



PALAMINA CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(Expressed in Canadian Dollars)
(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying condensed consolidated interim financial statements of Palamina Corp. (the "Company") are the responsibility of the management and Board of Directors of the Company.

The condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 "*Interim Financial Reporting*" of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "Andrew Thomson"
Andrew Thomson
President and Chief Executive Officer

(signed) "Michael Farrant"
Michael Farrant
Chief Financial Officer

Toronto, Canada
November 28, 2024

NOTICE TO READER

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The condensed consolidated interim financial statements as at and for the three and nine months ended September 30, 2024 and 2023 have not been reviewed by the Company's auditor.

PALAMINA CORP.
Condensed Consolidated Interim Statements of Financial Position
As at
(Unaudited)

(Expressed in Canadian Dollars)		September 30, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	Note 6	\$ 964,745	\$ 3,040,172
Harmonized sales tax receivable		49,744	9,685
Due from associate	Note 17	7,630	-
Prepaid expenses and other assets	Note 7	199,144	200,964
		1,221,263	3,250,821
Non-current assets			
Equipment	Note 8	74,532	29,769
Investment in associate	Note 17	334,873	430,407
Total Assets		\$ 1,630,668	\$ 3,710,997
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	Notes 9,13	\$ 569,719	\$ 768,004
Total Liabilities		569,719	768,004
Shareholders' Equity			
Share capital	Note 10	10,065,358	10,012,858
Stock option reserve	Note 11	822,264	945,480
Warrant reserve	Note 12	170,690	170,690
Foreign currency translation		(76,985)	(54,848)
Deficit		(9,920,378)	(8,131,187)
Total Shareholders' Equity		1,060,949	2,942,993
Total Liabilities and Shareholders' Equity		\$ 1,630,668	\$ 3,710,997

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 15)

Approved by the Board of Directors and authorized on November 28, 2024:

(signed) "Andrew Thomson"
Andrew Thomson
Director

(signed) "Peter Bojtos"
Peter Bojtos
Director

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

PALAMINA CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the periods ended

(Unaudited)

(Expressed in Canadian Dollars)	Three months ended September 30,		Nine months ended September 30,		
	2024	2023	2024	2023	
Expenses					
Exploration and evaluation expenditures	Note 14	\$ 759,654	\$ 149,036	\$ 1,560,724	\$ 527,331
Salaries, director and management fees	Note 13	64,188	54,778	213,173	209,689
Investor relations		14,359	30,617	54,164	70,364
Shareholder costs and filing fees		19,101	8,744	50,545	44,491
Professional fees		12,903	11,857	56,718	42,528
Office and general		20,681	11,050	53,444	43,089
Depreciation	Note 8	5,386	1,994	11,361	6,162
Share-based compensation	Notes 11,13	13,654	-	45,458	300
Total expenses		(909,926)	(268,076)	(2,045,587)	(943,954)
Other income (expense)					
Bank charges		(483)	(881)	(1,431)	(2,279)
Loss on foreign exchange		(3,774)	(3,258)	(10,070)	(5,997)
Interest income		12,681	450	59,147	527
Advance royalty		135,610	67,715	135,610	67,715
Share of loss of associate	Note 17	(51,121)	-	(95,534)	(11,114)
Net loss for the period		(817,013)	(204,050)	(1,957,865)	(895,102)
Other comprehensive loss - items that will not subsequently reclassify into loss					
Exchange loss on translation of foreign subsidiaries		(4,362)	(1,541)	(22,137)	(27,455)
Net comprehensive loss for the period		\$ (821,375)	\$ (205,591)	\$ (1,980,002)	\$ (922,557)
Net Loss per share					
Basic and diluted loss per share		\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.01)
Weighted average number of shares outstanding - basic and diluted		71,338,097	71,284,836	71,302,719	67,658,462

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

PALAMINA CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Unaudited)

(Expressed in Canadian Dollars)	Share Capital		Reserves		Foreign Currency Translation	Deficit	Total
	Number of shares	Amount	Stock Options	Warrants			
Balance at December 31, 2022	65,284,836	\$ 9,457,488	\$ 1,198,286	\$ 1,947,000	\$ (23,220)	\$ (12,716,031)	\$ (136,477)
Shares issued for cash as part of unit financing	6,000,000	750,000	-	-	-	-	750,000
Warrants issued as part of unit financing	-	(175,200)	-	175,200	-	-	-
Share issue costs – cash	-	(18,340)	-	(5,600)	-	-	(23,940)
Share issue costs – finder warrants	-	(1,090)	-	1,090	-	-	-
Expiry of warrants	-	-	-	(1,947,000)	-	1,947,000	-
Cancellation of stock options	-	-	(86,970)	-	-	86,970	-
Expiry of stock options	-	-	(278,132)	-	-	278,132	-
Share-based compensation	-	-	300	-	-	-	300
Net loss for the period	-	-	-	-	-	(895,102)	(895,102)
Other comprehensive loss	-	-	-	-	(27,455)	-	(27,455)
Balance at September 30, 2023	71,284,836	10,012,858	833,484	170,690	(50,675)	(11,299,031)	(332,674)
Share-based compensation	-	-	111,996	-	-	-	111,996
Net income for the period	-	-	-	-	-	3,167,844	3,167,844
Other comprehensive loss	-	-	-	-	(4,173)	-	(4,173)
Balance at December 31, 2023	71,284,836	10,012,858	945,480	170,690	(54,848)	(8,131,187)	2,942,993
Shares issued for acquisition of mineral property	350,000	52,500	-	-	-	-	52,500
Expiry of stock options	-	-	(168,674)	-	-	168,674	-
Share-based compensation	-	-	45,458	-	-	-	45,458
Net loss for the period	-	-	-	-	-	(1,957,865)	(1,957,865)
Other comprehensive loss	-	-	-	-	(22,137)	-	(22,137)
Balance at September 30, 2024	71,634,836	\$ 10,065,358	\$ 822,264	\$ 170,690	\$ (76,985)	\$ (9,920,378)	\$ 1,060,949

