

SONORAN DESERT COPPER CORPORATION

(Formerly Prime Meridian Resources Corp.)

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

SONORAN DESERT COPPER CORPORATION

(Formerly Prime Meridian Resources Corp.)

Condensed Consolidated Interim Statements of Financial Position

As at September 30, 2023 and December 31, 2022

Expressed in Canadian Dollars

	Notes	September 30, 2023	December 31, 2022
ASSETS			
Current Assets			
Cash		\$ 195,201	\$ 23,241
Receivable and GST receivable		134,386	-
Prepaid expenses		310,000	87,500
Marketable securities	5	1,500	2,000
		641,087	112,741
Long-term Assets			
Exploration and evaluation assets	6	-	214,531
Total Assets		\$ 641,087	\$ 327,272
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current Liabilities			
Accounts payable	10	\$ 1,248,025	\$ 917,026
Accrued liabilities	10	211,900	194,900
Domus payable	7	258,425	290,637
Flow-through premium liability	9	-	25,000
Short-term loans	8	1,158,805	1,088,247
Share subscription received		10,000	45,827
		2,887,155	2,561,637
Shareholders' deficit			
Share capital	11	12,563,770	11,374,838
Contributed surplus	12	3,214,843	3,208,715
Accumulated other comprehensive loss		(378,352)	(378,352)
Deficit		(17,646,329)	(16,439,566)
		(2,246,068)	(2,234,365)
Total Liabilities and Shareholders' Deficit		\$ 641,087	\$ 327,272

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

Approved on behalf of the Board of Directors on November 27, 2023

"Brian Leenars"

Director

"Gregory Pearson"

Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements

SONORAN DESERT COPPER CORPORATION

(Formerly Prime Meridian Resources Corp.)

Condensed Consolidated Interim Statements of Comprehensive Loss

For the Nine Months Ended September 30, 2023 and 2022

Expressed in Canadian Dollars

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Expenses					
Consulting and management fees	10	\$ 85,500	\$ 100,500	\$ 256,500	\$ 301,500
Exploration and evaluation expenditures	6	67,569	19,688	372,914	67,500
Foreign exchange (gain) loss		19,640	65,473	(3,050)	80,946
Interest expense		32,740	23,893	81,624	70,457
Rent and administrative services	10	31,217	31,140	92,770	95,216
Marketing and advertising		12,500	-	87,500	175,000
Professional fees	10	55,140	9,210	127,580	46,766
Share-based compensation		-	273,000	-	273,000
Transfer agent and filing fees		10,636	3,947	895	74,567
Operating expenses		314,942	526,851	1,016,733	1,184,952
Other (gain) loss					
Unrealized loss on marketable securities	5	500	-	500	1,750
Flow-through premium settlement	9	-	-	(25,000)	-
Write-off exploration and evaluation asset	6	78,699	-	214,530	-
Total other loss		79,199	-	190,030	1,750
Net loss for the period		394,141	526,851	1,206,763	1,186,702
Loss and comprehensive loss for the period		\$ 394,141	\$ 526,851	\$ 1,206,763	\$ 1,186,702
Basic and diluted loss per share		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted		89,616,020	72,012,626	85,410,851	71,779,355

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SONORAN DESERT COPPER CORPORATION

(Formerly Prime Meridian Resources Corp.)

Condensed Consolidated Interim Statements of Cash Flows

For the Nine Months Ended September 30, 2023 and 2022

Expressed in Canadian Dollars

	For the Nine Months Ended	
	September 30,	
	2023	2022
Operating activities		
Net loss for the period	\$ (1,206,763)	\$ (1,186,702)
Items not affecting cash:		
Foreign exchange	(3,277)	78,090
Stock-based compensation	-	273,000
Unrealized (gain) loss on marketable securities	500	1,750
Interest expenses	81,624	70,457
Write-off exploration and evaluation asset	214,532	-
Write-off flow-through liability	(25,000)	-
Changes in non-cash working capital items:		
Accounts payable	330,997	50,746
Accrued liabilities	17,000	40,650
Receivables	(34,386)	(44,578)
Prepaid expenses	(225,500)	25,000
Net cash used in operating activities	(847,273)	(691,587)
Financing activities		
Domus payable repayment	(40,000)	-
Share subscription received	10,000	-
Share issuance, net of issuance costs	1,049,233	318,600
Share issuance – warrants exercise	-	150,126
Net cash provided by financing activities	1,019,233	468,525
Change in cash	171,960	(223,062)
Cash, beginning	23,241	247,754
Cash, ending	\$ 195,201	\$ 24,692
Non-cash activities:		
Shares issued for acquisition of mineral interest	\$ -	\$ 25,000
Shares issuance cost - broker warrants issued	9,240	17,000

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SONORAN DESERT COPPER CORPORATION

(formerly Prime Meridian Resources Corp.)

