

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Canadian Palladium Resources Inc. (the "Issuer").

Trading Symbol: BULL

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

See Financial Statements for the quarter ended March 31, 2021 attached as Schedule A.

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

All Related Party transactions, if any, have been disclosed in the Issuer's Financial Statements for the quarter ended March 31, 2021 – see Schedule A.

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

All securities issued and options granted, if any, have been disclosed in the Issuer's Financial Statements for the quarter ended March 31, 2021 – see Schedule A.

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

- (b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Authorized Share Capital	Issued and Outstanding	Options	Warrants	Escrowed Shares

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name	Position
Wayne Tisdale	President, CEO and Director
Michelle Gahagan	Director
Jamie Newall	Director
Bryce Tisdale	Director
Garry Clark	Director
Kelsey Chin	CFO & Corporate Secretary

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

See Management Discussion and Analysis for the quarter ended March 31, 2021 attached as Schedule C.

Certificate Of Compliance

The undersigned hereby certifies that:

- 1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
- 2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
- 3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
- 4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated May 31, 2021.

Kelsey Chin
Name of Director or Senior Officer

"Kelsey Chin"
Signature

CFO
Official Capacity

Issuer Details Name of Issuer Canadian Palladium Resources Inc.		For Quarter Ended March 31, 2021	Date of Report 2021/05/31
Issuer Address 1558 West Hastings Street			
City/Province/Postal Code Vancouver, B.C., V6G 3J4		Issuer Fax No. (604) 639-4451	Issuer Telephone No. (604) 639-4457
Contact Name Kelsey Chin		Contact Position CFO	Contact Telephone No. (604) 639-4457
Contact Email Address kchin@intrepidfinancial.ca		Web Site Address www.canadianpalladium.com	

SCHEDULE A

FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 2021

CANADIAN PALLADIUM RESOURCES INC.

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

**Six Month Period Ended
March 31, 2021**

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Canadian Palladium Resources Inc.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2021	September 30, 2020
	(\$)	(\$)
ASSETS		
Current assets		
Cash	1,606,836	586,938
Receivables (Note 5)	84,679	68,558
Short-term investments (Note 6)	2,123,028	693,648
Prepaid expenses	116,940	16,940
	3,931,483	1,366,084
Restricted deposits (Note 7)	15,000	15,000
Exploration and evaluation assets (Note 9)	2,417,582	1,707,582
Equipment (Note 8)	13,780	15,055
	6,377,845	3,103,721
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 10 and 12)	211,703	729,643
Flow-through liability (Note 11)	312,843	-
	524,546	729,643
Shareholders' equity		
Share capital (Note 11)	35,378,618	31,534,974
Share-based payments reserve (Note 11)	4,131,906	3,559,260
Accumulated other comprehensive income	5,882	6,249
Deficit	(33,663,107)	(32,726,405)
	5,853,299	2,374,078
	6,377,845	3,103,721

Nature of operations and going concern (Note 1)

Commitments (Note 16)

Subsequent Events (Note 18)

These consolidated financial statements were authorized for issue by the Board of Directors on May 31, 2021. They are signed on behalf of the Board of Directors by:

"Michelle Gahagan"
Director

"Wayne Tisdale"
Director

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

Canadian Palladium Resources Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Period Ended March 31, 2021	Three Month Period Ended March 31, 2020	Six Month Period Ended March 31, 2021	Six Month Period Ended March 31, 2020
	(\$)	(\$)	(\$)	(\$)
EXPENSES				
Amortization (Note 8)	-	-	1,275	5,316
Consulting fees (Note 12)	101,820	192,294	191,258	275,095
Exploration and evaluation (Note 9)	446,800	374,396	1,368,758	459,374
Foreign exchange (gain) loss	(9,833)	(614)	12,691	10,234
Insurance	(1,948)	-	9,547	10,450
Investor relations	159,281	58,079	276,876	137,763
Management fees (Note 12)	52,500	52,500	105,000	105,000
Office and miscellaneous (Note 12)	43,561	72,998	93,893	118,101
Professional fees	19,586	30,000	19,586	30,000
Share-based compensation (Note 11 and 12)	68,051	325,591	420,936	391,234
Transfer agent and filing fees	32,836	13,915	41,774	37,676
Travel	6,484	64,739	14,400	79,481
Loss from operations	(919,138)	(1,183,897)	(2,555,994)	(1,659,723)
Unrealized gain (loss) on short-term investments (Note 6)	65,706	104,940	1,473,965	(147,575)
Other income (Note 11)	46,567	-	145,327	-
Net loss	(806,865)	(1,078,957)	(936,702)	(1,807,298)
Other Comprehensive Income				
Foreign currency translation differences	(7,961)	-	(367)	-
Total Comprehensive Loss	(814,826)	(1,078,957)	(937,069)	(1,807,298)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)	(0.02)
Weighted average common shares outstanding:				
Basic	135,197,455	90,261,442	130,796,335	77,784,838
Diluted	135,197,455	90,261,442	130,796,335	77,784,838

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

Canadian Palladium Resources Inc.

Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Amount (\$)	Share Subscriptions Receivable (\$)	Share-based Payments Reserve (\$)	Foreign Currency Translation (\$)	Deficit (\$)	Total Shareholders' Equity (\$)
Balance at September 30, 2019	65,443,849	27,625,600	-	2,944,712	-	(28,569,973)	2,000,339
Exercise of options	250,000	45,000	-	-	-	-	45,000
Shares issued pursuant to a private placement	34,650,797	3,717,600	-	170,473	-	-	3,888,073
Shares issued for exploration and evaluation assets	750,000	112,500	-	-	-	-	112,500
Share-based compensation	-	-	-	391,234	-	-	391,234
Loss and comprehensive loss for the period	-	-	-	-	-	(1,807,298)	(1,807,298)
Balance at March 31, 2020	101,094,646	31,500,700	-	3,506,419	-	(30,377,271)	4,629,847
Exercise of options	-	37,250	-	(37,250)	-	-	-
Shares issued pursuant to a private placement, net of share issuance costs	-	(2,976)	-	(44,626)	-	-	(47,602)
Shares issued for exploration and evaluation assets	-	-	-	-	-	-	-
Share-based compensation	-	-	-	134,717	-	-	134,717
Foreign currency translation	-	-	-	-	6,249	-	6,249
Loss and comprehensive loss for the period	-	-	-	-	-	(2,349,134)	(2,349,134)
Balance at September 30, 2020	101,094,646	31,534,974	-	3,559,260	6,249	(32,726,405)	2,374,078
Exercise of warrants	5,250	1,125	-	(495)	-	-	630
Shares issued pursuant to a private placement, net of share issuance costs	31,525,001	3,332,519	-	152,205	-	-	3,484,724
Shares issued for exploration and evaluation assets	4,000,000	510,000	-	-	-	-	510,000
Share-based compensation	-	-	-	420,936	-	-	420,936
Foreign currency translation	-	-	-	-	(367)	-	(367)
Loss and comprehensive loss for the period	-	-	-	-	-	(936,702)	(936,702)
Balance at March 31, 2021	136,624,897	35,378,618	-	4,131,906	5,882	(33,663,107)	5,853,299