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

PALAMINA CORP.

Condensed Consolidated Interim Statements of Cash Flows For the periods ended (Unaudited)

(Expressed in Canadian Dollars)	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities		
Net loss for the period	\$ (1,957,865)	\$ (895,102)
Adjustments not affecting cash:		
Share-based compensation	Note 11 45,458	300
Depreciation	Note 8 11,361	6,162
Shares issued for acquisition of mineral property	Note 14 52,500	-
Unrealized foreign exchange differences	(22,757)	(27,358)
Share of loss of associate	Note 17 95,534	11,114
Operating cash flows before changes in non-cash working capital:	(1,775,769)	(904,884)
Changes in non-cash working capital:		
Harmonized sales tax receivable	(40,059)	4,879
Due from associate	(7,630)	-
Prepaid expenses and other assets	1,820	9,338
Accounts payable and accrued liabilities	(198,285)	75,031
Cash used in operating activities	(2,019,923)	(815,636)
Cash flows from investing activities		
Purchase of equipment	Note 8 (55,504)	-
Cash used in investing activities	(55,504)	-
Cash flows from financing activities		
Proceeds from private placement	Note 10 -	750,000
Share issue costs	Note 10 -	(23,940)
Advance from related party	Note 13 -	16,500
Cash provided by financing activities	-	742,560
Decrease in cash and cash equivalents during the period	(2,075,427)	(73,076)
Cash and cash equivalents, beginning of period	3,040,172	81,302
Cash and cash equivalents, end of period	\$ 964,745	\$ 8,226
Supplemental cash flow information:		
Value of finder warrants issued	Note 11 \$ -	\$ 1,090
Value of common shares issued for acquisition of mineral property	Note 14 \$ 52,500	\$ -

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

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Palamina Corp. (“Palamina” or the “Company”) is an exploration stage company focused on the exploration for economic mineral deposits in Peru through its wholly owned subsidiaries Palamina S.A.C. (“Palamina Peru”) and Sociedad Minera Vicus Exploraciones S.A.C. (“Vicus”) and to a much lesser degree, through its wholly owned Mexican subsidiary Palamina S.A. de C.V. (“Palamina Mexico”).

Palamina was incorporated on April 23, 2015 under the *Business Corporations Act* (Ontario). The Company is listed on the TSX Venture Exchange (“TSX-V”) having the symbol PA and on the OTCQB under the symbol PLMNF. The Company’s head office is located at 145 King Street West, Suite 2870 Toronto, Ontario M5H 1J8.

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations. Changes in future conditions could require material write downs of the carrying values.

The business of mineral exploration involves a high degree of risk and there can be no assurance that the Company’s exploration programs will result in profitable operations. The recoverability of the Company’s exploration and evaluation expenditures is dependent upon the discovery of economically recoverable mineral reserves; securing and maintaining title and beneficial interest in the properties; the ability to obtain the necessary financing to complete exploration, development and construction of processing facilities; obtaining various government approvals; and attaining profitable production or alternatively, upon the Company’s ability to dispose of its interests on an advantageous basis; all of which are uncertain.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, non-compliance with regulatory requirements or aboriginal land claims. The Company’s exploration property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

The Company is at an early stage of development and, as is common with many exploration companies, it relies on financings to fund its exploration and acquisition activities. While the Company had a working capital surplus at September 30, 2024 of \$651,544 (December 31, 2023 – \$2,482,817), it had not yet achieved profitable operations, had accumulated losses of \$9,920,378 at September 30, 2024 (December 31, 2023 - \$8,131,187) and expects to incur further losses in the development of its business. Palamina does not have adequate cash resources to fund its operations over the next twelve months and will require additional financing in order to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. There can be no certainty as to the ability of the Company to raise sufficient additional financing in order to continue to operate, and accordingly, there is a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 and 2023 (the “Financial Statements”) have been prepared in accordance with International Accounting Standards (“IAS”) 34 “*Interim Financial Reporting*” (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and include interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The preparation of these unaudited condensed consolidated interim financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expense. In management’s opinion, all adjustments considered necessary for a fair presentation have been included in these unaudited condensed interim financial statements. Interim results are not necessarily indicative of the results expected for the financial year. Actual annual results may differ from interim estimates. The significant judgments made by management applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2023. For a description of the Company’s critical accounting estimates and assumptions, please refer to the Company’s audited consolidated financial statements and related notes for the year ended December 31, 2023.

