



PALAMINA CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 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
August 29, 2025

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 six months ended June 30, 2025 and 2024 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)		June 30, 2025	December 31, 2024
ASSETS			
Current assets			
Cash		\$ 7,628	\$ 87,913
Harmonized sales tax receivable		25,755	7,688
Due from associate	Notes 12,16	-	16,097
Prepaid expenses and other assets	Note 6	95,907	121,850
		129,290	233,548
Non-current assets			
Equipment	Note 7	64,885	78,072
Investment in associate	Note 16	-	193,341
Total Assets		\$ 194,175	\$ 504,961
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	Notes 8,12	\$ 741,587	\$ 635,317
Due to related parties	Note 12	523,182	-
Total Liabilities		1,264,769	635,317
Shareholders' Deficiency			
Share capital	Note 9	10,065,358	10,065,358
Stock option reserve	Note 10	444,466	608,875
Warrant reserve	Note 11	-	170,690
Foreign currency translation		(13,957)	(19,718)
Deficit		(11,566,461)	(10,955,561)
Total Shareholders' Deficiency		(1,070,594)	(130,356)
Total Liabilities and Shareholders' Deficiency		\$ 194,175	\$ 504,961

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 August 29, 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		Six months ended	
		June 30,		June 30,	
		2025	2024	2025	2024
Expenses					
Exploration and evaluation expenditures	Note 13	\$ 591,945	\$ 640,098	\$ 808,370	\$ 801,070
Salaries, director and management fees	Note 12	74,015	75,592	141,827	148,985
Investor relations		10,500	15,403	37,355	39,805
Shareholder costs and filing fees		19,889	23,973	34,486	31,444
Professional fees		14,166	27,497	25,000	43,815
Office and general		7,632	16,345	20,995	32,763
Depreciation	Note 7	4,562	4,093	9,492	5,975
Share-based compensation	Notes 10,12	6,206	31,804	19,860	31,804
Total expenses		(728,915)	(834,805)	(1,097,385)	(1,135,661)
Other income (expense)					
Bank charges		(797)	(468)	(1,436)	(948)
Gain (loss) on foreign exchange		23,075	(4,445)	37,061	(6,296)
Gain on sale of investment in associate	Note 16	163,420	-	163,420	-
Interest income		10	22,975	10	46,466
Share of loss (income) of associate	Note 16	(33,685)	5,587	(67,529)	(44,413)
Net loss for the period		(576,892)	(811,156)	(965,859)	(1,140,852)
Other comprehensive income (loss) - items that will not subsequently reclassify into loss					
Exchange difference on translation of foreign subsidiaries		5,572	(3,448)	5,761	(17,775)
Net comprehensive loss for the period		\$ (571,320)	\$ (814,604)	\$ (960,098)	\$(1,158,627)
Net Loss per share					
Basic and diluted loss per share		\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding - basic and diluted		71,634,836	71,284,836	71,634,836	71,284,836

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, 2023	71,284,836	10,012,858	\$ 945,480	\$ 170,690	\$ (54,848)	\$ (8,131,187)	\$ 2,942,993
Share-based compensation	-	-	31,804	-	-	-	31,804
Net loss for the period	-	-	-	-	-	(1,140,852)	(1,140,852)
Other comprehensive loss	-	-	-	-	(17,775)	-	(17,775)
Balance at June 30, 2024	71,284,836	10,012,858	977,284	170,690	(72,623)	(9,272,039)	1,816,170
Shares issued for acquisition of mineral property	350,000	52,500	-	-	-	-	52,500
Expiry of stock options	-	-	(330,694)	-	-	330,694	-
Cancellation of stock options	-	-	(65,023)	-	-	65,023	-
Share-based compensation	-	-	27,308	-	-	-	27,308
Net loss for the period	-	-	-	-	-	(2,079,239)	(2,079,239)
Other comprehensive income	-	-	-	-	52,905	-	52,905
Balance at December 31, 2024	71,634,836	10,065,358	608,875	170,690	(19,718)	(10,955,561)	(130,356)
Expiry of warrants	-	-	-	(170,690)	-	170,690	-
Share-based compensation	-	-	19,860	-	-	-	19,860
Expiry of stock options	-	-	(184,269)	-	-	184,269	-
Net loss for the period	-	-	-	-	-	(965,859)	(965,859)
Other comprehensive income	-	-	-	-	5,761	-	5,761
Balance at June 30, 2025	71,634,836	\$ 10,065,358	\$ 444,466	\$ -	\$ (13,957)	\$ (11,566,461)	\$ (1,070,594)

