CANADIAN PALLADIUM RESOURCES INC.
(Formerly 21C Metals Inc.)

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Three Month Period Ended
December 31, 2019

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.

(Formerly 21C Metals Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2019 ($)	September 30, 2019 ($)
ASSETS		
Current assets		
Cash	4,406	227,838
Receivables (Note 5)	34,395	35,056
Short-term investments (Note 6)	251,513	482,910
Prepaid expenses	31,662	94,485
	321,976	840,289
Restricted deposits (Note 7)	11,500	11,500
Exploration and evaluation assets (Note 9)	1,472,022	1,472,022
Equipment (Note 8)	15,055	21,453
	1,820,553	2,345,264
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	461,812	344,925
Notes payable (Note 12)	21,100	-
	482,912	344,925
Shareholders' equity		
Share capital (Note 11)	27,625,600	27,625,600
Share-based payments reserve (Note 11)	3,010,355	2,944,712
Deficit	(29,298,314)	(28,569,973)
	1,337,641	2,000,339
	1,820,553	2,345,264

Nature of operations and going concern (Note 1)
Commitments (Note 16)
Subsequent Events (Note 17)

These consolidated financial statements were authorized for issue by the Board of Directors on February 28, 2020. They are signed on behalf of the Board of Directors by:

"Michelle Gahagan"	*"Wayne Tisdale"*
Director	Director

Canadian Palladium Resources Inc.

(Formerly 21C Metals Inc.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three Month Period Ended December 31, 2019	Three Month Period Ended December 31, 2018
	($)	**($)**
EXPENSES		
Amortization (Note 8)	5,316	3,169
Consulting fees (Note 12)	82,801	152,483
Exploration and evaluation (Note 9)	84,978	991,362
Foreign exchange loss	10,848	2,722
Insurance	10,450	9,500
Investor relations	79,684	311,131
Management fees (Note 12)	52,500	52,500
Office and miscellaneous (Note 12)	45,103	66,292
Professional fees	-	13,432
Share-based compensation (Note 11 and 12)	65,643	8,240
Transfer agent and filing fees	23,761	29,416
Travel	14,742	94,760
Loss from operations	(475,825)	(1,735,007)
Unrealized loss on short-term investments (Note 6)	(252,515)	(13,050)
Net loss and comprehensive loss	(728,341)	(1,748,057)
Basic and diluted loss per common share	(0.01)	(0.04)
Weighted average common shares outstanding:		
Basic	65,443,849	44,314,803
Diluted	65,443,849	44,314,803

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

Canadian Palladium Resources Inc.

(Formerly 21C Metals Inc.)
Consolidated Statement of Changes in Shareholders` Equity
(Expressed in Canadian Dollars)

	Number of Shares	Amount	Share Subscriptions Receivable	Share-based Payments Reserve	Deficit	Total Shareholders' Equity
		($)	($)	($)	($)	($)
Balance at September 30, 2018	**41,151,156**	**22,854,311**	**(112,000)**	**2,361,016**	**(23,171,382)**	**1,931,945**
Shares issued pursuant to asset acquisition	1,500,000	450,000	-	-	-	450,000
Finder's fee	46,875	14,063	-	-	-	14,063
Exercise of warrants	3,448,571	862,143	-	-	-	862,143
Subscriptions received	-	-	112,000	-	-	112,000
Share-based compensation	-	-	-	8,240	-	8,240
Loss and comprehensive loss for the period	-	-	-	-	(1,748,056)	(1,748,056)
Balance at December 31, 2018	**46,146,602**	**24,180,517**	**-**	**2,369,256**	**(24,919,438)**	**1,630,334**
Finder's fee	78,125	16,406	-		-	16,406
Share issuance costs	-	(195,514)	-	10,566	-	(184,948)
Exercise of options	250,000	82,250	-	(37,250)	-	45,000
Shares issued pursuant to a private placement	15,719,122	2,829,442	-	-	-	2,829,442
Shares issued for exploration and evaluation assets	3,250,000	712,500	-	-	-	712,500
Share-based compensation	-	-	-	602,140	-	602,140
Loss and comprehensive loss for the period	-	-	-	-	(3,650,535)	(3,650,535)
Balance at September 30, 2019	**65,443,849**	**27,625,601**	**-**	**2,944,712**	**(28,569,973)**	**2,000,339**
Share-based compensation	-	-	-	65,643	-	65,643
Loss and comprehensive loss for the period	-	-	-	-	(728,341)	(728,341)
Balance at December 31, 2019	**65,443,849**	**27,625,601**	**-**	**3,010,355**	**(29,298,314)**	**1,337,641**

Canadian Palladium Resources Inc.