Basis of Presentation

These Financial Statements have been prepared on the historical cost basis, except for financial instruments designated at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

These Financial Statements do not include all the information required for full annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended December 31, 2023. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes to the Company’s financial position and performance since the last audited annual consolidated financial statements.

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications did not affect prior period net losses.

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

Adoption of New Accounting Standards

These Financial Statements have been prepared following the same accounting policies and methods of computation as the audited annual consolidated financial statements for the year ended December 31, 2023. The Company adopted the following accounting standards and amendments to accounting standards, effective January 1, 2024:

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that:

- settlement of a liability includes transferring a company's own equity instruments to the counterparty, and
- when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity.

The amendments have been adopted by the Company and did not result in any changes to the financial statements.

New Accounting Standards Issued but Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2025. Many are not applicable or do not have a significant impact to the Company and have been excluded. Management is currently evaluating the impact of these pronouncements on the Company's financial statements.

IAS 21 - In August 2023, the IASB amended IAS 21 to clarify when a currency is exchangeable into another currency; and how a company estimates a spot rate when a currency lacks exchangeability. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

Approval of the Financial Statements

These Financial Statements of the Company for the three and nine months ended September 30, 2024 and 2023 were approved and authorized for issue by the Board of Directors on November 28, 2024.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT

Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS requires that management make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities, profits and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2023.

4. FINANCIAL INSTRUMENTS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up to date market information. A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and the prices of commodities and equities.

Price risk

The Company is exposed to price risk with respect to commodity prices. 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, particularly as they relate to gold and silver to determine the appropriate course of action to be taken by the Company.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

4. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at market rates. In the event that the Company held interest bearing debt, the Company could be exposed to interest rate risk. The Company does not have any interest-bearing debt. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature.

Foreign currency risk

The Company's exploration activities are conducted primarily in Peru. Major purchases and exploration expenditures are transacted in Peruvian soles and U.S. dollars. Administrative expenditures and cash balances are primarily transacted in Canadian dollars. The Company has exposure to foreign currency risk. The Company mitigates the risk of foreign currency fluctuations by converting Canadian currency to Peruvian soles and U.S. dollars when required to fund expenditures in those currencies.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company has reduced its credit risk by investing its cash and cash equivalents with a Canadian chartered bank.

Liquidity risk

The Company's approach to managing liquidity risk is to endeavor to have sufficient liquidity to meet liabilities when due. As at September 30, 2024, the Company had current assets of \$1,221,263 (December 31, 2023 - \$3,250,821) including cash and cash equivalents of \$964,745 (December 31, 2023 - \$3,040,172) to settle current liabilities of \$569,719 (December 31, 2023 - \$768,004) resulting in a working capital surplus at September 30, 2024 of \$651,544 (December 31, 2023 - \$2,482,817).

The Company's financial assets and liabilities as at September 30, 2024 and December 31, 2023 were as follows:

	Amortized Cost	FVTPL	Total
December 31, 2023			
Financial assets			
Cash	\$ 3,040,172	\$ -	\$ 3,040,172
Financial liabilities			
Accounts payable and accrued liabilities	\$ 768,004	\$ -	\$ 768,004
September 30, 2024			
Financial assets			
Cash and cash equivalents	\$ 964,745	\$ -	\$ 964,745
Due from associate	\$ 7,630	\$ -	\$ 7,630
Financial liabilities			
Accounts payable and accrued liabilities	\$ 569,719	\$ -	\$ 569,719

The fair values of these financial instruments approximate their carrying values because of their short-term nature.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

4. FINANCIAL INSTRUMENTS (Continued)

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the next 12-month period:

- (i) Interest rate risk is limited to cash and cash equivalents balances, primarily held in Canadian and US dollars in Canada.
- (ii) The Company's subsidiaries hold financial assets and liabilities denominated in the U.S. dollar and Peruvian Sol, that give rise to foreign exchange risk. If the U.S. dollar rose or fell in relation to the Canadian dollar by 5% with all other variables held constant, net comprehensive loss for the nine months ended September 30, 2024 would have been approximately \$1,000 higher/lower. If the Peruvian Sol rose or fell in relation to the Canadian dollar by 5% with all other variables held constant, accumulated other comprehensive loss for the nine months ended September 30, 2024 would have been approximately \$100 higher/lower.
- (iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even if commercial quantities of valuable minerals may be produced in the future, a profitable market will exist for them. As of September 30, 2024, the Company is not a producer of minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

5. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize the return to shareholders through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and the industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserve accounts and accumulated deficit, which at September 30, 2024 totaled \$1,060,949 (December 31, 2023 – \$2,942,993).

Palamina manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended September 30, 2024.

The Company is not subject to any capital requirements imposed by lending institutions.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

6. CASH AND CASH EQUIVALENTS

The balance at September 30, 2024, consists of cash on deposit with major Canadian and Peruvian banks in general interest bearing accounts totaling \$244,431 (December 31, 2023 - \$3,040,172), and a cashable guaranteed investment certificate with a major Canadian bank of \$720,314 (December 31, 2023 - \$nil) for total cash and cash equivalents of \$964,745 (December 31, 2023 - \$3,040,172).

