



# **PALAMINA CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024**

(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, 2025

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### 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, 2025 and 2024 have not been reviewed by the Company's auditor.

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

(Expressed in Canadian Dollars)		<b>September 30, 2025</b>	December 31, 2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 18,829	\$ 87,913
Harmonized sales tax receivable		32,776	7,688
Due from associate	Notes 12,16	-	16,097
Prepaid expenses and other assets	Note 6	52,446	121,850
		<b>104,051</b>	<b>233,548</b>
<b>Non-current assets</b>			
Equipment	Note 7	61,630	78,072
Investment in associate	Note 16	-	193,341
<b>Total Assets</b>		<b>\$ 165,681</b>	<b>\$ 504,961</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	Notes 8,12	\$ 808,349	\$ 635,317
Due to related parties	Note 12	827,382	-
<b>Total Liabilities</b>		<b>1,635,731</b>	<b>635,317</b>
<b>Shareholders' Deficiency</b>			
Share capital	Note 9	10,065,358	10,065,358
Stock option reserve	Note 10	346,972	608,875
Warrant reserve	Note 11	-	170,690
Foreign currency translation		(16,379)	(19,718)
Deficit		(11,866,001)	(10,955,561)
<b>Total Shareholders' Deficiency</b>		<b>(1,470,050)</b>	<b>(130,356)</b>
<b>Total Liabilities and Shareholders' Deficiency</b>		<b>\$ 165,681</b>	<b>\$ 504,961</b>

*Nature of Operations and Going Concern (Note 1)*

*Commitments and Contingencies (Note 14)*

*Subsequent Events (Note 17)*

Approved by the Board of Directors and authorized on November 28, 2025:

*(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		Nine months ended	
		September 30,		September 30,	
		2025	2024	2025	2024
<b>Expenses</b>					
Exploration and evaluation expenditures	Note 13	\$ 276,345	\$ 759,654	\$ 1,084,715	\$ 1,560,724
Salaries, director and management fees	Note 12	62,953	64,188	204,780	213,173
Investor relations		10,499	14,359	47,854	54,164
Shareholder costs and filing fees		12,170	19,101	46,656	50,545
Professional fees		14,661	12,903	39,661	56,718
Office and general		12,730	20,681	33,725	53,444
Depreciation	Note 7	4,417	5,386	13,909	11,361
Share-based compensation	Notes 10,12	6,206	13,654	26,066	45,458
<b>Total expenses</b>		<b>(399,981)</b>	<b>(909,926)</b>	<b>(1,497,366)</b>	<b>(2,045,587)</b>
<b>Other income (expense)</b>					
Bank charges		(758)	(483)	(2,194)	(1,431)
(Loss) gain on foreign exchange		(2,506)	(3,774)	34,555	(10,070)
Gain on sale of investment in associate	Note 16	-	-	177,295	-
Interest income		5	12,681	15	59,147
Advance royalty	Note 16	-	135,610	-	135,610
Share of loss of associate	Note 16	-	(51,121)	(81,404)	(95,534)
<b>Net loss for the period</b>		<b>(403,240)</b>	<b>(817,013)</b>	<b>(1,369,099)</b>	<b>(1,957,865)</b>
<b>Other comprehensive (loss) income - items that will not subsequently reclassify into loss</b>					
Exchange difference on translation of foreign subsidiaries		(2,422)	(4,362)	3,339	(22,137)
<b>Net comprehensive loss for the period</b>		<b>\$ (405,662)</b>	<b>\$ (821,375)</b>	<b>\$ (1,365,760)</b>	<b>\$ (1,980,002)</b>
<b>Net Loss per share</b>					
Basic and diluted loss per share		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of shares outstanding - basic and diluted		71,634,836	71,338,097	71,634,836	71,302,719

