trade terms.

15. Segmented information

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

16. Subsequent events

Warrant expiries

Subsequent to the year ended December 31, 2022, 27,776,000 warrants with a weighted average exercise price of $0.43 expired unexercised.

Definitive agreement for a Business Combination

On March 3, 2023, the Company entered into a definitive agreement (the "Arrangement Agreement") with MetalCorp Limited ("MetalCorp") for a business combination to be completed under a plan of arrangement. The Company agreed pursuant to the Arrangement Agreement to acquire all of the issued and outstanding shares of MetalCorp by way of a statutory plan of arrangement under the Business Corporations Act (Ontario) (the "Transaction"). Pursuant to the Transaction, MetalCorp shareholders ("MTC Shareholders") will receive, in exchange for each common share in the capital of MetalCorp (a "MTC Share") held, 0.30 (the "Exchange Ratio") of a common share in the capital of Palladium One (each whole share, a "PDM Share"). Closing of the transaction is subject to various approvals.

Private Placement

On April 11, 2023, the Company completed a $4,252,050 non-brokered private placement financing (the “Private Placement”) with a wholly owned subsidiary of Glencore plc (“Glencore”). Pursuant to the Private Placement, the Company issued 28,347,000 common shares ("Common Shares") at C$0.15 per Common Share. Upon completion of the Private Placement, Glencore owns approximately 9.99% of the issued and outstanding Common Shares of the Company on a non-diluted basis.

In connection with the Private Placement, the Company and Glencore entered into an investor rights agreement (the "Investor Rights Agreement"), pursuant to which Glencore is entitled to certain customary rights including participation rights on future equity security issuances and a right to nominate an individual to the technical committee of Company. Under the Investor Rights Agreement, Glencore will agree to certain customary transfer and standstill restrictions.

The Common Shares issued pursuant to the Private Placement are subject to a four-month hold period from the date of issuance in accordance with applicable securities laws. No commissions or finder fees are payable in connection with the Private Placement.