7. PREPAID EXPENSES AND OTHER ASSETS

On June 10, 2021, Palamina entered into a services agreement with Goldspot Discoveries Corp. ("Goldspot"). The service agreement provided for a pre-payment of \$350,000 for strategic technical services to be provided by Goldspot to Palamina over a 12-month period. As at September 30, 2024, the balance of the remaining deposit is \$120,016 (December 31, 2023 - \$120,016). No services have been provided since June 30, 2022.

The remaining balance as at September 30, 2024 of \$79,128 (December 31, 2023 - \$80,948) is comprised of other prepaid amounts and other assets.

8. EQUIPMENT

	Equipment	Vehicles	Total
Cost			
As at December 31, 2023	\$ 63,432	\$ -	\$ 63,432
Additions	8,612	46,892	55,504
Foreign exchange translation	(1,313)	336	(977)
As at September 30, 2024	70,731	47,228	117,959
Accumulated depreciation			
As at December 31, 2023	33,663	-	33,663
Depreciation expense	6,965	4,396	11,361
Foreign exchange translation	(1,563)	(34)	(1,597)
As at September 30, 2024	39,065	4,362	43,427
Net book value - September 30, 2024	\$ 31,666	\$ 42,866	\$ 74,532

	Equipment
Cost	
As at December 31, 2022	\$ 64,483
Foreign exchange translation	(1,051)
As at December 31, 2023	63,432
Accumulated depreciation	
As at December 31, 2022	26,168
Depreciation expense	8,005
Foreign exchange translation	(510)
As at December 31, 2023	33,663
Net book value - December 31, 2023	\$ 29,769

All equipment is located in Peru and owned by Palamina Peru.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. See note 16 for a breakdown of accounts payable and accrued liabilities by geographic region.

The following table reflects a breakdown of the accounts payable and accrued liabilities as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Trade payables	\$ 67,853	\$ 17,174
Accrued liabilities	55,680	381,177
Property tax payable – Mexico	446,186	369,653
Total trade and other payables	\$ 569,719	\$ 768,004

10. SHARE CAPITAL

- a) Authorized: An unlimited number of common shares with no par value
- b) Issued and outstanding:

	Number of Shares	Amount
Balance at December 31, 2022	65,284,836	\$ 9,457,488
Private placement of \$0.125 units – June 15, 2023 (i)	6,000,000	750,000
Less: warrant valuation (i)	-	(175,200)
Less: finder warrants (i)	-	(1,090)
Less: share issue costs – cash (i)	-	(18,340)
Balance at December 31, 2023	71,284,836	10,012,858
Shares issued for acquisition of mineral property (Note 14)	350,000	52,500
Balance at September 30, 2024	71,634,836	\$ 10,065,358

- (i) On June 15, 2023, the Company closed a non-brokered private placement for gross proceeds of \$750,000 through the issuance of 6,000,000 units at a price of \$0.125 per unit. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share at an exercise price of \$0.25 for a period of 24 months until June 15, 2025. The issue date fair value of the warrants was estimated to be \$175,200 based on their Black-Scholes value, using assumptions in Note 12.

The Company paid a cash finder's fee of \$2,625, issued 21,000 finder warrants and incurred \$21,315 of other share issue costs including legal fees and stock exchange listing fees. Each finder warrant is exercisable into one common share of the Company at a price of \$0.125 per share for a period of 24 months until June 15, 2025. The issue date fair value of the warrants was estimated to be \$1,090 based on their Black-Scholes value, using assumptions in Note 12. \$18,340 of the cash share issue costs were attributed to the share capital while the other \$5,600 was attributed to the warrants.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

11. STOCK OPTIONS

On September 15, 2015, the Company adopted a stock option plan (the “Plan”) under which the Board of Directors of the Company may grant options to directors, officers, employees and consultants to purchase common shares of the Company. The maximum number of common shares reserved for issuance under the Plan at any point in time may not exceed 10% of the number of shares issued and outstanding. The purpose of the Plan is to attract, retain and motivate directors, officers, employees, and certain third-party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. Options granted under the Plan are non-assignable and vest over various terms from the date of grant.

As at September 30, 2024, the Company had 988,483 (December 31, 2023 – 1,358,483) options available for issuance under the Plan.

The following table reflects the continuity of stock options for the nine months ended September 30, 2024 and year ended December 31, 2023:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding – December 31, 2022	5,615,000	\$0.26
Granted	1,585,000	\$0.15
Expired	(1,015,000)	\$0.33
Cancelled	(415,000)	\$0.21
Outstanding – December 31, 2023	5,770,000	\$0.22
Granted	1,100,000	\$0.15
Expired	(695,000)	\$0.33
Outstanding – September 30, 2024	6,175,000	\$0.19

Stock Option Grants

On December 15, 2023, the Company granted options to purchase up to 1,585,000 common shares of the Company to certain officers, directors and consultants at an exercise price of \$0.15 per share. The options granted to officers and directors expire in five years, and the options granted to consultants expire in two years. The options vested immediately. The Company recorded \$105,705 and \$6,291 of share-based compensation with respect to the five-year and two-year options, respectively, being the entire grant date fair value.