Condensed Consolidated Interim Statements of Changes in Deficit

For the Nine Months Ended September 30, 2023 and 2022

Expressed in Canadian Dollars

	Number of Common shares Outstanding (Note 11)	Share capital (Note 11&12)	Contributed Surplus (Note 11&12)	Accumulated Other Comprehensive Loss	Deficit	Total Shareholder's Deficiency Deficiency
Balance, December 31, 2022	19,763,266	\$ 11,374,838	\$ 3,208,715	\$ (378,352)	\$ (16,439,566)	\$ (2,234,365)
Shares issuance for cash	6,021,500	1,204,300	-	-	-	1,204,300
Shares issuance cost - cash	-	(9,240)	-	-	-	(9,240)
Shares issuance cost - broker warrants	-	(6,128)	6,128	-	-	-
Loss for the period	-	-	-	-	(1,206,763)	(1,206,763)
Balance, September 30, 2023	25,784,766	\$ 12,563,770	\$ 3,214,843	\$ (378,352)	\$ (17,646,329)	\$ (2,246,068)
Balance, December 31, 2021	17,688,057	\$ 10,898,313	\$ 2,732,115	\$ (378,352)	\$ (14,674,358)	\$ (1,422,282)
Share issuance - private placement	1,700,000	340,000	-	-	-	340,000
Share issuance cost - cash	-	(21,600)	-	-	-	(21,600)
Share issuance cost - broker warrants	-	(17,000)	17,000	-	-	-
Shares issuance - warrants exercise	250,209	150,125	-	-	-	150,125
Shares issuance - exploration and evaluation assets	125,000	25,000	-	-	-	25,000
Share-based compensation	-	-	273,000	-	-	273,000
Loss for the period	-	-	-	-	(1,186,702)	(1,186,702)
Balance, September 30, 2022	19,763,266	\$ 11,374,838	\$ 3,022,115	\$ (378,352)	\$ (15,861,060)	\$ (1,842,459)

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SONORAN DESERT COPPER CORPORATION

(Formerly Prime Meridian Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2023 and 2022

Expressed in Canadian Dollars

1. Nature of operations and going concern

Sonoran Desert Copper Corporation (the “Company” or “SDCU”) was federally incorporated on February 22, 2007 as Prime Meridian Resources Corp. On March 21, 2023, the Company changed its name to Sonoran Desert Copper Corporation. The Company is a public company listed on the TSX Venture Exchange (“TSX-V”) with the symbol SDCU.V. The corporate head office of the Company is located at 2110 - 650 West Georgia Street, Vancouver, BC V6B 4H8.

The Company is focused on the development of its energy metals project - Cuatro Hermanos copper/molybdenum porphyry project in Sonora, Mexico, the acquisition of which was approved from TSX-V. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, successfully permitting, the ability of the Company to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of each resource property.

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) applicable to a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. As at September 30, 2023, the Company had no source of revenue and reported loss for the nine months period of \$1,206,763 (2022 – \$1,186,702), working capital deficit of \$2,246,068 (December 31, 2022 - \$2,448,896), and has an accumulated deficit of \$17,646,329 (December 31, 2022- \$16,439,566). These factors indicate a material uncertainty that may cast significant doubt over the Company’s ability to continue as a going concern. Management has determined that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company’s ability to complete equity financings and secure project debt financing. It is not possible to predict whether financing efforts will be successful. These condensed consolidated interim financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern. On November 14, 2023, the Company’s common shares commence trading on a post 4 for 1 consolidation basis. All share figures in these financial statements are shown as post-consolidated shares.

