

PALAMINA CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

General

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Palamina Corp. ("Palamina", or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended September 30, 2022 ("third quarter of 2022" or "Q3 2022"). The comparative period is for the three and nine months ended September 30, 2021 ("third quarter of 2021" or "Q3 2021"). This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2021 and 2020, and the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022 and 2021, together with the notes thereto ("the financial statements"). Results are reported in Canadian dollars, unless otherwise noted.

The financial statements and the financial information contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Please refer to Note 3 of the annual audited consolidated financial statements as at and for the years ended December 31, 2021 and 2020 for disclosure of the Company's significant accounting policies.

The audit committee of the Company has reviewed this MD&A and the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022 and 2021 and the Company's Board of Directors approved these documents prior to their release.

This MD&A is dated November 29, 2022 and is current to that date.

Additional information relating to the Company is available free of charge on the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com, on Palamina's website at www.palamina.com.

Caution Regarding Forward Looking Information

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

Qualified Person

Technical information contained in this MD&A has been prepared by or under the supervision of Mr. J. Blackwell, P. Geo, consulting geologist and technical advisor to Palamina, who acted as a Qualified Person ("QP") as defined by National Instrument 43-101 – "Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr Blackwell has reviewed work practices and verified the data comprising such technical information, including sampling, analytical and test data underlying the information or opinions contained in this MD&A.

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In addition, Mr. Yury Valdivieso, Palamina's lead geologist and project manager in Peru, is responsible for the execution of all exploration programs. Mr. Valdivieso has a MSc. in economic geology and is a member of the Society of Economic Geologists ("SEG"), the Geological Society of Peru ("SGP") and the College of Engineers of Peru ("CIP").

Overview

Palamina is an exploration stage company focused on the exploration for economic mineral deposits in Peru through its wholly owned subsidiary, Palamina SAC ("**Palamina Peru**"), and to a lesser extent in Mexico through its wholly owned subsidiary, Palamina S.A. de C.V. ("**Palamina Mexico**"). Palamina was incorporated on April 23, 2015 under the *Business Corporations Act* (Ontario). The Company's head office is located at 145 King Street West, Suite 2870 Toronto, Ontario M5H 1J8. Palamina is a reporting issuer pursuant to the securities laws of Ontario, British Columbia, Alberta, and Saskatchewan and is listed in Canada on the TSX Venture Exchange ("**TSX-V**") under the symbol **PA** and in the United States on the OTCQB under the symbol **PLMNF**.

Management's strategy for building Palamina into a profitable resource company and maximizing shareholder value is to acquire and explore properties with the potential to host significant economic deposits within prolific mining districts in Peru. The Company explores primarily for gold and silver, with the objective of enhancing the value of its properties either by direct exploration or through option or joint venture agreements with third parties. This strategy diversifies the business risks inherent in developing a single property. Palamina owns 13,422,000 common shares and 1,321,000 warrants of Winshear Gold Corp. ("**Winshear**") representing a 19.9% interest on a partially diluted basis. Winshear is listed on the TSX-V under the symbol WINS.

Corporate Highlights – July 1 to November 29, 2022

- **On August 19, 2022**, Winshear Gold Corp. closed an oversubscribed private placement of units at \$0.06 per unit for gross proceeds of \$651,300. Palamina subscribed for 1,550,000 units, to hold of 13,422,000 shares and 1,321,000 warrants of Winshear or 19.9% on a partially diluted basis.

Operational Highlights – July 1 to November 29, 2022

- **On July 4 and 5, 2022**, Palamina Peru acquired two internal titled mineral concessions from two separate owners totaling 130 hectares within the Galena Silver Copper Project securing two historic mine areas.
- **On July 26, 2022**, Palamina announced drill results from 2 diamond drill holes completed in the Veta Zone in May 2022.
- **In July and August of 2022**, mapping / sampling programs were carried out on the Usicayos Gold and Galena Silver Copper Projects.
- **In August 2022**, drone surveying and reconnaissance sampling and mapping programs were carried out at the Inca Gold, Cristel Gold and Panorama Gold projects.
- **In September 2022** the Peruvian Ministry of Mines accepted the Company's modification to its environmental permit, Declaracion de Impacto Ambiental ("**DIA**"), on Palamina's Usicayos Gold Project to include the Cayos and Sol de Oro zones.

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- **In September 2022**, results from mapping and sampling at the Galena Silver Copper Project were reported in addition to increasing Palamina's land position increasing to 12,830 hectares at Galena.
- **In September 2022**, field work completed in the newly acquired Sol de Oro Zone at the Usicayos Gold Project returned values up to 0.9m of 200 grams per tonne gold ("**g/t Au**"). Multiple other occurrences with visible gold were noted during prospecting.
- **On October 7, 2022**, Winshear Gold Corp. (TSX-V: WINS), Palamina's equity partner, received its environmental permit, the Declaracion de Impacto Ambiental ("**DIA**"), on the Gaban Gold Project from the Peruvian Ministry of Mines.
- **In October 2022**, a preliminary site visit of the Yin gold claim south west of Winshear's Yang gold claim was completed in order to investigate an Artificial Intelligence ("**AI**") target area identified by GoldSpot Discoveries Corp. ("**Goldspot**").
- **In November 2022**, a drone-supported orthophoto and topographic survey over the main mineralized trend at the Usicayos Gold Project was completed to follow up mapping and sampling in the Sol de Oro Zone.

Peru Properties

Focus on Puno Orogenic Gold Belt

The Puno Orogenic Gold Belt ("**POGB**") is an auriferous, southeasterly trending metasedimentary-hosted belt located in southern Peru which follows the Andean trend and covers an area of approximately 175 km NW-SE by up to 75 km NE-SW in the Puno region of Peru. The POGB is a section of a larger 3,400 km long belt of orogenic gold deposits extending from Argentina in the south, through Bolivia and the Puno region, to the Pataz region in northern Peru. The POGB is flanked on the northeast by the gold producing Madre de Dios region in Peru. The belt contains numerous orogenic gold occurrences. Palamina's exploration targets in this region are 'pizarra' or slate-hosted gold systems.

Orogenic gold mineralization in the Puno region occurs in association with regional-scale structures, generally hosted by deformed and folded slates and related metasediments. Palamina is targeting continuous, tabular zones of orogenic gold mineralization within fine-grained, sheared, locally metamorphosed sedimentary rocks. Mineralization may occur in discrete, stacked horizons as bedding- or shear-parallel horizons within the host rock. Gold mineralization typically consists of native gold in distinctive "packages" of fine-grained quartz veins, veinlets and micro-veinlets. Globally, orogenic-type gold deposits are known to extend to vertical depths greater than 1,000 m. Important examples of slate hosted deposits in the POGB in Peru include Ollachea & La Rinconada.

The orogenic gold belt in Puno hosts more than 100 known hard-rock gold-mineralized occurrences and over 50 mining operations are being operated by small and medium-scale artisanal miners. Palamina believes the POGB has considerable potential to contain a compelling number of additional yet undiscovered orogenic gold deposits. Erosion of these gold-bearing structures (by both fluvial and glacial processes) are widely considered to be the source for the extensive alluvial gold deposits located in the low-lying Madre de Dios region of Peru's Amazon basin.

