

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1. Name and Address of Company**

Palamina Corp. (the "**Issuer**" or "**Palamina**")  
145 King Street West, Suite 2870  
Toronto, Ontario M5H 1J8

**Item 2. Date of Material Change**

February 27, 2026

**Item 3. News Release**

Press release issued by Palamina on February 27, 2026 in respect of the closing of a private placement offering via a Canadian news wire service, a copy of which has been filed via SEDAR.

**Item 4. Summary of Material Change**

The Issuer announced that the Board of Directors unanimously approved a spin out transaction (the "**Spin Out Transaction**"), whereby Palamina will distribute a certain number of common shares of a newly created wholly owned subsidiary named Colt Silver Corp. ("**Colt Silver**") to the shareholders of Palamina pursuant to a plan of arrangement under section 182 of the *Business Corporations Act* (Ontario) (the "**Arrangement**").

**Item 5. Full Description of Material Change**

("Palamina" or the "**Company**") is pleased to announce that the Board of Directors of the Company has unanimously approved a spin out transaction (the "**Spin Out Transaction**"), whereby Palamina will distribute a certain number of common shares of a newly created wholly owned subsidiary named Colt Silver Corp. ("**Colt Silver**") to the shareholders of Palamina pursuant to a plan of arrangement under section 182 of the *Business Corporations Act* (Ontario) (the "**Arrangement**"). Colt Silver owns the Company's seven silver-copper projects in northeastern and southeastern Peru (the "**Assets**"). As part of the Spin Out Transaction, the Company will complete a series of private placement financings (the "**Financings**") and apply for listing of the common shares of Colt Silver on the TSX Venture Exchange ("**TSXV**") as a Tier 2 mining issuer.

**Reasons for the Transaction**

- Palamina began acquiring these projects in 2017 where most have been acquired through staking where there are no underlying payments and funds go into the ground.
- Through this strategic spin out, Palamina shareholders will receive immediate shareholder value of 0.33 of a share of Colt Silver per each Palamina share owned
- Palamina shareholders will continue to retain the same ownership percentage of Palamina as they hold currently
- Shareholders will have exposure to two public companies, one focused on Palamina's gold assets and one focussed on Colt Silver's silver and copper assets
- enhanced management focus and expertise on the different mineral exploration assets

## Terms of the Transaction

Palamina, Colt Silver and Palamina Finco Corp. (“**Finco**”) will enter into an arrangement agreement (“**Arrangement Agreement**”) whereby:

- Colt Silver will immediately complete a private placement offering of convertible debentures for up to \$500k in gross proceeds (the “**Debenture Offering**”), that bear interest at a rate of 5% per annum and will automatically convert into common shares of Colt Silver immediately prior to the effective date of the plan of arrangement (the “**Arrangement**”) based on a price of \$0.10 per share
- Finco will complete a private placement financing of subscription receipts for up to \$2.25M in gross proceeds (the “**Subscription Receipt Offering**”), which subject to meeting all conditions, will automatically convert into common shares of Finco and then be exchanged for common shares of Colt Silver immediately prior to the effective date of the Arrangement at a rate of \$0.15 per share
- Palamina will complete the Arrangement whereby Palamina shareholders will receive 0.33 shares of Colt Silver for every one (1) share held in Palamina
- Pursuant to the Arrangement, holders of Palamina warrants following closing will be entitled to exercise their warrants for one (1) share of Palamina and 0.33 shares of Colt Silver
- Palamina will retain 10% of issued and outstanding common shares of Colt Silver (the “**Resulting Issuer**”) upon completion of the Arrangement
- Upon completion of the Arrangement, it is expected that Palamina shareholders will hold between 60.8% - 65.7%, Palamina will hold 10%, and the shareholders resulting from the Financings will hold approximately 39.2% of the issued and outstanding shares of the Resulting Issuer

Palamina will call an annual and special meeting of shareholders to be held at the end of the second quarter (the “**Shareholders Meeting**”) to approve its annual meeting matters, the Arrangement, the board of directors of Colt Silver, an option plan for Colt Silver and certain option grants to directors and officers of Colt Silver. The Arrangement is subject to the approval of not less than two-thirds of the votes cast by Palamina shareholders. The Arrangement is also subject to, among other conditions, the interim and final approval of the Ontario Superior Court of Justice (Commercial List), the acceptance of the TSXV, listing of the common shares of Colt Silver on the TSXV, completion of the Financings, and satisfaction of certain other closing conditions that are customary for a transaction of this nature. Listing of the common shares of Colt Silver remains subject to TSXV acceptance. The Spin Out Transaction is anticipated to close in July 2026.

A management information circular providing details regarding the Spin Out Transaction, Colt Silver and the Assets, and the other matters to be considered at the Shareholders Meeting, will be mailed to the Palamina shareholders in accordance with regulatory requirements.

## Description of the Assets Part of the Spin Out Transaction

Colt Silver Corp. (an Ontario corporation) holds 100% of the shares of Vicus Exploraciones S.A.C., its Peruvian subsidiary, which holds a 100% interest in seven property groupings located in northeastern, central, and southeastern Peru.