On April 1, 2024, the Company granted options to purchase up to 1,100,000 common shares of the Company to an officer and consultant at an exercise price of \$0.15 per share. The options granted to the officer expires in five years and the options granted to the consultant expires in three years. The options issued to the officer vest as follows: 100,000 immediately and 300,000 on each of April 1, 2025, 2026 and 2027. The options issued to the consultant vested immediately. The Company recorded \$13,654 of share-based compensation with respect to the five-year options during the three months ended September 30, 2024 and \$37,238 and \$8,220 of share-based compensation with respect to the five-year and three-year options, respectively during the nine months ended September 30, 2024.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

11. STOCK OPTIONS (Continued)

The fair value of the options in the above noted grants, are estimated on the dates of grant using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Stock Price	Exercise Price	Risk-free Interest Rate	Expected Stock Price Volatility	Expected Life (in years)	Expected Dividend Rate	Expected Forfeiture Rate
December 15, 2023	\$0.10	\$0.15	3.24%	105%	5	0%	0%
December 15, 2023	\$0.10	\$0.15	3.91%	105%	2	0%	0%
April 1, 2024	\$0.13	\$0.15	3.64%	105%	5	0%	0%
April 1, 2024	\$0.13	\$0.15	4.00%	105%	3	0%	0%

Stock Option Expiries

On April 6, 2023, stock options to purchase up to 400,000 common shares of the Company at an exercise price of \$0.39 per share, granted on April 6, 2018 to directors and officers of the Company, expired unexercised. Grant date fair value of \$141,333 was transferred from stock option reserve to deficit.

On May 29, 2023, stock options to purchase up to 335,000 common shares of the Company at various exercise prices, granted at various dates to a former director and former officer of the Company, expired unexercised six months after their departures from the Company. Aggregate grant date fair value of \$87,275 was transferred from stock option reserve to deficit.

On June 10, 2023, stock options to purchase up to 150,000 common shares of the Company at an exercise price of \$0.25 per share, granted on June 10, 2021 to a consultant, expired unexercised. Grant date fair value of \$26,000 was transferred from stock option reserve to deficit.

On September 9, 2023, stock options to purchase up to 130,000 common shares of the Company at an exercise price of \$0.30 per share, granted on September 9, 2020 to consultants, expired unexercised. Grant date fair value of \$23,524 was transferred from stock option reserve to deficit.

On July 17, 2024, stock options to purchase up to 695,000 common shares of the Company at an exercise price of \$0.33 per share, granted on July 17, 2021, expired unexercised. Grant date fair value of \$168,674 was transferred from stock option reserve to deficit.

Stock Option Cancellations

On March 31, 2023, options to purchase up to 100,000 common shares of the Company, represented by the following original grants, were cancelled:

- 40,000 three-year options granted at an exercise price of \$0.30 on September 9, 2020 to a consultant, having a grant date fair value of \$7,238; and
- 60,000 three-year options granted at an exercise price of \$0.33 on July 17, 2021 to a consultant, having a grant date fair value of \$14,562.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

11. STOCK OPTIONS (Continued)

Stock Option Cancellations (Continued)

On June 30, 2023, options to purchase up to 315,000 common shares of the Company, represented by the following original grants, were cancelled:

- 25,000 five-year options granted at an exercise price of \$0.25 on December 19, 2019 to a consultant, having a grant date fair value of \$5,437;
- 25,000 five-year and 40,000 three-year options granted at an exercise price of \$0.30 on September 9, 2020 to a consultant and an employee, having grant date fair values of \$7,007 and \$7,238, respectively;
- 135,000 three-year options granted at an exercise price of \$0.33 on July 17, 2021 to employees and consultants, having aggregate grant date fair value of \$32,764;
- 50,000 three-year options granted at an exercise price of \$0.28 on October 29, 2021 to an employee, having a grant date fair value of \$10,000; and
- 40,000 three-year options granted at an exercise price of \$0.11 on November 29, 2022 to an employee, having a grant date fair value of \$2,724.

The following table reflects the stock options outstanding and exercisable at September 30, 2024:

Grant Date	Number of options		Exercise Price	Expiry Date	Remaining contractual life (years)	Grant Date Fair Value
	Outstanding	Exercisable				
December 19, 2019	745,000	745,000	\$0.25	December 19, 2024	0.22	\$ 162,019
September 9, 2020	635,000	635,000	\$0.30	September 9, 2025	0.94	177,973
July 17, 2021	750,000	750,000	\$0.33	July 17, 2026	1.79	211,667
April 8, 2022	250,000	250,000	\$0.17	April 8, 2025	0.52	26,425
November 29, 2022	850,000	850,000	\$0.11	November 29, 2027	3.16	69,020
November 29, 2022	260,000	260,000	\$0.11	November 29, 2025	1.16	17,706
December 15, 2023	1,450,000	1,450,000	\$0.15	December 15, 2028	4.21	105,705
December 15, 2023	135,000	135,000	\$0.15	December 15, 2025	1.21	6,291
April 1, 2024	100,000	100,000	\$0.15	April 1, 2027	2.50	8,220
April 1, 2024	1,000,000	100,000	\$0.15	April 1, 2029	4.50	37,238
	6,870,000	5,275,000	\$0.19		2.63	\$ 822,264

The weighted average remaining contractual life of options outstanding at September 30, 2024 is 2.63 years (December 31, 2023 – 2.72 years) at a weighted average exercise price of \$0.19 (December 31, 2023 - \$0.22). The weighted average remaining contractual life of options exercisable at September 30, 2024 is 2.31 years (December 31, 2023 – 2.72 years) at a weighted average exercise price of \$0.20 (December 31, 2023 - \$0.22).