There has been a significant up-grading of road access in the Puno region (example: Pacific-Atlantic interoceanic highway) and power infrastructure (example: 206 MW San Gaban hydro-electric facility). It is Palamina's belief that these infrastructure developments greatly assist exploration of the POGB and will well support future mine developments in the region.

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Airborne Geophysical Survey

Orogenic gold mineralization in the POGB frequently has an association with pyrrhotite (an iron sulphide mineral that is magnetic), associated with swarms of quartz veins and veinlets generally restricted to discrete, continuous packages in regional shear zone structures hosted by fine-grained sedimentary units. In August 2018, New-Sense Geophysics Limited completed an approximate 3,000-line km helicopter-borne magnetic/radiometric geophysical survey over Palamina Peru's Usicayos and Cori gold projects and Winshears Gaban gold project in the POGB. This geophysical study is being used to assist in identifying drill targets at Usicayos and in locating further shear zones under cover on the Gaban and Cori Projects.

Comparison with other Gold Projects in the Puno Orogenic Gold Belt (POGB):

The Ollachea orogenic gold deposit, located 60 km northwest of Usicayos, reportedly occurs along a structurally deformed east-west trending regional shear structure on the edge of the SE trending POGB. Similarly, 75 km southeast of Usicayos, the large orogenic gold occurrence at La Rinconada also features a significant east-west inflection zone. Midway between Ollachea and La Rinconada, the Usicayos Gold Project also lies along a comparably deformed east-west trending structural jog.

GoldSpot Discoveries Corp. Study of the POGB and Santa Lucia Districts

GoldSpot along with Eric Sprott, participated for 15% of Palamina's June 30, 2021 financing. GoldSpot has since been contracted to complete an Artificial Intelligence study of the POGB and Santa Lucia districts to generate AI target areas with the potential to host significant mineralization based on known data processed through their machine learning technologies. In the first quarter of 2022 GoldSpot presented Palamina with its interim results. The most significant of the AI target areas was subsequently covered by the Company's YIN claim in May 2022.

Usicayos Gold Project

At the Usicayos Gold Project, Palamina has applied for the mineral rights and has title to 14,012 hectares of mineral concessions. The Usicayos Gold Project is located near the town of Usicayos (centrally located along the western periphery of the POGB). The Usicayos concessions extend east and west of the town of Usicayos at elevations ranging from 3,200 to 4,700 m. Rock exposure in the area is generally excellent as the properties sit predominantly above the tree line.

At Usicayos, Palamina has prioritized a 2.4 km mineralized gold trend for drilling consisting of 3 separate gold zones trending southeast to northwest for drilling; Cayos, Veta and Veta NE. Veta was the initial discovery zone followed by the Cayos zone, The Veta NE zone was identified in 2020. In September of 2021 Palamina started its inaugural diamond drill program in the Veta Zone and completed 4 diamond drill holes over a 600-metre strike length before commencement of the rainy season in mid-December 2021. Drilling in the Veta Zone was designed to test multiple mineralized gold structures defined at surface over an 800-metre strike length. In May of 2022 Palamina resumed drilling with two additional drill holes scheduled to test the remaining 200 metres of mineralized strike length to the north east; Drill holes VE-05-22 and hole VE-06-22 were both completed from a fifth drill pad.

The geological make up of the 2.4 km SW-NE mineralized trend is dominated by low grade metamorphosed sequences of fine-grained sedimentary rocks including siltstone and shale with lesser mudstone and fine-grained sandstone units. SW-NE trending domains of intense shearing, folding and faulting of the sedimentary sequences is variably evident throughout area. Individual quartz veins range between millimetric and 40 cm wide. Quartz veins can occur in isolation, sheeted/sub-parallel or as localised stockwork and carry a variable sulphide content of pyrite and minor pyrrhotite. Minor amounts of arsenopyrite are also associated with gold. Gold generally occurs as coarse, visible grains, wires and plates.

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In December of 2019, Palamina received approval of its DIA which allows for up to 40 drill pads to be constructed in the Veta Zone at Usicayos. Palamina is modifying its DIA in order to allocate a portion of the drill pads to the nearby Cayos and Veta NE zones. On May 4, 2021 Palamina Peru received its Authorization to Initiate Exploration Activities ("AIEA") permit to commence drilling in the Veta Zone on its Usicayos Gold Project in Peru.

On June 1, 2021, a new regional office was opened in Juliaca to cut and store core in anticipation of the upcoming drill program at Usicayos. The office includes significant storage space and living facilities and is located in proximity to Certimin's preparation lab in Juliaca. Certimin is Palamina's selected certified assay laboratory in Peru.

On July 9, 2021, in response to the Usicayos community's interest, the Company changed the name of its flagship project to reflect its location in the community. On August 2, 2021, MINEM (Ministry of Energy and Mines in Peru) issued Palamina a resolution approving the name change from the Coasa Project to the Usicayos Project.

On July 12, 2021 the Company contracted Energold Drilling Peru SAC to conduct a 6-hole, 2,600 m diamond drilling program to drill test the Veta Zone within the Usicayos Gold Project. On August 19, 2021 Palamina suspended its drill program until such time an agreement to support the Usicayos community could be reached. On September 17, 2021 Palamina signed an agreement with the Usicayos community to support a local artisanal woman's group and assist with improvements to local roads.

On September 14, 2021 Palamina went to auction and secured the rights to certain claims within Palamina's Coasa 21 application southwest of the Cayos one. In October Palamina carried out a sampling program in this newly acquired area and the Veta NE zone. Palamina received title to the Coasa 21 mining concession on March 17, 2021. On March 21, 2022 Palamina contracted CTDS S.A.C. to complete modification of Palamina's existing DIA to include areas for drilling within the Coasa 21 mining concessions. In the first quarter of 2022, the Company signed several agreements to secure surface rights south west of the Veta Zone and CTDS initiated studies in the field required to modify its DIA in order to carry out drilling in those areas to include the newly titled Coasa 21 area.

On September 30, 2021 Palamina started its inaugural diamond drill campaign in the Veta zone. A total of 4 drill holes covering 1,704.50 metres were completed over a 600-metre strike length before the onset of the rainy season. On January 13, 2022 Palamina announced results from the first 4 diamond drill holes with select results reporting; VE-01-2021 returned 1m @ 1.26 g/t Au, VE-02-2021 1m @ 3.09 g/t Au (visible gold in intercept), VE-03-2021 24m @ 0.5 g/t Au, VE-04-2021 11m @ 0.8 g/t Au.

In May of 2022 drilling resumed to test the remaining 200 metre strike length to the northeast. Drill holes VE-05-22 and VE-06-22 were drilled more shallow and closer to the mineralized trend than the four initial drill holes completed in 2021.

On June 9, 2022 Palamina paid US\$44,000 to acquire 100% of a 200-hectare titled internal concession at the Usicayos Gold Project. On August 4, 2022 an additional US\$11,000 was paid on receipt of notification from the Registro Publicos that the titled claims have been transferred and fully registered to Palamina S.A.C. (Palamina's Peruvian subsidiary). Palamina now holds 100% title interest to 14,012 hectares at Usicayos with no underlying payments or royalties.

