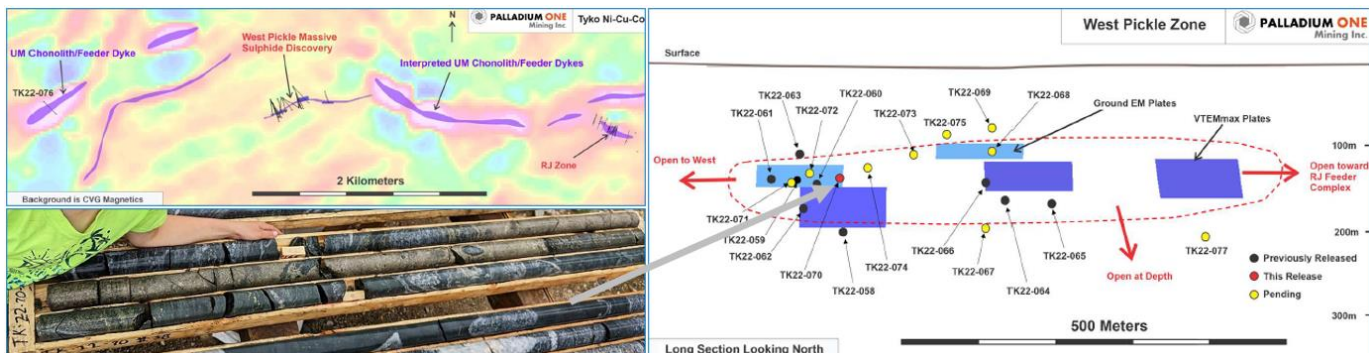


Ticker: PDM CN **Cash:** ~C\$11m **Project:** LK Project / Tyko
Market cap: C\$34m **Price:** C\$0.13/sh **Country:** Finland / Canada, ON
REC. (unc): BUY **TARGET (unc):** C\$0.55/sh **RISK RATING (unc):** HIGH

We see two key takeaway's from today's **2.3m @ 12.8% NiEq** best to date hit at Tyco's West Pickle target (i) the geophysics 'silver bullet' is clearly working given continued high-grade intercepts on the greenfield target (recall recent **1.8m @ 6.3% NiEq**, **12.6m @ 0.97% NiEq** and **2.1m @ 1.1% NiEq**) and (ii) only 20km from last year's Smoke Lake discovery (**3.8m @ 10.2% NiEq**) and 3km from the historic RJ deposit (**16m @ 1.2% NiEq**) provides a blue-sky upside district potential. More interestingly, today's hit lies at the edge of a 100m long conductor, with potential to extend mineralization along trend (step-outs pending). While each discovery doesn't seem to be massive initially (100-500m strike length), all of them are high-grade making the consolidated package of holdings along the belt very attractive. Today's hit reaffirmed our view that Tyko is 'in for free' at the company's current market cap, wrongfully we think, as this is among the rare few, high-grade nickel sulphide exploration plays in a tier-1 location near infrastructure. For now, **we maintain our BUY rating and C\$0.55/sh PT** based on $0.35 \times \text{NAV}_{7\%-200\text{Pd}}$ of a 2.7Moz @ 1.2g/t PdEq resource base in Finland. However, nickel, which we only hold at a nominal C\$10m, is clearly the key driver forward now in our view. Next steps are simple: step out drilling, and drilling on more conductors, here and on other targets and PDM seems to execute the plan after adding a second drill rig at Tyko. We still see the value backstopped 4Moz PdEq 43-101 in Finland, itself close to smelters potentially 'sweating' about the impact of geopolitics given Russia's dominant position in the PGM/Ni market. In fact, given that, it is clear that 'domestic' nickel should be front and centre of the EV rush.

Figure 1. (A/B) Tyko regional map and massive sulphide drill core and (C) West Pickle long section



Source: Palladium One

Tyko drilling hits 10.1m @ 3.1% NiEq at West Pickle now >500m strike; adds second drill

Palladium One reports the highest-grade intercept (infill drill hole) of **2.3m @ 12.8% NiEq**, within a broader **10.1m @ 3.1% NiEq** from 164.6m (2.5% Ni + 1.0% Cu/0.03% Co and 0.26 g/t Pt+Pd+Au) on the Tyko property from the West Pickle massive sulphide mineralization. To date 20 holes totalling 4,604m have been drilled in close proximity to West Pickle discovery, while further infill and step-out drilling is on-going. Assays are pending from 10 holes, including TK-22-076 drilled to the west of the West Pickle Zone targeting an interpreted Chonolith "Feeder Dyke" structure which reported 117m of ultramafic rocks from 68.6m including 30m of ultramafic breccia. The West Pickle mineralization has now been defined over more than 500m of strike length. Drilling has resumed at site and a second drill has been mobilized on site to focus drilling on West Pickle.