(Formerly 21C Metals Inc.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three Month Period Ended December 31, 2019 ($)	Three Month Period Ended December 31, 2018 ($)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the period	(728,341)	(1,748,056)
Items not affecting cash:		
Share-based compensation	65,643	8,240
Accrued interest	-	-
Amortization	5,316	3,169
Loss (gain) on short-term investments	252,515	13,050
Unrealized foreign exchange loss	-	(7,401)
Changes in non-cash working capital items:		
Receivables	661	(11,301)
Prepaid expenses	62,823	(13,102)
Accounts payable and accrued liabilities	116,887	400,932
CASH USED IN OPERATING ACTIVITIES	(224,496)	(1,354,469)
FINANCING ACTIVITIES		
Issuance of common shares	-	862,143
Share subscription receivable	-	112,000
Proceeds from notes payable	21,100	-
CASH PROVIDED BY FINANCING ACTIVITIES	21,100	974,143
INVESTING ACTIVITIES		
Cash acquired from acquisition	-	56,908
Purchase of short-term investments	(73,783)	-
Proceeds from the disposal of short-term investments	52,665	-
Purchase of equipment	(427)	-
Proceeds from the disposal of equipment	1,509	-
Deferred acquisition costs	-	(232,000)
CASH PROVIDED BY (USED IN) IN INVESTING ACTIVITIES	(20,036)	(175,092)
CHANGE IN CASH DURING THE PERIOD	(223,432)	(555,418)
CASH - BEGINNING OF PERIOD	227,838	1,571,477
CASH - END OF PERIOD	4,406	1,016,059

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Canadian Palladium Resources Inc. (formerly 21C Metals 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 Suite 302 – 1620 West 8th Ave, Vancouver, BC, V6J 1V4, Canada. The Company is traded on the Canadian Securities Exchange ("CSE").

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 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 as at December 31, 2019, the Company estimates that it will need additional capital to operate for the next 12 months. There can be no assurance that the Company will be successful in its future financing attempts. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

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, should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2019, 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 February 28, 2020.

2. BASIS OF PRESENTATION (continued)

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 and its subsidiaries.

Basis of consolidation

These condensed interim 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
Tisova Pty. Ltd.	Czech Republic	100%	Exploration
TGER Pty. Ltd.	Germany	100%	Exploration
5498 Nunavut Inc.	Nunavut	100%	Exploration

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.

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 condensed interim 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.

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. 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.

Deferred acquisition costs
The Company entered into an agreement to acquire companies holding mineral projects during the year ended September 30, 2018. The acquisition were accounted for as advances toward the purchase of a company interest in accordance with IFRS 10, Consolidated Financial Statements and capitalized to the statement of financial position. Upon gaining control, in October 2019, the Company consolidated the entities.

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.

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, 2019.

(Expressed in Canadian dollars)

4. RECENT ACCOUNTING PRONOUNCEMENTS

The Company has adopted IFRS 16 for leases as at October 1, 2019, in accordance with its transitional provisions and described below. The adoption of IFRS 16 has not resulted to adjustments in previously reported figures and no change to the opening deficit balance as at October 1, 2019.

IFRS 16, Leases

This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the balance sheet.

The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

The adoption of IFRS 16 did not have any significant impact on the Company's condensed interim consolidated financial statements.

5. RECEIVABLES

As at December 31, 2019, receivables consist of the following:

	December 31, 2019	**September 30, 2019**
	($)	**($)**
GST receivable	10,135	11,624
Other receivables	23,795	22,967
Interest receivable	465	465
	34,395	35,056

(Expressed in Canadian dollars)

6. SHORT-TERM INVESTMENTS

	December 31, 2019		September 30, 2019	
Name	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**
		($)		**($)**
Versus Systems Inc.	1,289,500	251,513	1,305,000	482,910

The Company has classified it short-term investments as held for trading and presents fair value changes through profit or loss.

During the three-month period ended December 31, 2019, the Company received net proceeds of $52,665 (2018 - $Nil) from the disposition of short-term investments. During the three-month period ended December 31, 2019, the Company also recorded an unrealized loss of $252,515 (2018 – loss of $13,050).