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)	Six Months Ended June 30,	
	2025	2024
Cash flows from operating activities		
Net loss for the period	\$ (965,859)	\$ (1,140,852)
Adjustments not affecting cash:		
Share-based compensation	Note 10 19,860	31,804
Depreciation	Note 7 9,492	5,975
Unrealized foreign exchange differences	9,456	(19,662)
Share of loss of associate	Note 16 67,529	44,413
Gain on sale of investment in associate	(163,420)	-
Operating cash flows before changes in non-cash working capital:	(1,022,942)	(1,078,322)
Changes in non-cash working capital:		
Harmonized sales tax receivable	(18,067)	(32,443)
Due from associate	16,097	(15,312)
Prepaid expenses and other assets	25,943	16,837
Accounts payable and accrued liabilities	105,500	(258,095)
Cash used in operating activities	(893,469)	(1,367,335)
Cash flows from investing activities		
Sale of investment in associate	Note 16 290,002	-
Purchase of equipment	Note 7 -	(52,456)
Cash provided by (used in) investing activities	290,002	(52,456)
Cash flows from financing activities		
Advances from related parties	Note 12 523,182	-
Cash provided by financing activities	523,182	-
Decrease in cash and cash equivalents during the period	(80,285)	(1,419,791)
Cash, beginning of period	87,913	3,040,172
Cash and cash equivalents, end of period	\$ 7,628	\$ 1,620,381

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 six months ended June 30, 2025 and 2024

(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. The Company had a working capital deficit at June 30, 2025 of \$1,135,479 (December 31, 2024 – \$401,769), it had not yet achieved profitable operations, had accumulated losses of \$11,566,461 at June 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 six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed consolidated interim financial statements for the three and six months ended June 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 six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

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 six months ended June 30, 2025 and 2024 were approved and authorized for issue by the Board of Directors on August 29, 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 six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

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 June 30, 2025, the Company had current assets of \$129,290 (December 31, 2024 - \$233,548) including cash of \$7,628 (December 31, 2024 - \$87,913) to settle current liabilities of \$1,264,769 (December 31, 2024 - \$635,317) resulting in a working capital deficit at June 30, 2025 of \$1,135,479 (December 31, 2024 - \$401,769).

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

4. FINANCIAL INSTRUMENTS (Continued)

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

	Amortized Cost	FVTPL	Total
December 31, 2024			
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
June 30, 2025			
Financial assets			
Cash	\$ 7,628	\$ -	\$ 7,628
Financial liabilities			
Accounts payable and accrued liabilities	\$ 741,587	\$ -	\$ 741,587
Due to related parties	\$ 523,182	\$ -	\$ 523,182

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 six month period ended June 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 six month period ended June 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 June 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 six months ended June 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 June 30, 2025 was a deficiency of \$1,070,594 (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 six months ended June 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 June 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 June 30, 2025, the balance of the remaining deposit is \$51,514 (December 31, 2024 - \$51,514). During the six months ended June 30, 2025 and 2024, \$nil was incurred in consulting services.

The remaining balance as at June 30, 2025 of \$44,393 (December 31, 2024 - \$70,336) is comprised of other prepaid amounts and other assets.

7. EQUIPMENT

Cost	Equipment	Vehicles	Total
As at December 31, 2024	\$ 78,408	\$ 50,342	\$ 128,750
Foreign exchange translation	(4,118)	(2,610)	(6,728)
As at June 30, 2025	74,290	47,732	122,022
Accumulated depreciation			
As at December 31, 2024	43,465	7,213	50,678
Depreciation expense	4,491	5,001	9,492
Foreign exchange translation	(2,501)	(532)	(3,033)
As at June 30, 2025	45,455	11,682	57,137
Net book value - June 30, 2025	\$ 28,835	\$ 36,050	\$ 64,885

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Notes to the Condensed Consolidated Interim Financial Statements For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

7. EQUIPMENT (Continued)

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

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 June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Trade payables	\$ 71,465	\$ 139,961
Accrued liabilities	188,476	65,710
Property tax payable – Mexico	481,646	429,646
Total trade and other payables	\$ 741,587	\$ 635,317

9. SHARE CAPITAL

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

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

PALAMINA CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 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 June 30, 2025, the Company had 2,998,483 (December 31, 2024 – 2,023,483) options available for issuance under the Plan.

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

	Number of Stock Options	Weighted Average Exercise Price
Outstanding – December 31, 2023	5,770,000	\$0.22
Granted	1,100,000	\$0.15
Expired	(1,440,000)	\$0.29
Cancelled	(290,000)	\$0.26
Outstanding – December 31, 2024	5,140,000	\$0.18
Expired	(975,000)	\$0.24
Outstanding – June 30, 2025	4,165,000	\$0.17

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 \$19,860 of share-based compensation with respect to the five-year options during the three and six months ended June 30, 2025, respectively. The Company recorded \$31,804 of share-based compensation with respect to the three-year and five-year options during the three and six months ended June 30, 2024, respectively.

