



May 2, 2019

President's Message and Letter to Shareholders

To our Shareholders,

Palamina continues to rapidly advance its gold projects in Peru with a view to satisfying the majors need to replace their dwindling gold reserves. Palamina spent 2017 visiting, expanding and prioritizing the 5 gold projects it staked in south eastern Peru in the Puno Orogenic Gold Belt. In 2018, systematic exploration campaigns were carried out on the Coasa, Gaban and Bendi gold projects which lead to significant gold discoveries. In early 2019 Palamina submitted a DIA environmental application for the Coasa gold project in order to carry out a diamond drill program in the Veta discovery zone.

Palamina's Coasa gold project covers 17,200 hectares. Systematic exploration has led to gold discoveries in the Veta Zone located at ~4,100 m elevation where 4 visible gold zones have been identified to date. The Veta Zone covers an 800 x 500 metre area. Chip sampling returned up to 620 g/t gold and channel sampling up to 1.0 m @ 123 g/t gold. While gold mineralization is predominantly associated with structurally controlled quartz veins, on-going sampling also demonstrates the presence of gold mineralization within the shale and siltstone host rocks. The preliminary drill program is designed to test for continuity of the gold mineralization at depth.

Within the license area covered by the DIA, 15 platforms and an initial 2,500 metres of drilling is planned at Veta. Final drill target selection will be made following the conclusion of further geological mapping, trenching and prospecting which recommenced in April of 2019. Members of Palamina's geological team are currently compiling and interpreting the results from the 9 geologic campaigns along with the independent airborne geophysical and structural studies completed in 2018. Palamina is 90% focused on advancing Coasa.

In 2018, Palamina purchased a data base which contained >2,300 geochemical sample results in the POGB and completed a +3,000 line kilometre heli-borne geophysical survey on its Coasa, Gaban and Cori gold projects. Palamina increased its application and mining rights to >75,000 hectares on its five gold projects. Fresnillo Peru SAC, staked the most ground in Peru in 2018 increasing its holdings to >78,000 hectares in the POGB. Palamina's geological team continue to advance their understanding of the POGB, its orogenic gold mineralization and geologic controls. They also made significant discoveries on Palamina's Gaban and Bendi gold projects. Palamina is one of the only junior mining companies active in the POGB and has first mover advantage.

I would like to thank our management teams in Toronto and Peru for returning to a business model that sees investment going into exploration in the ground. I would also like thank our board and advisory board their input and guidance in addition to their financial support. For more information on the Coasa gold project and our other gold projects please visit our web page at: www.palamina.com

Sincerely
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