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

Canadian Palladium Resources Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Six Month Period Ended March 31, 2021	Six Month Period Ended March 31, 2020
	(\$)	(\$)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the period	(936,702)	(728,341)
Items not affecting cash:		
Share-based compensation	420,936	65,643
Amortization	1,275	5,316
Loss (gain) on short-term investments	(1,473,965)	252,515
Unrealized foreign exchange	(905)	-
Gain on sale of exploration and evaluation assets	(145,327)	-
Changes in non-cash working capital items:		
Receivables	(16,094)	661
Prepaid expenses	(99,779)	62,823
Accounts payable and accrued liabilities	(517,653)	116,887
CASH USED IN OPERATING ACTIVITIES	(2,768,214)	(224,496)
FINANCING ACTIVITIES		
Issuance of common shares	4,441,800	-
Share issuance costs	(498,277)	-
Proceeds from notes payable	-	21,100
CASH PROVIDED BY FINANCING ACTIVITIES	3,943,523	21,100
INVESTING ACTIVITIES		
Exploration and evaluation	(200,000)	-
Purchase of short-term investments	(200,000)	(73,783)
Proceeds from the disposal of short-term investments	244,586	52,665
Purchase of equipment	-	(427)
Proceeds from the disposal of equipment	-	1,509
CASH PROVIDED BY (USED IN) IN INVESTING ACTIVITIES	(155,414)	(20,036)
CHANGE IN CASH DURING THE PERIOD	1,019,895	(223,432)
CASH - BEGINNING OF PERIOD	586,938	227,838
CASH - END OF PERIOD	1,606,833	4,406

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

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Canadian Palladium Resources Inc. (the "Company") was incorporated on August 25, 2005 under the laws of British Columbia. The Company's head office and registered and records office is located at 1558 West Hastings Street, Vancouver, BC, V6G 3J4, Canada. The Company is traded on the Canadian Securities Exchange ("CSE") under the symbol 'BULL'. The Company is a mineral exploration company focused on acquiring and exploring exploration and evaluation assets in Europe and North America.

At the date of these condensed interim consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on exploration and evaluation assets is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors the commodity prices and other developments in the natural resources market, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

Based on its working capital at March 31, 2021, the Company estimates that it will need additional capital to operate for the next 12 months. The Company's ability to continue as a going concern is uncertain and is dependent upon the generation of profits from mineral properties, obtaining additional financing or maintaining continued support from its shareholders and creditors. While the Company has been successful in obtaining financing in the past, there is no assurance that such financing will continue to be available or be available on favourable terms in the future. An inability to raise additional financing may impact the future assessment of the Company as a going concern. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company's assets may be adversely affected. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

On March 11, 2020, various authorities declared a pandemic related to COVID-19 resulting in restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. These restrictions are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. As a result of COVID-19, the Company temporarily suspended its drilling program on its East Bull palladium property in March 2020 and resumed its drilling program in May 2020 after implementing COVID-19 safety procedures to mitigate risks onsite.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore,

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2020, prepared in accordance with IFRS as issued by the IASB.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 31, 2021.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for financial instruments classified as held for trading that have been measured at fair value. Cost is the fair value of consideration given in exchange for net assets.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent company and its subsidiaries, with the exception of the Company's wholly-owned subsidiary, Tisová Pty. Ltd., whose functional currency is the Czech Koruna.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Declan Resources (Wyoming) LLC	U.S.A.	100%	Dormant
East Bull Resources Inc.	Canada	100%	Exploration
Tisová Pty. Ltd.	Australia	100%	Exploration
TGER Pty. Ltd.	Australia	100%	Exploration
5498 Nunavut Inc.	Nunavut	100%	Dormant

Significant Accounting Judgments, Estimates and Assumptions

In the application of the Company's accounting policies which are described in Note 3, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses and are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and management's assessment of current events and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in these consolidated financial statements include:

Estimates:

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

Deferred income tax

The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

Judgements:

Determination of functional currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar with the exception of the Company's wholly-owned subsidiary, Tisová Pty. Ltd., whose functional currency is the Czech Koruna. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

The carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuing year, involves significant judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's annual consolidated financial statements for the year ended September 30, 2020.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The Company has not adopted any new or revised standards, along with any consequential amendments for the period ended March 31, 2021.

5. RECEIVABLES

As at March 31, 2021 and September 30, 2020, receivables consist of the following:

	March 31, 2021	September 30, 2020
	(\$)	(\$)
GST receivable	81,204	55,425
Other receivables	3,475	16,133
	<u>84,679</u>	<u>68,558</u>

6. SHORT-TERM INVESTMENTS

Short term investments are investments in quoted equity shares. The fair value of the quoted equity shares has been directly determined by reference to published price quotations in an active market. The Company has classified its short-term investments as held for trading and presents fair value changes through profit or loss.

Name	March 31, 2021		September 30, 2020	
	Number of Shares	Amount	Number of Shares	Amount
		(\$)		(\$)
Versus Systems Inc.	149,500*	1,375,400	1,305,000	539,565
Moovly Media Inc.	1,235,500	704,295	1,550,000	100,750
Bathurst Metals Corp.	333,333	43,333	333,333	53,333
		<u>2,123,028</u>		<u>693,648</u>

*Versus Systems Inc. completed a 16:1 share consolidation on December 18, 2020.

During the six-month period ended March 31, 2021, the Company received net proceeds of \$244,586 (2020 - \$231,123) from the disposition of short-term investments. During the six-month period ended March 31, 2021, the Company also recorded an unrealized gain of \$1,473,965 (2020 - loss of \$147,575) on its short-term investments. The investment in Versus Systems Inc. is related by virtue of a common director.

7. RESTRICTED DEPOSITS

As at March 31, 2021, restricted deposits consisted of \$15,000 (September 30, 2020 - \$15,000) held in a guaranteed investment certificate as collateral for a corporate credit card.

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

8. EQUIPMENT

	Vehicles
	(\$)
Cost:	
At September 30, 2019	24,634
Additions	427
Disposals	(1,848)
At March 31, 2021 and September 30, 2020	23,213
Accumulated depreciation:	
At September 30, 2019	3,100
Depreciation for the year	5,316
Disposal	(258)
At September 30, 2020	8,158
Depreciation for the period	1,275
At March 31, 2021	9,433
Net book value:	
At September 30, 2020	15,055
At March 31, 2021	13,780

9. EXPLORATION AND EVALUATION ASSETSTurner Lake Property

On July 5, 2017, the Company acquired all of the shares of 5498 Nunavut Inc. ("5498") in exchange for consideration of \$25,000. 5498's only asset is the Turner Lake property located in Nunavut, of which 5498 is the registered and beneficial owner of a 100% interest in and to the mineral claims in the Turner Lake property.

During the year ended September 30, 2018, the Company entered into a mineral purchase agreement with Bathurst Metals Corp. ("Bathurst") (formerly Pacific Cascade Ventures) whereby Bathurst would purchase 100% of the interest in and to the mineral claims of the Turner Lake Property in exchange for 1,000,000 common shares of Bathurst to be delivered to the Company within 10 days after Bathurst receives regulatory approval for the transaction. The Company will also be reimbursed \$46,720 by Bathurst, representing prior cash expenditures incurred on the property. Upon commencement of commercial production, Bathurst shall pay a royalty to the Company equal to 1% of net smelter returns royalty ("NSR"), which may be purchased for the sum of \$1,000,000 at any time after commercial production. On July 28, 2020, the Company completed the sale of the Turner Lake Property and received 1,000,000 common shares of Bathurst with a fair market value of \$45,000 and cash reimbursements of \$46,720. The Company recorded a gain on sale of mineral property of \$64,780.