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Over the last 3 years surrounding concessions within the principal NE mineralized gold trend totalling another 1,600 hectares were secured through staking or won at subsequent auctions. These interior claims are located southwest of the Veta Zone that has been tested by drilling in 2022, are in the same structural corridor and increases the strike length of the known cluster of surface gold mineralization held by Palamina from 2.4 to 4.5 km's. Surface rights are privately held over the entire 1.5 km wide by 4.5 km long trend.

On July 6, 2022 Palamina announced the two most recent drill holes completed returned the following results:

| Drill Hole | From (m) | To (m) | Interval (m) | Au (g/t) |
|-------------------|-----------------|---------------|---------------------|-----------------|
| VE-05-2022 | 20 | 21 | 1 | 0.42 |
| VE-05-2022 | 65 | 67 | 2 | 0.50 |
| VE-05-2022 | 75 | 76 | 1 | 0.55 |
| VE-05-2022 | 104 | 105 | 1 | 0.55 |
| VE-05-2022 | 123 | 127 | 4 | 0.67 |
| VE-05-2022 | 140 | 142 | 2 | 0.43 |
| VE-05-2022 | 156 | 158 | 2 | 0.40 |
| VE-05-2022 | 163 | 164 | 1 | 1.51 |
| VE-06-2022 | 9 | 11 | 2 | 0.41 |
| VE-06-2022 | 51 | 55 | 4 | 0.46 |
| VE-06-2022 | 59 | 61 | 2 | 0.41 |
| VE-06-2022 | 79 | 80 | 1 | 0.43 |
| VE-06-2022 | 86 | 93 | 7 | 0.37 |
| VE-06-2022 | 102 | 104 | 2 | 0.40 |
| VE-06-2022 | 126 | 130 | 4 | 0.40 |
| VE-06-2022 | 135 | 139 | 4 | 0.47 |
| VE-06-2022 | 146 | 157 | 11 | 0.68 |
| Including | 149 | 151 | 2 | 2.09 |
| VE-06-2022 | 162 | 168 | 6 | 0.40 |

In August of 2022 Palamina completed a mapping / sampling campaign in the newly acquired Sol de Oro Zone.

In September of 2022 the Ministry of Mines in Peru accepted Palamina's modification of its DIA environmental permit to include the Cayos and Sol de Oro zones. When approved, Palamina will have 35 more drill pads it can complete in all approved zones.

On September 18, 2022 Palamina announced results from mapping and rock sampling (247 new chip-channel samples) focused on the Sol de Oro ("SDO") area, approximately 1.7 to 3 km's southwest of the zone of earlier drilling in the Veta Zone.

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Select results from the sampling campaign were reported as follows:

| ZONE | SAMPLE LOCATION | SAMPLE TYPE | LENGTH Metres | Au g/t |
|------------------|------------------|-----------------|---------------|--------|
| Sol de Oro North | Prospecting Adit | Select Rock | 0.3 | 46.2 |
| Sol de Oro North | Outcrop | Chip-Channel | 0.8 | 29.5 |
| Sol de Oro North | Prospecting Adit | Chip-Channel | 1.0 | 28.4 |
| Sol de Oro North | Prospecting Adit | Chip-Channel VG | 1.0 | 23.7 |
| Sol de Oro North | Prospecting Adit | Chip-Channel | 0.8 | 16.2 |
| Sol de Oro North | Outcrop | Chip-Channel | 1.0 | 16.1 |
| Sol de Oro North | Prospecting Adit | Chip-Channel | 0.5 | 14.3 |
| Sol de Oro North | Prospecting Adit | Chip-Channel | 0.4 | 11.3 |
| Sol de Oro North | Prospecting Adit | Chip-Channel | 0.4 | 10.5 |
| Sol de Oro North | Outcrop | Chip-Channel | 2.0 | 9.8 |
| Sol de Oro North | Prospecting Adit | Chip-Channel | 1.8 | 9.2 |
| Sol de Oro North | Prospecting Adit | Chip-Channel | 3.0 | 7.8 |
| Sol de Oro North | Outcrop | Chip-Channel | 1.2 | 5.8 |
| Sol de Oro North | Outcrop | Chip-Channel | 1.5 | 5.3 |
| Sol de Oro SW | Outcrop | Chip-Channel | 1.8 | 37.5 |
| Sol de Oro SW | Outcrop | Select Rock VG | 0.1 | 35.5 |
| Sol de Oro SW | Outcrop | Chip-Channel | 0.5 | 21.5 |
| Sol de Oro SW | Outcrop | Chip-Channel VG | 0.3 | 18.5 |
| Sol de Oro SW | Outcrop | Chip-Channel | 0.3 | 14.1 |
| Sol de Oro SW | Outcrop | Chip-Channel | 0.2 | 12.2 |
| Sol de Oro SW | Outcrop | Select Rock | 0.1 | 10.4 |
| Sol de Oro SW | Outcrop | Chip-Channel | 0.3 | 8.9 |
| Sol de Oro SW | Outcrop | Chip-Channel | 1.0 | 5.6 |
| Sol de Oro SW | Outcrop | Chip-Channel | 1.0 | 5.3 |
| Sol de Oro SW | Outcrop | Chip-Channel | 1.0 | 5.0 |
| Sol de Oro E | Outcrop | Chip-Channel | 2.0 | 18.9 |
| Sol de Oro E | Outcrop | Chip-Channel | 0.5 | 14.9 |
| Sol de Oro E | Prospecting Adit | Chip-Channel | 1.6 | 13.0 |
| Sol de Oro South | Outcrop | Chip-Channel | 0.9 | 200.0 |
| Sol de Oro South | Outcrop | Chip-Channel | 2.0 | 29.0 |
| Sol de Oro South | Prospecting Adit | Chip-Channel | 1.0 | 26.1 |
| Sol de Oro South | Outcrop | Chip-Channel | 1.0 | 17.3 |
| Sol de Oro South | Outcrop | Chip-Channel | 0.9 | 16.2 |
| Sol de Oro South | Outcrop | Select Rock | 0.3 | 13.7 |
| Sol de Oro South | Outcrop | Chip-Channel | 1.0 | 12.6 |
| Sol de Oro South | Outcrop | Select Rock | 0.1 | 10.8 |
| Sol de Oro South | Outcrop | Chip-Channel | 1.0 | 9.7 |
| Sol de Oro South | Prospecting Adit | Chip-Channel | 1.0 | 7.9 |
| Sol de Oro South | Outcrop | Chip-Channel | 1.0 | 7.8 |
| Sol de Oro South | Prospecting Adit | Chip-Channel | 1.0 | 7.5 |
| Sol de Oro South | Prospecting Adit | Chip-Channel | 1.0 | 5.6 |
| Sol de Oro South | Outcrop | Chip-Channel | 1.0 | 5.3 |
| Sol de Oro South | Outcrop | Chip-Channel | 1.0 | 5.1 |

Table includes assays that were previously released. VG = Visible Gold observed in sample.

In November 2022, Palamina carried out a drone-supported topographic survey over the 4.5 km long mineralized gold trend to provide better geological controls. Additional trenching across SDO North, South West and South areas was completed to better define gold mineralization with a view to carrying out an eventual drilling program. Results from the most recent sampling program were pending at the time of writing of this MD&A. Investigation to complete a new road running from the west to the SDO and Cayos zones was also completed. The drill remains at site in the Veta Zone with a view to next drilling the best targets in the SDO and Cayos Zones. Drilling is expected to resume in May of 2023 after the rainy season.