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			
<b>Balance at December 31, 2023</b>	<b>71,284,836</b>	<b>10,012,858</b>	<b>\$ 945,480</b>	<b>\$ 170,690</b>	<b>\$ (54,848)</b>	<b>\$ (8,131,187)</b>	<b>\$ 2,942,993</b>
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)
<b>Balance at September 30, 2024</b>	<b>71,634,836</b>	<b>10,065,358</b>	<b>822,264</b>	<b>170,690</b>	<b>(76,985)</b>	<b>(9,920,378)</b>	<b>1,060,949</b>
Expiry of stock options	-	-	(162,020)	-	-	162,020	-
Cancellation of stock options	-	-	(65,023)	-	-	65,023	-
Share-based compensation	-	-	13,654	-	-	-	13,654
Net loss for the period	-	-	-	-	-	(1,262,226)	(1,262,226)
Other comprehensive income	-	-	-	-	57,267	-	57,267
<b>Balance at December 31, 2024</b>	<b>71,634,836</b>	<b>10,065,358</b>	<b>608,875</b>	<b>170,690</b>	<b>(19,718)</b>	<b>(10,955,561)</b>	<b>(130,356)</b>
Expiry of warrants	-	-	-	(170,690)	-	170,690	-
Share-based compensation	-	-	26,066	-	-	-	26,066
Expiry of stock options	-	-	(287,969)	-	-	287,969	-
Net loss for the period	-	-	-	-	-	(1,369,099)	(1,369,099)
Other comprehensive income	-	-	-	-	3,339	-	3,339
<b>Balance at September 30, 2025</b>	<b>71,634,836</b>	<b>\$ 10,065,358</b>	<b>\$ 346,972</b>	<b>\$ -</b>	<b>\$ (16,379)</b>	<b>\$ (11,866,001)</b>	<b>\$ (1,470,050)</b>

*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)

	Nine Months Ended September 30,	
(Expressed in Canadian Dollars)	2025	2024
<b>Cash flows from operating activities</b>		
Net loss for the period	\$ (1,369,099)	\$ (1,957,865)
Adjustments not affecting cash:		
Share-based compensation	Note 10      26,066	45,458
Depreciation	Note 7      13,909	11,361
Shares issued for acquisition of mineral property	Note 13      -	52,500
Unrealized foreign exchange differences	5,872	(22,757)
Share of loss of associate	Note 16      81,404	95,534
Gain on sale of investment in associate	(177,295)	-
Operating cash flows before changes in non-cash working capital:	(1,419,143)	(1,775,769)
Changes in non-cash working capital:		
Harmonized sales tax receivable	(25,088)	(40,059)
Due from associate	16,097	(7,630)
Prepaid expenses and other assets	69,404	1,820
Accounts payable and accrued liabilities	173,032	(198,285)
Cash used in operating activities	(1,185,698)	(2,019,923)
<b>Cash flows from investing activities</b>		
Sale of investment in associate	Note 16      289,232	-
Purchase of equipment	Note 7      -	(55,504)
Cash provided by (used in) investing activities	289,232	(55,504)
<b>Cash flows from financing activities</b>		
Advances from related parties	Note 12      827,382	-
Cash provided by financing activities	827,382	-
<b>Decrease in cash and cash equivalents during the period</b>	<b>(69,084)</b>	<b>(2,075,427)</b>
<b>Cash, beginning of period</b>	<b>87,913</b>	<b>3,040,172</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 18,829</b>	<b>\$ 964,745</b>

### Supplemental cash flow information:

Value of common shares issued for acquisition of mineral property	Note 13	\$ -	\$ 52,500
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*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, 2025 and 2024**

(Expressed in Canadian dollars)

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### **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. The Company had a working capital deficit at September 30, 2025 of \$1,531,680 (December 31, 2024 – \$401,769), it had not yet achieved profitable operations, had accumulated losses of \$11,866,001 at September 30, 2025 (December 31, 2024 - \$10,955,561) 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, 2025 and 2024**

(Expressed in Canadian dollars)

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### **2. BASIS OF PRESENTATION**

#### **Statement of compliance**

These unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2025 and 2024 (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, 2024. 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, 2024.

#### **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, 2024. 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.

#### **New Accounting Standards Not Yet Effective**

In April 2024, the IASB announced IFRS 18 *Presentation and Disclosure in Financial Statements* IAS -1 *Presentation of Financial Statements*, which sets out presentation and disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss before financing and income taxes.

## **PALAMINA CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024**

(Expressed in Canadian dollars)

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#### **2. BASIS OF PREPARATION (Continued)**

Further, operating expenses are presented directly on the face of the income statement – classified either by nature, by function or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.