Tisová/TGER European Copper-Cobalt Properties

On July 6, 2018 the Company entered into an arm's length share purchase agreement to purchase 100% of the shares of Tisová Pty. Ltd. ("Tisová") And TGER Pty. Ltd. ("TGER"). Tisová and TGER are private companies which have been granted 100% interest in and to certain mineral concessions located in the Czech Republic and Germany.

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Pursuant to the agreement, and in exchange for the Tisová and TGER shares, the Company is committed to issue, in aggregate, to the shareholders of Tisová and TGER the following:

- \$60,000 cash to the vendors upon execution of the agreement (paid);
- Upon satisfaction of certain conditions precedent, issue 1,500,000 common shares of the Company to the vendors on the closing date (issued);
- Spend \$1,000,000 on the properties by July 1, 2019, and issue an aggregate of 2,500,000 common shares of the Company to the vendors at such time (issued);
- Spend an additional \$1,000,000 on the properties each year for the next three years and no later than July 1, 2022 and issue an additional 4,000,000 common shares of the Company to the vendors.

If the Company fails to satisfy any of the above requirements, the shares of Tisová and TGER will be returned to the original vendors. On October 23, 2018, the Company issued 1,500,000 common shares with fair value of \$450,000 in exchange for 100% ownership of Tisová and TGER, subject to the above terms, and their respective mineral concessions. A finder's fee was issued in connection with this closing through the issuance of 46,875 common shares with a fair value of \$14,063. The related mineral concessions are subject to a 1.5% NSR of which one-half can be purchased for \$750,000.

The Company incurred the minimum exploration expenditures on the properties by June 1, 2019 and issued an aggregate of 2,500,000 common shares with a fair value of \$525,000 pursuant to the terms of the agreement. The Company paid a finder's fee by way of the issuance of 78,125 common shares with a fair value of \$16,406.

Pursuant to the Tisová share purchase agreement, a loan deed must be repaid to the original founders of Tisová Pty Ltd. in the amount of \$11,860, representing the initial seed capital required on incorporation of Tisová's wholly-owned subsidiary, Golden Pet S.R.O. The seed capital was subsequently converted into a loan deed by Tisová Pty Ltd. As of March 31, 2021, \$Nil (September 30, 2020 - \$5,930) remains outstanding and is included in accounts payable.

Effective February 1, 2021, the Company agreed to amend the terms of its previously entered into share purchase agreements dated July 6, 2018, pursuant to which the Company agreed to acquire both Tisová Pty. Ltd. and TGER Pty. Ltd., being the owners of certain mineral concessions located in the Czech Republic and Germany.

Under the terms of the purchase agreements, the Company still had the obligation to incur an aggregate \$3-million in exploration expenditures on the properties over a three-year period ending July 1, 2022, and issue an aggregate of four million common shares of the Company to the vendors immediately upon incurring such exploration expenditures. The Company has agreed with the vendors that, notwithstanding the provisions of the purchase agreements, upon the Company immediately issuing an aggregate of three million common shares to the vendors (issued with a fair value of \$390,000), the purchaser shall own all of the shares of Tisová and TGER (and indirectly, the properties) unconditionally and absolutely and shall have no further obligations to the vendors under the purchase agreements.

The Company and the vendors have also agreed that one-third of the common shares being issued to the vendors shall be restricted from being traded before Aug. 1, 2021, another one-third of the common shares shall be restricted from being traded before Nov. 1, 2021, and the final one-third of the common shares shall be restricted from being traded before Feb. 1, 2022.

Agnew Lake Property

During the year ended September 30, 2019, the Company acquired a palladium project in Ontario through staking. The Agnew Lake property comprises over 260 claims (about 6,000 hectares) and is part of the larger East Bull Lake-Agnew Lake mafic-ultramafic complex.

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)East Bull Palladium Property

On February 26, 2019, the Company entered into an option agreement through its newly incorporated and wholly-owned subsidiary, East Bull Resources Inc. with Pavey Ark Minerals Inc. ("Pavey Ark") to acquire a 100% interest in the East Bull palladium property in the Sudbury mining division, Ontario (the "Agreement"). Pursuant to the Agreement, and over a period of four years (should the Company elect to continue), the Company is obliged to incur \$1,750,000 in exploration expenditures, issue \$1,000,000 in cash payments, and issue an aggregate of 4.5 million common shares of the Company to Pavey Ark in accordance with the following schedule:

Minimum Exploration Expenditures	Common Shares Issued	Cash Issued	Due Date
-	-	\$25,000	On Term Sheet signing (paid)
-	750,000	\$75,000	Within 5 days of signing (paid and issued)
\$250,000	750,000	\$150,000	On or before March 1, 2020 (paid and issued)
\$500,000	1,000,000	\$200,000	On or before March 1, 2021 (paid and issued)
\$500,000	1,000,000	\$250,000	On or before March 1, 2022
\$500,000	1,000,000	\$300,000	On or before March 1, 2023
\$1,750,000	4,500,000	\$1,000,000	

If the Company fails to satisfy any of the above requirements, the East Bull property will be returned to the original vendors.

During the six-month period ended March 31, 2021, the Company incurred \$1,368,758 (2020 - \$459,374) in exploration expenses on all of its mineral properties.

A schedule of exploration and evaluation assets as at March 31, 2021 and the year ended September 30, 2020 is as follows:

	Turner Lake	TGER	Tisová	East Bull	Agnew Lake	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
At September 30, 2019	26,940	543,947	596,037	291,648	13,450	1,472,022
Acquisition costs:						
Cash	-	-	-	150,000	-	150,000
Common shares	-	-	-	112,500	-	112,500
Disposal	(26,940)	-	-	-	-	(26,940)
At September 30, 2020	-	543,947	596,037	554,148	13,450	1,707,582
Acquisition costs:						
Cash	-	-	-	200,000	-	200,000
Common shares	-	195,000	195,000	120,000	-	510,000
At March 31, 2021	-	738,947	791,037	874,148	13,450	2,417,582

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at March 31, 2021 and September 30, 2020, the Company's accounts payable and accrued liabilities is comprised of the following:

	March 31, 2021	September 30, 2020
	(\$)	(\$)
Accounts payable	170,186	587,878
Related party payable (Note 12)	29,475	84,723
Accrued liabilities	-	45,000
Interest payable (Note 12)	12,042	12,042
	<u>211,703</u>	<u>729,643</u>

11. SHARE CAPITAL AND RESERVES**a) Authorized share capital**

An unlimited number of common shares without par value.

b) Issued share capital

During the six-month period ended March 31, 2021, the following transactions took place:

On October 6, 2020, the Company completed a private placement, with Eight Capital acting as agent, raising aggregate gross proceeds of \$3,391,170 through a combination of units and flow-through common shares of the Company. The Company issued a total of 13,878,000 flow-through shares at a price of \$0.135 per flow-through share and a total 12,647,000 units at a price of \$0.12 per unit. Each unit consists of one non-flow-through common share of the Company and one non-flow-through common share purchase warrant. Each warrant shall entitle the holder thereof to acquire one share at a price of \$0.18 for a period of 36 months following the closing date. The gross proceeds from the sale of the flow-through shares will be used for expenditures which qualify as "Canadian exploration expenses (CEE)" and "flow-through mining expenditures" both within the meaning of the Income Tax Act (Canada). The Company will renounce such CEE with an effective date of no later than December 31, 2020. As consideration for its services, the Company paid Eight Capital a cash commission of \$148,604 and an advisory fee of \$22,400 and issued to Eight Capital an aggregate of 1,118,250 compensation warrants and 185,500 advisory warrants. Each compensation warrant and each advisory warrant shall entitle the holder thereof to acquire one unit at a price of \$0.12 for a period of 24 months from the closing date. The Company also paid cash commissions of \$11,760 and issued an aggregate of 98,000 finder's fee warrants to eligible parties. Each finder's fee warrant shall entitle the holder thereof to acquire one share at a price of \$0.12 for a period of 24 months following the closing date. The compensation, advisory and finder's fee warrants were fair valued at \$132,185 using the Black-Scholes pricing model using a share price of \$0.15, expected life of two years, and a volatility of 114.62%. The Company used the residual value method to calculate the fair value of the tax deduction attached with the flow-through common shares and recorded an initial flow-through liability of \$208,170. During the six-month period ended March 31, 2021, the Company spent approximately 70% of the required flow-through expenditures under the issuance and \$145,327 was recognized to comprehensive loss as other income.

On December 21, 2020, the Company completed a private placement, raising gross proceeds of \$1,050,000 through the issuance of 5,000,001 flow-through units at \$0.21 per unit. Each unit consists of one flow-

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)

through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant entitles the holder to acquire one non-flow-through common share at a price of \$0.30 for a period of 12 months from the date of issue. The gross proceeds from the sale of the flow-through units will be used for expenditures which qualify as "Canadian exploration expenses (CEE)" and "flow-through mining expenditures" both within the meaning of the Income Tax Act (Canada). The Company will renounce such CEE with an effective date of no later than December 31, 2020. The Company paid cash commissions of \$73,500 and issued an aggregate of 349,998 finder's warrants to eligible parties. Each finder's warrant entitles the holder to acquire one common share at a price of \$0.30 for a period of 12 months from the date of issue. The finder's fee warrants were fair valued at \$20,020 using the Black-Scholes pricing model using a share price of \$0.16, expected life of one year, and a volatility of 138.20%. The Company used the residual value method to calculate the fair value of the tax deduction attached with the flow-through common shares and recorded an initial flow-through liability of \$250,000. During the six-month period ended March 31, 2021, the Company had not spent any of the required flow-through expenditures under the issuance.

On February 2, 2021, the Company issued 3,000,000 common shares in relation to the Tisová and TGER properties (Note 9).

On March 1, 2021, the Company issued 1,000,000 common shares in an arm's length transaction, in exchange for another milestone payment towards the ownership of the East Bull palladium property (Note 9).

During the year ended September 30, 2020, the following transactions took place:

On January 28, 2020, the Company closed a non-brokered private placement of units (each, a "Unit"), generating gross proceeds of \$4,000,403 through the issuance of 33,336,698 Units at \$0.12 per Unit. Each Unit consists of one common share and one common share purchase warrant exercisable at a price of \$0.18 for a period of 12 months from the date of issuance. In connection with the private placement, the Company issued 1,314,099 finder's units on the same terms of the private placement, paid \$27,605 in cash finder's fees, and issued 230,042 finder's warrants exercisable at fair value of \$0.18 for a period of 12 months from the date of issue.

On March 1, 2020, the Company issued 750,000 common shares in an arm's length transaction, in exchange for another milestone payment towards the ownership of the East Bull palladium property (Note 9).

On January 22, 2020, the Company received gross proceeds of \$45,000 from the exercise of 250,000 stock options at \$0.18.

c) Stock options

The Company may grant incentive stock options to its officers, directors, employees and consultants. The Company has a fixed Stock Option Plan (the "Plan") whereby the Company has reserved 10% of the issued shares for issuance under the Plan. Options have a maximum term of ten years and terminate after a certain number of days following the termination of the optionee's term/employment, except in the case of death, in which case they terminate one year after the event. Vesting is determined by the Board of Directors.

A continuity schedule of outstanding stock options is as follows:

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)

	Number Outstanding	Weighted Average Exercise Price (\$)
Balance – September 30, 2019	6,260,000	0.29
Granted	3,000,000	0.20
Exercised	(250,000)	0.18
Balance – September 30, 2020	9,010,000	0.26
Granted	3,970,000	0.14
Balance – March 31, 2021	12,980,000	0.23

On October 19, 2020, the Company granted consultants 370,000 stock options exercisable at \$0.14 per share for a period of 2 years. All options vest on February 7, 2021.

On October 22, 2020, the Company granted consultants 500,000 stock options exercisable at \$0.14 per share for a period of 2 years. All options vest on January 22, 2021.

On October 28, 2020, the Company granted 2,200,000 stock options to directors and officers and granted 650,000 stock options to consultants, all exercisable at \$0.14 per share for a period of 5 years. An aggregate of 2,200,000 options vested on the grant date and the remainder vested on February 28, 2021.

On March 1, 2021, the Company granted consultants 250,000 stock options exercisable at \$0.15 per share for a period of 3 years. The options are subject to vesting conditions with 50% of the options vesting on grant and 50% vesting on September 1, 2021.

On February 11, 2020, the Company granted directors and officer 1,525,000 stock options exercisable at \$0.20 per share for a period of 5 years. All options vested on the grant date.

On February 11, 2020, the Company granted consultants 1,475,000 stock options exercisable at \$0.20 per share for a period of 5 years. All options vested on the grant date. The options are subject to vesting conditions with 25% of the options vested on the May 11, 2020, 25% vested on August 11, 2020, 25% vested on October 11, 2020 and 25% vesting on February 11, 2021.

During the six-month period ended March 31, 2021, the Company recognized \$420,936 (2020 - \$391,234) in share-based compensation relating to options vesting during the year.

The options were valued using the Black-Scholes option pricing model assuming a life expectancy ranging from two to five years (2020 - five), a risk-free interest rate ranging from 0.23% to 0.36%, (2020 - 1.35%) a forfeiture and dividend rate of Nil (2020 - Nil), and a volatility ranging from 110% to 131% (2020 - 153%).

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)**c) Stock options (continued)**

As at March 31, 2021, the Company had incentive stock options enabling the holders to acquire further common shares as follows:

Expiry Date	Options Outstanding	Options Exercisable	Weighted Average Exercise Price (\$)	Weighted Average Remaining Life (years)
August 9, 2023	2,550,000	2,550,000	0.39	2.36
October 2, 2023	300,000	300,000	0.30	2.51
October 16, 2023	500,000	500,000	0.31	2.55
October 24, 2023	100,000	75,000	0.30	2.57
June 4, 2024	2,560,000	2,560,000	0.20	3.18
February 11, 2025	3,000,000	3,000,000	0.20	3.87
October 19, 2022	370,000	370,000	0.14	1.55
October 22, 2022	500,000	500,000	0.14	1.56
October 28, 2025	2,850,000	2,850,000	0.14	4.58
March 1, 2024	250,000	125,000	0.15	2.92
	12,980,000	12,830,000	0.23	3.33

d) Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price (\$)
Balance – September 30, 2019	15,819,572	0.30
Granted	34,880,839	0.18
Balance – September 30, 2020	50,700,411	0.22
Granted	16,898,748	0.20
Expired	(34,880,839)	0.18
Exercised	(5,250)	0.12
Balance – March 31, 2021	32,713,070	0.25

During the six-month period ended March 31, 2021, an aggregate of 5,250 warrants were exercised for gross proceeds of \$630. There were no warrants exercised during the year ended September 30, 2020.