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Panorama Gold Project

On January 4, 2022, Palamina applied for the mineral rights to 2,400 hectares south east of Gold Mining Inc.'s Crucero Gold deposit after the area was dropped by another Company. The Panorama application area sits within the Ananea formation and same regional structural corridor as Palamina's Usicayos Gold Project and Gold Mining Inc.'s Crucero Gold deposit. In August 2022, Palamina completed a drone survey over Panorama and a brief mapping / sampling program with a view to confirming that Panorama is possibly a SE extension to the Crucero Gold Deposit.

Cristel Gold Project

On January 4, 2022, Palamina applied for the mineral rights to the Cristel Uno 300 hectare concession to cover a portion of a known gold mining camp. On May 3, 2022 Palamina made application for a further 2,700 hectares when it came open for acquisition to cover the historic Resplandor gold mining area south west of Cristel Uno and an AI target area generated from the POGB study completed by GoldSpot. Palamina was the only company to apply for the 3,000 hectare Cristel claims area. Cristel sits south east of Minera IRL's Ollachea gold deposit and north west of Palamina's Usicayos Gold Project. In August 2022, Palamina completed drone reconnaissance over Cristel and a brief mapping / sampling program.

Yin Gold Project

On May 3, 2022 Palamina applied for the mineral rights to 4,000 hectares that make up the Yin claims area to cover an AI target area generated from GoldSpot's study of the POGB. Winshear's Yang claim to the northeast covers the balance of the AI target area. It was staked by Palamina prior to its sale to Winshear to cover historic mine areas seen from satellite images west of the Mucumayo mines area. Palamina holds a 19.9 % partially diluted equity interest in Winshear and a 2% NSR royalty on Yang. In February 2022, Palamina signed a letter agreement with Winshear to wave the 2km area of influence surrounding the Yang claim in order that Palamina may stake the Yin application area.

In August 2022, an agreement was signed with the Ica community to carry out an initial exploration program of the Yin & Yang claims. In October 2022, Palamina and Winshear completed an initial visit of the Yin & Yang claims to investigate an AI target area of similar size and shape as the Mucumayo mines area to the south east. The AI target was generated as part of GoldSpot's study of the POGB. The site visit failed to locate any meaningful gold values on Palamina's Yin claim.

Bendi Gold Project

Palamina has applied for the mineral rights and holds title to 13,400 hectares. In October of 2020, Palamina Peru reduced the land position by 3,000 hectares. The Bendi Gold Project is located northeast of the Usicayos Gold Project where staking has been based on Palamina's understanding of prospective district-scale geological features in the Benditani Mine district and proximity to historical and current operating small-scale orogenic gold mines in the area. Mining in the Benditani district reportedly dates back to Pre-Inca times.

Palamina's exploration efforts at Bendi to date have focused on 2 highly prospective sub-parallel district-scale structures identified by Palamina's field teams; 1) The Carol structure is an approximately 15 km long NW-SE trending shear zone interpreted to have developed in close association with the core of an anticlinal feature. This structure transects the southwestern sector of the Bendi concessions. The auriferous Carol anomaly is located south-west of the Huacolcota mine. At Carol, Palamina has reported rock chip samples returning up to 47.8 g/t Au and channel samples returning high values of 1.8 m of 13.4 g/t Au and 234 g/t Ag (Palamina news release October 29, 2018); 2) The Mantos structure is a 7 km long thrust-related shear-zone trending sub-parallel to the host shear structure of the Benditani gold mine.

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Palamina has reported rock chip samples returning 25.4 g/t Au and 9.9 g/t Au from the Mantos Gold Anomaly (Palamina news release October 29, 2018). No work programs have been undertaken in 2022.

Cori Gold Project

At the Cori Gold Project, Palamina has applied for mineral rights and holds title to 21,200 hectares to include 2,000 hectares applied for on May 3, 2022 and 500 hectares applied for on August 1, 2022. The additional 2,000 hectares were staked to cover an AI target area generated from the GoldSpot study. Palamina geologists report that over 1,200 informal miners are mining native gold from orogenic quartz veins in at least 7 separate mining camps within a NW-SE geological trend in this sector. Palamina Peru has staked the available strike extensions of this structure in both directions as well as the possible northerly down-dip extensions on the north side of the Corimayo mountains. Palamina completed an airborne geophysical study over the Cori project in 2018. Limited geological reconnaissance has been carried out to-date. A minimum expenditure strategy is being implemented at Cori while the Company awaits results from a drilling program to be carried out on the contiguous Gaban Gold Project held by equity partner Winshear. No work programs have been completed in 2022.

Inca Gold Project

At the Inca Gold project, Palamina has secured the mineral rights to 2,600 hectares in the POGB northeast of the Ollachea Gold Deposit near the town of Ayapata. In 2020, Palamina Peru staked 1,000 hectares to cover a known gold zone with similar geology to that of the Ollachea gold deposit. In July 2021, an additional 1,600 hectares were staked to cover possible extensions to known gold zones. In August 2022, Palamina completed a drone survey over Inca and a brief mapping / sampling program.

Projects Outside of the POGB:

Galena Silver-Copper Polymetallic Project (formerly the Lagos Project)

In April 2022, Palamina staked an additional 4,800 hectares based on recommendations from a desktop study of the Santa Lucia district produced by GoldSpot. In July 2022, the Company concluded the acquisition of 100% of two internal titled claims, Gaspar and Chaparro, covering known mineralization that was historically explored by limited tunneling. Post consolidation, Palamina's application for mineral rights and titled ground sits at 12,830 hectares. The Galena Project is located at the southwest end of the Santa Lucia mining district, west of the town of Puno. The property was acquired to investigate the Ag-Cu (Pb-Zn) potential of the area. Nearby polymetallic mines include the Santa Bárbara, Santa Lucía and Tacaza mines. Mineralization identified to date, is interpreted to be related to fault structures and fractures with a NE-SW orientation.

In 2019, Palamina carried out 4 mapping and sampling programs. During the first two campaigns a total of 102 samples from 4 separate zones were acquired and analyzed. Palamina Peru conducted follow-up staking to cover the Azul Zone and extensions to the Gris and Verde Zones.

In November of 2021 Palamina contracted Valdor Geofisica SAC to carry out magnetometer and induced polarization ("IP") surveys over Palamina's claim area south of lake Lagunillas.

The test program included 21 line-km of magnetic surveys, 14.1 line-km of pole-dipole IP surveys and 8.8 km of gradient IP surveys. Results of the studies identified potential anomalies at depth in the Gris and Verde zones and to a lesser extent in the Rosa zone. Further sampling and mapping will also be completed with a view to selecting drill target areas.