Why we like Palladium One

1. Existing 4.0Moz @ 1.43g/t PdEq (spot, 5Moz @ 1.7g/t AuEq) in Finland, cheap power / 20% tax
2. SCPe +2-4Moz on Kaukua East and Haukiahho East, flyer on Kaukua West and Haukiahho deeps
3. Materially de-risked against peer low-grade PGM asset with Ni / Cu smelter concentrate sales
4. Four multi-line conductors to test in Canada with coincident soils
5. ~C\$5m funding for Canadian nickel and C\$10m hard dollars for Finland year-round drilling

Catalysts

1. CY22: Haukiahio E and Kaukua Far E drilling
2. 2H22: Results from 15,000m of drilling at Tyko properties in Ontario
3. Year end: SCPe PEA timing for Kaukua

Research

Brock Salier (London) M: +44 7400 666 913 bsalier@sprott.com

Eleanor Magdzinski (Toronto) M: +1 705 669 7456 emagdzinski@sprott.com

Konstantinos Kormpis (Toronto) M: +1 778-957-3623 kkormpis@sprott.com

Ticker: PDM CN	Price / mkt cap: C\$0.13/sh, C\$34m	Project PNAV today: 0.08x	Asset: LK Project
Authors: B Salier, E Magdzinski	Rec / 0.35xNAV PT: BUY, C\$0.55/sh	1xNAV_{3Q24} FF FD: C\$1.01/sh	Country: Finland

Commodity price	CY21A	CY22E	CY23E	CY24E	SPOT
Palladium price	2,000	2,000	2,000	2,000	2,312
Platinum Price	1,100	1,100	1,100	1,100	931
Gold price	1,850	1,850	1,850	1,850	1,720
Nickel Price	17,632	17,632	17,632	17,632	22,000
Copper Price	8,926	8,926	8,926	8,926	7,685

SOTP project valuation*	C\$m	O/ship	NAVx	C\$/sh
Ungeared @ build start (3Q23)	353.8	100%	1.00x	1.17
SCPe pro-forma cash 2Q22	11.3	100%	1.00x	0.04
Cash from options + warrants	14.4	100%	1.00x	0.05
SCPe resources ex invty @ US\$50/oz	86	100%	1.00x	0.29
Tyko nominal upside (C\$m)	10.0	100%	1.00x	0.03

Asset NAV7% US\$2000/oz Pd	476	1.58
*Shares diluted for options mine build Market P/NAV _{7%3Q22} 0.08x		

Asset value: 1xNPV project @ build start (C\$m, ungeared)*

Project NPV (C\$m)	\$1500oz	\$1750oz	\$2000oz	\$2500oz	\$3000oz
Discount rate: 9%	146	278	403	633	853
Discount rate: 7%	195	339	476	730	974
Discount rate: 5%	253	412	564	846	1,119

Ungeared project IRR:	11%	16%	21%	29%	36%
Project NPV (C\$/sh)	\$1500oz	\$1750oz	\$2000oz	\$2500oz	\$3000oz
Discount rate: 9%	0.48	0.92	1.34	2.10	2.83
Discount rate: 7%	0.64	1.12	1.58	2.42	3.23
Discount rate: 5%	0.84	1.37	1.87	2.81	3.71

*Project NPV, ex fin. costs and cent G&A, discounted to build start

Group NAV over time^	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26
LK Project NPV (C\$m)	329	395	736	791	698
G&A and finance costs (C\$m)	(91)	(86)	(83)	(62)	(44)
Net cash prior qtr (C\$m)	10	115	(182)	(214)	(101)
Cash from options (C\$m)	14.4	14.4	14.4	14.4	14.4
NAV FF FD (C\$m)	262	439	486	529	567
Shares in issue (m)	302	379	379	522	522
1xNAV7%/sh FF FD (C\$/sh)*	0.87	1.16	1.28	1.01	1.09