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)**d) Share purchase warrants (continued)**

As at March 31, 2021, the Company had 32,713,070 share purchase warrants outstanding.

Expiry Date	Warrants Outstanding	Exercise Price	Weighted Average Remaining Life
		(\$)	(years)
May 3, 2021	15,672,572	0.30	0.09
June 3, 2021	147,000	0.30	0.18
October 6, 2022	1,396,500	0.12	1.52
October 6, 2023	12,647,000	0.18	2.52
December 21, 2021	2,849,998	0.30	0.73
	32,713,070	0.25	1.15

12. RELATED PARTY TRANSACTIONS

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed by the related parties). The following summarizes the Company's related party transactions during the six-month period ended March 31, 2021 and 2020:

Key Management Compensation

	2021	2020
	(\$)	(\$)
Rent (e)	50,820	47,740
Consulting fees (b)	60,000	60,000
Management fees (c and d)	105,000	105,000
Share-based payments (Note 11(c))	233,860	255,895
	449,680	468,635

- As at March 31, 2021, included in accounts payable and accrued liabilities was \$29,475 (September 30, 2020 - \$84,723) owing to current and former officers and directors.
- During the six-month period ended March 31, 2021, \$60,000 (2020 - \$60,000) was paid or accrued to the CFO and Corporate Secretary for services rendered and included in Consulting Fees.
- During the six-month period ended March 31, 2021, \$60,000 (2020 - \$60,000) was paid or accrued to the CEO for services rendered, and included in Management Fees.
- During the six-month period ended March 31, 2021, \$45,000 (2020 - \$45,000) was paid or accrued to the Chair of the board of directors for services rendered, and included in Management Fees.
- During the six-month period ended March 31, 2021, the Company paid or accrued \$50,820 (2020 - \$47,740) in rent to a corporation which has the Company's former CFO as a director and is included in Office and Miscellaneous.
- Accounts payable as of March 31, 2021 includes \$12,042 (September 30, 2020 - \$12,042) in notes payable accrued interest to corporations controlled by related parties.

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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 Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, short-term investments, receivables, restricted deposits and accounts payable.

The Company classified its cash and short-term investments as fair value through profit or loss; receivables and restricted deposits as amortized cost; and accounts payable as amortized cost. The fair values of cash and short-term investments are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, restricted deposits and accounts payable approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government and other receivables; the balances are in good standing as at March 31, 2021. The Company does not believe it has a material exposure to credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities, consisting of accounts payable and accrued liabilities and notes payable, in the normal course of operations and to fund future operational and capital requirements future equity and debt financing.

To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will seek to secure additional funds through long term debt and equity transactions.

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest-bearing assets or any variable interest bearing liabilities that are tied into market rates.

Foreign exchange risk

The Company is not exposed to any significant foreign currency risk.

Commodity 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 earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

14. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. There have been no changes to the Company's approach to capital management during the period ended March 31, 2021.

15. SEGMENTED INFORMATION

The Company operates in one industry segment being the acquisition and exploration of mineral exploration and evaluation assets. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets that are located in Canada and Europe.

CANADIAN PALLADIUM RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

16. COMMITMENTS

The Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services in Vancouver, BC. Under the terms of the agreement, the Company will pay \$7,700 plus GST per month commencing on February 1, 2019, and further increasing to \$8,470 effective February 1, 2020 and continuing until the expiration of the underlying head lease on July 31, 2021. Effective July 1, 2020, the Company moved offices, terminated the cost-sharing agreement and entered into a new cost-sharing agreement for the new office on a month-to-month basis at the same rate. The Company also entered into a lease agreement for office space in Calgary, AB, effective September 1, 2020. The Company will pay \$1,558 per month for the Calgary-based office until the termination of the lease, on August 31, 2021 (Note 12(e)).

17. SUPPLEMENTAL CASH FLOW INFORMATION

	2021	2020
	(\$)	(\$)
Interest paid during the period	-	-
Income taxes paid during the period	-	-
Supplemental Disclosure of Cash Flow Information:		
Fair value of warrants exercised	495	-
Fair value of finder's warrants issued	152,205	-
Shares issued for exploration and evaluation assets	510,000	-
Recognition of flow-through liability	458,170	-

18. SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the following significant transactions occurred:

- a) An aggregate of 15,672,572 share purchase warrants, exercisable at \$0.30 expired unexercised; and
- b) An aggregate of 100,000 stock options were exercised at \$0.14 for gross proceeds of \$14,000.

SCHEDULE C

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED MARCH 31, 2021**

CANADIAN PALLADIUM RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

(Expressed in Canadian Dollars)

Six Month Period Ended
March 31, 2021

Report Date - May 31, 2021

CANADIAN PALLADIUM RESOURCES INC.
Management's Discussion and Analysis
Six Month Period Ended March 31, 2021

Introduction

Canadian Palladium Resources Inc. (the "Company") is a public company incorporated on August 25, 2005, under the laws of British Columbia, Canada. The Company is a reporting issuer in British Columbia and Alberta, and its common shares are listed and posted for trading on the Canadian Securities Exchange ("CSE") under the trading symbol "BULL". The Company's offices are located at 1558 West Hastings Street, Vancouver, BC, V6G 3J4.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in North America and in Europe.

In accordance with Form 51-102F1, the following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and financial condition of the Company for the six month period ended March 31, 2021. The following discussion and analysis should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the six month period ended March 31, 2021 and audited consolidated financial statements for the years ended September 30, 2020 and 2019 which were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars.

Overall Performance and Results of Operations

Three Month Period Ended March 31, 2021

During the three months ended March 31, 2021 (the "Current Quarter"), the Company reported a loss from operations of \$919,138 compared to \$1,183,897 during the three months ended March 31, 2020 (the "Prior Quarter"), representing a decrease in loss of \$264,759. The decrease in loss from operations is primarily due to share-based compensation which decreased by \$257,540 during the Current Quarter as compared to the Prior Quarter due to the vesting of stock options.

Total comprehensive loss for the Current Quarter was \$814,826 compared to comprehensive loss of \$1,078,957 for the Prior Quarter, representing a decrease in loss of \$264,131, which is primarily due to the decrease in share-based compensation.

Six Month Period Ended March 31, 2021

During the six months ended March 31, 2021 (the "Current Period"), the Company reported a loss from operations of \$2,555,994 compared to \$1,659,723 during the six months ended March 31, 2020 (the "Prior Period"), representing an increase in loss of \$896,271. The increase is primarily due to the Company incurring significantly more exploration expenses during the Current Period, as the Company's exploration program on the East Bull property was underway.

Total comprehensive loss for the Current Period was \$937,069 compared to comprehensive loss of \$1,807,298 for the Prior Period, representing a decrease in loss of \$870,229. The decrease is primarily attributed to the following:

- Exploration and evaluation expenses increased by \$909,384 from \$459,374 during the Prior Period to \$1,368,758 during the Current Period. This increase is primarily due to the Company's exploration program and analysis of assays on its East Bull property during the Current Period, whereas during the Prior Period, the Company had temporarily suspended exploration work due to COVID-19.