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On February 29, 2022, Palamina announced results from a channel sampling program carried out in 2022 in the Verde and Gris zones where outcrop is variable. Select results from mineralized intervals returned results as follows:

| Zone | Composite Channel Sample | Length* (metres) | Ag (g/t) | Cu (%) | Pb (%) |
|-------|--------------------------|------------------|----------|--------|--------|
| Gris | 2327 - 2329 | 4.0 | 4.0 | 0.07 | 3.62 |
| Gris | 2333 - 2334 | 1.7 | 39.2 | 1.44 | 0.55 |
| Gris | 2335 - 2336 | 1.7 | 14.9 | 1.68 | 0.58 |
| Verde | 2290 - 2293 | 3.5 | 10.8 | 2.75 | 0.03 |
| Verde | 2294 - 2298 | 6.5 | 14.5 | 1.35 | 0.02 |
| Verde | 2309 - 2313 | 5.0 | 0.3 | 0.85 | 0.01 |
| Verde | 2318 - 2325 | 9.3 | 21.3 | 2.10 | 0.27 |
| Verde | 2337 - 2338 | 1.9 | 0.3 | 1.08 | 0.01 |

**True widths are not known. Assay values range from not detected up to those reported herein.*

In February 2022, two geologists from Goldspot, along with J. Blackwell visited the Galena Project after which a presentation from Goldspot recommended additional staking around the existing claims in order to secure new areas of geological interest. In March 2022, Palamina applied for the mining rights to cover an additional 2,400 hectares.

In February 2022, Palamina contracted Geades Consulting SAC to complete a Ficha Tecnica Ambiental ("FTA") or "Environmental Permit" at the Galena Silver Copper Project (formerly know as the Lagos Project) to allow up to 40 drill holes from 20 drill platforms.

Beginning in March of 2022 mapping and sampling was resumed to include extensive soil sampling, trenching and sampling of outcrop in order to further define drill targets. Subsequent sampling programs were completed in the second and third quarters of 2022. A total of 361 samples were collected in the Rosa and Gris Zones to better define and understand a possible northeast structural trend through mapping and geochemical sampling.

In September 2022, reported results from the historic Santa Rosa mine area in the Rosa Zone and the Gris Zone which have the potential to host a Ag-Cu Carbonate Replacement Deposit ("CRD") similar to others within the Santa Lucia mining district. Five select samples for each zone from the summer sampling campaigns follow:

| ZONE | SAMPLE | SAMPLE TYPE | LENGTH metres | Ag* g/t | Cu % | Pb % |
|------|---------|--------------|---------------|---------|------|------|
| ROSA | Outcrop | Chip-Channel | 2 | 707 | 4.5 | 0.2 |
| ROSA | Outcrop | Chip-Channel | 2 | 284 | 1 | 0.8 |
| ROSA | Outcrop | Chip-Channel | 2 | 158 | 0.7 | 0.4 |
| ROSA | Outcrop | Chip-Channel | 2 | 101 | 0.5 | 0.6 |
| ROSA | Outcrop | Chip-Channel | 2 | 83 | 1.2 | 0.4 |
| GRIS | Outcrop | Chip-Channel | 2 | 90 | 0 | 24 |
| GRIS | Outcrop | Chip-Channel | 2 | 49 | 0 | 11.4 |
| GRIS | Outcrop | Chip-Channel | 2 | 44 | 0.2 | 3.6 |
| GRIS | Outcrop | Chip-Channel | 2 | 37 | 0.3 | 3.3 |
| GRIS | Outcrop | Chip-Channel | 2 | 36 | 0.1 | 4.4 |

**Select samples from most recent exploration programs in 2022 with highest silver values for each zone*

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Mexican Property

Palamina Corp. maintains a presence in Mexico but is focused on exploration in Peru. Palamina has one property in Mexico ("El Santuario") with title rights to 1,372 hectares in the Cardonal district in Hidalgo State in central Mexico. Due to the focus on exploration in Peru, Palamina has not maintained the tax payments or annual minimum exploration expenditures from 2018 to current that are required to keep El Santuario in good standing. In the event the Mexican mines department cancels the El Santuario claim, Palamina's Mexican subsidiary will remain liable for any taxes owing.

WINSHEAR GOLD CORP. (TSX-V: WINS) – EQUITY & ROYALTY PARTNER

On September 19, 2019, the Company entered into an agreement with Winshear, whereby Palamina sold 100% of the application and mining rights to the Gaban Gold and Tinka Iron Oxide Copper-Gold ("IOCG") projects in Peru to Winshear (the "Winshear Sale"). As at September 30, 2022, Palamina held 13,422,000 common shares and 1,321,000 warrants of Winshear representing a 19.9% on a partially diluted basis. Palamina also holds a 2% NSR royalty on each project in addition to the obligation of Winshear to pay escalating annual advance royalty payments to Palamina. For further details on the investment see Note 17 to the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022 and 2021.

Gaban Gold Project

Winshear holds the rights to 18,700 hectares that form the Gaban Gold Project. To date, five outcropping shear zones hosting quartz veins and veinlets have been located in the mountain ridges surrounding the Yanamayo river. Winshear is targeting the shear zones in the P.O.G.B as the hard rock potential source of alluvial gold mineralization found in the streams. In August 2019, Winshear filed an NI 43-101 Technical Report on the Gaban Gold Project authored by Mining Plus Pty. Ltd. On June 10, 2021, Winshear completed and submitted its DIA environmental and social studies application. The DIA was subsequently approved by the Peruvian Ministry of Miners on October 7, 2022. Once approved, the DIA will allow for construction of up to 40 drill pads and covers the 2,000 m by 900 m Coritiri target area.

Tinka Iron Oxide Copper-Gold Project

Winshear holds rights covering 1,800 hectares at the Tinka IOCG Project. Tinka is located within the coastal IOCG belt of southern Peru.

Further information on the Gaban and Tinka properties, including the NI 43-101 Technical Report on the Gaban Gold Project, can be found on Winshear's website at www.winshear.com.

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Overview of Financial Results

Three and Nine Months Ended September 30, 2022 vs. September 30, 2021

| (Expressed in Canadian Dollars) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|----------------------------------|-------------------------------------|-----------------------|------------------------------------|-----------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Expenses | | | | |
| Exploration and evaluation | \$ 311,929 | \$ 451,090 | \$ 1,283,099 | \$ 791,631 |
| Administrative expenses | 146,378 | 245,537 | 459,789 | 428,679 |
| Share-based compensation | 1,000 | 470,000 | 25,700 | 496,000 |
| Depreciation | 2,195 | 1,246 | 5,970 | 3,047 |
| Interest income | (1,594) | (3,608) | (5,884) | (3,608) |
| Share of loss of associate | 45,380 | 74,155 | 150,445 | 174,155 |
| Advance royalty income | (64,685) | (31,137) | (64,685) | (31,137) |
| Net loss for the period | \$ (440,603) | \$ (1,207,283) | \$ (1,854,434) | \$ (1,858,767) |
| Net loss per share | | | | |
| Basic and diluted loss per share | \$ (0.01) | \$ (0.02) | \$ (0.03) | \$ (0.03) |

Net loss for the three months ended September 30, 2022 was \$440,603 compared to a net loss of \$1,207,283 for the three months ended September 30, 2021. The \$766,680 decrease in net loss is primarily attributable to the following:

- Decrease of \$139,161 in exploration and evaluation expenditures for the three months ending September 30, 2022 compared to the same period in 2021. The quarterly fluctuation in exploration expenditures between quarters is the result of the timing of exploration activities conducted in Peru.
- Decrease of \$99,159 in administrative expenses for the three months ending September 30, 2022 compared to the same period in 2021. The decrease during the current quarter was primarily the result of decreases in investor relations activities, shareholder costs and filing fees and legal costs.
- Decrease of \$469,000 in share-based compensation for the three months ended September 30, 2022 compared to the same period in 2021 relating to minor vesting of options during the three months ended September 30, 2022 compared to 1,790,000 options issued during the three months ended September 30, 2021.
- Decrease of \$28,775 in share of loss of associate for the three months ending September 30, 2022 compared to the same period in 2021 as a result of lower losses in Winshear.
- Advance royalty income was higher in Q3 2022 vs. Q3 2021 as the advance royalty increased from US\$25,000 in 2021 to US\$50,000 in 2022.