G geared NAV at first con, diluted for build, net G&A and fin. costs^

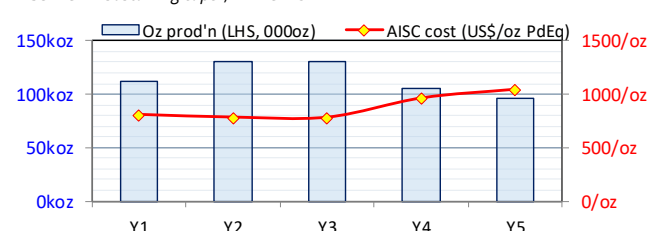
NAV at first con (C\$m)	\$1500oz	\$1750oz	\$2000oz	\$2500oz	\$3000oz
Discount rate: 9%	205	342	476	730	981
Discount rate: 7%	239	385	529	802	1,072
Discount rate: 5%	279	436	591	887	1,180
Geared project IRR:	9%	14%	18%	26%	33%

NAV at first con (C\$/sh)*	\$1500oz	\$1750oz	\$2000oz	\$2500oz	\$3000oz
Discount rate: 9%	0.24	0.55	0.87	1.50	2.14
Discount rate: 7%	0.33	0.66	1.01	1.70	2.39
Discount rate: 5%	0.43	0.80	1.18	1.93	2.68

^Project NPV incl grp SG&A & fin. cost, +net cash; *diluted for build equity

Production	Y1	Y2	Y3	Y4	Y5
PdEq production (000oz)	112	130	130	105	96
AISC cost (US\$/oz PdEq)	806	780	780	961	1,043

AISC = C1 + sustaining capex, Y1 = CY25



Source: SCP estimates

Resource / Reserve	Tonnes	PdEq Grade	PdEq oz	AuEq oz
Kaukua Area+ Murtolampi	69	1.44g/t	3202koz	3865koz
Haukiahohi	18.9	1.38g/t	839koz	1012koz
Total	87.9	1.43g/t	4041koz	4878koz
SCP inventory @ 80% conv.	70.3	1.19g/t	2701koz	2921koz

Project: USES	Funding: SOURCES
Pre-DFS exploration / G&A: C\$7m	Cash + pre first Au op.: C\$25m
Build capex: C\$387m	Pre-build equity: C\$10m
Fin. cost + WC over DFS: C\$16m	Build equity @ 0.6xNAV: C\$135m
TOTAL USES: C\$410m	65% geared debt @ 8%: C\$252m
Buffer / drill budget: C\$12m	TOTAL SOURCES: C\$422m

Share data	Basic	FD with options	FD for build
Basic shares (m)	257.8	301.6	522

Ratio analysis	CY20A	CY21A	CY22E	CY23E	CY24E
Average shares out (m)	257.7	488.6	521.6	521.6	521.6
CFPS (C\$/sh)	-	-	-	-	-
EV (C\$m)	26.3	48.5	51.1	3.7	322.5
FCF yield (%)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement	CY20A	CY21A	CY22E	CY23E	CY24E
Net revenue (C\$m)	-	-	-	-	-
COGS (C\$m)	-	-	-	-	-
Gross profit (C\$m)	-	-	-	-	-

D&A, attrib (C\$m)	-	(0.4)	0.0	-	-
G&A + sh based costs (C\$m)	1.3	2.3	3.0	4.3	4.5
Finance cost (C\$m)	3.7	8.3	6.6	4.5	7.7
Taxes (C\$m)	-	-	-	-	-
Net income (C\$m)	(5.0)	(10.7)	(9.6)	(8.9)	(12.2)

Cash flow, attrib.	CY20A	CY21A	CY22E	CY23E	CY24E
EBIT (C\$m)	(1.3)	(2.3)	(3.0)	(4.3)	(4.5)
Add back D&A (C\$m)	-	(0.4)	0.0	-	-
Less tax + net interest (C\$m)	3.7	8.3	6.6	4.5	7.7
Net change in wkg cap (C\$m)	0.5	0.9	(1.3)	(0.2)	-
Other non-cash (C\$m)	(8.4)	(18.0)	(10.4)	(8.1)	(14.8)
Cash flow ops (C\$m)	(5.5)	(11.5)	(8.0)	(8.1)	(11.7)

