Palladium One Mining Inc.

(formerly "Nickel One Resources Inc.")

Management Discussion and Analysis

For the Year Ended December 31, 2020

INTRODUCTION

The management discussion and analysis ("MD&A") of financial condition and results of operations focuses upon the activities, results of operations, liquidity and capital resources of Palladium One Mining Inc. (the "Company" or "Palladium One") for the year ended December 31, 2020. In order to better understand the MD&A, it should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2020. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and filed with appropriate regulatory authorities in Canada. This MD&A is current to April 27, 2021 and expressed in Canadian dollars unless otherwise stated.

FORWARD LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company's properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of our common share price and volume and other reports and filings with the TSX Venture Exchange ("TSX-V") and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com).

This MD&A has been prepared in accordance with the requirements of National Instrument 43-101, "Standards of Disclosure for Mineral Projects", and National Instrument 51-102, "Continuous Disclosure Obligations."

OVERVIEW

Palladium One Mining Inc. ("Palladium" or the "Company", formerly Nickel One Resources Inc.) is a mineral exploration and development company listed on the TSX Venture Exchange ("TSX-V") under the symbol "PDM" and is engaged in the exploration of mineral properties. Its assets consist of the Lantinen Koillismaa ("LK") PGE-Cu-Ni and Kostonjarvi ("KS") Cu-Ni-PGE projects, located in North-Central Finland and the Tyko Ni-Cu-PGE and Disraeli PGE-Ni-Cu projects, near Thunder Bay, Ontario, Canada.

On May 3, 2019, the Company changed its name from Nickel One Resources Inc. to Palladium One Mining Inc. and its stock symbol from NNN to PDM.

HIGHLIGHTS DURING AND SUBSEQUENT TO THE YEAR ENDED DECEMBER 31, 2020

Exploration

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

- On January 14, 2020, the Company announced that it had retained SJ Geophysics Ltd. to conduct an induced polarization survey. Five separate grids planned to be surveyed total 75 line-kilometers.

- On January 16, 2020, the Company bought back an existing 2% Net Smelter Return ("NSR") royalty in respect of the historic Haukiaho deposit, with a cash payment of $50,000 and issuance of 375,000 common shares, with a fair value of $73,125.

- On February 13, 2020, the Company reported that the Finnish Mining Authority had approved all eight exploration permit renewals and one new exploration permit application.

- On February 18, 2020, the Company retained a local diamond drilling contractor to conduct a drill program, with crews scheduled to mobilize on February 24th.

- On February 25, 2020, the Company reported initial results from the first Induced Polarization (IP) survey with the discovery of a large chargeability anomaly.

- On March 10, 2020, the Company reported that the second 2020 Induced Polarization (IP) survey grid had successfully outlined a significant untested chargeability anomaly.

- On March 24, 2020, the Company announced that due to the COVID-19 pandemic, the current exploration program was suspended at the palladium dominant, Läntinen Koillismaa ("LK") PGE-nickel-copper project located in Finland.

- On April 2, 2020, the Company reported that it has applied for two additional reservations Kaukuanjarvi (9,100 ha) and Haukiaho North (2,140 ha).

- On April 2, 2020, the Company also reported that the Salmivaara 2-11 exploration permit had gained legal force.

- On April 14, 2020, the Company reported that the Kaukua South Zone anomaly extends over more than a four (4) km strike length and into a large overburdened area that has never been drill tested.

- On May 7, 2020, the Company reported that it had identified three new drill targets on the Haukiaho Trend resulting from the Haukiaho Induced Polarization (IP) survey.

- On May 26, 2020, the Company reported that it had identified a new, large chargeability drill target at the Haukiaho East Induced Polarization (IP) survey grid.

- On June 11, 2020, the Company reported that it had identified a new chargeability drill target on the Tilsa Induced Polarization (IP) survey grid.

- On July 14, 2020, the Company reported that it was preparing to resume its drill program in August, after its suspension due to the COVID-19 pandemic. Initial drilling will focus on expanding known mineralization to the east of existing drill intercepts in the Kaukua South zone, which coincides with a greater than four (4) kilometer long Induced Polarization chargeability anomaly.

- On July 22, 2020, the Company reported that it had intersected 32.6m @ 2.86 g/t palladium equivalent in drill hole LK20-001, including 16m @ 3.64 g/t palladium equivalent, which was the first hole of the Phase 1 program. Holes

LK20-001 through LK20-005 targeted previously untested up dip portions of the Kaukua Deposit, with the goal of upgrading current inferred resources to indicated.

- On July 28, 2020, the Company reported that it had intersected 41.6m @ 2.16 g/t palladium equivalent in drill hole LK20-007, including 7.8m @ 3.26 g/t palladium equivalent. Hole LK20-007 targeted the down plunge of a previously unrecognized, southwest trending, higher-grade shoot within the Kaukua deposit. The results of this hole indicate that this higher-grade shoot remains open to the southwest for expansion. Hole LK20-007 is on the lower edge of the 2019 block model and the expansion of this higher-grade shoot will add ounces to a future resource update.

