

SONORAN DESERT COPPER CORPORATION

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2024 and 2023

(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

Condensed Consolidated Interim Statements of Financial Position

As at September 30, 2024 and December 31, 2023

Expressed in Canadian Dollars

	Notes	September 30, 2024	December 31, 2023
ASSETS			
Current Assets			
Cash		\$ 591	\$ 65,732
Sales tax receivable		41,824	97,254
Prepaid expenses		1,954	160,666
Marketable securities	5	1,500	1,000
		45,869	324,652
Long-term Assets			
Exploration and evaluation assets	6	190,169	216,443
Total Assets		\$ 236,038	\$ 541,095
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current Liabilities			
Accounts payable & accrued liabilities	7,10	\$ 1,423,516	\$ 1,420,857
Domus loan	8	125,705	200,524
Short-term loans	9	-	1,160,009
		1,549,221	2,781,390
Long-term Liabilities			
Long-term loans	9	1,358,935	-
		2,908,156	2,781,390
Shareholders' deficit			
Share capital	11	13,404,520	12,563,770
Shares to be issued	12	-	133,800
Contributed surplus	12	3,316,221	3,214,843
Accumulated other comprehensive loss		(386,675)	(358,973)
Deficit		(19,006,184)	(17,793,735)
		(2,672,118)	(2,240,295)
Total Liabilities and Shareholders' Deficit		\$ 236,038	\$ 541,095

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors on November 19, 2024

"Brian Leenars"

Director

"Gregory Pearson"

Director

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

SONORAN DESERT COPPER CORPORATION

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

For the Nine Months Ended September 30, 2024 and 2023

Expressed in Canadian Dollars

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2024	2023	2024	2023
Expenses					
Consulting and management fees	10	\$ 70,500	\$ 85,500	\$ 211,500	\$ 256,500
Exploration and evaluation expenditures	6	71,226	67,569	257,720	372,914
Foreign exchange (gain) loss		(17,365)	19,640	27,372	(3,050)
Interest expense		29,302	32,740	84,477	81,624
Administrative services	10	31,321	31,217	96,197	92,770
Marketing and advertising		310,000	12,500	485,000	87,500
Professional fees	10	33,940	55,140	40,787	127,580
Share-based compensation		101,378	-	101,378	-
Transfer agent and filing fees		9,392	10,636	47,701	895
Operating expenses		(639,694)	(314,942)	(1,352,132)	(1,016,733)
Other items					
Unrealized loss on marketable securities	5	-	(500)	500	(500)
Write-off of debts		14,877	-	149,183	-
Flow-through premium settlement		-	-	-	25,000
Write-off exploration and evaluation asset		(10,000)	(78,699)	(10,000)	(214,530)
Total other income (expenses)		4,877	(79,199)	139,683	(190,030)
Net loss for the period		(634,817)	(394,141)	(1,212,449)	(1,206,763)
Foreign exchange transaction		(19,866)	-	(27,702)	-
Loss and comprehensive loss for the period		\$ (654,683)	\$ (394,141)	\$ (1,240,151)	\$ (1,206,763)
Basic and diluted loss per share		\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.06)
Weighted average number of common shares outstanding – basic and diluted		25,967,538	22,404,005	25,876,819	21,352,713

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

SONORAN DESERT COPPER CORPORATION

Condensed Consolidated Interim Statements of Cash Flows
For the Nine Months Ended September 30, 2024 and 2023
Expressed in Canadian Dollars