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

12. WARRANTS

The following table reflects the continuity of warrants for the nine months ended September 30, 2024 and year ended December 31, 2023:

	Number of Warrants	Issue Date Fair Value
Balance – December 31, 2022	20,048,000	1,947,000
Expired	(20,048,000)	(1,947,000)
Issued pursuant to private placement	6,000,000	175,200
Less: share issue costs – cash	-	(5,600)
Finder warrants issued pursuant to private placement	21,000	1,090
Balance – December 31, 2023 and September 30, 2024	6,021,000	\$ 170,690

Warrant Issuances

The Company issued 6,000,000 common share purchase warrants exercisable at \$0.25 and 21,000 finder warrants exercisable at \$0.125 pursuant to a non-brokered private placement that closed on June 15, 2023 (see Note 10(b)(i)). The warrants are outstanding for 24 months to June 15, 2025, and have estimated issue date fair values of \$175,200 and \$1,090, respectively which were estimated using the Black-Scholes option pricing model using the following assumptions:

Issue Date	Stock Price	Exercise Price	Risk-free Interest Rate	Expected Stock Price Volatility	Expected Life (in years)	Expected Dividend Rate	Expected Forfeiture Rate
June 15, 2023	\$0.096	\$0.25	4.49%	98%	2	0%	0%
June 15, 2023	\$0.096	\$0.125	4.49%	98%	2	0%	0%

In addition, \$5,600 of the \$23,940 cash share issue costs was attributed to the warrants, while the remainder was attributed to share capital.

Warrant Expiries

On June 18, 2023, 20,000,000 warrants at an exercise price of \$0.40 per share and 48,000 finder warrants at an exercise price of \$0.25 per share, issued on June 18, 2021, expired unexercised. Aggregate issue date fair value of \$1,947,000 was transferred from warrant reserve to deficit.

As at September 30, 2024, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Warrants Outstanding	Exercise Price	Weighted Average Remaining Life (years)	Expiry Date	Issue Date Fair Value
6,000,000	\$0.25	0.96	June 15, 2025	\$ 169,600
21,000	\$0.125	0.96	June 15, 2025	1,090
6,021,000	\$0.25	0.96		\$ 170,690

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key Management Compensation

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company. Key management of Palamina includes the Company's directors and officers.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Management fees – President and CEO	\$ 43,750	\$ 29,167	\$ 131,250	\$ 131,250
Management fees – CFO	15,000	15,000	45,000	45,000
Directors' fees	2,438	6,940	16,313	20,815
Total fees paid to management and directors	61,188	51,107	192,563	197,065
Share-based payments	13,654	-	37,238	-
	\$ 74,842	\$ 51,107	\$ 229,801	\$ 197,065

Related Party Transactions

On June 8, 2023, the Company received a payment of US\$9,900 (CDN\$13,224) from its associate Winshear, in respect of the reimbursement of amounts owing to the Company for the period January 1 to June 30, 2023.

On June 15, 2023, directors of the Company subscribed for 1,370,000 units at a price of \$0.125 per unit for proceeds of \$171,250, as part of the 6,000,000 unit non-brokered private placement closed by Palamina on that date (see Note 10(b)(i)).

On August 18, 2023, the Company received a payment of US\$4,950 (CDN\$6,708) from its associate Winshear, in respect of the reimbursement of amounts owing to the Company for the period July 1 to September 30, 2023.

On August 21, 2023, the Company received a payment of US\$50,000 (CDN\$67,715) from Winshear, in respect of the 2023 advance royalty payment due September 19, 2023.

On November 1, 2023, the Company received a payment of US\$4,950 (CDN\$6,868) from its associate Winshear, in respect of the reimbursement of amounts owing to the Company for the period October 1 to December 31, 2023.

In November 2023, Palamina sold 243,000 shares of Winshear at \$0.27 per share for net proceeds of \$65,425. Palamina also exercised 775,000 warrants at \$0.10 per share and 546,000 warrants at \$0.20 per share at an aggregate cost of \$186,700 to hold 14,500,000 shares of Winshear, prior to their 3 for 1 share consolidation.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (Continued)

During March and April 2023, the President and CEO advanced funds totaling \$38,500 to the Company. These advances were repaid on May 11, 2023. In addition, during the period September to November 2023, the President and CEO made further advances totaling \$46,500 to the Company. These advances were repaid on December 18, 2023. The advances, which were unsecured, non-interest bearing and had no fixed terms for repayment, were made to fund the Company's ongoing operations until an alternate source of funding became available. In November 2023, the Company's CFO made an advance of \$77,500 to the Company to facilitate the exercise of 775,000 Winshear warrants at \$0.10 per share. The advance was repaid on December 18, 2023 from the proceeds received from Winshear through the return of capital.