- On August 10, 2020, the Company reported that the final data from the 2020 winter Induced Polarization (IP) geophysical program, suggest that the newly discovered Kaukua South chargeability anomaly extends for over 5.5 km.

- On August 10, 2020, the Company reported the post-COVID, resumption of the Phase 1 drilling program in the LK PGE-Cu-Ni Project, located in north-central Finland.

- On August 11, 2020, the Company reported that it had intersected 166.7m @ 1.16 g/t palladium equivalent in drill hole LK20-005, including 63.4m @ 1.88 g/t palladium equivalent in Kaukua South. LK20-006 confirms the eastern extension of the greater than 4-kilometer long Kaukua South IP anomaly is the result of PGE-Cu-Ni sulphide mineralization. Additionally, LK20-006 is 180m east of and significantly higher grade than the nearest Kaukua South hole. It is also twice as wide as the best historic intercept in Kaukua South. This is the most significant result of the Phase 1 drill program and demonstrates continued strong correlation between IP results and sulphide mineralization.

- On August 25, 2020, the Company reported that it had intersected 87.2m @ 1.43 g/t palladium equivalent at the Murtolampi zone. This is the first diamond drill hole results in the Murtolampi zone, located 2.5 kilometers north of the Kaukua Deposit, at the open pit LK PGE-Cu-Ni Project.

- On September 15, 2020, the Company reported that it had identified the first diamond drill hole assays from the Haukiaho Trend, wherein it had intersected a wide interval of mineralization in a previously untested area thereby increasing the potential of the Haukiaho 2013 historic resource area. Haukiaho is located 12 kilometers southwest of the Kaukua Deposit, in the LK PGE-Cu-Ni Project. Hole LK20-010 intersected a core zone of 34.2m @ 2.09 g/t palladium equivalent (0.77g/t PGE, 0.22% nickel, 0.20% copper), within a larger zone grading 83.30 @ 1.27g/t palladium equivalent.

- On September 29, 2020, the Company reported that it had 11 successful discovery holes drilled on the Kaukua South extension, each containing a magmatic sulphide mineralization, and are currently waiting for the assay results. This major discovery increases Kaukua South mineralized strike length six-fold from 600m to 4km.

- On October 6, 2020, the Company reported that it had identified the first assay results from the resumed Phase I drill program at the LK Project in Finland and has returned a wide zone, of shallow, high-grade palladium mineralization in the Kaukua South Extension. Hole LK20-014 returned a core zone of 72.0 m at 1.96 g/t palladium equivalent within a wider zone of 145.5m at 1.26 g/t palladium equivalent.

- On October 20, 2020, the Company reported that it had discovered further 600m mineralized strike length at Murtolampi, located less than 2km north of the Kaukua Deposit. Discoveries now total 4.6km of strike length in greater Kaukua area.

- On October 22, 2020, the Company reported that of the 11 discovery holes drilled at Kaukua South, hole LK20-016 is the highest grade drilled to date.

- On November 10, 2020, the Company reported that it had initiated a 17,500-meter Phase II drilling program in Finland. The Phase II program is primarily designed to support a future inferred resource estimate at Kaukua South, which possesses a drill defined, greater than 4-kilometer mineralized strike length.

- On November 16, 2020, the Company reported that it had intersected high-grade open pit potential mineralization returning 13m at 3.4 g/t palladium equivalent within 79m at 2.0 g/t palladium equivalent. The shallow high-grade results suggest potential for a low-cost satellite open pit at Murtolampi, which is close to the existing Kaukua deposit, located 2km to the south.

- On January 18, 2021, the Company announced the initial infill drilling results from the 17,500-meter Phase II drill program having delivered superior grades and demonstrate broad zones of continuity with multiple intercepts of high-grade, open-pit resource potential at the Kaukua South zone of the LK PGE-Ni-Cu project.

- On March 11, 2021, the Company reported that the infill drilling spaced at 100-meter grid spacing has increased continuous mineralization to over 1,300 meters and into the 'gap zone', thereby supporting the thesis of potentially more open-pit resources at the Kaukua South zone of the LK PGE-Ni-Cu project in Finland.

- On March 18, 2021, the Company reported that it had expanded a high-grade zone at Kaukua South, drills 47 meters at 2.6 g/t palladium equivalent, including 12 meters at 4.2 g/t palladium equivalent.

- On April 15, 2021, the Company reported that it continues to intersect significant widths at Kaukua South, drills 47 meters at 2.3 g/t palladium equivalent.