PP&E - build + sust. (C\$m)	0.5	0.0	2.2	80.0	307.1
PP&E - expl'n (C\$m)	-	-	-	-	-
Cash flow inv. (C\$m)	(0.5)	(0.0)	(2.2)	(80.0)	(307.1)

Share issue (C\$m)	7.9	19.4	10.0	135.5	-
Debt draw (repay) (C\$m)	-	-	-	-	251.6
Cash flow fin. (C\$m)	7.9	19.4	10.0	135.5	251.6
Net change in cash (C\$m)	1.9	7.8	(0.2)	47.4	(67.2)
EBITDA (C\$m)	(4.9)	(11.0)	(10.8)	(8.9)	(4.5)

Balance sheet	CY20A	CY21A	CY22E	CY23E	CY24E
Cash (C\$m)	7.2	15.1	16.7	64.1	(3.1)
Acc rec., inv, prepaid (C\$m)	0.3	0.2	0.2	-	-
PP&E + other (C\$m)	0.1	0.5	(0.4)	79.6	386.7
Total assets (C\$m)	7.6	15.7	16.5	143.6	383.6
Debt (C\$m)	-	-	-	-	251.6
Accounts payable (C\$m)	1.0	0.4	1.2	1.2	1.2
Others (C\$m)	0.0	1.6	0.5	0.5	0.5
Total liabilities (C\$m)	1.0	2.0	1.7	1.7	253.3
Issued capital (C\$m)	20.0	37.7	48.5	184.5	185.1
Retained earnings (C\$m)	(13.3)	(24.0)	(33.6)	(42.5)	(54.8)
Liabilities + equity (C\$m)	7.6	15.7	16.5	143.6	383.6

DISCLOSURES & DISCLAIMERS

This research report (as defined under IIROC Rule 3600, Part B) is issued and approved for distribution in Canada by Sprott Capital Partners LP (“SCP”), an investment dealer who is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Canadian Investor Protection Fund (“CIPF”). The general partner of SCP is Sprott Capital Partners GP Inc. and SCP is a wholly-owned subsidiary of Sprott Inc., which is a publicly listed company on the Toronto Stock Exchange under the symbol “SII”. Sprott Asset Management LP (“SAM”), a registered investment manager to the Sprott Funds and is an affiliate of SCP. This research report is provided to retail clients and institutional investors for information purposes only. The opinions expressed in this report are the opinions of the author and readers should not assume they reflect the opinions or recommendations of SCP’s research department. The information in this report is drawn from sources believed to be reliable but the accuracy or completeness of the information is not guaranteed, nor in providing it does SCP and/or affiliated companies or persons assume any responsibility or liability whatsoever. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any securities. SCP accepts no liability whatsoever for any loss arising from any use or reliance on this research report or the information contained herein. Past performance is not a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in this research report and the income they generate may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Furthermore, the securities discussed in this research report may not be liquid investments, may have a high level of volatility or may be subject to additional and special risks associated with securities and investments in emerging markets and/or foreign countries that may give rise to substantial risk and are not suitable for all investors. SCP may participate in an underwriting of, have a position in, or make a market in, the securities mentioned herein, including options, futures or other derivatives instruments thereon, and may, as a principal or agent, buy or sell such products.

DISSEMINATION OF RESEARCH: SCP’s research is distributed electronically through email or available in hard copy upon request. Research is disseminated concurrently to a pre-determined list of clients provided by SCP’s Institutional Sales Representative and retail Investment Advisors. Should you wish to no longer receive electronic communications from us, please contact unsubscribe@sprott.com and indicate in the subject line your full name and/or corporate entity name and that you wish to unsubscribe from receiving research.

RESEARCH ANALYST CERTIFICATION: Each Research Analyst and/or Associate who is involved in the preparation of this research report hereby certifies that:

- The views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report;
- His/her compensation is not and will not be directly related to the specific recommendations or view expressed by the Research analyst in this research report;
- They have not affected a trade in a security of any class of the issuer within the 30-day period prior to the publication of this research report;
- They have not distributed or discussed this Research Report to/with the issuer, investment banking group or any other third party except for the sole purpose of verifying factual information; and
- They are unaware of any other potential conflicts of interest.