Net loss for the nine months ended September 30, 2022 was \$1,854,434 as compared to a net loss of \$1,858,767 for the nine months ended September 30, 2021. The \$4,333 decrease in net loss is primarily attributable to the following:

- Increase of \$491,468 in exploration and evaluation expenditures for the nine months ended September 30, 2022 compared to the same period in 2021. The difference relates to the amount and timing of exploration activities conducted in Peru. The increase during the current year was primarily the result of the costs associated with the current drilling program in Peru.
- Increase of \$31,110 in administrative expenses for the nine months ended September 30, 2022 compared to the same period in 2021. The amounts were consistent between the two periods.

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- Decrease of \$470,300 in share-based payments for the nine months ended September 30, 2022 compared to the same period in 2021 relating to 250,000 options issued during the nine months ended September 30, 2022 compared to 1,940,000 options issued during the nine months ended September 30, 2021.
- Decrease of \$23,710 in share of loss of associate for the nine months ending September 30, 2022 compared to the same period in 2021 as a result of lower losses in Winshear.
- Advance royalty income was higher in 2022 vs. 2021 as the advance royalty increased from US\$25,000 in 2021 to US\$50,000 in 2022.

Selected Quarterly Financial Information

The following table is a summary of selected financial information for the Company for the eight most recently completed financial quarters. It has been derived from the unaudited condensed consolidated interim financial statements of the Company. The information has been prepared by management in accordance with IFRS and is expressed in Canadian dollars.

| | Sept. 30 2022 | June 30 2022 | March 31 2022 | 2021 Annual | Dec. 31 2021 |
|---|--------------------------|-------------------------|--------------------------|------------------------|-------------------------|
| Statement of Loss | (unaudited) | (unaudited) | (unaudited) | (audited) | (unaudited) |
| Exploration and evaluation expenditures | \$ 311,929 | \$ 637,178 | \$ 333,992 | \$ 1,801,513 | \$ 1,009,882 |
| Administrative expenses | 146,378 | 174,141 | 139,270 | 594,165 | 165,486 |
| Share-based compensation | 1,000 | 22,000 | 2,700 | 500,000 | 4,000 |
| Depreciation | 2,195 | 1,959 | 1,816 | 4,620 | 1,573 |
| Interest income | (1,594) | (2,425) | (1,865) | (6,300) | (2,692) |
| Share of loss of associate | 45,380 | 57,065 | 48,000 | 201,240 | 27,085 |
| Advance royalty income | (64,685) | - | - | (31,137) | - |
| Net loss | \$ 440,603 | \$ 889,918 | \$ 523,913 | \$ 3,064,101 | \$ 1,205,334 |
| Loss per common share – | | | | | |
| - basic and diluted | \$0.01 | \$0.01 | \$0.01 | \$0.05 | \$0.02 |

| | Sept. 30 2021 | June 30 2021 | March 31 2021 | 2020 Annual | Dec. 31 2020 |
|---|--------------------------|-------------------------|--------------------------|------------------------|-------------------------|
| Statement of Loss | (unaudited) | (unaudited) | (unaudited) | (audited) | (unaudited) |
| Exploration and evaluation Expenditures | \$ 451,090 | \$ 261,899 | \$ 78,642 | \$ 602,597 | \$ 156,649 |
| Administrative expenses | 245,537 | 110,324 | 72,818 | 421,117 | 95,253 |
| Share-based payments | 470,000 | 26,000 | - | 244,000 | - |
| Depreciation | 1,246 | 855 | 946 | 9,190 | 1020 |
| Interest income | (3,608) | - | - | (489) | (18) |
| Share of loss of associate | 74,155 | 80,000 | 20,000 | 347,845 | 78,080 |
| Advance royalty income | (31,137) | - | - | (32,920) | - |
| Net loss | \$ 1,207,283 | \$ 479,078 | \$ 172,406 | \$ 1,591,340 | \$ 330,984 |
| Loss per common share – | | | | | |
| - basic and diluted | \$0.02 | \$0.01 | \$0.00 | \$0.04 | \$0.01 |

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- Over the past eight quarters exploration and evaluation expenditures ranged from a high of \$1,009,882 in the fourth quarter of 2021 to a low of \$78,642 in the first quarter of 2021. The increase during the third and fourth quarters of 2021 and the second quarter of 2022 is primarily the result of the costs associated with the drilling program in Peru.
- Administrative expenses ranged from a low of \$72,818 in the first quarter of 2021 to a high of \$245,537 in the third quarter of 2021. The increase during the recent quarters was primarily the result of increases in investor relations activities and legal costs. Professional fees and listing fees increased during the third quarter of 2021 as a result of the OTCQB listing.
- Share-based payment expense, which is a non-cash item, has ranged between a low of \$nil in the first quarter of 2021 to a high of \$470,000 in the third quarter of 2021. The fluctuations result from the timing associated with the granting and vesting of stock options and the recording of the associated share-based compensation expense estimated pursuant to the Black-Scholes valuation model.
- Share of loss of associate (Winshear), has ranged from a low of \$20,000 in Q1 2021 to a high of \$80,000 in Q2 2021. The amount will fluctuate based on the quarterly loss incurred by Winshear.
- The advance royalty due from Winshear is payable annually in September. In September 2021 (Q3 2021), the royalty was US\$25,000 (CDN\$31,137) and escalated in September 2022 (Q3 2022) to US\$50,000 (CDN\$64,685).

Liquidity and Capital Resources

The Company's cash decreased by \$412,468 during the three months ended September 30, 2022, compared to a decrease of \$877,722 during the three months ended September 30, 2021. The Company's cash decreased by \$1,835,259 during the nine months ended September 30, 2022, compared to an increase of \$3,123,528 during the nine months ended September 30, 2021. As at September 30, 2022, the ending cash balance was \$398,050 compared to \$2,233,309 as at December 31, 2021.

Working Capital and Financial Position

As at September 30, 2022, the Company had a working capital surplus of \$226,477 compared to a surplus of \$2,480,331 as at December 31, 2021. As at September 30, 2022 the Company had assets of \$625,842 (December 31, 2021 - \$2,664,058). Total assets as at September 30, 2022 consisted cash and cash equivalents of \$398,050 (December 31, 2021 - \$2,233,309), receivables of \$23,145 (December 31, 2021 - \$60,800) prepaid expenses of \$128,224 (December 31, 2021 - \$238,427), equipment of \$28,803 (December 31, 2021 - \$26,457) and investment in associate of \$47,620 (December 31, 2021 - \$105,065).