Kostonjarvi, Cu-Ni-PGE Project ("KS Project"), Finland

- On April 2, 2020, the Company reported that it had received approval from the Finnish Mining Authority for a ~20,000-hectare Reservation, Kostonjarvi (KS), which is adjacent to the Company's Flagship Läntinen Koillismaa (LK) Project in Central Finland. KS is a high grade massive-sulphide target interpreted to represent the feeder system to the LK project.

Tyko Ni-Cu-PGE Property ("Tyko Project"), Canada

- On January 21, 2020, the Company reported prospecting samples with assay results of up to 0.74% Ni, 4.09% Cu and 2.51g/t PGE (1.21 g/t Pt, 1.19 g/t Pd, and 0.11 g/t Au) from the Tyko Showing.

- On January 27, 2020, the Company reported greater than 20 times background levels for both nickel and copper in soil sampling at the Smoke Lake electromagnetic geophysical anomaly.

- On November 18, 2020, the Company discovered up to 0.41% nickel in boulders and begins the drill program at the Tyko project in Canada. Boulders closely resemble Ni-Cu mineralization at the RJ and Tyko zones which have returned up to 4.71% Ni over 0.87m in diamond drilling. Initial Phase I diamond drill program to begin on November 23, 2020.

- On December 7, 2020, the Company discovered a 4-meter and a 2-meter wide drill intercept of massive magmatic sulphide at the Smoke Lake airborne electromagnetic ("EM") target.

- On January 5, 2021, the Company intersected a massive magmatic sulphides grading of 8.7% Ni_Eq (193 pounds per tonne) over 3.8 meters (6.6% Ni, 3.7% Cu, 1.5g/t PGE) at less than 30 meters true-depth, at the Smoke Lake target of the Tyko Ni-Cu-PGE project.

- On January 12, 2021, the Company reported the results of six additional drill holes containing several massive magmatic sulphides intercepts grading up to 7.5% Ni_Eq (164 pounds per tonne) over 4.2 meters (5.8% Ni, 2.7% Cu, 1.3/t PGE), at the Smoke Lake target of the Tyko Ni-Cu-PGE project.

- On January 19, 2021, the Company reported the final results of its 2020 Tyko drill program showing a massive magmatic sulphides grading up to 9.9% Ni_Eq (218 pounds per tonne) over 3.8 meters (8.1% Ni, 2.9% Cu, 1.3/t PGE), starting at less than 9 meters true-depth, located at the Smoke Lake target of the Tyko Ni-Cu-PGE project. The intercept is within a broader interval that returned 6.1% Ni_Eq over 7.5 meters (135 pounds per tonne) (4.5% Ni, 2.9% Cu, 1.0g/t PGE) from 5.3 meters down hole.

- On April 6, 2021, the Company reported that it had started its 2,000-meter Phase II drilling program at the high-grade Smoke Lake nickel discovery, which returned up to 9.9% Ni_Eq over 3.8 meters from surface, on the Tyko Sulphide-Nickel-Copper project in Ontario, Canada. In advance of drilling, in February 2021, detailed ground based Electromagnetic ("EM") and Borehole Electromagnetic ("BHEM") surveys were conducted to better define the conductors hosting the high-grade nickel mineralization.

Disraeli Lake, PGE-Ni-Cu Property ("Disraeli Project"), Canada

- On February 6, 2020, the Company completed the purchase of the Disraeli Property, located near Thunder Bay, Ontario, by making a cash payment of $5,000 and incurring $56,000 in exploration expenditures.

- In Late February and early March 2020, the Company conducted detailed drone airborne magnetic and lake sediment surveys on the project.

- On December 9, 2020, the Company discovered a potential significant magnetic signature, a key indicator of mineralization in the Mid-Continental Rift ("MCR"), where the Disraeli PGE Project is located.

- On April 6, 2021, the Company reported 5 ice-based holes totaling 1,233 meters One conductor was found to be caused by cobalt bearing massive magnetite skarn mineralization (returning 2.63 meters grading 0.12% Cu, 0.05% Co, and 0.09% Ni), while several of the airborne EM conductors proved to be the result of lake sediments. The reversely polarized magnetic body may have been caused by magnetite skarn but requires additional follow up as the skarn does not appears to be extensive enough to explain the large reversely polarized body. Of particular note was an off-hole EM conductor identified at the basement contact. Unseasonably warm conditions in early March resulted in deterioration of the ice road, cutting the drill program short and thus this target was not able to be tested. This target remains a priority target.

Corporate and Financing

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.

On May 26, 2020, the Company completed the second tranche of its non-brokered private placement of flow through units, for gross proceeds of $76,440. The Company issued 588,000 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.

On October 29, 2020, the Company applied for trading in the United States on OTCQB Venture Market, in conjunction with DTC eligibility.

During the year ended December 31, 2020, 58,007,503 common shares were issued upon exercise of warrants for proceeds of $6,782,275, and 75,000 common shares were issued upon exercise of stock options for proceeds of $6,000.