UK RESIDENTS: Sprott Partners UK Limited (“Sprott”) is an appointed representative of PillarFour Securities LLP which is authorized and regulated by the Financial Conduct Authority. This document has been approved under section 21(1) of the FMSA 2000 by PillarFour Securities LLP (“PillarFour”) for communication only to eligible counterparties and professional clients as those terms are defined by the rules of the Financial Conduct Authority. Its contents are not directed at UK retail clients. PillarFour does not provide investment services to retail clients. PillarFour publishes this document as non-independent research which is a marketing communication under the Conduct of Business rules. It has not been prepared in accordance with the regulatory rules relating to independent research, nor is it subject to the prohibition on dealing ahead of the dissemination of investment research. It does not constitute a personal recommendation and does not constitute an offer or a solicitation to buy or sell any security. Sprott and PillarFour consider this note to be an acceptable minor non-monetary benefit as defined by the FCA which may be received without charge. This is because the content is either considered to be commissioned by Sprott’s clients as part of their advisory services to them or is short term market commentary. Neither Sprott nor PillarFour nor any of its directors, officers, employees or agents shall have any liability, howsoever arising, for any error or incompleteness of fact or opinion in it or lack of care in its preparation or publication; provided that this shall not exclude liability to the extent that this is impermissible under the law relating to financial services. All statements and opinions are made as of the date on the face of this document and are not held out as applicable thereafter. This document is intended for distribution only in those jurisdictions where PillarFour is permitted to distribute its research.

IMPORTANT DISCLOSURES FOR U.S. PERSONS: This research report was prepared by Sprott Capital Partners LP (“SCP”), a company authorized to engage in securities activities in Canada. SCP is not a registered broker/dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Sprott Global Resource Investments Ltd. (“SGRIL”), a broker dealer in the United States registered with the Securities Exchange Commission (“SEC”), the Financial Industry Authority (“FINRA”), and a member of the Securities Investor Protection Corporation (“SIPC”). Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through SCP.

SGRIL accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. The analyst whose name appears in this research report is not licensed, registered, or qualified as a research analyst with FINRA and may not be an associated person of SGRIL and, therefore, may not be subject to applicable restrictions under FINRA Rule 2241 regarding communications by a research analyst with a subject company, public appearances by the research analyst, and trading securities held by a research analyst account. To make further inquiries related to this report, United States residents should contact their SGRIL representative.

ANALYST CERTIFICATION / REGULATION AC: The analyst and associate certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers. In addition, the analyst and associate certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

SPROTT CAPITAL PARTNERS EXPLANATION OF RECOMMENDATIONS: Should SCP issue research with recommendations, the research rating guidelines will be based on the following recommendations:

BUY: The stocks total returns are expected to be materially better than the overall market with higher return expectations needed for more risky securities markets

NEUTRAL: The stock's total returns are expected to be in line with the overall market

SELL: The stocks total returns are expected to be materially lower than the overall market

TENDER: The analyst recommends tendering shares to a formal tender offering

UNDER REVIEW: The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

NOT RATED ((N/R): The stock is not currently rated

Research Disclosure		Response
1	SCP and its affiliates collectively beneficially owns 1% or more of any class of the issuer's equity securities ¹	YES
2	The analyst or any associate of the analyst responsible for the report or recommendation or any individual directly involved in the preparation of the report holds or is short any of the issuer's securities directly or through derivatives	YES
3	An SCP partner, director, officer or analyst involved in the preparation of a report on the issuer, has during the preceding 12 months provided services to the issuer for remuneration other than normal course investment advisory or trading execution services	NO
4	SCP has provided investment banking services for the issuer during the 12 months preceding the date of issuance of the research report or recommendation	YES
5	Name of any director, officer, employee or agent of SCP who is an officer, director or employee of the issuer, or who serves in an advisory capacity to the issuer	NO
6	SCP is making a market in an equity or equity related security of the issuer	NO
7	The analyst preparing this report received compensation based upon SCP's investment banking revenue for the issuer	NO
8	The analyst has conducted a site visit and has viewed a major facility or operation of the issuer	YES
9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	YES

Sprott Capital Partners Equity Research Ratings:

Summary of Recommendations as of November 2022	
BUY:	51
HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	53

¹ As at the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month