The investment in Versus is related by virtue of a common director.

7. RESTRICTED DEPOSITS

As at December 31, 2019, restricted deposits consisted of $11,500 (September 30, 2019 - $11,500) held in a guaranteed investment certificate as collateral for a corporate credit card.

8. EQUIPMENT

	Vehicles
	($)
Cost:	
At September 30, 2019	24,634
Additions	427
Disposals	(1,848)
At December 31, 2019	23,213
Accumulated depreciation:	
At September 30, 2019	3,100
Charge for the period	5,316
Disposal	(258)
At December 31, 2019	8,158
Net book value:	
At September 30, 2019	21,453
At December 31, 2019	**15,055**

9. EXPLORATION AND EVALUATION ASSETS

Turner 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 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.

As at December 31, 2019, the Company has recorded $26,940 (September 30, 2019 - $26,940) related to the acquisition of the Turner Lake property. During the three-month period ended December 31, 2019, the Company incurred $Nil (2018 - $Nil) in claim fees on the Turner Lake property. As at December 31, 2019, PCV has not yet received Exchange approval and this transaction is pending.

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. ("Tisova") 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.

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.

During the year ended September 30, 2019, the Company incurred the minimum $1,000,000 in exploration expenditures on the properties and pursuant to the above agreement has issued an aggregate of 2,500,000 common shares with a fair value of $525,000. The Company paid a finder's fee by way of the issuance of 78,125 common shares with a fair value of $16,406.

(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 $975,000 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)
$250,000	750,000	$150,000	On or before March 1, 2020
$500,000	1,000,000	$200,000	On or before March 1, 2021
$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	$975,000	

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

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.

During the three-month period ended December 31, 2019, the Company incurred $84,978 (2018 - $991,362) in exploration expenses on its mineral properties.

A schedule of exploration and evaluation assets during the three-month period ended December 31, 2019 is as follows:

	Turner Lake ($)	TGER ($)	Tisová ($)	East Bull ($)	Agnew Lake ($)	Total ($)
At September 30, 2019 and December 31, 2019	26,940	543,947	596,037	291,648	13,451	1,472,023

(Expressed in Canadian dollars)

The acquisition of Tisová and TGER has been recorded as an asset purchase of exploration and evaluation assets as follows:

Acquisition of TGER Pty. Ltd.

Purchase Price:

Common shares issues	$	487,500
Cash paid		30,000
Finder's fee		15,234
Legal fees		11,213
	$	543,947

Net assets acquired:

Exploration and evaluation asset	$	543,947

Acquisition of Tisová Pty. Ltd.

Purchase Price:

Common shares issued	$	487,500
Cash issued		30,000
Finder's fee		15,234
Legal fees		63,303
	$	596,037

Net assets acquired:

Fixed assets	$	7,751
Exploration and evaluation asset		630,852
Accounts receivables		13,579
Advances paid		14,429
Cash		56,908
Prepaid expenses		1,284
Trade payables		(5,617)
Other payables		(123,149)
	$	596,037

(Expressed in Canadian dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31, 2019, the Company's accounts payable and accrued liabilities is comprised of the following:

	December 31, 2019	September 30, 2019
	($)	($)
Accounts payable	210,666	133,798
Related party payable (Note 12)	215,104	175,085
Accrued liabilities	24,000	24,000
Interest payable (Note 12)	12,042	12,042
	461,812	344,925

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

An unlimited number of common shares without par value.

b) Issued share capital

During the three-month period ended December 31, 2019, there were no share capital transactions

During the year ended September 30, 2019, the following transactions took place:

On October 23, 2018 the Company issued 1,500,000 common shares in exchange for ownership of Tisová Pty. Ltd. And TGER Pty. Ltd. (Note 9). In connection with this acquisition, the Company also issued 46,875 common shares as a finder's fee to an arm's length person.

On February 26, 2019 the Company issued 750,000 common shares in an arm's length transaction, in exchange for ownership of the East Bull palladium property (Note 9).

On May 3, 2019 the Company closed the first tranche of a non-brokered private placement through the issuance of 15,579,122 units at a price of $0.18 for aggregate gross proceeds of $2,804,242. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant shall entitle the holder thereof to acquire one share at a price of $0.30 for a period of 24 months following the closing date.