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

On March 3, 2021, the Company reported its planned exploration activities in 2021 have been expanded at both the palladium dominant Läntinen Koillismaa ("LK") PGE-Ni-Cu project in Finland and the Tyko Nickel-Copper project in Ontario, Canada, with the acceleration of exploration activities and expansion of the initial 2021 exploration budget to $11.5 million. The expanded program in Finland allows the company to complete the resource definition drilling at the Kaukua South and Haukiaho zones, while also initiating drilling at potential eastern and western extensions of Kaukua South. At the Tyko project, the expanded program will be centered on new target development infill drilling, and expansion of known high-grade nickel mineralization at the Smoke Lake zone.

On March 15, 2021, the Company announced the appointment of Ms. Giovanna Bee Moscoso as an independent director to the board of directors of the Company, effective April 2, 2021. Ms. Bee Moscoso is an experienced mining executive with over 28 years of experience, including progressive responsibilities over 25 years at Barrick Gold Corporation, where previously she was a partner, Vice President and Assistant General Counsel.

Subsequent to December 31, 2020, 6,824,000 warrants were exercised for gross proceeds of $903,095 and 750,000 options were exercised for gross proceeds of $100,250.

On March 15, 2021, the Company granted 1,275,862 restricted share units ("RSU") with a fair value of $370,000 to certain directors, officers, consultants and advisors, exercisable at a price of $0.29 per common share and vesting three years from the date of grant.

On March 15, 2021, the Company also granted 775,000 stock options to certain directors, officers, consultants and advisors, exercisable at a price of $0.29 per common share for a period of five years and with 1/3 vesting immediately and 1/3 every year thereafter.

COVID-19 Pandemic

On March 24, 2020, the Company reported that due to the COVID-19 pandemic, it has suspended the exploration program at the LK project, in Finland. The Company repatriated all Canadian staff on March 16, 2020 and praised the professionalism of its Finnish team during the challenging period. The Company's exploration program concluded having completed the full 85-line kilometers of Induced Polarization (IP) and 385-line kilometers of drone Magnetic geophysical surveys, and approximately 2,000-meters of the planned 5,000-meter diamond drilling program.

MINERAL PROPERTIES

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

The LK Project is located in North-Central Finland approximately 60 km north of the village of Taivalkoski. The Property is situated about 130 km southeast of the town of Rovaniemi and 160 km northeast of the port city of Oulu and is accessed by major paved roads and local access on gravel or dirt roads.

The Project comprises 9 permits, 3 active reservations, and 1 reservation in the process of being converted to a permit , totalling approximately 12,416 hectares, including over 38 kilometers of the prospective basal contact of the Koillismaa layered mafic-ultramafic Complex. These permits cover the 43-101 compliant Kaukua and historic Haukiaho deposits and the Tilsa and Mortolampi priority targets. None of the LK property holdings are located on environmentally protected lands known as Natura 2000.

Claim costs range between €20-50 per ha per annum. The longer a claim is in place, the higher the annual fee. An exploration permit may only be held for a period of 15 years before being converted to a mining permit. Converting exploration permits to mining permits requires the project to reach an advanced stage such as pre-feasibility/feasibility studies. All the Company's exploration permit applications and renewals have been accepted. The company has 6 years remaining on two permits, 9 remaining on six permits, and one new permit with 14 years remaining.

The elements palladium, platinum, gold, copper, cobalt, and nickel are known to be present and have been analysed in drilling and surface sampling in the Property. The deposit type is an open pit style, with disseminated sulphide mineralization along the prospective basal unit of the Koillismaa Complex, with similarities to Platreef type deposits of the Bushveld Igneous Complex. The Kollismaa Complex forms part of the 2.5-2.4 Ga Tornio-Näränkävaara Layered Intrusion Belt that runs roughly east - west across Finland and into neighbouring Russia. The Koillismaa Complex is part of a suite of Paleoproterozoic continental rift-related intrusions which are highly prospective for PGE-Cu-Ni deposits.

On June 10, 2019, the Company retained Mining Plus UK Ltd to prepare an independent National Instrument 43-101 compliant mineral resource estimate for the Kaukua deposit of the LK project. As part of the mineral resource estimation, a data verification program was undertaken wherein over 100, quarter-split core samples were collected from historical diamond drill core and have been sent to ALS Global in Finland for re-assaying and ultimately reconciliation with the existing drill hole assay database.

On September 5, 2019, the Company announced it had made an application to expand the LK palladium-nickel-copper project by nearly 50%, by applying for 2 reservations covering an additional 13 km of Prospective Basal Contact at the LK PGE-Ni-Cu Project in Finland.