	For the Nine Months Ended September 30,	
	2024	2023
Cash provided by (used in):		
Operating activities		
Net (loss) income for the period	\$ (1,212,449)	\$ (1,206,763)
Items not affecting cash:		
Foreign exchange	20,955	(3,277)
Interest expenses	84,478	81,624
Share-based compensation	101,378	-
Unrealized (gain) loss on marketable securities	(500)	500
Write-off of debt	(149,183)	-
Write-off of E&E asset		214,532
Write-off of flow-through liability		(25,000)
Changes in non-cash working capital items:		
Accounts payable & accrued liabilities	151,842	347,997
Sales tax receivable	55,430	(134,386)
Prepaid expenses	158,712	(222,500)
Cash used in operating activities	(789,337)	(947,273)
Investing activities		
Exploration and evaluation asset	(10,000)	-
Cash used in financing activities	(10,000)	-
Financing activities		
Domus loan repayment	(80,000)	(40,000)
Share subscription received	-	10,000
Loan proceeds	98,674	-
Share issuance – warrants exercise	-	-
Share issuance, net of issuance costs	706,950	1,149,233
Cash provided by financing activities	725,624	1,119,233
Effect of foreign exchange	8,572	-
Change in cash	(65,141)	171,960
Cash, beginning	65,732	23,241
Cash, ending	\$ 591	\$ 195,201

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

SONORAN DESERT COPPER CORPORATION

Condensed Consolidated Interim Statements of Changes in Deficit
For the Nine Months Ended September 30, 2024 and 2023
Expressed in Canadian Dollars

	Note	Number of common shares outstanding	Share capital	Obligation to issue shares	Contributed surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2022		19,763,263	\$ 11,374,838	\$ -	\$ 3,208,715	\$ (378,352)	\$ (16,439,566)	\$ (2,234,365)
Shares issuance for cash	11,12	6,021,500	1,204,300	-	-	-	-	385,800
Shares issuance cost -cash	11,12	-	(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, 2023		25,784,763	\$ 12,563,770	\$ 133,800	\$ 3,214,843	\$ (358,973)	\$ (17,793,735)	\$ (2,240,295)
Shares issuance for cash	11	8,407,500	840,750	(133,800)	-	-	-	706,950
Share-based compensation	12	-	-	-	101,378	-	-	101,378
Loss and comprehensive gain for the period		-	-	-	-	(27,702)	(1,211,499)	(1,211,499)
Balance, September 30, 2024		34,192,263	\$ 13,404,520	\$ -	\$ 3,316,221	\$ (386,675)	\$ (19,006,184)	\$ (2,672,118)

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

SONORAN DESERT COPPER CORPORATION

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2024 and 2023

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, in junior mining sector, is an exploration company focused on developing its portfolio of energy metals projects and properties. 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, 2024, the Company had no source of revenue and reported loss for the nine months period of \$1,212,449 (2023 – \$1,206,763), working capital deficit of \$1,503,352 (December 31, 2023 - \$2,456,738), and has an accumulated deficit of \$19,006,184 (December 31, 2023- \$17,793,735). 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 two fiscal quarters. 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.

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, 2023.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 19, 2024.

Functional and presentation currency

These condensed consolidated interim 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”). Sonoran Copper Sa de CV, the Company’s Mexican subsidiary is Mexican Peso (“MXN”).

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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Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2024 and 2023

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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 value as long as they are short term in nature or bear interest at market rates.

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Notes to the Condensed Consolidated Interim Financial Statements

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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 carried at 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, 2024, 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 \$946,336 in US dollars at September 30, 2024. 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, 2024, 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, 2024, 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

The Company holds 50,000 Bitterroot Resources Ltd ("Bitterroot"). The fair value of the Bitterroot at September 30, 2024 is \$1,500 (December 31, 2023 - \$1,000)

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Notes to the Condensed Consolidated Interim Financial Statements

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6. Exploration and evaluation assets

	Bruce and Camping Lake (\$)	Bluffy Lake (\$)	Dixie Lake (\$)	Kelly Palladium (\$)	Papua New Guinea (\$)	Cuatro Hermanos, Mexico (\$)	Total (\$)
Balance, December 31, 2022	71,500	7,200	105,000	30,831	-	-	214,531
Acquisition costs	-	-	-	-	-	216,443	216,443
Write-off E&E assets	(71,500)	(7,200)	(105,000)	(30,831)	-	-	(214,530)
Balance, December 31, 2023	-	-	-	-	-	216,443	216,443
Acquisition costs	-	-	-	-	10,000	-	10,000
Write-off E&E assets	-	-	-	-	(10,000)	-	(10,000)
Foreign exchange effect	-	-	-	-	-	(26,274)	(26,274)
Balance, September 30, 2024	-	-	-	-	-	190,169	190,169

