PALLADIUM ONE MINING INC.

(An Exploration Stage Company)

(Expressed in Canadian Dollars)

Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2023 and 2022

Index

NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

The attached condensed interim consolidated financial statements for the three months ended March 31, 2023 have not been reviewed by the Company's auditors.

PALLADIUM ONE MINING INC.

(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2023 and December 31, 2022
(Expressed in Canadian Dollars)

	Note(s)		March 31 2023		December 31 2022
Assets					
Current assets:					
Cash		**$**	**9,136,881**	$	11,388,062
Sales tax recoverable			**196,483**		508,544
Prepaid expense and deposits	7		**180,593**		126,479
Deferred share issuance costs			**43,765**		-
Total current assets			**9,557,722**		12,023,085
Non-current assets:					
Reclamation deposits			**31,623**		31,089
Total assets		**$**	**9,589,345**	**$**	**12,054,174**
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	6, 13	**$**	**466,863**	$	1,174,655
Flow-through premium liability	8		**1,430,630**		1,894,806
Total liabilities			**1,897,493**		3,069,461
Shareholders' equity:					
Capital Stock	10		**38,422,785**		38,422,785
Reserves	10		**2,617,997**		2,577,509
Deficit			**(33,348,930)**		(32,015,581)
Total shareholders' equity			**7,691,852**		8,984,713
Total liabilities and shareholders' equity		**$**	**9,589,345**	**$**	**12,054,174**

Nature and continuance of operations (Note 1)
Subsequent events (Note 15)

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)
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note(s)		**3 months ended March 31, 2023**		3 months ended March 31, 2022
Expenses					
Exploration and evaluation	4, 5, 13	**$**	**1,278,786**	$	1,412,253
Professional fees			**199,073**		42,256
Management and consulting	13		**188,457**		224,116
Investor relations			**130,677**		168,790
General and administrative	13		**56,442**		67,662
Share-based compensation	10, 13		**40,488**		142,830
Transfer agent and filing fees			**29,191**		32,725
Corporate development			**-**		150,000
Depreciation			**-**		254
Foreign exchange loss			**(1,933)**		11,207
Total expenses			**(1,921,181)**		(2,252,093)
Other items					
Amortization of flow-through premium liability	8		**464,176**		241,045
Government grants	9		**-**		60,000
Interest income			**123,656**		28,563
Total other items			**587,832**		329,608
Loss and comprehensive loss for the period		**$**	**(1,333,349)**	$	(1,922,485)
Loss per share – basic and diluted		**$**	**(0.00)**	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted			**283,753,807**		256,521,352

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

PALLADIUM ONE MINING INC.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

		3 months ended March 31, 2023		3 months ended March 31, 2022
Operating activities				
Loss for the period	**$**	**(1,333,349)**	$	(1,922,485)
Items not requiring an outlay of cash:				
Amortization of flow-through premium liability		**(464,176)**		(241,045)
Depreciation of Equipment		**-**		254
Foreign exchange loss		**(534)**		1,159
Share-based compensation		**40,488**		142,830
		(1,757,571)		(2,019,287)
Net change in non-cash working capital balances				
Accounts payable and accrued liabilities		**(751,557)**		766,049
Prepaid expense and deposits		**(54,114)**		(77,041)
Sales tax recoverable		**312,061**		237,743
Net cash used in operating activities		**(2,251,181)**		(1,092,536)
Cash, beginning of the period		**11,388,062**		15,060,023
Cash, end of the period	**$**	**9,136,881**	$	13,967,487
Supplemental disclosures with respect to cash flows:				
Cash paid during the period for income taxes	$	-	$	-
Cash paid during the period for interest	$	-	$	-
Non-cash items:				
Share issuance costs included in accounts payable and accrued liabilities	**$**	**26,100**	$	26,100
Deferred share issuance costs included in accounts payable and accrued liabilities	**$**	**43,765**	$	-

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

PALLADIUM ONE MINING INC.

(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Number of shares	Capital stock	Reserves	Deficit	Shareholder's equity
Balance at December 31, 2021	**256,521,352**	**$ 35,665,534**	**$ 2,054,316**	**$ (24,005,695)**	**$ 13,714,155**
Share-based compensation	-	-	142,830	-	142,830
Loss for the period	-	-	-	(1,922,485)	(1,922,485)
Balance at March 31, 2022	**256,521,352**	**$ 35,665,534**	**$ 2,197,146**	**$ (25,928,180)**	**$ 11,934,500**
Balance at December 31, 2022	**283,753,807**	**$ 38,422,785**	**$ 2,577,509**	**$ (32,015,581)**	**$ 8,984,713**
Share-based compensation	-	-	40,488	-	40,488
Loss for the period	-	-	-	(1,333,349)	(1,333,349)
Balance at March 31, 2023	**283,753,807**	**$ 38,422,785**	**$ 2,617,997**	**$ (33,348,930)**	**$ 7,691,852**

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 May 26, 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 condensed interim 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

a) Basis of measurement

These condensed interim 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 condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

b) Statement of compliance

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for interim information, specifically International Accounting Standards ("IAS") 34 – *Interim Financial Reporting*. In addition, the condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2022. In management's opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected of the year ended December 31, 2023.

c) Principals of consolidation

These condensed interim 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.