On September 9, 2019, the Company issued a resource statement for the Kaukua deposit, highlighting the following:

An optimized pit-constrained 43-101 compliant Mineral Resource, at a 0.3 g/t Pd ("grams per tonne" "palladium") cut-off, for the Kaukua Deposit includes: 635,600 Pd_Eq ounces of Indicated Resources grading 1.80 g/t Pd_Eq ("palladium equivalent") contained in 11 million tonnes, and 525,800 Pd_Eq ounces of Inferred Resources grading 1.50 g/t Pd_Eq contained in 11 million tonnes.

On April 2, 2020, the Company reported that it has applied for two additional reservations Kaukuanjarvi (9,100 ha) and Haukiaho North (2,140 ha).
On January 15, 2021, the Company announced the filing of an updated 43-101 technical report on the LK project.

On February 10, 2021, the Company applied to convert 2,862 hectares of the Kaukuanjarvi reservation to an Exploration Permit.

Kostonjarvi, Cu-Ni-PGE Project ("KS Project"), Finland

On April 2, 2020, the Company reported that it had received approval from the Finnish Mining Authority for a ~20,000-hectare Reservation, Kostonjarvi (KS), which is adjacent to the Company's Flagship Läntinen Koillismaa (LK) Project in Central Finland.

The KS reservation covers a large buried gravity and magnetic anomaly that is interpreted to represent a buried Feeder Dyke to the Koillismaa Complex which hosts the palladium dominant, LK PGE-nickel-copper project. While the LK and KS projects are contiguous, the targets are very different: The LK project is an open pit style, with disseminated sulphide mineralization along the prospective basal unit of the Koillismaa complex, with similarities to Platreef type deposits. Whereas the KS project target is underground, exploration will focus on high-grade massive sulphide, in the feeder system (Feeder Dyke) of the Koillismaa Complex, similar to the mineralization styles at Noril'sk and Voisey's Bay.

KS is 100% owned, royalty free, of district-scale, and has been the subject of extensive work by the geological survey of Finland and academic research. Holding costs for KS are zero until the reservation is converted into an exploration permit.

Tyko Ni-Cu-PGE Property ("Tyko Project"), Canada

The Tyko Property is a nickel (Ni), copper (Cu), platinum-group element (PGE) project, and as of September 30, 2020 comprised 479 single cell mining claims, registered to Tyko Resources Inc. and covering approximately 10,320 hectares. The mining cell claims are located in the Bigrock Lake and Olga Lake areas, and the townships of McGill and Shabotik, Thunder Bay Mining Division, Ontario, Canada (NTS 42C/13NW and 14NE).

There are four significant Ni-Cu-PGE showings or zones on the Tyko Project; the RJ and Tyko, Bulldozer and Shabotik zones. The Tyko and RJ zones are separated by 2 km and are thought to be part of a conduit structure that has strong potential to host additional Ni-Cu-PGE mineralization.

On March 8, 2016, the Company announced it would commence a diamond drilling program at the Tyko Project in order to confirm the orientation of known mineralization in the conduit structure, extend the continuity of mineralization at the RJ and Tyko showings, and test additional targets, including the Bruce Lake Anomaly, an AeroTEM airborne geophysics anomaly. The diamond drilling program consisted of 14 drill holes, totalling 1,780 metres with five holes at the RJ zone (TK-16-001 to 005), six holes at the Tyko zone (TK-16-006 to 011), and three holes on the Bruce Lake Anomaly (TK-012 to 014). Final assay results from the diamond drilling program were reported on June 8, 2016.

The RJ Zone consists primarily of metamorphosed mineralized pyroxenite which has been intruded by later granitoid rocks. The mineralized pyroxenite contains abundant rip-up clasts of other mafic-ultramafic phases and clastic sediments indicative of an active feeder-type system. The mineralization is nickel-rich with an average Ni:Cu ratio of ~2:1 and a Pt:Pd ratio of ~1:1. Sulphides are typically disseminated to blebby with local patches of net-textured and semi-massive sulphide breccia.

The overall sulphide tenors of the Ni-Cu-PGE mineralization at the Tyko Property are very high. Total sulphur analysis completed by the Company indicated tenors in 100% sulphide that average 8.6% Ni, 4.6% Cu, and 3.3g/t PGE at the RJ Zone and 16.3% Ni, 8.70% Cu, and 12.8g/t PGE at the Tyko Zone. The high tenor of the sulphide suggests a high value flotation concentrate could be generated from the RJ or Tyko Zone style mineralization. This indicates that even a disseminated sulphide deposit could potentially be economic and further supports the view that Palladium One's 100% owned Tyko Project contains a fertile magmatic feeder system. The Company's objective is to delineate this feeder system and ultimately develop mineral resources.

On August 19, 2019, the Company announced it had acquired, through staking, 12 new claims totalling 254 hectares covering the historic Shabotik Zone, located 4.5km south of the Tyko project, near Marathon, Ontario.