A summary of the Company's cash position and changes in cash for the three and nine months ended September 30, 2022 and 2021 are provided below:

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|--------------|--------------------------|----------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Cash used in operating activities – gross | \$ (391,172) | \$ (702,635) | \$ (1,684,930) | \$ (1,224,272) |
| Changes in non-cash operating working capital | 71,704 | (160,411) | (51,250) | (560,967) |
| Cash used in operating activities – net | (319,468) | (863,046) | (1,736,180) | (1,785,239) |
| Cash used in investing activities | (93,000) | (15,426) | (99,079) | (15,426) |
| Cash provided by financing activities | - | 750 | - | 4,924,193 |
| (Decrease) increase in cash | (412,468) | (877,722) | (1,835,259) | 3,123,528 |
| Cash, beginning of period | 810,518 | 4,062,963 | 2,233,309 | 61,713 |
| Cash, end of period | \$ 398,050 | \$ 3,185,241 | \$ 398,050 | \$ 3,185,241 |

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Three months ended September 30, 2022 vs. three months ended September 30, 2021

Operating Activities

Cash used in operating activities before changes in non-cash working capital during the three months ended September 30, 2022 was \$391,172 compared to \$702,635 for the three months ended September 30, 2021. Q3 2021 is \$311,463 higher primarily as a result of higher overall costs, including higher exploration and evaluation expenditures by \$139,161, higher investor relations by \$27,799, higher shareholder costs and filing fees by \$28,615, higher professional fees by \$34,662 and higher share of loss of associate of \$28,775 and lower offsetting advance royalty income from Winshear of \$31,137 (US\$25,000) in Q3 2021 compared to \$64,685 (US\$50,000) in Q3 2022.

Investing Activities

Cash used in investing activities during the three months ended September 30, 2022 was \$93,000 compared to \$15,426 for the three months ended September 30, 2021. The Q3 2022 amount relates to the purchase of 1,550,000 units of Winshear as part of their non-brokered private placement financing that closed August 19, 2022. The Q3 2021 outlay relates to the purchase of \$15,426 of equipment in Peru.

Financing Activities

Cash provided by financing activities during the three months ended September 30, 2022 was \$nil compared to \$750 for the three months ended September 30, 2021.

Nine months ended September 30, 2022 vs. nine months ended September 30, 2021

Operating Activities

Cash used in operating activities before changes in non-cash working capital during the nine months ended September 30, 2022 was \$1,684,930 compared to \$1,224,272 for the nine months ended September 30, 2021. 2022 is higher by \$460,658, primarily due to higher 2022 exploration and evaluation expenditures by \$491,468, offset by lower 2022 share of loss of associate by \$23,710 and higher advance royalty revenue from Winshear of \$64,685 (US\$50,000) vs. 2021 revenue of \$31,137 (US\$25,000).

Investing Activities

Cash used in investing activities during the nine months ended September 30, 2022 was \$99,079 compared to \$15,426 for the nine months ended September 30, 2021. The 2022 amount relates to the purchase of 1,550,000 units of Winshear as part of their non-brokered private placement financing that closed August 19, 2022 and the purchase of \$6,079 of equipment in Peru. The 2021 outlay relates to the purchase of \$15,426 of equipment in Peru.

Financing Activities

Cash provided by financing activities during the nine months ended September 30, 2022 was \$nil compared to \$4,924,193 for the nine months ended September 30, 2021. The 2021 amount relates to the non-brokered private placement closed June 18, 2021 for gross proceeds of \$5,000,000 less \$75,807 in share issuance costs.

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Liquidity Outlook

The Company had a cash balance of \$398,050 at September 30, 2022 and a working capital surplus of \$226,477. 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.

The Company does not have any long-term debt or credit facilities with financial institutions. At this time the Company is not anticipating an operating profit from operations and will rely on the proceeds of the recent financing to fund its short-term growth. There is no assurance that future financings will be available when required. In general, completion of all of the Company's ongoing and future exploration and development initiatives and its ability to continue as a going concern are subject to successfully raising additional funding (see "Risks and Uncertainties" in the annual MD&A for the year ended December 31, 2021).

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. Current key management of Palamina includes the Company's directors and officers.

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|------------|--------------------------|------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Management fees – President and CEO | \$ 43,750 | \$ 43,750 | \$ 131,250 | \$ 94,792 |
| Management fees - CFO | 16,250 | 16,250 | 48,750 | 48,750 |
| Directors' fees | 13,875 | 13,875 | 41,625 | 41,625 |
| Total fees paid to management and directors | 73,875 | 73,875 | 221,625 | 185,167 |
| Share-based payments | - | 252,000 | - | 252,000 |
| | \$ 73,875 | \$ 325,875 | \$ 221,625 | \$ 437,167 |

Related Party Transactions

On June 18, 2021, directors, officers and other related parties subscribed for 9,919,000 units at a price of \$0.25 per unit, as part of the 20,000,000 unit non-brokered private placement.

On August 25, 2022, the Company received a payment of US\$79,667 from its associate Winshear. US\$50,000 was in respect of the 2022 advance royalty payment due September 19, 2022 and US\$29,667 in respect of the reimbursement of owing to the Company for the period January 1 to June 30, 2022.

At September 30, 2022, \$41,625 (December 31, 2021 - \$15,280) 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.

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As at September 30, 2022, \$15,946 (US\$11,633) (December 31, 2021 - \$25,910 (US\$20,438)) included in receivables is due from the Company's associate Winshear. The balance is unsecured, non-interest bearing and due on demand.

OUTSTANDING CAPITAL AND SHARE DATA

Palamina's authorized capital stock consists of an unlimited number of common shares without par value. As at November 29, 2022 there were 65,284,836 common shares issued and outstanding.

As at November 29, 2022, the Company also had the following items issued and outstanding:

- 20,048,000 common share purchase warrants at a weighted average exercise price of \$0.40.
- 4,635,000 stock options at a weighted average exercise price of \$0.30.

DIVIDENDS

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2022, the Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

In the normal course of business, the Company evaluates property acquisition and sale transactions and, in some cases, makes proposals to acquire or sell such properties. These proposals, which are usually subject to Board and sometimes regulatory and shareholder approvals, may involve future payments, share issuances and property work commitments. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction.

As of November 29, 2022, there are no material property acquisitions or possible transactions that the Company is examining.

FINANCIAL INSTRUMENTS

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

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

Market risk

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

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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

The Company has cash and cash equivalent balances and no interest-bearing debt. The Company's current policy is to invest excess cash in short-term guaranteed investment certificates issued by banks. The Company periodically monitors its investments to ensure that it is satisfied with the credit ratings of the investments. As at September 30, 2022, the Company had cash and cash equivalents of \$398,050 (December 31, 2021 - \$2,233,309).

Foreign currency risk

The Company's exploration activities are conducted primarily in Peru. Major purchases and exploration expenditures are transacted in Peruvian nuevo soles and US dollars. Administrative expenditures and cash and cash equivalents 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 nuevo soles and US dollars when required to fund expenditures in those currencies.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents consist of cash on hand and on deposit with reputable financial institutions. Management believes the risk of loss is minimal. The Company's maximum exposure to credit risk as at September 30, 2022 is the carrying value of cash and cash equivalents and receivables.