2. Basis of preparation

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2022.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 27, 2023.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of Prime Meridian Resources Inc., the Company’s US subsidiary, is the United States Dollar (“USD”).

Critical accounting estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingency liabilities as at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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2. Basis of preparation (continued)

Key critical judgment in applying accounting policies

Going concern

These consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company's ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast significant doubt upon the soundness of this assumption. Refer to Note 1 for more details.

Key sources of estimation uncertainty

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

Adoption and future changes in Accounting Standards

The Company has reviewed the other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Capital management

The Company's objectives when managing capital are to:

- Ensure there are adequate capital resources to manage the Company's ability to continue as a going concern;
- Maintain adequate levels of funding to sustain the required current investments and any new capital investments;
- Maintain investor, creditor and market confidence to sustain future development of the business; and
- Provide returns to shareholders and benefits for other stakeholders.

The Company classifies its share capital and contributed surplus as capital. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company will continue to assess new investments and seek to acquire an interest in investments if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

4. Financial instruments and financial risk management

a) Fair value

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics. The fair value of current financial instruments approximates their carrying values as long as they are short term in nature or bear interest at market rates.

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4. Financial instruments and financial risk management (continued)

b) Fair value hierarchy

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels 1 and 2 during the year.

The Company's financial instruments are carried at an amortized cost with the exception of cash and marketable securities. These instruments have been assessed on the fair value hierarchy described above and classified as Level 1.

c) Financial risks

(i) Interest rate risk

Interest rate risk consists of the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at September 30, 2023, the Company is not exposed to interest rate risk as its loans bear interest at fixed rates.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received, and balances maintained by the Company are denominated in US dollars. The Company had net monetary liabilities totaling \$928,461 in US dollars at September 30, 2023. The Company's foreign currency risk is assessed as high.

(iii) Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from its receivables. As of September 30, 2023, the Company is not exposed to credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining sufficient cash. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short-term and long-term obligations. At September 30, 2023, the Company did not have sufficient cash on hand to pay its short-term creditors and does not generate cash from its operations. Accordingly, liquidity risk is considered high.

5. Marketable securities

In September 2014, the Company received 500,000 units of Bitterroot Resources Ltd., ("Bitterroot") with a fair value of \$10,000 as partial proceeds on the sale of certain mineral property interests in Baraga Basin, Michigan. Each unit consists of one Bitterroot common share and one warrant, exercisable for two years at \$0.10 per share. In 2015, the shares of Bitterroot were consolidated to 10:1, thus the number of shares the Company owns were adjusted to 50,000. Warrants expired unexercised on September 17, 2016. As at September 30, 2023, the fair value of the Bitterroot shares were \$1,500 (December 31, 2022 – \$2,000).

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6. Exploration and evaluation assets

	Bruce & Camping Lake (\$)	Bluffy Lake (\$)	Dixie Lake (\$)	Kelly Palladium (\$)	Pakwash, Red Lake (\$)	Cuatro Hermanos, Mexico (\$)	Total (\$)
Balance, December 31, 2021	71,500	7,200	80,000	30,000	10,650	-	199,350
Acquisition costs-issued shares	-	-	25,000	-	-	-	25,000
Acquisition costs	-	-	-	831	-	-	831
Impairment E&E asset	-	-	-	-	(10,650)	-	(10,650)
Balance, December 31, 2022	71,500	7,200	105,000	30,831	-	-	214,531
Acquisition costs	-	-	-	-	-	-	-
Write-off acquisition costs	(7,500)	(7,200)	(105,000)	(30,831)	-	-	(214,531)
Balance, September 30, 2023	-	-	-	-	-	-	-

Bruce and Camping Lake, Ontario

On September 23, 2019, the Company entered into an option agreement with 15444230 Ontario Inc., pursuant to which the Company has an option to acquire two sets of mineral claims in the Bruce Lake area and the Camping Lake area, both in the Red Lake mining district in Ontario. In consideration, the Company issued 100,000 shares and made payments totalling \$25,500 in the first year. Additional payments totalling \$61,000 are due over the following three years. The acquisition is subject to a 1.5% net smelter royalty, of which 0.75% can be purchased by the Company for \$500,000. During the nine-month period ended September 30, 2023, the Company terminated the option agreement. Acquisition costs relating the project were written-off.