On July 26, 2024, the Company received a payment of US\$4,950 (CDN\$6,676) from its associate Winshear, in respect of the reimbursement of amounts owing to the Company for the period January 1 to March 31, 2024.

On August 7, 2024, the Company received a payment of US\$4,950 (CDN\$6,773) from its associate Winshear, in respect of the reimbursement of amounts owing to the Company for the period April 1 to June 30, 2024.

On September 11, 2024, the Company received a payment of US\$100,000 (CDN\$135,610) from Winshear, in respect of the 2024 advance royalty payment due September 19, 2024.

At September 30, 2024, \$23,870 (December 31, 2023 - \$238,378) included in accounts payable and accrued liabilities was owing to related parties. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

14. EXPLORATION AND EVALUATION EXPENDITURES

The exploration and evaluation expenses for the Company are summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Palamina Peru Properties	\$ 687,226	\$ 107,777	\$ 1,408,733	\$ 462,372
El Santuario Property	20,000	41,259	60,000	64,959
Vicus Pluma Property	52,428	-	91,991	-
	\$ 759,654	\$ 149,036	\$ 1,560,724	\$ 527,331

Peru Properties

Palamina Peru has application and mining rights to certain concessions within the Department of Puno in southeast Peru, and the Department of Ica in the Peruvian coast south of Lima. Certain claims were allowed to lapse during 2023.

El Santuario Property

Palamina Mexico holds 100% title interest to the "El Santuario" concession which makes up the El Santuario Property located in the State of Hidalgo, Mexico.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

14. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

Acquisition of Sociedad Minera Vicus Exploraciones S.A.C.

On September 17, 2024, Palamina completed the acquisition of 100% of the shares of Sociedad Minera Vicus Exploraciones S.A.C. (“Vicus”) from Aurania Resources Ltd. (“Aurania”), in consideration for the issuance of 350,000 common shares of Palamina at a deemed price of \$0.15 per share or \$52,500, pursuant to a Share Purchase Agreement signed on June 10, 2024. Vicus holds the mineral rights to the 9,800-hectare Pluma copper-silver project (“Pluma”) in northeastern Peru. Prior to June 30, 2024, Palamina Peru paid US\$29,308 (CDN\$39,563) in 2024 validity fees associated with the Pluma project. The remaining projects held by Vicus were allowed to lapse. As part of the transaction, Aurania has retained a 1% net smelter return (“NSR”) royalty on the Pluma project. Palamina has the right to purchase 0.5% of the NSR for \$1,000,000.

The operations and changes in cash flow of Vicus have been included from the date control was acquired (September 17, 2024) to the date of these condensed consolidated interim financial statements. As Vicus does not meet the definition of a business per IFRS 3, the acquisition has been accounted for as an asset acquisition, whereby Palamina is considered to have issued additional shares and paid the validity fees on the Pluma property in return for the net assets of Vicus at their fair value as follows:

Cash	\$	72
Net assets acquired	\$	72
Consideration paid:		
2024 validity fees paid in respect of the Pluma property	\$	39,563
Value of common shares issued to Aurania (Note 10)		52,500
Total consideration paid	\$	92,063
Excess of consideration over net assets acquired – property acquisition cost	\$	91,991

15. COMMITMENTS AND CONTINGENCIES

Under the terms of the Company’s mining concessions, the Company must make periodic tax payments and perform minimum levels of exploration to maintain these concessions in good standing. Failure to meet these requirements would lead to the forfeiture of the Company’s rights to these properties.

The Company’s exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Palamina Peru has committed to making remaining payments totaling US\$5,100 in 2024 and US\$17,000 in 2025 in respect of its office in Lima, Peru at a rate of US\$1,700 per month.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

16. SEGMENTED INFORMATION

As at September 30, 2024, the Company's operations comprise a single operating segment engaged in mineral exploration in Peru and Mexico. The Company's corporate division only earns revenues that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in IFRS 8, 'Operating Segments'. As the operations comprise a single operating segment for accounting purposes, amounts disclosed in the consolidated financial statements also represent operating segment amounts.

The following is a breakdown of the Company's identifiable assets by geographical location:

As at September 30, 2024	Canada	Peru	Mexico	Total
Cash and cash equivalents	\$ 888,965	\$ 75,780	\$ -	\$ 964,745
Harmonized sales tax receivable	49,744	-	-	49,744
Due from associate	7,630	-	-	7,630
Prepaid expenses and other assets	199,144	-	-	199,144
Equipment	-	74,532	-	74,532
Investment in associate	334,873	-	-	334,873
	\$ 1,480,356	\$ 150,312	\$ -	\$ 1,630,668

As at December 31, 2023	Canada	Peru	Mexico	Total
Cash	\$ 2,864,711	\$ 175,461	\$ -	\$ 3,040,172
Harmonized sales tax receivable	9,685	-	-	9,685
Prepaid expenses and other assets	200,964	-	-	200,964
Equipment	-	29,769	-	29,769
Investment in associate	430,407	-	-	430,407
	\$ 3,505,767	\$ 205,230	\$ -	\$ 3,710,997

The following is a breakdown of the Company's liabilities by geographical location:

As at September 30, 2024	Canada	Peru	Mexico	Total
Accounts payable and accrued liabilities	\$ 62,364	\$ 61,168	\$ 446,187	\$ 569,719

As at December 31, 2023	Canada	Peru	Mexico	Total
Accounts payable and accrued liabilities	\$ 284,386	\$ 113,934	\$ 369,684	\$ 768,004

17. INVESTMENT IN ASSOCIATE

Effective February 13, 2024, Winshear Gold Corp. ("Winshear") completed a share consolidation on the basis of three pre-consolidation common shares for one post-consolidation common share. All Winshear share amounts presented, have been retroactively adjusted to reflect this consolidation.