On October 21, 2019, the Company announced that it had submitted a sample collected from it's Tyko Ni-Cu-PGE project to Activation Laboratories for metallurgical testing. This testing represents the first metallurgical work done on the project and assessed the floatation characteristics of mineralization. The metallurgical sample was collected from hole TK-16-002 from the RJ zone which was drilled by the Company in 2016. The sample consists of ~20kg of drill core and represents a 50/50 mixture of primary pyroxenite and remobilized granite hosted sulphide mineralization.

As of December 31, 2020, the Company has spent a total of $1,707,514 on the property since it was acquired by Tyko in 2010.

Finnish Mining Act

Mining Act of Finland defines 'Exploration Permit' and 'Mining Permit'. Prior to acquiring an Exploration Permit a company may apply for a 'Reservation notification' and can be granted the Reservation Decision. The Finnish Safety and Chemicals Agency TUKES acts as Finland's mining authority. TUKES processes and grants Permits ("Reservations, Exploration Permits and Mining Licences") as defined in the Mining Act.

An appeal against each Permit granted by the mining authority can be submitted to the Administrative Court within 30 days from the decision. The Supreme Administrative Court is the next and final court to judge the case if no settlement is reached earlier.

A Reservation Decision gives a priority right to the recipient to apply for an Exploration Permit. The maximum length of a Reservation Decision is two years, during which time it is expected that the recipient would apply for an Exploration Permit.

An Exploration Permit gives the recipient full rights to conduct exploration activities including test mining and construction of temporary roads and buildings, provided however that such activities are specified in the underlying Exploration Permit. The fees for Exploration Permits include annual payments (malminetsintäkorvaus) to the landowners and reclamation collateral to the State, the amount of which will be decided by the mining authority. The landowner compensation is EUR 20/hectare/year for the first four years and is raised to EUR 30/ha/year for years 5-7, EUR 40/ha/year for the years 8-10, and to EUR 50/ha/year from year 11 onward.

The maximum length of an Exploration Permit is 15 years, but extensions can be applied for and received, if the mining authority, TUKES, so assesses.

Application for **the Mining Permit** is accompanied by environmental and a number of other permit applications. A mine can be opened when the company has received a Mining Permit, an Environmental Permit and other case dependent permits. Mining permits are granted until further notice, the government retains the right to review mining permits every 10 years.
Neil Pettigrew, P. Geo. a director of the Company and is the Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the technical information in this document.

REVIEW OF FINANCIAL AND OPERATIONS RESULTS

Year ended December 31, 2020 and 2019

Palladium One's net loss from operations for the year ended December 31, 2020 was $4,860,174 or $0.04 per common share (2019 – $1,570,943 or $0.04 per common share). Assets totaled $7,642,824 as of December 31, 2020 (December 31, 2019 - $3,904,383).

The primary contributors to the loss were the following:

- Exploration expenses increased by $3,220,985 primarily due to a drilling and surveying program at the LK Project.

- Increases in investor relations costs of $482,965 and professional fees by $117,269 were mainly due to increase in corporate activities and promotional efforts surrounding financing activities during the year ended December 31, 2020.

- During the year ended December 31, 2019, the Company granted stock options to certain directors, officers, consultants, and advisors and recognized a share-based compensation in the amount of $546,023. There were no stock options granted during the year.

- Travel and promotion significantly decreased by $31,756 mainly due to the shift of all conferences into virtual or online platform because of COVID-19 pandemic travel restrictions.

Three months ended December 31, 2020 and 2019

During the three months ended December 31, 2020, the Company reported a net loss of $1,785,411 (2019 - $864,027), an increased loss of $921,384. The primary contributors were the following:

- Exploration expenses increased by $1,278,643, due to greater activity at the LK and Tyko projects during the three months ended.

- Professional fees were higher by $140,211 mainly due to increase in corporate activities during the three months ended.

- Share-based compensation was lower by $370,336 because there were no stock options granted.

Exploration and evaluation expenditures

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

During the year ended December 31, 2020, the Company performed the following work on their properties:

	December 31, 2020	December 31, 2019
LK Project:		
Acquisition costs – Net Smelter Royalty (NSR) buyback	$ 130,000	$ -
Assays and surveying	641,245	5,959
Drilling	1,180,676	-
Equipment rental	28,164	-
Field costs	68,928	-
Geological consulting	499,357	167,384
Meals	-	684
Mobilization/demobilization	44,437	-
Permits / Reservations	229,276	22,088
Report	37,380	-
Travel and support	141,468	17,323
	3,000,931	213,438
Tyko Project:		
Assays and surveying	49,342	2,542
Claims	-	24,394
Drilling	167,371	-
Equipment rental	29,321	3,300
Field costs	5,021	6,340
Geological consulting	130,203	51,000
Mobilization/demobilization	216	2,000
Report	-	5,500
Staking and line cutting	5.868	-
Travel and support	10,793	4,163
	398,135	99,239
Disraeli Lake Project:		
Acquisition cost of Disraeli	5,000	-
Assays and surveying	49,230	-
Equipment rental	5,840	-
Field costs	702	-
Geological consulting	25,924	-
Mobilization/demobilization	5,967	-
Report	6,131	-
Staking and line cutting	33,254	-
Travel and support	2,548	-
	134,596	-
	$ 3,533,662	$ 312,677

Other income and expenses

During the year ended December 31, 2020, the Company had other income of $165,028. This was due to $132,702 amortization of flow-through premium liability and interest income of $32,326.