On June 4, 2019 the Company closed the second tranche of a non-brokered private placement through the issuance of 140,000 units at a price of $0.18 for aggregate gross proceeds of $25,200 Each unit consists of one common share and one transferable common share purchase warrant. Each warrant shall entitle the holder thereof to acquire one share at a price of $0.30 for a period of 24 months following the closing date. In connection with the first and second tranches, the Company paid finder's fees totaling $184,948 and issued a total of 100,450 finder's fee warrants, each of which is exercisable to acquire one share at a price of $0.30 for a period of 24 months from the date of issue.

On July 2, 2019 the Company issued 2,500,000 common shares pursuant to the Tisová Pty. Ltd. And TGER Pty. Ltd. acquisitions (Note 9). In connection with this acquisition, the Company also issued 78,125 common shares as a finder's fee to an arm's length person.

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)

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:

	Number Outstanding	Weighted Average Exercise Price
		($)
Balance - September 30, 2018	3,000,000	0.54
Granted	3,960,000	0.22
Exercised	(250,000)	0.18
Cancelled	(250,000)	0.39
Expired	(200,000)	2.70
Balance – September 30, 2019 and December 31, 2019	6,260,000	0.29

During the three-month period ended December 31, 2019, the Company granted Nil stock options (2018 – 900,000), recognizing $65,643 (2018 - $8,240) in share-based compensation relating to options vesting during the period.

As at December 31, 2019, 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	3.61
October 2, 2023	300,000	300,000	0.30	3.76
October 16, 2023	500,000	500,000	0.31	3.79
October 24, 2023	100,000	50,000	0.30	3.82
June 4, 2024	2,560,000	2,560,000	0.20	4.43
August 8, 2024	250,000	250,000	0.18	4.61
	6,260,000	6,210,000	0.29	4.01

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)

d) Share purchase warrants

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

	Number Outstanding	Weighted Average Exercise Price ($)
Balance – September 30, 2018	12,783,857	$0.34
Granted	15,819,572	$0.30
Expired	(9,335,286)	$0.37
Exercised	(3,448,571)	$0.25
Balance – September 30, 2019 and December 31, 2019	15,819,572	$0.30

During the year ended September 30, 2019, the exercise price of 5,641,000 warrants, originally issued on July 31, 2018 and exercisable for 12 months, was amended from $0.45 to $0.30. All of the re-priced warrants expired unexercised during the year end September 30, 2019.

As at December 31, 2019, the Company had 15,819,572 share purchase warrants outstanding.

Expiry Date	Warrants Outstanding	Exercise Price	Weighted Average Remaining Life
		($)	(years)
May 3, 2021	15,672,572	0.30	1.34
June 3, 2021	147,000	0.30	1.42
	15,819,572	0.30	1.34

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. The following summarizes the Company's related party transactions during the three-month periods ended December 31, 2019 and 2018:

<u>Key Management Compensation</u>

	2019	2018
Rent	23,100	21,000
Consulting fees	30,000	30,000
Management fees	52,500	52,500
	105,600	103,500

12. RELATED PARTY TRANSACTIONS (continued)

a) As at December 31, 2019, included in accounts payable and accrued liabilities was $215,104 (September 30, 2019 - $175,085) owing to current and former officers and directors.
b) Accounts payable as of December 31, 2019 includes $12,042 (September 30, 2019 - $12,042) in notes payable accrued interest to corporations controlled by related parties.
c) During the three-month period ended December 31, 2019, the Company issued notes payable of $21,100 (September 30, 2019 - $Nil) to corporations controlled by related parties.

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, 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 amortized cost; and accounts payable and notes 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 December 31, 2019. The Company does not believe it has a material exposure to credit risk.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

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

(Expressed in Canadian dollars)

14. MANAGEMENT OF CAPITAL (continued)

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 three-month period ended December 31, 2019.

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.

16. COMMITMENTS

The Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. Under the terms of the agreement, the Company will pay $7,000 plus GST per month commencing on December 1, 2017, increasing to $7,700 effective February 1, 2019 and continuing until the expiration of the underlying head lease on July 31, 2021.

Fiscal Year	Amount ($)
2020	69,300
2021	77,000

17. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the following significant transactions took place:

a) the Company amended its articles to change its name to Canadian Palladium Resources Inc., effective January 15, 2020 to reflect the Company's concentration on its flagship East Bull palladium project in Ontario, Canada.

b) the Company received gross proceeds of $45,000 from the exercise of 250,000 stock options at $0.18.

c) 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, 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.