For nine months ended September 30, 2024, the Company recognized exploration and evaluation expenditures of \$257,720 (2023 - \$372,914)

Cuatro Hermanos Porphyry Copper Project (the “4H Project”), Sonora, Mexico

On January 16, 2023, the Company executed Exploration Right Assignment Agreement with Definitive Rights Assignment Option (the “Option Agreement”), to purchase 100% interest in the Cuatro Hermanos Porphyry Copper Project in Sonora, Mexico. The agreement was amended on July 29, 2024. Under amendment, mine taxes reduced through the termination of San Lorenzo concession from 4H Option.

In order to exercise Purchase Option, the Company will make cash payments totalling USD\$5,662,500 to Minerales Y Yacimientos Mexicanos Sacramento, S.A. DE C.V., (the “Seller”), and complete exploration work commitment for a 100% ownership of the Cuatro Hermanos Porphyry Project. The payments schedule as below:

Date	Cash Payment (USD\$)		Work Commitment (USD\$)	
	Old Payment	New Payment	Old Expenditures	New Expenditures
December 31, 2023	50,000	50,000 (paid)	100,000	completed
December 31, 2024	150,000	150,000	250,000	66,019
December 31, 2025	200,000	150,000	500,000	Minimum required
December 31, 2026	200,000	150,000	1,000,000	Minimum required
December 31, 2027	200,000	150,000	1,000,000	Minimum required
December 31, 2028	5,062,500	5,062,500	-	Minimum required
	5,862,500	5,712,500	2,850,000	

Papua New Guinea Gold-Silver-Copper Property, Papua, New Guinea

On March 9, 2024, the Company (the “Optionee”) entered a signed Option Agreement with WNB Resources Limited (the “WNB”) and its beneficial shareholders Peter McNeil and Paige McNeil (the “Optionors”), for highly prospective Normanby gold-silver-copper project located Papua New Guinea. The Normanby Project consists of two exploration licenses: EL 2504 (Sehulea) and EL 2590 (East Normanby). Pursuant to the Option Agreement, the Company will complete the following cash payments, work expenditures and share issuances:

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For the Nine Months Ended September 30, 2024 and 2023

Expressed in Canadian Dollars

6. Exploration and evaluation assets (continued)

Papua New Guinea Gold-Silver-Copper Property, Papua, New Guinea (continued)

- Upon receipt of a cash payment in the amount of \$10,000 (Paid) due upon the execution of the Option Agreement, WNB will issue and transfer 100% of total issued shares to the Company.
- The Company will fund \$100,000 for ground exploration and \$60,000 for assays and additional work.
- The Company will make cash payments to Optionors of \$10,000 per month to exchange 2 days commensurate professional geological management services, for a minimum period of 24 months.
- The Optionors will receive 1,500,000 common shares of the Company on 12-month anniversary of TSX Venture approvals of this Option Agreement.
- The Optionors will receive 1,000,000 common shares of the Company within 10 days of the next renewal of the EL2504 License, subject to TSX Venture approval.
- The Optionors will receive 1.5% Net Smelter Return royalty (the "NSR") over the Licenses in favor of Optionors. The Optionee does not have any residual rights to repurchase the NSR.
- In the event that EL 2504 and EL 2590 Licenses are not renewed within 24 months, the Option Agreement will continue until such time as the EL 2504 and EL 2590 Licenses are renewed as long as the Company had made the required exploration, corporate, cash and common shares payments, or the Company elects to terminate the Option Agreement.