Four of these projects are located in southeastern Peru in the Santa Lucia mining district, within a two hour drive of the Company's field office in the city of Juliaca: Galena, Esperanza, Volcano, and Sora silver-copper projects. As part of the spin out transaction, an NI 43-101 report on the Galena silver-copper-manganese project is underway. Once the spin out transaction is approved an inaugural drilling program is planned to test for Ag Cu Mn mineralization within the limestone contact horizon to determine whether it may host a deposit similar to Aftermath Silver Ltd.'s (TSXV: AMM) Berenguela silver-copper-manganese project. Berenguela is located northeast of Galena within the same Carbonate Replacement Deposit ("CRD") trend. Colt's Esperanza silver-copper-manganese project is being investigated as a possible extension of the Berenguela deposit. Colt's Volcano and Sora projects were recently increased in size through staking by over 4,500 hectares to cover ground relinquished by Fresnillo Plc. (LON: FRES) between the operating Tacaza mine and historical Santa Barbara mine. The Sora Project is contiguous to Ivanhoe Electric Inc's (TSE:IE) Pinaya copper-gold porphyry-skarn project. All four of these projects have year-round access and excellent access.

The Cristel copper project is located in in southeastern Peru, and was acquired to investigate a color anomaly caused by the oxidation of massive and semi-massive that locally contains copper. Minsur S.A.'s San Rafael copper-tin deposit located approximately 40 km to the south began as a high-grade copper deposit and high-grade tin mineralization was discovered at depth beneath the copper deposit.

The Ica copper-gold project is located in west-central Peru and is being investigated for a the iron oxide-copper-gold (IOCG) target. The Pluma sediment hosted copper project is in an emerging red-bed hosted copper district in northeastern Peru. Palamina's strategy is to maintain the Pluma project while Hannan Metals Ltd's (TSXV:HAN) carries out a drilling program on their adjacent San Martin project.

Currently, Colt Silver has no other assets.

## **Debenture Offering and Subscription Receipt Offering**

### *Debenture Offering*

Colt Silver intends to complete a non-brokered private placement of up to \$500,000 in secured convertible debentures (the "**Debentures**"). The Debentures will mature on and become payable on December 31, 2026 (the "**Maturity Date**") and bear interest at a fixed rate of 5% per annum, payable in arrears on the Maturity Date or the day immediately prior to the effective date of the Arrangement (the "**Conversion Date**"). The Debentures are secured by the assets of the Company through a general security agreement and rank equally with all other Debentures. On the Conversion Date, the total amount outstanding of the Debentures, including accrued interest, shall automatically convert into shares of Colt Silver at a conversion price of \$0.10 per share. All securities issued pursuant to the Debenture Offering are subject to a statutory hold period and is subject to TSXV approval.

### *Subscription Receipt Offering*

In connection with the proposed Spin Out Transaction, Palamina's management will incorporate Finco in order to complete a concurrent financing of subscription receipts ("**Subscription Receipts**") for gross proceeds of up to CDN\$2,250,000. On closing of

the Spin Out Transaction, the Subscription Receipts will automatically convert into common shares of the Resulting Issuer. Pending the closing of the Spin Out Transaction the proceeds of the Subscription Receipts will be held in escrow by a trust company and released to the Resulting Issuer on closing of the Spin Out Transaction. In connection with the Subscription Receipt Offering, Palamina may pay a cash fee of 6% of the gross proceeds and compensation Subscription Receipts equal to 6% of the number of Subscription Receipts issued pursuant to the Subscription Receipt Offering. Completion of the Subscription Receipt Offering is a condition of the completion of the Spin Out Transaction. The Resulting Issuer intends to use the net proceeds of the Financings for exploration and advancement of the Assets, including additional drilling, core drilling for metallurgical studies, community relations, advance engineering studies and general corporate and working capital purposes.

The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the "United States" (as such term is defined in Regulation S under the U.S. Securities Act), and may not be offered or sold in the United States unless registered under the U.S. Securities Act and the securities laws of any applicable state of the United States or an exemption from such registration requirements is available. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

A National Instrument 43-101 compliant technical report is being prepared in respect of the Galena silver copper project and carve out financial statements being prepared and reviewed by the auditors. The Company expects to announce a management team and board of directors for Colt Silver shortly, along with a schedule for completion and a record date for the shareholders' meeting to approve the Spin Out Transaction. Further details of the capital structure, and financial information in respect of Colt Silver will also be included in a subsequent news release and the Information Circular to be mailed to the shareholders of Palamina.

The technical information herein has been reviewed and approved by Steve Preismeyer, C.P.G., a Qualified Person as defined by National Instrument 43-101. Mr. Preismeyer acts as Palamina's lead geological consultant.

**Item 6. Reliance on sub-section 7.1(2) or (3) of National Instrument 51-102**

Not Applicable.

**Item 7. Omitted Information**

No information has been omitted from this material change report.

**Item 8. Executive Officer**

The following senior officer of the Issuer is knowledgeable about the material change and this report and may be contacted as follows:

Mr. Andrew Thomson  
President and a Director  
Palamina Corp.

Telephone: (416) 987-0722

E-mail: [contact@palamina.com](mailto:contact@palamina.com)

**Item 9.**

**Date of Report**

February 27, 2026