During the year ended December 31, 2019, the Company had other income of $111,510. This was due to the gain on debt settlement in the amount of $108,568 and $17,102 amortization of flow-through premium liability, offset by a loss on write off of interest of $14,160.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected financial data reported by the Company for the years ended December 31, 2020, 2019, and 2018. The information set forth should be read in conjunction with the consolidated audited financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and the related notes thereon.

		2020		2019		2018
Current assets	$	7,642,824	$	3,904,383	$	46,067
Total assets		7,642,824		3,904,383		46,735
Current liabilities		986,714		226,753		508,593
Capital stock		18,721,062		10,831,682		5,722,739
Reserves		1,257,816		1,308,542		707,054
Net income (loss)		(4,860,174)		(1,570,943)		(868,908)
Deficit		(13,322,768)		(8,462,594)		(6,891,651)
Earnings (loss) per share	$	(0.04)	$	(0.04)	$	(0.04)
Weighted average shares		129,174,665		42,700,781		24,699,674

SUMMARY OF QUARTERLY RESULTS

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

	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Operating expenses	$(1,921,420)	$(846,061)	$(542,592)	$(1,715,129)	$(873,030)	$(311,707)	$(379,182)	$(118,534)
Other income or (expense)	$136,009	$5,239	$6,116	$17,664	$9,003	$14	$(6,028)	$108,521
Net loss	$(1,785,411)	$(840,822)	$(536,476)	$(1,697,465)	$(864,027)	$(311,693)	$(385,210)	$(10,013)
Basic and diluted earnings (loss) per share	$(0.01)	$(0.01)	$(0.02)	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$0.00
Total assets	$7,642,824	$3,002,306	$3,416,635	$3,025,613	$3,904,383	$591,285	$809,281	$91,674
Shareholders' (deficiency)	$6,656,110	$2,229,396	$3,070,218	$2,629,440	$3,677,630	$442,222	$717,999	$(373,371)
Capital stock	$18,721,062	$12,456,711	$12,456,711	$11,483,351	$10,831,682	$7,158,048	$7,158,048	$5,722,739
Subscriptions received	-	-	-	-	-	-	-	$98,500
Reserves	$1,257,816	$1,310,042	$1,310,042	$1,306,148	$1,308,542	$882,741	$846,825	$707,054
Deficit	$13,322,768	$11,537,357	$10,696,535	$10,160,059	$8,462,594	$7,598,567	$7,286,874	$6,901,664

LIQUIDITY AND CAPITAL RESOURCES

Years ended December 31, 2020 and 2019

As at December 31, 2020, the Company reported working capital of $6,656,110 (December 31, 2019 – $3,677,630). The increase in working capital was the result of the financing during the fiscal year.

During the year ended December 31, 2020, cash used in operating activities was $4,442,303 (2019 - $1,313,328). The majority of cash used in operating activities were for exploration and evaluation expenditures.

During the year ended December 31, 2020, there were no investing activities (2019 – $4,175).

During the year ended December 31, 2020, cash proceeds generated from financing activities was $7,893,690 (2019 - $5,088,307). The sources of financing came from:

- A non-brokered private placement of 11,143,000 flow-through and charity flow-through units for the total net proceeds of $1,105,415,
- The issuance of 58,007,503 common shares upon warrants being exercised for the total proceeds of $6,782,275, and
- The issuance of 75,000 common shares upon options being exercised for the total proceeds of $6,000.

On May 2020, the Company raised $1,134,390 in flow-through financing, of this amount $424,584 was spent in flow-through eligible expenditures during the year ended December 31, 2020, leaving $709,806 to be spent in 2021.

Shareholders' equity

On May 3, 2019, the Company consolidated its share capital on a ratio of one (1) new post-consolidated common share for every two (2) old pre-consolidated common shares. The following shares and per share references have been retroactively restated accordingly unless noted otherwise.

On May 9, 2019, the Company issued 16,912,000 units for proceeds of $1,333,551 net of share issuance costs. Each unit consists of one common share and one common share purchase warrant, exercisable at $0.12 for two years.

On May 13, 2019, the Company issued 925,072 common shares at a value of $0.12 per share to settle $95,557 in accounts payable which resulted in loss on settlement of debt of $15,452.