On September 13, 2024, the Company decided to terminate the Option Agreement for Normanby project located Papua New Guinea following due diligence. The Company incurred \$58,818 in due diligence expenses and wrote off a \$10,000 cash payment made upon execution of the Option Agreement.

7. Accounts payable and accrued liabilities

	September 30, 2024		December 31, 2023	
Trade payables	\$	1,186,866	\$	1,325,230
Accrued liabilities		236,650		296,150
Total	\$	1,423,516	\$	1,621,380

During the nine months ended September 30, 2024, the Company recognized the write down of Accounts Payables aged over two years of \$149,183 (December 31, 2023 - \$Nil). These debts were past the Limitation Act (British Columbia) general limitation period of two years on September 30, 2024.

At September 30, 2024, out of the total accounts payables and accrued liabilities of \$1,423,516, \$1,085,016 was indebted to related parties (Note 10).

8. Domus Loan

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.

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For the Nine Months Ended September 30, 2024 and 2023
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8. Domus Loan - continued

- 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.
- At the beginning in 2023, the Company agreed to pay the 3.8% interest per annum on the remaining balance of the defaulted loan.

Balance, at December 31, 2022	\$	290,637
Finance cost		9,887
Loan principal paid		(100,000)
Balance, at December 31, 2023	\$	200,524
Finance cost		5,179
Loan principal paid		(80,000)
Balance, at September 30, 2024	\$	125,705
Loan principal		126,779
Finance cost		(1,074)
	\$	125,705

9. Long-term Loans

The Company reclassified the loans from short-term loans to long-term loan at September 30, 2024 due to no payments will be made in the next 12 months. All of the loans accrue interest at a rate of 3% per quarter, except for two loan which accrues interest at 2.5% per quarter. The continuity of loans is as follows:

Balance, at December 31, 2022	\$	1,088,247
Interest accrued		98,742
Foreign exchange		(26,980)
Balance, at December 31, 2023	\$	1,160,009
Additional loan		98,674
Interest accrued		79,296
Foreign exchange		(68,974)
Balance, at September 30, 2024	\$	1,358,935
Loan principal		944,134
Accrued interest payable		414,801
	\$	1,358,935

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Notes to the Condensed Consolidated Interim Financial Statements
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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	Share-based	Fees incurred 9	Fees incurred 9	Balance	Balance
			compensation for 9 months ended Sept 30, 2024	months ended Sept 30, 2024	months ended Sept 30, 2023	payable at Sept 30, 2024	payable at December 31, 2023
Nexvu Services Inc.	Owned by Nexvu Capital, of which Brian Leeners is a shareholder	General corporate services	\$ -	\$ 90,000	\$ 90,000	\$ 384,250	\$ 309,370
Brian Leeners	Chief executive officer and director	Management services	57,230	90,000	90,000	172,250	82,250
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services	16,351	90,000	90,000	94,750	82,250
Gordorn J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation	Legal services	-	18,000	9,000	188,116	189,116
Blue Summit Venture	Tyler Thorburn is shareholder of Blue Summit Venture	Management Marketing	- -	- -	30,000 87,500	113,100 -	113,000 -
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services	-	31,500	31,500	134,650	124,150
Maria Conejo	Director	Management	8,993	-	-	-	-
			82,574	319,500	428,000	1,085,016	900,386

Balances owing are included in accounts payable and accrued liabilities, unsecured, non-interest bearing and have no specified terms of repayment (Note 7).

During nine months ended September 30, 2024, the Company granted 1,262,500 stock options to three directors of the Company (Note 11).

11. Share capital

Authorized: Unlimited common voting shares, without par value.

Share issuance – private placement

Nine months ended September 30, 2024

On September 25, 2024, the Company closed non-broker private placement for total gross proceeds of \$840,750 by issuing 8,407,500 units at a price of \$0.10 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 \$0.25 per share for 24 months. The warrants are subject to the right of the Company to accelerate the exercise period to 30 days if, after the expiry of the four-month hold, common shares of the Company close at or above \$0.50 for 10 consecutive trading days.