2. Basis of presentation (continued)

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.

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

d) Critical accounting estimates and judgements

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

The effect of a change in an accounting estimate is recognized prospectively by including it in 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 condensed interim consolidated financial statements, the Company made judgements related to the going concern of the Company as discussed in Note 1.

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.

(Expressed in Canadian Dollars)

3. Summary of significant accounting policies

The accounting policies in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2022.

4. Exploration and evaluation expenditures

The Company incurred the following expenditures on its properties during the three months ended March 31, 2023 and 2022:

E&E Expenditures Three months ended March 31, 2023	LK Project	Tyko Project	Canalask Project	Total
Drilling and assays	$ -	$ 23,553	$ -	**$ 23,553**
Environmental	48,255	-	-	**48,255**
Equipment rental	-	20,561	-	**20,561**
Exploration camp and field costs	-	17,708	-	**17,708**
Field costs	123	-	-	**123**
Geological consulting	9,338	147,535	-	**156,873**
Geological salaries	-	38,617	-	**38,617**
Geophysical surveys	-	304,730	-	**304,730**
Mobilization/Demobilization	-	604,120	-	**604,120**
Permits and reservations	-	15,980	6,460	**22,440**
Permits/Reservations	39,707	-	-	**39,707**
Travel and support	225	1,874	-	**2,099**
	$ 97,648	**$ 1,174,678**	**$ 6,460**	**$ 1,278,786**

E&E Expenditures Three months ended March 31, 2022	LK Project	Tyko Project	Canalask Project	Total
Drilling and assays	$ 11,391	$ 5,776	$ -	**$ 17,167**
Equipment rental	9,100	35,530	-	**44,630**
Exploration camp and field costs	-	287,942	-	**287,942**
Field costs	1,056	-	-	**1,056**
Geological consulting	215,611	43,738	-	**259,349**
Geological salaries	-	32,324	-	**32,324**
Geophysical surveys	30,680	388,017	-	**418,697**
Land management	-	2,760	-	**2,760**
Mineral resource estimate	7,431	-	-	**7,431**
Mobilization/Demobilization	-	107,425	-	**107,425**
Other exploration & evaluation	102,370	-	-	**102,370**
Permits/Reservations	112,610	-	-	**112,610**
Travel and support	15,697	2,795	-	**18,492**
	$ 505,946	**$ 906,307**	**$ -**	**$ 1,412,253**

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.

(Expressed in Canadian Dollars)

4. Exploration and evaluation expenditures (continued)

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.

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.

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:

	March 31, 2023	December 31, 2022
Accounts Payable	$ 207,684	$ 762,423
Accrued Liabilities	259,179	412,232
	$ 466,863	$ 1,174,655

7. Prepaid expense and deposits

The breakdowns of prepaid expense and deposits are as follows:

	March 31, 2023	December 31, 2022
Exploration prepaids	$ 108,036	$ 89,874
Conferences and investor relations	40,863	13,584
Other	31,694	23,021
	$ 180,593	$ 126,479

(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:

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of period	$ 1,894,806	$ 1,623,386
Deferred premium liability recognized on flow-through issuances	-	1,894,806
Income recognized based on corresponding eligible expenditures	(464,176)	(1,623,386)
Balance, end of period	$ 1,430,630	$ 1,894,806

As at March 31, 2023, the Company has an obligation to spend $3,803,359 (December 31, 2022 - $4,950,050) by December 31, 2023 in relation to the flow-through financing in December 2022.

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.

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 March 31, 2023, the Company had 283,753,807 (December 31, 2022 – 283,753,807) common shares issued and outstanding.

a) Shares

There were no share transactions for the three months ended March 31, 2023 and 2022.

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, 2021	28,676,000	$ 0.43
Granted	14,260,167	0.19
Outstanding warrants, December 31, 2022	42,936,167	0.35
Expired	(27,776,000)	0.43
Outstanding warrants, March 31, 2023	15,160,167	$ 0.20

As at March 31, 2023, 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**
12/16/2023	900,000	0.71	$ 0.29
12/23/2025	10,500,000	2.73	0.20
12/23/2024	2,500,167	1.73	0.20
12/23/2024(1)	1,260,000	1.73	0.14
	15,160,167	2.37	$ 0.20

(1) 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.

(Expressed in Canadian Dollars)

10. Capital stock and reserves (continued)

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 three months ended March 31, 2023 or 2022. During the three months ended March 31, 2023, 227,300 RSUs were forfeited (three months ended March 31, 2022 – nil).