IFRS 18 also provides enhanced guidance for aggregation of disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures and eliminates classification options for interest and dividends in the statement of cash flows. IFRS 18 is effective for annual periods beginning on or after January 1, 2027. The Company is assessing the impact of IFRS 18 on the financial statements.

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impact of these amendments on the financial statements.

#### **Approval of the Financial Statements**

These Financial Statements of the Company for the three and nine months ended September 30, 2025 and 2024 were approved and authorized for issue by the Board of Directors on November 28, 2025.

#### **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, 2024.

#### **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.

## **PALAMINA CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024**

(Expressed in Canadian dollars)

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#### **4. FINANCIAL INSTRUMENTS (Continued)**

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.

##### **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, 2025, the Company had current assets of \$104,051 (December 31, 2024 - \$233,548) including cash of \$18,829 (December 31, 2024 - \$87,913) to settle current liabilities of \$1,635,731 (December 31, 2024 - \$635,317) resulting in a working capital deficit at September 30, 2025 of \$1,531,680 (December 31, 2024 - \$401,769).

## PALAMINA CORP.

### Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024

(Expressed in Canadian dollars)

#### 4. FINANCIAL INSTRUMENTS (Continued)

The Company's financial assets and liabilities as at September 30, 2025 and December 31, 2024 were as follows:

	Amortized Cost	FVTPL	Total
<b>December 31, 2024</b>			
Financial assets			
Cash	\$ 87,913	\$ -	\$ 87,913
Due from associate	\$ 16,097	\$ -	\$ 16,097
Financial liabilities			
Accounts payable and accrued liabilities	\$ 635,317	\$ -	\$ 635,317
<b>September 30, 2025</b>			
Financial assets			
Cash	\$ 18,829	\$ -	\$ 18,829
Financial liabilities			
Accounts payable and accrued liabilities	\$ 808,349	\$ -	\$ 808,349
Due to related parties	\$ 827,382	\$ -	\$ 827,382

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

#### 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 month period ended September 30, 2025 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 month period ended September 30, 2025 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, 2025, 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.

## **PALAMINA CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024**

(Expressed in Canadian dollars)

#### **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, 2025 was a deficiency of \$1,471,050 (December 31, 2024 – deficiency of \$130,356).

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, 2025.

No other capital requirements are imposed by a lending institution or regulatory body, other than of the TSX-V which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months. As at September 30, 2025, the Company is not compliant with the TSX-V capital requirements. The consequences of non-compliance are at the discretion of the TSX-V.

#### **6. 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, 2025, the balance of the remaining deposit is \$11,717 (December 31, 2024 - \$51,514). During the three and nine months ended September 30, 2025, \$39,797 was including in exploration and evaluation expenditures (2024 - \$nil).

The remaining balance as at September 30, 2025 of \$40,729 (December 31, 2024 - \$70,336) is comprised of other prepaid amounts and other assets.

#### **7. EQUIPMENT**

<b>Cost</b>	<b>Equipment</b>	<b>Vehicles</b>	<b>Total</b>
<b>As at December 31, 2024</b>	<b>\$ 78,408</b>	<b>\$ 50,342</b>	<b>\$ 128,750</b>
Foreign exchange translation	(2,604)	(1,637)	(4,241)
<b>As at September 30, 2025</b>	<b>75,804</b>	<b>48,705</b>	<b>124,509</b>
<b>Accumulated depreciation</b>			
<b>As at December 31, 2024</b>	<b>43,465</b>	<b>7,213</b>	<b>50,678</b>
Depreciation expense	6,446	7,463	13,909
Foreign exchange translation	(1,442)	(266)	(1,708)
<b>As at September 30, 2025</b>	<b>48,469</b>	<b>14,410</b>	<b>62,879</b>
<b>Net book value - September 30, 2025</b>	<b>\$ 27,335</b>	<b>\$ 34,295</b>	<b>\$ 61,630</b>

## PALAMINA CORP.

### Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024

(Expressed in Canadian dollars)