Liquidity risk

The Company's approach to managing liquidity risk is to endeavor to it have sufficient liquidity to meet liabilities when due. As at September 30, 2022, the Company had current assets of \$549,419 (December 31, 2021 - \$2,532,536) including cash and cash equivalents of \$398,050 (December 31, 2021 - \$2,233,309) to settle current liabilities of \$322,942 (December 31, 2021 - \$522,050) resulting in a working capital surplus at September 30, 2022 of \$226,477 (December 31, 2021 - \$2,010,486).

The Company's financial assets and liabilities as at September 30, 2022 and December 31, 2021 were as follows:

| | Amortized Cost | FVPL | Total |
|--|----------------|------|--------------|
| December 31, 2021 | | | |
| Financial assets | | | |
| Cash | \$ 2,233,309 | \$ - | \$ 2,233,309 |
| Financial liabilities | | | |
| Accounts payable and accrued liabilities | \$ 522,050 | \$ - | \$ 522,050 |
| September 30, 2022 | | | |
| Financial assets | | | |
| Cash | \$ 398,050 | \$ - | \$ 398,050 |
| Financial liabilities | | | |
| Accounts payable and accrued liabilities | \$ 322,942 | \$ - | \$ 322,942 |

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

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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 in US dollars and Peruvian soles that give rise to foreign exchange risk. If the US dollar rose or fell in relation to the Canadian dollar by 5% with all other variables held constant, net comprehensive loss for the nine months ended September 30, 2022 would have been approximately \$1,000 higher/lower. If the Peruvian nuevo sole rose or fell in relation to the Canadian dollar by 5% with all other variables held constant, accumulated other comprehensive loss for the nine months ended September 30, 2022 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, 2022, 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.

Going Concern

The unaudited condensed interim financial statements of the Company have been prepared on the basis that the Company will continue as a going concern, which presumes that it will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has no history of operations and is in the early stage of development. Due to continuing operating losses, the application of the going concern basis is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations or in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether such financing will be available, or if available, will be on reasonable terms, or if the Company will attain profitable levels of operations. These factors may cast significant doubt on the entity's ability to continue as a going concern. The unaudited condensed interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material. Changes in future conditions could require material write-downs of the carrying amounts of mineral properties.

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.

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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.

Critical Accounting Policies and the Use of Estimates and Judgment

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires that management make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses and income during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. A detailed summary of the Company's significant accounting policies and use of estimates, is included in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2021. The accounting policies and management estimates applied in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2022, are consistent with those used in the Company's audited consolidated financial statements for the year ended December 31, 2021.

COVID-19

In March 2022, the novel strain of coronavirus ("COVID-19") outbreak was labelled a pandemic by the World Health Organization. During fiscal 2021, attempts at containment of COVID-19 resulted in decreased economic activity, which has adversely affected the broader global economy. During fiscal 2021 and 2022, the Company implemented a COVID-19 policy drawing on industry specific guidelines set out by federal and provincial governments, working in conjunction with local health authorities to safeguard the health of its employees and the communities in which the Company operates. The Company has not been materially impacted by the presence of COVID-19.

Risks and Uncertainties

Readers of the MD&A should give careful consideration to the information included or incorporated by reference in this document and the Company's unaudited condensed consolidated interim financial statements and related notes. Palamina's business of exploring and developing mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry, including the limited extent of the Company's assets, the Company's state of development and the degree of reliance upon the expertise of management. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's common shares should be considered speculative. Only those persons who can bear the risk of the entire loss of their investment should participate.

An investor should carefully consider the risks described in the Company's audited financial statements for the year ended December 31, 2021 and the "Risks and Uncertainties" discussion in the Company's MD&A for the year ended December 31, 2021, dated April 18, 2022, before investing in the Company's common shares. Readers are also encouraged to read and consider the risk factors more particularly described in Note 4 to the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022, which have been posted on the Company's website at www.palamina.com and are available on SEDAR at www.sedar.com. The risks described in these

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documents is not an exhaustive list. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's business in the future. If any of the risks noted in the Company's financial disclosure occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. In this event, investors may lose part or all of their investment.

Regulatory standards continue to change, making the review process longer, more complex and more costly. Even if an apparently mineable mineral deposit is developed, there is no assurance that it will ever reach production or be profitable, as its potential economics are influenced by many key factors such as commodity prices, foreign exchange rates, equity markets and political interference, which cannot be controlled by management. As a result, the Company's future business, operations and financial condition could differ materially from the forward-looking information contained in this MD&A and described in the "Forward-Looking Statements" section below.

Cautionary Note Regarding Forward-Looking Information

Except for statements of historical fact relating to Palamina, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of precious and/or base metals; success of exploration activities; cost and timing of future exploration and development; requirements for additional capital and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; the uncertainty of conducting activities within a joint venture structure; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in mineral exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of Palamina has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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Caution Regarding Adjacent or Similar Mineral Properties

This MD&A contains information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises US investors that the mining guidelines of the US Securities and Exchange Commission (the "SEC") set forth in the SEC's Industry Guide 7 ("SEC Industry Guide 7") strictly prohibit information of this type in documents filed with the SEC. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties, and any production therefore or economics with respect thereto, are not indicative of mineral deposits on the Company's properties or the potential production from, or cost or economics of, any future mining of any of the Company's mineral properties.

Disclosure and Internal Controls

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (Form 52-109FV2), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109 ("NI 52-109"). In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a Venture Issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

The Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design and effectiveness of disclosure controls and procedures ("DC&P") and the design of international control over financial reporting ("ICFR") to provide reasonable assurance that material information related to the Corporation is made known to the Corporation's certifying officers. The Corporation's CEO and the CFO have evaluated the design and effectiveness of the Corporation's DC&P

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as of September 30, 2022 and have concluded that these controls and procedures are effective in providing reasonable assurance that material information relating to the Corporation is made known to them by others within the Corporation. The CEO and CFO have also evaluated the design and effectiveness of the Corporation's ICFR as of September 30, 2022 and concluded that these controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

During the current period there have been no changes in the Corporation's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Other MD&A Requirements

Additional Disclosure for Companies Without Significant Revenue

Additional disclosure concerning Palamina's exploration and evaluation expenditures, mineral property costs and general and administrative expenses is provided in the Company's unaudited condensed consolidated interim financial statements and in Note 14 of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022 and 2021 that are available on the Company's website at www.palamina.com and on SEDAR at www.sedar.com.

Approval

The Board of Directors of New Break approved the disclosure contained in this MD&A on November 29, 2022. A copy of this MD&A will be provided to anyone who requests it from the Company.

Additional Information

Officers:

Andrew Thomson, President, Chief Executive Officer and Director
Michael Farrant, Chief Financial Officer and Corporate Secretary

Directors:

Hugh Agro, Director ⁽¹⁾ ⁽²⁾ (Corporate Governance and Compensation Committee Chair)
Alistair Waddell, Director ⁽¹⁾ ⁽²⁾
Christina McCarthy, Director ⁽¹⁾ (Audit Committee Chair)
Sean Spraggett, Director ⁽²⁾
Andrew Thomson, President, Chief Executive Officer and Director

(1) Member of the Audit Committee

(2) Member of the Corporate Governance and Compensation Committee

Legal Counsel, Auditors and Transfer Agent

WeirFoulds LLP, Legal Counsel
McGovern Hurley LLP, Auditors
Computershare Investor Services Inc., Transfer Agent

Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation. These reclassifications did not affect the results of prior periods.