CANADIAN PALLADIUM RESOURCES INC.
Management's Discussion and Analysis
Six Month Period Ended March 31, 2021

Overall Performance and Results of Operations

Six Month Period Ended March 31, 2021

- During the Current Period, the Company recognized an unrealized gain on short-term investments of \$1,473,965, as opposed to the Prior Quarter where the Company recognized an unrealized loss on short-term investments of \$147,575. The increase is due to the increase in fair market value and gains on the sale of shares of Versus Systems Inc.
- During the Current Period, the Company recognized a flow-through share premium of \$145,327 in connection with flow-through shares issued under a private placement, and included in other income, whereas during the Prior Period, \$Nil was recognized

Exploration and Evaluation Properties

Turner Lake

On July 5, 2017, the Company acquired all of the shares of 5498 Nunavut Inc. ("5498") in exchange for consideration of \$25,000. 5498's only asset is the Turner Lake property located in Nunavut, of which 5498 is the registered and beneficial owner of a 100% interest in and to the mineral claims in the Turner Lake property. During the year ended September 30, 2018, the Company entered into a mineral purchase agreement with Pacific Cascade Ventures ("PCV") whereby PCV would purchase 100% of the interest in and to the mineral claims of the Turner Lake Property in exchange for 1,000,000 common shares of PCV to be delivered to the Company within 10 days after PCV receives regulatory approval for the transaction. The Company will also be reimbursed \$46,720 by PCV, representing prior cash expenditures incurred on the property. Upon commencement of commercial production, PCV shall pay a royalty to the Company equal to 1% of net smelter returns royalty ("NSR"), which may be purchased for the sum of \$1,000,000 at any time after commercial production.

On July 28, 2020, the Company completed the sale of the Turner Lake Property and received 1,000,000 common shares of Bathurst with a fair market value of \$45,000 and cash reimbursements of \$46,720. The Company recorded a gain on sale of mineral property of \$64,780.

Tisová/TGER European Copper-Cobalt Properties

On July 6, 2018 the Company entered into an arm's length share purchase agreement to purchase 100% of the shares of Tisová Pty. Ltd. ("Tisová") And TGER Pty. Ltd. ("TGER"). Tisová and TGER are private companies which have been granted 100% interest in and to certain mineral concessions located in the Czech Republic and Germany.

Pursuant to the agreement, and in exchange for the Tisová and TGER shares, the company is committed to issue, in aggregate, to the shareholders of Tisová and TGER the following:

- \$60,000 cash to the vendors upon execution of the agreement (paid);
- Upon satisfaction of certain conditions precedent, issue 1,500,000 common shares of the Company to the vendors on the closing date (issued);
- Spend \$1,000,000 on the properties by July 1, 2019, and issue an aggregate of 2,500,000 common shares of the Company to the vendors at such time (issued);
- Spend an additional \$1,000,000 on the properties each year for the next three years and no later than July 1, 2022 and issue an additional 4,000,000 common shares of the Company to the vendors.

CANADIAN PALLADIUM RESOURCES INC.
Management's Discussion and Analysis
Six Month Period Ended March 31, 2021

Exploration and Evaluation Properties (continued)

Tisová/TGER European Copper-Cobalt Properties

If the Company fails to satisfy any of the above requirements, the shares of Tisová and TGER will be returned to the original vendors. On October 23, 2018, the Company issued 1,500,000 common shares with fair value of \$450,000 in exchange for 100% ownership of Tisová and TGER, subject to the above terms, and their respective mineral concessions. A finder's fee was issued in connection with this closing through the issuance of 46,875 common shares with a fair value of \$14,063. The related mineral concessions are subject to a 1.5% NSR of which one-half can be purchased for \$750,000.

The Company incurred the minimum exploration expenditures on the properties by June 1, 2019 and issued an aggregate of 2,500,000 common shares with a fair value of \$525,000 pursuant to the terms of the agreement. The Company paid a finder's fee by way of the issuance of 78,125 common shares with a fair value of \$16,406.

Effective February 1, 2021, the Company agreed to amend the terms of its previously entered into share purchase agreements dated July 6, 2018, pursuant to which the Company agreed to acquire both Tisová Pty. Ltd. and TGER Pty. Ltd.

Pursuant to the amended agreements, the Company has agreed to immediately issue an aggregate of three million common shares to the vendors, and in exchange, the Company shall own all of the shares of Tisová and TGER (and indirectly, the properties) unconditionally and absolutely and shall have no further obligations to the vendors under the purchase agreements.

The Company and the vendors have also agreed that one-third of the common shares issued to the vendors shall be restricted from being traded before Aug. 1, 2021, another one-third of the common shares shall be restricted from being traded before Nov. 1, 2021, and the final one-third of the common shares shall be restricted from being traded before Feb. 1, 2022.

Pursuant to the Tisová share purchase agreement, a loan deed must be repaid to the original founders of Tisová Pty Ltd. in the amount of \$11,860, representing the initial seed capital required on incorporation of Tisová's wholly-owned subsidiary, Golden Pet S.R.O. The seed capital was subsequently converted into a loan deed by Tisová Pty Ltd. As of March 31, 2021, \$Nil (September 30, 2020 - \$5,930) remains outstanding and is included in accounts payable.

As at March 31, 2021, the Company has recorded \$738,947 (September 30, 2020 - \$543,947) related to the acquisition of the TGER property, and \$791,037 (September 30, 2020 - \$596,037) related to the Tisová property.

East Bull Palladium Property

On February 26, 2019, the Company entered into an option agreement through its newly incorporated and wholly-owned subsidiary, East Bull Resources Inc. with Pavey Ark Minerals Inc. to acquire a 100 percent interest in the East Bull palladium property in the Sudbury mining division, Ontario.

Pursuant to the Agreement, and over a period of four years (should the Company elect to continue), the Company is obliged to incur \$1,750,000 in exploration expenditures, issue \$1,000,000 in cash payments, and issue an aggregate of 4.5 million common shares of the Company to Pavey Ark in accordance with the following schedule:

CANADIAN PALLADIUM RESOURCES INC.
Management's Discussion and Analysis
Six Month Period Ended March 31, 2021

Exploration and Evaluation Properties (continued)

East Bull Palladium Property

Minimum Exploration Expenditures	Common Shares Issued	Cash Issued	Due Date
-	-	\$25,000	On Term Sheet signing (paid)
-	750,000	\$75,000	Within 5 days of signing (issued)
\$250,000	750,000	\$150,000	On or before March 1, 2020 (issued)
\$500,000	1,000,000	\$200,000	On or before March 1, 2021 (issued)
\$500,000	1,000,000	\$250,000	On or before March 1, 2022
\$500,000	1,000,000	\$300,000	On or before March 1, 2023
\$1,750,000	4,500,000	\$1,000,000	

As at March 31, 2021, the Company has recorded \$874,148 (September 30, 2020 - \$554,148) related to the acquisition of the East Bull property.