Bluffy Lake, Ontario

In September 2021, the Company acquired, through staking, an additional 2,920 hectares east of its Camping Lake Project in the Red Lake District of Ontario. During the nine-month period ended September 30, 2023, the Company did not renew the claims for Bluff Lake Project and has expensed acquisition costs.

Dixie Lake, Ontario

The Company entered into an agreement to acquire 100% interest in mineral claims in the Dixie Lake area of Red Lake mining district of Ontario. In consideration, the Company issue 250,000 shares (with a fair value of \$90,000) and paid \$15,000 to the vendor. During the nine-month period ended September 30, 2023, the Company did not renew the Dixie Lake claims in 2023 and has expensed the acquisition costs related to the property.

Kelly Palladium, Ontario

During the year ended December 31, 2020, the Company entered into an agreement to acquire a 100% ownership in the Kelly Palladium Project in Ontario. The Company paid \$30,000 to the vendor to complete the purchase, which is subject to a 1% net smelter royalty in favour of the vendor. The Company has the exclusive right to buy the royalty from the vendor for \$500,000. During the nine-month period ended September 30, 2023, the Company did not renew the claims for the project and has expensed acquisition costs.

La Sarita Copper-silver Project, Sonora, Mexico

On November 26, 2022, the Company entered a Letter of Intent to purchase 100% interest in the La Sarita Copper-silver Project in Sonora, Mexico. In order to exercise the 1st Purchase Option, the Company will make cash payments totalling

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6. Exploration and evaluation assets (continued)

USD\$230,000, exploration expenditures of \$2,225,000 and issue 831,250 common shares to Quirina Vasquez Vargas (“QVV”), the vendor for a 100% ownership of the La Sarita Project, over a 5-year term. During the nine-month period ended September 30, 2023, the Company decided not to proceed with the acquisition of the La Sarita Project.

El Chuin Copper Project, Sonora, Mexico

On November 26, 2022, the Company entered two Purchase Option Agreements to purchase 100% interest in the El Chuin Copper Project in Sonora, Mexico. In order to exercise the 1st Purchase Option, the Company will make cash payments totalling USD\$230,000, exploration expenditures of \$2,225,000 and issue 831,250 common shares to QVV, the vendor for a 100% ownership of the El Chuin and El Chuin concessions, over the 5-year term. During the nine-month period ended September 30, 2023, the Company decided not to proceed with El Chuin Project.

Cuatro Hermanos Porphyry Copper Project, Sonora, Mexico

On January 16, 2023, the Company executed Exploration Right Assignment Agreement with Definitive Rights Assignment Option (the “Agreement”) to purchase 100% interest in the Cuatro Hermanos Porphyry Copper Project in Sonora, Mexico subject to TSX-V approval. In order to exercise Purchase Option, the Company will make cash payments totalling USD\$5,862,500 and exploration work commitment of US\$2,850,000 to Minerales Y Yacimientos Mexicanos Sacramento, S.A. DE C.V., (the “Seller”) for a 100% ownership of the Cuatro Hermanos Porphyry Project, over a 60-month term, payments schedule as below:

Date	Cash Payment		Work Commitment	
Execution	USD\$	50,000	USD\$	-
12 Months	USD\$	150,000	USD\$	100,000
24 Months	USD\$	200,000	USD\$	250,000
36 Months	USD\$	200,000	USD\$	500,000
48 Months	USD\$	200,000	USD\$	1,000,000
60 Months	USD\$	5,062,000	USD\$	1,000,000
	USD\$	5,862,500	USD\$	2,850,000

7. Payable to Domus Management Ltd

During the year ended December 31, 2018, the Company was notified by Domus and Primrose Drilling Ltd. (“Primrose”), that the debt owed to Primrose was assigned to Domus. Domus and the Company agreed to the following terms for repayment of the debt:

- The Company shall pay US\$200,000 on or before September 30, 2018 with the balance (US\$310,880) being paid without interest by way of installments of US\$50,000 on October 31 of each year starting on October 31, 2018 until the full debt is retired. As long as the installments are paid in full and on time, no interest will be charged on the debt.
- In the event the debt is not repaid in terms of the above, the debt becomes due on demand and bears interest at 10% compounded annually. On February 20, 2020, the Company agreed to a consent judgment in the Court of Queen’s Bench of Alberta in the amount of \$741,453 plus interest.