#### 7. EQUIPMENT (Continued)

Cost	Equipment	Vehicles	Total
<b>As at December 31, 2023</b>	<b>\$ 63,432</b>	<b>\$ -</b>	<b>\$ 63,432</b>
Additions	11,966	48,225	60,191
Foreign exchange translation	3,010	2,117	5,127
<b>As at December 31, 2024</b>	<b>78,408</b>	<b>50,342</b>	<b>128,750</b>
<b>Accumulated depreciation</b>			
<b>As at December 31, 2023</b>	<b>33,663</b>	<b>-</b>	<b>33,663</b>
Depreciation expense	8,948	6,865	15,813
Foreign exchange translation	854	348	1,202
<b>As at December 31, 2024</b>	<b>43,465</b>	<b>7,213</b>	<b>50,678</b>
<b>Net book value - December 31, 2024</b>	<b>\$ 34,943</b>	<b>\$ 43,129</b>	<b>\$ 78,072</b>

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

#### 8. 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 15 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, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
Trade payables	\$ 74,472	\$ 139,961
Accrued liabilities	226,231	65,710
Property tax payable – Mexico	507,646	429,646
<b>Total trade and other payables</b>	<b>\$ 808,349</b>	<b>\$ 635,317</b>

#### 9. SHARE CAPITAL

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

	Number of Shares	Amount
<b>Balance at December 31, 2023</b>	<b>71,284,836</b>	<b>\$ 10,012,858</b>
Shares issued for acquisition of mineral property	Note 13 350,000	52,500
<b>Balance at December 31, 2024 and September 30, 2025</b>	<b>71,634,836</b>	<b>\$ 10,065,358</b>

## PALAMINA CORP.

### Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024

(Expressed in Canadian dollars)

#### 10. 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, 2025, the Company had 3,368,483 (December 31, 2024 – 2,023,483) options available for issuance under the Plan.

The following table reflects the continuity of stock options for the nine months ended September 30, 2025 and year ended December 31, 2024:

	Number of Stock Options	Weighted Average Exercise Price
<b>Outstanding – December 31, 2023</b>	<b>5,770,000</b>	<b>\$0.22</b>
Granted	1,100,000	\$0.15
Expired	(1,440,000)	\$0.29
Cancelled	(290,000)	\$0.26
<b>Outstanding – December 31, 2024</b>	<b>5,140,000</b>	<b>\$0.18</b>
Expired	(1,345,000)	\$0.26
<b>Outstanding – September 30, 2025</b>	<b>3,795,000</b>	<b>\$0.15</b>

#### Stock Option Grants

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 \$6,206 and \$26,066 of share-based compensation with respect to the five-year options during the three and nine months ended September 30, 2025, respectively. 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.

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
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%

## **PALAMINA CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024**

(Expressed in Canadian dollars)

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#### **10. STOCK OPTIONS (Continued)**

##### **Stock Option Expiries**

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.

On December 19, 2024, stock options to purchase up to 745,000 common shares of the Company at an exercise price of \$0.25 per share, granted on December 19, 2019, expired unexercised. Grant date fair value of \$162,020 was transferred from stock option reserve to deficit.

On January 8, 2025, the following stock options granted to a former director of the Company expired unexercised:

- Stock options to purchase up to 150,000 common shares of the Company at an exercise price of \$0.30 per share, granted on September 9, 2020. Grant date fair value of \$42,041 was transferred from stock option reserve to deficit.
- Stock options to purchase up to 350,000 common shares of the Company at an exercise price of \$0.33 per share, granted on July 17, 2021. Grant date fair value of \$98,778 was transferred from stock option reserve to deficit.
- Stock options to purchase up to 75,000 common shares of the Company at an exercise price of \$0.11 per share, granted on November 29, 2022. Grant date fair value of \$6,090 was transferred from stock option reserve to deficit.
- Stock options to purchase up to 150,000 common shares of the Company at an exercise price of \$0.15 per share, granted on December 15, 2023. Grant date fair value of \$10,935 was transferred from stock option reserve to deficit.

On April 8, 2025, stock options to purchase up to 250,000 common shares of the Company at an exercise price of \$0.17 per share, granted on April 8, 2022 to two consultants, expired unexercised. Grant date fair value of \$26,425 was transferred from stock option reserve to deficit.

On September 9, 2025, stock options to purchase up to 370,000 common shares of the Company at an exercise price of \$0.30 per share, granted on September 9, 2020, expired unexercised. Grant date fair value of \$103,700 was transferred from stock option reserve to deficit.