Agnew Lake Property

During the year ended September 30, 2019, the Company acquired a significant palladium project in Ontario through staking. The Agnew Lake property is located 80 kilometers west of Sudbury, Ont., home of Glencore and Vale's Canadian nickel-copper-platinum-group-elements mining and smelting operations. The Agnew Lake property comprises over 260 claims (about 6,000 hectares) and is part of the larger East Bull Lake-Agnew Lake mafic-ultramafic complex. As at December 31, 2020, the Company has recorded \$13,450 (September 30, 2020 - \$13,450) related to the acquisition of the Agnew Lake property.

During the six month period ended March 31, 2021, the Company incurred \$1,368,758 (2020 - \$459,374) in exploration expenses on its mineral properties.

Summary of Quarterly Results

The following table sets out selected unaudited financial information for the eight most recent quarters. The financial data has been prepared in accordance with IFRS.

Three Months Ended	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
	(\$)	(\$)	(\$)	(\$)
Total Revenue	-	-	-	-
Loss from Operations	(919,138)	(1,636,856)	(1,654,309)	(841,113)
Net Loss and Comprehensive Loss	(814,826)	(122,243)	(1,464,778)	(878,106)
Basic and Diluted Loss per Share	(0.01)	(0.00)	(0.02)	(0.01)

CANADIAN PALLADIUM RESOURCES INC.
Management's Discussion and Analysis
Six Month Period Ended March 31, 2021

Summary of Quarterly Results (continued)

Three Months Ended	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
	(\$)	(\$)	(\$)	(\$)
Total Revenue	-	-	-	-
Loss from Operations	(1,183,897)	(475,825)	(759,240)	(1,958,574)
Net Income (Loss) and Comprehensive Income (Loss)	(1,078,957)	(728,341)	(550,754)	(1,949,917)
Basic and Diluted Earnings (Loss) per Share	(0.01)	(0.01)	(0.04)	(0.04)

Liquidity and Capital Resources

The Company's consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing on reasonable terms and to commence profitable operations in the future.

The Company had a cash position of \$1,606,836 and working capital of \$3,406,937 as at March 31, 2021, compared to cash position of \$586,938 and working capital of \$636,441 as at September 30, 2020.

Financing activities

On October 6, 2020, the Company completed a private placement, with Eight Capital acting as agent, raising aggregate gross proceeds of \$3,391,170 through a combination of units and flow-through common shares of the Company. The Company issued a total of 13,878,000 flow-through shares at a price of \$0.135 per flow-through share and a total 12,647,000 units at a price of \$0.12 per unit. Each unit consists of one non-flow-through common share of the Company and one non-flow-through common share purchase warrant.

Each warrant shall entitle the holder thereof to acquire one share at a price of \$0.18 for a period of 36 months following the closing date. The gross proceeds from the sale of the flow-through shares will be used for expenditures which qualify as "Canadian exploration expenses (CEE)" and "flow-through mining expenditures" both within the meaning of the Income Tax Act (Canada).

The Company will renounce such CEE with an effective date of no later than December 31, 2020. As consideration for its services, the Company paid Eight Capital a cash commission of \$148,604 and an advisory fee of \$22,400 and issued to Eight Capital an aggregate of 1,118,250 compensation warrants and 185,500 advisory warrants. Each compensation warrant and each advisory warrant shall entitle the holder thereof to acquire one unit at a price of \$0.12 for a period of 24 months from the closing date. The Company also paid cash commissions of \$11,760 and issued an aggregate of 98,000 finder's fee warrants to eligible parties. Each finder's fee warrant shall entitle the holder thereof to acquire one share at a price of \$0.12 for a period of 24 months following the closing date. The compensation, advisory and finder's fee warrants were fair valued at \$132,185 using the Black-Scholes pricing model using a share price of \$0.15, expected life of two years, and a volatility of 114.62%. The Company used the residual value method to calculate the fair value of the tax deduction attached with the flow-through common shares and recorded an initial flow-through liability of \$208,170. During the three month period ended December 31, 2020, the Company spent approximately 47% of the required flow-through expenditures under the issuance and \$98,760 was recognized to comprehensive loss as other income.

CANADIAN PALLADIUM RESOURCES INC.
Management's Discussion and Analysis
Six Month Period Ended March 31, 2021

Liquidity and Capital Resources (continued)

Financing activities (continued)

On December 21, 2020, the Company completed a private placement, raising gross proceeds of \$1,050,000 through the issuance of 5,000,001 flow-through units at \$0.21 per unit. Each unit consists of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant entitles the holder to acquire one non-flow-through common share at a price of \$0.30 for a period of 12 months from the date of issue. The gross proceeds from the sale of the flow-through units will be used for expenditures which qualify as "Canadian exploration expenses (CEE)" and "flow-through mining expenditures" both within the meaning of the Income Tax Act (Canada). The Company will renounce such CEE with an effective date of no later than December 31, 2020. The Company paid cash commissions of \$73,500 and issued an aggregate of 349,998 finder's warrants to eligible parties. Each finder's warrant entitles the holder to acquire one common share at a price of \$0.30 for a period of 12 months from the date of issue. The finder's fee warrants were fair valued at \$20,020 using the Black-Scholes pricing model using a share price of \$0.16, expected life of one year, and a volatility of 138.20%. The Company used the residual value method to calculate the fair value of the tax deduction attached with the flow-through common shares and recorded an initial flow-through liability of \$250,000. During the three month period ended December 31, 2020, the Company had not spent any of the required flow-through expenditures under the issuance.

During the six month period ended March 31, 2021, 5,250 share purchase warrants were exercised for gross proceeds of \$630.

On January 22, 2020, 250,000 stock options were exercised at \$0.18 for gross proceeds of 45,000.

On January 28, 2020, the Company closed a non-brokered private placement of units generating gross proceeds of \$4,000,403 through the issuance of 33,336,698 units at \$0.12. Each Unit consists of one common share and one common share purchase warrant exercisable at a price of \$0.18 for a period of 12 months from the date of issuance. In connection with the private placement, the Company issued 1,314,099 finder's units on the same terms of the private placement, issued \$27,605 in cash finder's fees, and issued 230,042 finder's warrants exercisable at \$0.18 for a period of 12 months from the date of issue.

Selected Annual Information

The following table sets out selected financial information for the Company for each of the fiscal years ended September 30, 2020, 2019 and 2018. The selected financial information should only be read in conjunction with the Company's audited annual financial statements for the fiscal year ended September 30, 2020, including the notes thereto.

Statement of Operations, Comprehensive Loss and Deficit Data:

	Year Ended September 30, 2020	Year Ended September 30, 2019	Year Ended September 30, 2018
	(\$)	(\$)	(\$)
Revenue	-	-	-
Loss from operations	(4,155,146)	(5,569,247)	(2,016,762)
Loss and comprehensive loss for the year	(4,156,432)	(5,398,591)	(2,596,906)
Loss per share, basic and diluted	(0.05)	(0.10)	(0.08)

CANADIAN PALLADIUM RESOURCES INC.
Management's Discussion and Analysis
Six Month Period Ended March 31, 2021

Selected Annual Information (continued)

Balance Sheet Data:

	As at September 30, 2020	As at September 30, 2019	As at September 30, 2018
	(\$)	(\$)	(\$)
Current Assets	1,366,084	840,289	2,009,478
Total Assets	3,103,721	2,345,264	2,713,408
Current Liabilities	729,643	344,925	781,463
Long Term Debt	-	-	-
Shareholders' Equity	2,374,078	2,000,339	1,931,945

Disclosure of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Shares Issued and Outstanding

As at the Report Date, there were 132,724,897 common shares issued and outstanding.