On June 15, 2021, the Company and Domus entered into an agreement where Domus and the Company agreed to the total amount owing of \$629,313 with 0.2% interest per annum and the Company is obligated to pay \$20,000 per month, by the 15th of each month, until the debt and interest have been repaid in full. The fair value of the debt was determined to be \$546,654 on June 15, 2021. The fair value was determined using a 12% discount rate. The difference between the fair value and carrying value on June 15, 2021 was recorded as a debt discount of \$82,659 in deficit.

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7. Payable to Domus Management Ltd (continued)

The Company agreed to pay the 3.8% interest per annum on the remaining balance due beginning in 2023. For the nine months ended September 30, 2023, the Company recorded accretion expenses of \$7,788 (2022 - \$Nil) and made cash payments of \$40,000 (2022 - \$180,000). As at September 30, 2023, the Company was in default of the loan in the amount of \$258,425 (December 31, 2022 - \$290,637).

8. Short-term loans

The continuity of loans is as follows:

December 31, 2020	\$	1,022,668
Loans repaid		(28,250)
Interest accrued		101,956
Debt settlement in shares		(166,544)
Foreign exchange		(4,090)
December 31, 2021	\$	925,740
Interest accrued		95,288
Foreign exchange		67,219
December 31, 2022	\$	1,088,247
Interest accrued		73,835
Foreign exchange		(3,277)
September 30, 2023	\$	1,158,805

As at September 30, 2023, the Company owed a total of \$1,158,805 (December 31, 2022 - \$1,088,247) in loans, consisting of loan principal of \$846,750 (US\$615,200) (December 31, 2022 - \$848,239 /US\$615,200) from non-related parties and interest payable of \$312,055 (US\$225,928) (December 31, 2022 - \$240,008 /US\$172,060). All of the loans accrue interest at a rate of 3% per quarter, except for one loan which accrues interest at 10% per annum.

9. Flow-through premium liabilities

For the year ended December 31, 2021, the Company issued 125,000 flow-through units at a price of \$0.20 for total proceeds of \$100,000. These funds are to be used for qualifying exploration expenditures and were renounced to the flow-through shareholders effective December 31, 2021. A \$25,000 flow-through share premium liability was recorded representing the excess paid for the flow through shares over the fair value of the shares without the flow through feature.

As of September 30, 2023, the Company has fully settled the flow through premium liability. The outstanding balance of flow-through liability is \$Nil (December 31, 2022 - \$25,000).

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10. Related party transactions

The Company entered into transactions, including compensation of key management, with the following related parties:

Name	Relationship	Nature of Transaction	Fees incurred nine months ended September 30, 2023	Fees incurred nine months ended September 30, 2022	Balance payable September 30, 2023	Balance payable at December 31, 2022
			\$	\$	\$	\$
Nexvu Services Inc.	Owned by Nexvu Capital, of which Brian Leeners is a shareholder	Rent and corporate services	90,000	90,000	287,870	193,370
Brian Leeners	Chief executive officer and director	Management services	90,000	90,000	132,160	117,250
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services	90,000	90,000	132,160	117,250
Gordorn J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation	Legal services	9,000	37,775	164,366	165,616
Blue Summit Venture	Tyler Thorburn is shareholder of Blue Summit Venture	Management Marketing	30,000 87,500	90,000 175,000	113,000 -	79,100 -
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services	31,500	31,500	117,150	89,150
			428,000	604,275	946,886	761,736

Balances owing are included in accounts payable and accrued liabilities, due on demand, unsecured, non-interest bearing and have no specified terms of repayment.

On March 22, 2023, the Company closed the private placement financing for gross proceeds of \$385,800, by issuing 1,929,000 units at \$0.20. A company owned by a director subscribed for 300,000 units (Note 11).

On September 14, 2023, the Company closed the private placement financing for gross proceeds of \$818,500, by issuing 4,092,500 units at \$0.20. A company owned by a director subscribed for 300,000 units (Note 11).

11. Share capital

Authorized: Unlimited common voting shares, without par value.