As a result of stock option expiries during the nine months ended September 30, 2025, aggregate grant date fair value of \$287,969 (December 31, 2024 - \$330,694) was transferred from stock option reserve to deficit.

##### **Stock Option Cancellations**

On December 31, 2024, options to purchase up to 290,000 common shares of the Company, represented by the following original grants, were cancelled:

- 115,000 five-year options granted at an exercise price of \$0.30 on September 9, 2020, to a former officer and consultants, having aggregate grant date fair value of \$32,231;
- 100,000 five-year options granted at an exercise price of \$0.33 on July 17, 2021, to a former officer, having a grant date fair value of \$28,222;
- 50,000 three-year options granted at an exercise price of \$0.11 on November 29, 2022, to an employee and consultant, having aggregate grant date fair value of \$3,405; and
- 25,000 two-year options granted at an exercise price of \$0.15 on December 15, 2023, to a consultant, having a grant date fair value of \$1,165.

## PALAMINA CORP.

### Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024

(Expressed in Canadian dollars)

#### 10. STOCK OPTIONS (Continued)

The following table reflects the stock options outstanding and exercisable at September 30, 2025:

Grant Date	Number of options		Exercise Price	Expiry Date	Remaining contractual life (years)	Grant Date Fair Value
	Outstanding	Exercisable				
July 17, 2021	300,000	300,000	\$0.33	July 17, 2026	0.79	\$ 84,667
November 29, 2022	775,000	775,000	\$0.11	November 29, 2027	2.16	62,930
November 29, 2022	210,000	210,000	\$0.11	November 29, 2025	0.16	14,301
December 15, 2023	1,300,000	1,300,000	\$0.15	December 15, 2028	3.21	94,770
December 15, 2023	110,000	110,000	\$0.15	December 15, 2025	0.21	5,126
April 1, 2024	100,000	100,000	\$0.15	April 1, 2027	1.50	8,220
April 1, 2024	1,000,000	400,000	\$0.15	April 1, 2029	3.50	76,958
	<b>3,795,000</b>	<b>3,195,000</b>	<b>\$0.15</b>		<b>2.58</b>	<b>\$ 346,972</b>

The weighted average remaining contractual life of options outstanding at September 30, 2025 is 2.58 years (December 31, 2024 – 2.80 years) at a weighted average exercise price of \$0.15 (December 31, 2024 - \$0.18). The weighted average remaining contractual life of options exercisable at September 30, 2025 is 2.41 years (December 31, 2024 – 2.50 years) at a weighted average exercise price of \$0.15 (December 31, 2024 - \$0.19).

#### 11. WARRANTS

The following table reflects the continuity of warrants for the nine months ended September 30, 2025 and year ended December 31, 2024:

	Number of Warrants	Issue Date Fair Value
<b>Balance – December 31, 2023 and 2024</b>	<b>6,021,000</b>	<b>\$ 170,690</b>
Expired	(6,021,000)	(170,690)
<b>Balance – September 30, 2025</b>	<b>-</b>	<b>\$ -</b>

On June 15, 2025, warrants to purchase up to 6,000,000 common shares of the Company at a price of \$0.25 per share and finder warrants to purchase up to 21,000 common shares of the Company at a price of \$0.125 per share, issued on June 15, 2023, expired unexercised. Issue date fair value of \$170,690 was transferred from warrant reserve to deficit.

#### 12. 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.

## PALAMINA CORP.

### Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024

(Expressed in Canadian dollars)

#### 12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (Continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Management fees – President and CEO	\$ 43,750	\$ 43,750	\$ 131,250	\$ 131,250
Management fees – CFO	15,000	15,000	45,000	45,000
Directors' fees	-	2,438	12,125	16,313
Total fees paid to management and directors	58,750	61,188	188,375	192,563
Share-based payments	6,206	13,654	26,066	37,238
	\$ 64,956	\$ 74,842	\$ 214,441	\$ 229,801

#### *Related Party Transactions*

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.

On December 19, 2024, stock options to purchase up to 745,000 common shares of the Company at an exercise price of \$0.25 per share, granted on December 19, 2019, expired unexercised. 250,000 of these were held by the President and CEO, 75,000 by a director and 75,000 by a former director.