Warrants

As at the Report Date, there were 17,040,498 warrants outstanding as follows:

<u>Expiry Date</u>	<u>Warrants Outstanding</u>	<u>Exercise Price</u> (\$)
December 21, 2022	2,849,998	0.30
October 6, 2023	12,647,000	0.18
October 6, 2022	1,396,500	0.12
June 3, 2021	147,000	0.30
	<u>17,040,498</u>	

Stock Options

As at the Report Date, there were 12,630,000 stock options outstanding as follows:

CANADIAN PALLADIUM RESOURCES INC.
Management's Discussion and Analysis
Six Month Period Ended March 31, 2021

Disclosure of Outstanding Share Data (continued)

Expiry Date	Options Outstanding	Options Exercisable	Weighted Average Exercise Price (\$)
October 28, 2025	2,750,000	2,750,000	0.14
October 22, 2022	500,000	500,000	0.14
October 19, 2022	370,000	370,000	0.14
August 9, 2023	2,800,000	2,800,000	0.39
October 2, 2023	300,000	300,000	0.30
October 16, 2023	500,000	500,000	0.31
October 24, 2023	100,000	75,000	0.30
June 4, 2024	2,560,000	2,560,000	0.20
February 11, 2020	3,000,000	2,631,250	0.20
	12,730,000	11,586,250	0.23

Off Balance Sheet Arrangements

The Company is not a party to any off-balance sheet arrangements or transactions.

Transactions with Related Parties

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. The following summarizes the Company's related party transactions during the six-month period ended March 31, 2021 and 2020:

Key Management Compensation

	2021	2020
	(\$)	(\$)
Rent (e)	50,820	47,740
Consulting fees (b)	60,000	60,000
Management fees (c and d)	105,000	105,000
Share-based payments (Note 11(c))	233,860	255,895
	449,680	468,635

- a) As at March 31, 2021, included in accounts payable and accrued liabilities was \$29,475 (September 30, 2020 - \$84,723) owing to current and former officers and directors.
- b) During the six-month period ended March 31, 2021, \$60,000 (2020 - \$60,000) was paid or accrued to the CFO and Corporate Secretary for services rendered and included in Consulting Fees.
- c) During the six-month period ended March 31, 2021, \$60,000 (2020 - \$60,000) was paid or accrued to the CEO for services rendered, and included in Management Fees.
- d) During the six-month period ended March 31, 2021, \$45,000 (2020 - \$45,000) was paid or accrued to the Chair of the board of directors for services rendered, and included in Management Fees.
- e) During the six-month period ended March 31, 2021, the Company paid or accrued \$50,820 (2020 - \$47,740) in rent to a corporation which has the Company's former CFO as a director and is included in Office and Miscellaneous.
- f) Accounts payable as of March 31, 2021 includes \$12,042 (September 30, 2020 - \$12,042) in notes payable accrued interest to corporations controlled by related parties.

CANADIAN PALLADIUM RESOURCES INC.
Management's Discussion and Analysis
Six Month Period Ended March 31, 2021

Recent Accounting Pronouncements

The Company has not adopted any new or revised standards, along with any consequential amendments for the period ended March 31, 2021.

Financial Instruments and Risk Management

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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 Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, short-term investments, receivables, restricted deposits, accounts payable and notes payable.

The Company classified its cash and short-term investments as fair value through profit or loss; receivables and restricted deposits as loans and receivables; and accounts payable and notes payable as other financial liabilities. The fair values of cash and short-term investments are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, restricted deposits, accounts payable approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government and other receivables; the balances are in good standing as at December 31, 2020. The Company does not believe it has a material exposure to credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

CANADIAN PALLADIUM RESOURCES INC.
Management's Discussion and Analysis
Six Month Period Ended March 31, 2021

Financial Instruments and Risk Management (continued)

Liquidity risk

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities, consisting of accounts payable and accrued liabilities and notes payable, in the normal course of operations and to fund future operational and capital requirements future equity and debt financing.

To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will seek to secure additional funds through long term debt and equity transactions.

Interest rate risk

The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest-bearing assets or any variable interest bearing liabilities that are tied into market rates.

Commodity 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 earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

Foreign exchange risk

The Company is not exposed to any significant foreign currency risk.

Management of Capital

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

CANADIAN PALLADIUM RESOURCES INC.
Management's Discussion and Analysis
Six Month Period Ended March 31, 2021

Management of Capital (continued)

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets and debt securities to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

There have been no changes to the Company's approach to capital management during the period ended March 31, 2021.

Subsequent Events

Subsequent to March 31, 2021, the following significant transactions occurred:

- a) An aggregate of 15,672,572 share purchase warrants, exercisable at \$0.30 expired unexercised; and
- b) An aggregate of 100,000 stock options were exercised at \$0.14 for gross proceeds of \$14,000.

Additional Information

Additional information relating to the Company is available on the Company's website at www.canadianpalladium.com and under the Company's profile on SEDAR at www.sedar.com.

Forward-Looking Statements

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risks and Uncertainties" as well as in our public filings available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

Risks and Uncertainties

The Company is in the mineral exploration and development business and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. The recovery of the Company's investment in exploration and evaluation assets and the attainment of profitable operations are dependent upon the discovery and development of economic ore reserves and the ability to arrange sufficient financing to bring the ore reserves into production.
- b) The most likely source of future funds for further acquisitions and exploration programs undertaken by the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another interested party carrying out further exploration or development. If such exploration programs are successful, the development of economic ore bodies and commencement of commercial production may require future equity financings by the Company which are likely to result in substantial dilution to the holdings of existing shareholders.
- c) The Company's capital resources are largely determined by the strength of the resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.
- d) The prices of metals greatly affect the value of and the potential value of its exploration and evaluation assets. This, in turn greatly affects its ability to raise equity capital, negotiate option agreements and form joint ventures.
- e) The Company must comply with health, safety, and environmental regulations governing air and water quality and land disturbances and provide for mine reclamation and closure costs. The Company's permission to operate could be withdrawn temporarily where there is evidence of serious breaches of such regulations, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations.
- f) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue exploration and development activities in the future.
- g) Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such assets may be subject to prior agreements or transfers and title may be affected by such undetected defects.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward-looking statement. The development and exploration activities of the Company are subject to various laws governing exploration, development, and labour standards which may affect the operations of the Company as these laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

CANADIAN PALLADIUM RESOURCES INC.
Management's Discussion and Analysis
Six Month Period Ended March 31, 2021

Corporate Information

Directors:	Michelle Gahagan Wayne Tisdale Garry Clark Bryce Tisdale Jamie Newall
Officers:	Wayne Tisdale, President and CEO Kelsey Chin, CFO and Corporate Secretary
Auditor:	Manning Elliott LLP Chartered Professional Accountants Suite 1700, 1030 West Georgia Street Vancouver, BC, V6E 2Y3
Legal Counsel:	Tingle Merrett LLP Suite 639 – 1250 Standard Life Building 5 th Avenue SW Calgary, AB T2P 0M9
Transfer Agent:	Odyssey Trust Company 323 – 409 Granville Street Vancouver, BC, V6C 1T2

Contact Information

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