Share issuance – private placement

On March 23, 2023, the Company completed private placement for total gross proceeds of \$385,800 by issuing 1,929,000 units at a price of \$0.20 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price \$0.40 per share for 36 months. The warrants are subject to the right of the Company to accelerate the exercise period of the warrant if shares of the Company trade at or above \$2.00 for a period of 10 consecutive trading days (Note 12b).

The Company paid \$5,800 cash finder's fee and issued 29,000 broker warrants exercisable at \$0.40 for 36 months commencing the date of issuance (Note 12c).

On September 14, 2023, the Company completed private placement for total gross proceeds of \$818,500 by issuing

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11. Share capital (continued)

4,092,500 units at a price of \$0.20 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price \$0.40 per share for 36 months. The warrants are subject to the right of the Company to accelerate the exercise period of the warrant if shares of the Company trade at or above \$2.00 for a period of 10 consecutive trading days (Note 12b).

The Company paid \$3,440 cash finder's fee and issued 17,200 broker warrants exercisable at \$0.40 for 36 months commencing the date of issuance (Note 12c).

On September 7, 2022, the Company closed the private placement for total gross proceeds of \$340,000 by issuing 1,700,000 units at a price of \$0.20 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price \$0.40 per share for 3 years. The warrants are subject to the right of the company to accelerate the exercise period of the warrant if shares of the company trade at or above \$2.00 for a period of 10 consecutive trading days (Note 12b).

The Company paid \$21,600 cash finder's fee and issued 133,000 broker warrants, exercisable at \$0.40 for 36 months commencing the date of issuance (Note 12c).

Share issuance – warrants exercised

For the nine months ended September 30, 2023, no warrants were exercised (2022 – 252,210, for total proceeds of \$150,126).

Share issuance – exploration and evaluation asset interest

For the nine months ended September 30, 2023, no shares were issued (2022 – 125,000) for the acquisition of mineral properties.

12. Options and warrants

a) Stock options

The Company has adopted an incentive stock option plan (the "SOP") under the rules of the TSX-V pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 20% of the issued and outstanding common shares of the Company. Under the SOP, the option exercise price of any option granted shall be equal to the greater of either the amount designated by the administrator at the time of grant, or the discounted market price of the Company's common shares for the 10 trading days immediately preceding the day on which the TSX-V received notice that options have been granted under this SOP. For the purpose of the SOP, the discounted market price is calculated in accordance with the policies of the TSX-V at the time of grant of the options. The administrator may also determine that the option exercise price per common share may escalate at a specified rate or rates.

The options can be granted for a maximum term of 5 years and vest immediately. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSX-V, shares issued upon the exercise of options are restricted from trading during the 4-month period subsequent to the exercise of the options. For stock options granted to employees, officers, directors and consultants, the Company recognizes stock-based compensation expense based on the estimated fair value of the stock options granted as calculated using the Black-Scholes Option-Pricing Model on the date of the grant.

For the nine months ended September 30, 2023, no stock options were granted.

On July 21, 2022, the Company granted 1,625,000 stock options to its directors, officers and consultants of the Company. The exercise price is \$0.60 per share with expiry of 5 years commencing the date of grant. The Company recognized the fair value of stock options of \$312,000.

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12. Options and warrants (continued)

a) Stock options (continued)

On October 5, 2022, the Company granted 250,000 stock options to a consultant of the Company. The exercise price is \$0.40 per share with expiry of 5 years commencing the date of grant. The Company recognize the fair value of stock option of \$32,600. These 250,000 stock options were cancelled during the year ended December 31, 2022.

On November 9, 2022, the Company granted 562,500 stock options to three directors of the Company. The exercise price is \$0.40 per share with expiry of 5 years commencing the date of grant. The Company recognized the fair value of stock options of \$115,000.