Due to Palamina's shareholdings in Winshear and having appointed two directors to the board of Winshear, the Company has determined that it has significant influence over Winshear and has accounted for its investment as an Investment in Associate using the equity basis of accounting.

Sale of Gaban Gold Project and Tinka I.O.C.G. Project to Winshear

On September 19, 2019, the Company entered into an agreement with Winshear whereby Palamina sold 100% of the application and mining rights to the Gaban Gold and Tinka I.O.C.G. projects in Peru to Winshear ("Winshear Sale"). In exchange, Palamina was issued 1,666,667 shares of Winshear during the year ended December 31, 2019 and another 1,666,667 common shares of Winshear during the year ended December 31, 2020.

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

17. INVESTMENT IN ASSOCIATE (Continued)

Net Smelter Return Royalty and Advance Royalty Payments

Palamina retained a 2% net smelter return (“NSR”) royalty on each property. Winshear has the right to purchase 50% of the royalty by making a cash payment of \$1,000,000 to Palamina at any time prior to the commencement of commercial production. Winshear is required to make annual advance royalty payments (“ARP”) to Palamina, beginning September 19, 2020 at a rate of US\$25,000 per year. The ARP will double every two years, until such time that Winshear has either completed a total of 5,000 metres of drilling or has abandoned the properties. The ARP will increase to US\$100,000 beginning September 19, 2024. To date, Winshear has made the following payments to Palamina in respect of the ARP:

ARP Due Date	Amount		Payment
	US\$	CDN\$	
September 19, 2020	\$ 25,000	\$ 32,920	US\$25,000 received September 16, 2020
September 19, 2021	25,000	31,137	Issued 129,738 shares at \$0.24 in lieu
September 19, 2022	50,000	64,685	US\$50,000 received August 25, 2022
September 19, 2023	50,000	67,715	US\$50,000 received August 21, 2023
September 19, 2024	100,000	135,610	US\$100,000 received September 9, 2024
	\$ 250,000	\$ 332,067	

Changes in the investment in associate for the nine months ended September 30, 2024 and year ended December 31, 2023 were as follows:

	Shares	Amount
Balance – December 31, 2022	4,474,000	\$ 11,114
Sale of shares	(81,000)	-
Exercise of warrants	440,333	186,700
Proportionate share of net income for the year	-	3,615,630
Gain on dilution	-	241,963
Return of capital	-	(3,625,000)
Balance – December 31, 2023	4,833,333	430,407
Proportionate share of net loss for the period	-	(95,534)
Balance – September 30, 2024	4,833,333	\$ 334,873

On September 19, 2023, Winshear, announced that it had suspended arbitration proceedings with the United Republic of Tanzania (“Tanzania”) in relation to its dispute regarding the SMP Gold Project in Tanzania and that a conditional settlement agreement had been reached. On October 16, 2023, Winshear, announced that it had successfully concluded the settlement with Tanzania in the amount of US\$30.0 million and that after payment of various amounts, including legal costs, the net amount paid to Winshear was US\$18,455,305 million (CDN\$25,256,084). As a result of the settlement with Tanzania, on October 26, 2023, Winshear announced a planned return of capital cash distribution of \$0.25 per share pre-consolidation, to Winshear shareholders of record as at November 23, 2023.

On November 10, 2023, Palamina sold 81,000 shares of Winshear at \$0.81 per share for net proceeds of \$65,425. At the time of the sale, the carrying value of the investment in associate had been written down to \$nil, resulting in a gain on sale of \$65,425.

On November 10, 2023, Palamina exercised warrants in Winshear to purchase 258,333 common shares of Winshear at a price of \$0.30 per share at a cost of \$77,500.

PALAMINA CORP.

**Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2024 and 2023**

(Expressed in Canadian dollars)

17. INVESTMENT IN ASSOCIATE (Continued)

On November 17, 2023, Palamina exercised warrants in Winshear to purchase 182,000 common shares of Winshear at a price of \$0.60 per share at a cost of \$109,200.

On December 8, 2023, Palamina received proceeds of \$3,625,000 from Winshear as a return of capital of \$0.25 on 14,500,000 pre-consolidation common shares.

As at September 30, 2024, Winshear had 31,418,632 common shares issued and outstanding (December 31, 2023 – 31,418,632) of which Palamina held 4,833,333 common shares or 15.38% (December 31, 2023 – 4,833,333 common shares or 15.38%). The fair value of Palamina's investment in Winshear as at September 30, 2024 was \$725,000 (December 31, 2023 - \$580,000) based on the trading price of the common shares of Winshear.