On October 18, 2019, the Company issued 500,000 flow-through units for proceeds of $50,000, with no share issuance costs. Each unit consists of one flow-through common share and one common share purchase warrant, exercisable for two years at $0.12. A flow-through premium liability of $22,500 was recognized in respect of these flow-through shares.

On December 2, 2019, the Company issued 63,102,999 units for proceeds of $3,692,343 net of share issuance costs. Each unit comprised one common share and one-half of one non-transferable common share purchase warrant, exercisable at $0.10 for the first year then $0.20 for a further year, and one-quarter of one non-transferable Common Share purchase warrant, exercisable for $0.15 for one year. The company issued 2,487,000 shares valued at nil in connection with the private placement.

On January 16, 2020, the Company bought back an existing 2% Net Smelter Return ("NSR") royalty in respect of the historic Haukiaho deposit. The terms of the royalty buyback include a cash payment of C$50,000 and issuance of 375,000 common shares, with a fair value of $73,125.

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.

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. 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.
During the year ended December 31, 2020, the Company issued 58,007,503 units upon exercise of warrants for proceeds of $6,782,275 and issued 75,000 shares issued upon option exercise for proceeds of $6,000.

As at December 31, 2020, capital stock was $18,721,062 and comprised of 179,392,852 issued and outstanding common shares (December 31, 2019 - $10,831,682 comprised of 109,792,349 shares outstanding). Reserves which arise from the recognition of the estimated fair value of stock options and warrants was $1,257,816 (December 31, 2019 - $1,308,542). As a result of the net loss for the year ended December 31, 2020 of $4,860,174 (December 31, 2019 –$1,570,943), the deficit increased to $13,322,768 as at December 31, 2020 (December 31, 2019 - $8,462,594). Accordingly, shareholders' equity was $6,656,110 as compared to $3,677,630 on December 31, 2019.

Loan receivable

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

Other

At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. See "Risks and Uncertainties".

In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company may raise money through the sale of equity instruments. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term but recognizes there will be risks involved that may be beyond their control.

COMMITMENTS

As of December 31, 2020, the Company had no material lease obligations or significant contractual obligations.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off balance sheet arrangements.

FINANCIAL INSTRUMENTS

As at December 31, 2020, the Company's financial instruments consist of cash, sales tax receivable, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values because of their short-term nature and/or the existence of market related interest rates on the instruments. The Company's investments, under the fair value hierarchy, are based on level one input.

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

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

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

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

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

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

Credit Risk

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

Liquidity Risk

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

Other Market Price Risk

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

Currency risk

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

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. As at December 31, 2020, the Company is not exposed to significant interest rate risk.

RELATED PARTY TRANSACTIONS

Key management compensation

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

Remuneration of key management includes the following:

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

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

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

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

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

As at December 31, 2020, the Company owed $84,222 (December 31, 2019 - $29,963) to Fladgate Exploration Consulting Corp, which was related to exploration and evaluation expenses and for project management services. The amount owing was included in accounts payable and accrued liabilities and is unsecured, non-interest bearing and is expected to be repaid under normal trade terms.

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

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

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's accounting policies are described in Note 3 to the consolidated financial statements for the year ended December 31, 2020. The preparation of financial statements in accordance with IFRS requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. Areas where estimates were used for the year ended December 31, 2020 include the valuation of acquisition of mineral property transactions, valuation of share based payments and income taxes.

RECENT DEVELOPMENTS AND OUTLOOK

The Company expects to obtain financing in the future primarily through further equity financing. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its exploration and evaluation assets.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

PROPOSED TRANSACTIONS

There are no proposed transactions that should be disclosed.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at the date of this MD&A, the following common shares, options, and share purchase warrants were outstanding:

	Number of shares	Exercise price	Expiry date
Issued and outstanding common shares	237,243,852		
Share purchase warrants	2,000,000	$0.12	05/09/2021
Share purchase warrants	150,000	$0.12	10/18/2021
Share purchase warrants	812,500	$0.20[1]	12/02/2021
Share purchase warrants	91,000	$0.20[1]	12/02/2021
Share purchase warrants	2,317,500	$0.13[2]	05/20/2022
Share purchase warrants	21,550,000	$0.45	02/24/2023
Share purchase warrants	2,586,000	$0.29	02/24/2023
Stock options	237,500	$0.30	03/29/2021
Stock options	2,225,000	$0.08	06/07/2024
Stock options	1,000,000	$0.08	09/30/2024
Stock options	4,475,000	$0.15	12/29/2024
Stock options	775,000	$0.29	03/15/2024
Fully diluted	275,463,352		

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

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Operations and Comprehensive Loss contained in its audited financial statements for December 31, 2020, that are available on SEDAR (*www.sedar.com*).

ADDITIONAL INFORMATION

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