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%

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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.

As a result of stock option expiries during the six months ended June 30, 2025, aggregate grant date fair value of \$184,269 (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.

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10. STOCK OPTIONS (Continued)

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

Grant Date	Number of options		Exercise Price	Expiry Date	Remaining contractual life (years)	Grant Date Fair Value
	Outstanding	Exercisable				
September 9, 2020	370,000	370,000	\$0.30	September 9, 2025	0.19	\$ 103,700
July 17, 2021	300,000	300,000	\$0.33	July 17, 2026	1.05	84,667
November 29, 2022	775,000	775,000	\$0.11	November 29, 2027	2.42	62,930
November 29, 2022	210,000	210,000	\$0.11	November 29, 2025	0.42	14,301
December 15, 2023	1,300,000	1,300,000	\$0.15	December 15, 2028	3.46	94,770
December 15, 2023	110,000	110,000	\$0.15	December 15, 2025	0.46	5,126
April 1, 2024	100,000	100,000	\$0.15	April 1, 2027	1.75	8,220
April 1, 2024	1,000,000	400,000	\$0.15	April 1, 2029	3.75	70,752
	4,165,000	3,565,000	\$0.17		2.60	\$ 444,466

The weighted average remaining contractual life of options outstanding at June 30, 2025 is 2.60 years (December 31, 2024 – 2.80 years) at a weighted average exercise price of \$0.17 (December 31, 2024 - \$0.18). The weighted average remaining contractual life of options exercisable at June 30, 2025 is 2.40 years (December 31, 2024 – 2.50 years) at a weighted average exercise price of \$0.17 (December 31, 2024 - \$0.19).

11. WARRANTS

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

	Number of Warrants	Issue Date Fair Value
Balance – December 31, 2023 and 2024	6,021,000	\$ 170,690
Expired	(6,021,000)	(170,690)
Balance – June 30, 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 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Management fees – President and CEO	\$ 43,750	\$ 43,750	\$ 87,500	\$ 87,500
Management fees – CFO	15,000	15,000	30,000	30,000
Directors' fees	6,062	6,937	12,125	13,875
Total fees paid to management and directors	64,812	65,687	129,625	131,375
Share-based payments	6,206	23,584	19,860	23,584
	\$ 71,018	\$ 89,271	\$ 149,485	\$ 154,959

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 June 30, 2025, \$133,183 (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 June 30, 2025, \$nil was due from its former associate Winshear (December 31, 2024 – US\$11,187 (CDN\$16,097)).

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

Advances from Related Parties

From January to June 2025, aggregate advances of \$523,182 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 June 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Palamina Peru Properties	\$ 565,945	\$ 620,098	\$ 756,370	\$ 761,070
El Santuario Property	26,000	20,000	52,000	40,000
	\$ 591,945	\$ 640,098	\$ 808,370	\$ 801,070

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:

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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\$6,800 in 2025 in respect of its office in Lima, Peru at a rate of US\$1,700 per month.

15. SEGMENTED INFORMATION

As at June 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:

As at June 30, 2025	Canada	Peru	Mexico	Total
Cash	\$ 1,313	\$ 6,315	\$ -	\$ 7,628
Harmonized sales tax receivable	25,755	-	-	25,755
Prepaid expenses and other assets	95,907	-	-	95,907
Equipment	-	64,885	-	64,885
	\$ 122,975	\$ 71,200	\$ -	\$ 194,175
As at December 31, 2024	Canada	Peru	Mexico	Total
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
	\$ 402,322	\$ 102,639	\$ -	\$ 504,961

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15. SEGMENTED INFORMATION (Continued)

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

As at June 30, 2025	Canada	Peru	Mexico	Total
Accounts payable and accrued liabilities	\$ 207,733	\$ 52,208	\$ 481,646	\$ 741,587
Due to related parties	523,182	-	-	523,182
	\$ 730,915	\$ 52,208	\$ 481,646	\$ 1,264,769
As at December 31, 2024				
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:

ARP Due Date	Amount US\$	Amount CDN\$	Payment
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	

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16. INVESTMENT IN ASSOCIATE (Continued)

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

	Shares	Amount
Balance – December 31, 2023	4,833,333	\$ 430,407
Proportionate share of net loss for the year	-	(237,066)
Balance – December 31, 2024	4,833,333	193,341
Proportionate share of net loss for the period	-	(67,529)
Sale of interest	(4,833,333)	(125,812)
Balance – June 30, 2025	-	\$ -

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 June 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 gross proceeds of \$290,002. The Company recognized a gain on sale of \$163,420.

17. SUBSEQUENT EVENTS

Advances From Related Parties

During July and August 2025, additional aggregate advances of \$241,200 were made to the Company by the President and CEO, a company wholly-owned by him and a company wholly-owned by his wife. 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.