On January 8, 2025, stock options to purchase up to 150,000 common shares of the Company at an exercise price of \$0.30 per share, granted on September 20, 2020, up to 350,000 common shares of the Company at an exercise price of \$0.33 per share, granted on July 17, 2021, up to 75,000 common shares of the Company at an exercise price of \$0.11 per share, granted on November 29, 2022 and up to 150,000 common shares of the Company at an exercise price of \$0.15 per share, granted on December 15, 2023, to a former director of the Company expired unexercised.

On February 14, 2025, the Company received a payment of US\$9,900 (CDN\$13,673) from its associate Winshear, in respect of the reimbursement of amounts owing to the Company for the period July 1 to December 31, 2024.

On April 17, 2025, the Company received a payment of US\$4,950 (CDN\$7,104) from its associate Winshear, in respect of the reimbursement of amounts owing to the Company for the period January 1 to March 31, 2025.

On June 15, 2025, warrants to purchase up to 6,000,000 common shares of the Company at a price of \$0.25 per share, issued on June 15, 2023, expired unexercised. 2,290,000 of these were held by an officer, his spouse, directors and a former director of the Company.

At September 30, 2025, \$163,130 (December 31, 2024 - \$48,171) 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. As at September 30, 2025, \$nil was due from its former associate Winshear (December 31, 2024 – US\$11,187 (CDN\$16,097)).

## **PALAMINA CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024**

(Expressed in Canadian dollars)

#### **12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (Continued)**

##### **Advances from Related Parties**

From January to September 2025, aggregate advances of \$827,382 were made to the Company by the President and CEO, a company wholly-owned by him and a company wholly-owned by his wife and were outstanding as at September 30, 2025 (December 31, 2024 - \$nil). The advances, which are unsecured, non-interest bearing and have no fixed terms for repayment, were made to fund the Company's ongoing operations until an alternate source of funding becomes available.

#### **13. EXPLORATION AND EVALUATION EXPENDITURES**

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Palamina Peru Properties	\$ 250,345	\$ 687,226	\$ 1,006,715	\$ 1,408,733
El Santuario Property	26,000	20,000	78,000	60,000
Vicus Pluma Property	-	52,428	-	91,991
	<b>\$ 276,345</b>	<b>\$ 759,654</b>	<b>\$ 1,084,715</b>	<b>\$ 1,560,724</b>

##### **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 2024.

##### **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.

##### **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 for a value of \$52,500, based on the quoted market price on the day of closing, 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\$29,400 (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 consolidated 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 common shares and paid the validity fees on the Pluma property as consideration, in return for the net assets of Vicus at their fair value as follows:

## PALAMINA CORP.

### Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024

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#### 13. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

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 9 (b))		52,500
Total consideration paid	\$	92,063
Excess of consideration over net assets acquired – property acquisition cost	\$	91,991

#### 14. 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\$1,700 in 2025 in respect of its office in Lima, Peru at a rate of US\$1,700 per month.

#### 15. SEGMENTED INFORMATION

As at September 30, 2025, 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:

<b>As at September 30, 2025</b>	<b>Canada</b>	<b>Peru</b>	<b>Mexico</b>	<b>Total</b>
Cash	\$ 8,119	\$ 10,710	\$ -	\$ 18,829
Harmonized sales tax receivable	32,776	-	-	32,776
Prepaid expenses and other assets	52,446	-	-	52,446
Equipment	-	61,630	-	61,630
	<b>\$ 93,341</b>	<b>\$ 72,340</b>	<b>\$ -</b>	<b>\$ 165,681</b>
<b>As at December 31, 2024</b>	<b>Canada</b>	<b>Peru</b>	<b>Mexico</b>	<b>Total</b>
Cash	\$ 63,346	\$ 24,567	\$ -	\$ 87,913
Harmonized sales tax receivable	7,688	-	-	7,688
Due from associate	16,097	-	-	16,097
Prepaid expenses and other assets	121,850	-	-	121,850
Equipment	-	78,072	-	78,072
Investment in associate	193,341	-	-	193,341
	<b>\$ 402,322</b>	<b>\$ 102,639</b>	<b>\$ -</b>	<b>\$ 504,961</b>