For the three months ended March 31, 2023, the Company recognized share-based compensation expense related to RSUs in the amount of $22,329. (three months ended March 31, 2022 - $54,661).

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 three months ended March 31, 2023 and 2022.

The Company recognized share-based compensation expense of $18,156 during the three months ended March 31, 2023 (three months ended March 31, 2022 - $88,169) related to stock options.

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, 2021	12,575,000	$ 0.17
Forfeited	(900,000)	0.17
Outstanding options, December 31, 2022	11,675,000	0.17
Forfeited	(150,000)	0.22
Outstanding options, March 31, 2023	11,525,000	$ 0.17

As at March 31, 2023, 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	1.19	$0.08	1,875,000
9/30/2024	925,000	1.50	0.08	925,000
12/29/2024	4,100,000	1.75	0.15	4,100,000
3/15/2026	700,000	2.96	0.29	700,000
11/15/2026	3,925,000	3.63	0.22	2,616,668
	11,525,000	**2.35**	$0.17	**10,216,668**

11. Nature and extent of risks arising from financial instruments

As at March 31, 2023, 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 $9,135,881 as at March 31, 2023 (December 31, 2022 - $11,388,062) and is held through large financial institutions in Canada and Finland. At March 31, 2023, the Company's receivables consist of sales tax receivable due from the Governments of Canada and Finland of $196,483 (December 31, 2022 - $508,544). 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 March 31, 2023, the Company had working capital of $7,660,229 (December 31, 2022 - $8,953,624). However, the Company has an accumulated deficit of $33,348,930 (December 31, 2022 - $32,015,581). 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 March 31, 2023, the Company held in Euros the Canadian dollar equivalent of $79,835 (December 31, 2022 - $156,874) in cash, $31,622 in reclamation deposits (December 31, 2022 - $31,089), $225 in sales tax recoverable (December 31, 2022 - $11,156), and $47,512 in accounts payable and accrued liabilities (December 31, 2022 - $75,481). A 10% increase or decrease in the Euro would increase or decrease net loss by $6,400 (December 31, 2022 - $12,400).

(Expressed in Canadian Dollars)

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

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. As at March 31, 2023, the Company is not exposed to significant interest rate risk.

12. 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 three months ended March 31, 2023. 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.

13. 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:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Management and consulting (1)	$ 138,325	$ 140,250
Share based compensation (2)	36,995	76,074
Total remuneration	$ 175,320	$ 216,324

(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 March 31, 2023, the Company owed $91,195 (December 31, 2022 - $128,111) and during the three months ended March 31, 2023, has paid or accrued $147,001 (three months ended March 31, 2023 - $178,602) 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 March 31, 2023, the Company owed $Nil (December 31, 2022 - $Nil) and during the three months ended March 31, 2023, has paid or accrued $9,000 (three months ended March 31, 2022 - $9,000) 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 March 31, 2023, the Company owed officers of the Company $6,450 (December 31, 2022 - $4,950) 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.

14. Segmented information

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

15. Subsequent events

Acquisition of MetalCorp Limited

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"). Further, under the arrangement, all options to acquire MetalCorp shares outstanding immediately prior to the closing of the transaction are to be exchanged for stock options to purchase PDM Shares at the Exchange Ratio. The Transaction closed on May 2, 2023, and on that date 38,679,050 common shares of PDM were issued in exchange for the outstanding shares of MetalCorp, resulting in MetalCorp becoming a wholly-owned subsidiary of Palladium One.

On May 2, 2023, MetalCorp stock options were exchanged for 3,585,000 stock options to purchase PDM Shares with the following terms:

- 60,000 stock options, exercisable at a price of $0.17 per common share, vesting immediately, with an expiry date of August 27, 2023,
- 1,035,000 stock options, exercisable at a price of $0.23 per common share, vesting immediately, with an expiry date of August 27, 2026, and
- 2,490,000 stock options, exercisable at a price of $0.17 per common share, vesting immediately, with an expiry date of May 26, 2027.

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.

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.

On May 12, 2023, pursuant to the terms of the Investor Rights Agreement, and subsequent to the Acquisition of MetalCorp, Glencore elected to exercise its pro-rata equity participation rights and has subscribed for 7,439,071common shares in the capital of the Company to maintain its ownership interest in the Company. The Common Shares were issued at a price of $0.11 per common share for aggregate proceeds of $818,298 ("the Financing). Following the Private Placement and Financing, Glencore holds approximately 9.99% of the Company's equity on a partially diluted basis.

The Common Shares issued pursuant to the Private Placement and Financing 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.

Grant of Incentive Awards

On May 2, 2023, 275,000 Restricted Share Units ("RSUs") were granted to certain employees, advisors, and consultants of Palladium One with a three-year vesting period. In addition, 2,075,000 stock options were issued to certain employees,

15. Subsequent events (continued)

advisors, consultants, officers and directors of the Company, exercisable at a price of $0.11 per common share with 1/3 vesting immediately and 1/3 every year thereafter with a five-year term.