As at September 30, 2023, the following stock options were outstanding and exercisable:

	Number of options	Weighted average exercise price (\$)	Weighted average life remaining (years)
Balance, December 31, 2021	1,450,000	0.40	4.27
Issued	2,437,500	0.52	5.00
Cancelled	(500,000)	0.40	-
Balance, December 31, 2022	3,137,500	0.52	3.42
Balance, September 30, 2023	3,137,500	0.52	3.42

As at September 30, 2023, the following stock options were outstanding and exercisable:

Expiry Date	Exercise Price (\$)	Number of options	Remaining Years
January 29, 2026	0.40	950,000	2.33
July 21, 2027	0.60	1,625,000	3.81
November 9, 2027	0.40	562,500	4.11
		3,137,500	3.42

b) Warrants

For the nine months ended September 30, 2023, 6,021,500 warrants were issued as part of the private placements (Note 11).

For the year ended December 31, 2022, 1,700,000 warrants were issued as part of the private placement.

As at September 30, 2023, warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price (\$)	Weighted average life remaining (years)
Balance, December 31, 2021	4,251,517	0.72	0.37
Issued	1,700,000	0.40	-
Exercised	(250,209)	0.60	-
Expired - warrants	(4,001,308)	0.72	-
Balance, December 31, 2022	1,700,000	0.40	1.94
Issued	1,929,000	0.40	2.48
Issued	4,092,500	0.40	2.96
Balance, September 30, 2023	7,721,500	0.40	2.61

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12. Options and warrants (continued)

b) Warrants (continued)

As at September 30, 2023, the following warrants were outstanding:

Expiry Date	Exercise Price (\$)	Number of Warrants	Remaining Years
September 7, 2025	0.40	1,700,000	1.94
March 22, 2026	0.40	1,929,000	2.48
September 14, 2026	0.40	4,092,500	2.96
	0.40	7,721,500	2.61

c) Broker warrants

For the nine months ended September 30, 2023, 46,200 broker warrants were issued as part of private placements (Note 11).

During the year ended December 31, 2022, 108,000 broker warrants were issued as part of the private placement.

For nine months ended September 30, 2023, the Company recorded the fair value of broker warrants of \$6,128, using Black-Scholes Option Pricing Model based on the following assumption:

	2023	2022
Risk-free interest rate	3.05% - 4.04%	3.42%
Expected life	3 years	3 years
Volatility	121.62% - 137.59%	166.06%
Expected dividend yield	Nil	Nil

As at September 30, 2023, broker warrant transactions are summarized as follows:

	Number of broker warrants	Weighted average exercise price (\$)	Weighted average life remaining (years)
Balance, December 31, 2021	94,000	0.72	0.37
Issued	108,000	0.40	1.94
Expired	(94,000)	0.60	-
Balance, December 31, 2022	108,000	0.40	1.94
Issued	29,000	0.40	2.48
Issued	17,200	0.40	2.96
Balance, September 30, 2023	154,200	0.40	2.15

As at September 30, 2023, the following broker warrants were outstanding:

Expiry Date	Exercise Price (\$)	Number of broker warrants	Remaining Years
September 7, 2025	0.40	108,000	1.94
March 22, 2026	0.40	29,000	2.48
September 14, 2026	0.40	17,200	2.96
	0.40	154,200	2.15

d) Contributed Surplus

The contributed surplus records items are recognized as stock-based compensation expenses until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

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13. Subsequent events

- a) On October 20, 2023, the TSX-V approved the Exploration Right Assignment Agreement with Definitive Rights Assignment Option between the Company and Minerales Y Yacimientos Mexicanos Sacramento, S.A. de C.V. in regards the Cuatro Hermanos Project Acquisition.
- b) On November 14, 2023, the Company's shares began trading on a post-consolidated basis. The Company consolidated on the basis of one post-consolidated common share for every four pre-consolidation common shares.
- c) On November 21, 2023, the Company announced an private placement offering up to 2,500,000 units price \$0.20 ("Units"), for aggregate gross proceeds of up to \$500,000. Each Unit will consist of one common share of the Company and one common share purchase warrant ("Warrant"), with each Warrant being exercisable for ad additional common share at an exercise price of \$0.50 for 24 months from the date of closing. The Warrants are subject to the right of the Company to accelerate the exercise period if, after the expiration of the 4-month hold, shares of the Company close at or above \$1.00 for 10 consecutive days. Finders' fees in accordance with the TSX Venture Exchange policies may apply to the financing and all securities issue will be subject to a statutory four-month hold period. Proceeds from the financing will be used for general working capital and for the Company's Cuatro Hermanos Project located in Sonora, Mexico.