## PALAMINA CORP.

### Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024

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#### 15. SEGMENTED INFORMATION (Continued)

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

<b>As at September 30, 2025</b>	<b>Canada</b>	<b>Peru</b>	<b>Mexico</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 251,556	\$ 49,147	\$ 507,646	\$ 808,349
Due to related parties	827,382	-	-	827,382
	<b>\$ 1,078,938</b>	<b>\$ 49,147</b>	<b>\$ 507,646</b>	<b>\$ 1,635,731</b>
<b>As at December 31, 2024</b>				
Accounts payable and accrued liabilities	\$ 109,428	\$ 96,243	\$ 429,646	\$ 635,317

#### 16. 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.

Prior to April 25, 2025, as a result of Palamina's shareholdings in Winshear in combination with its representation on the board of Winshear, the Company had determined that it exercised significant influence over Winshear and accounted for its investment as an Investment in Associate using the equity basis of accounting. On April 25, 2025, Palamina sold its entire investment in Winshear and ceased to exercise significant influence.

#### Sale of Gaban Gold Project and Ica (formerly Tinka) IOCG 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 Ica iron oxide copper-gold ("IOCG") projects in Peru to Winshear ("Winshear Sale"). In exchange, Palamina received 1,666,667 common shares of Winshear during the year ended December 31, 2019 and a further 1,666,667 common shares of Winshear during the year ended December 31, 2020.

#### Net Smelter Return Royalty and Advance Royalty Payments

Palamina retained a 2% NSR royalty on each property. Winshear retained 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 increased to US\$100,000 beginning September 19, 2024. Winshear has made the following payments to Palamina in respect of the ARP:

<b>ARP Due Date</b>	<b>Amount US\$</b>	<b>Amount CDN\$</b>	<b>Payment</b>
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
	<b>\$ 250,000</b>	<b>\$ 332,067</b>	

## PALAMINA CORP.

### Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2025 and 2024

(Expressed in Canadian dollars)

#### 16. INVESTMENT IN ASSOCIATE (Continued)

Changes in the investment in associate for the nine months ended September 30, 2025 and year ended December 31, 2024 were as follows:

	Shares	Amount
<b>Balance – December 31, 2023</b>	<b>4,833,333</b>	<b>\$ 430,407</b>
Proportionate share of net loss for the year	-	(237,066)
<b>Balance – December 31, 2024</b>	<b>4,833,333</b>	<b>193,341</b>
Proportionate share of net loss for the period	-	(81,404)
Sale of interest	(4,833,333)	(111,937)
<b>Balance – September 30, 2025</b>	<b>-</b>	<b>\$ -</b>

On April 11, 2025, the Company received notice from Winshear that it has decided to relinquish the Gaban gold and Ica IOCG projects and offered the return of these projects to Palamina. On April 13, 2025, Palamina notified Winshear that it intends to take back ownership of both projects subject to certain due diligence matters. During the period ended September 30, 2025, the Company took back both the Gaban and Ica projects. As a result, no further advance royalty payments will be received from Winshear.

Consequently, Palamina sold its entire investment in Winshear (the “Winshear Shares”) by selling 4,833,000 Winshear Shares at \$0.06 per share on April 25, 2025, and 333 Winshear Shares on April 28, 2025 at \$0.065 per share for aggregate net proceeds of \$289,232. The Company recognized a gain on sale of \$177,295.

#### 17. SUBSEQUENT EVENTS

##### Non-Brokered Private Placement

On November 6, 2025, Palamina closed the first tranche of a non-brokered private placement offering through the issuance of 12,835,000 units at a price of \$0.125 per unit for gross proceeds of \$1,604,375. 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 \$0.20 for a period of twenty-four (24) months to November 6, 2027. 3,795,000 of the units were purchased by officers of the Company. The Company paid a finder fee of \$750 and issued 6,000 finder warrants at an exercise price of \$0.125 for a period for twenty-four (24) months until November 6, 2027.

##### Repayment of Advances From Related Parties

In connection with the completion of the non-brokered private placement that closed on November 6, 2025, all advances from related parties, which totaled an aggregate of \$827,382, were repaid in full.