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11. Share capital - continued

Share issuance – private placement - continued

Nine months ended September 30, 2023

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

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 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. The Company paid \$5,800 cash finder's fee and issued 29,000 broker warrants exercisable at \$0.40 for 3 years commencing the date of issuance.

12. Options and warrants

a) Stock options

Pursuant to policies of TSX-V, the Board of the Company has established an incentive Stock Option Plan (the "Plan") for directors, officers, employees, and consultants of the Company and its subsidiary, or any affiliate of the Company. This Plan reserves for issuance up to 5,056,955 of common shares, including any common shares issuable on any outstanding stock options previously granted individually. The number of common shares issued maybe increased or changed subject to shareholder and regulatory approval. The number of common shares reserved for issuance to insiders shall not exceed 10% of the outstanding issue at any point in the time unless disinterested shareholder approval is obtained. No more than 5% of the outstanding issue may be granted to any one individual in any 12-month period. Options granted under the Plan exercisable over a period not exceeding 5 years. Termination of options shall not exceed 90 days after the termination date of optionees' employment status with the Company. Any options granted shall vest in the optionee and be exercisable as follows: 25% vest on the date of granting; 25% vest 6 months from the date of granting; 25% vest 12 months from the date of granting; and 25% vest 18 months from the date of granting.

On September 20, 2024, the Company granted 1,550,000 stock options to its directors, officers and consultants with expiry of 5-year term. The stock options exercise price is \$0.25. Of the total 1,550,000 stock options, 1,262,500 were granted to related parties. The Company calculated its stock-based compensation by the Black-Scholes Option Pricing Model using the following assumptions: risk free interest rate 3.24%, volatility of 416.82%, annual rate of dividend of 0% and an expected life of the option of 5 years. The total fair value of the options granted is \$266,822. The Company recorded stock-based compensation of \$101,378 for the options that vested.

As at September 30, 2024, the following stock options are summarized as below:

	Number of options	Weighted average exercise price (\$)	Weighted average life remaining (years)
Balance, December 31, 2022	3,387,500	0.50	4.16
Balance, December 31, 2023	3,387,500	0.50	3.12
Granted	1,550,000	0.25	4.86
Cancelled	(375,000)	0.40	-
Balance, September 30, 2024	4,562,500	0.41	3.23

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For the Nine Months Ended September 30, 2024 and 2023

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12. Options and warrants (continued)

a) Stock options (continued)

As at September 30, 2024, the following stock options were outstanding and exercisable:

Expiry Date	Exercise Price (\$)	Number of Options	Remaining Years	Number of Exercisable Options
January 29, 2026	0.40	950,000	1.33	950,000
July 21, 2027	0.60	1,500,000	2.81	1,500,000
November 9, 2027	0.40	562,500	3.11	562,500
August 9, 2029	0.25	1,550,000	4.86	387,500
		4,562,500	3.23	3,400,000

b) Warrants

For the nine months ended September 30, 2024, 8,407,500 warrants were issued due to private placement (Note 11).

For the nine months ended September 30, 2023, 6,021,500 warrants were issued due to private placement (Note 11).

As at September 30, 2024, warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price (\$)	Weighted average life remaining (years)
Balance, December 31, 2022	1,700,000	0.40	1.44
Issued	6,021,500	0.40	2.22
Balance, December 31, 2023	7,721,500	0.40	2.21
Issued	8,407,500	0.25	4.99
Balance, September 30, 2024	16,129,000	0.32	3.37

As at September 30, 2024, the following warrants were outstanding:

Expiry Date	Exercise Price (\$)	Number of Warrants	Remaining Years
September 7, 2025	0.40	1,700,000	0.94
March 22, 2026	0.40	1,929,000	1.47
September 14, 2026	0.40	4,092,500	1.96
September 25, 2029	0.25	8,407,500	4.99
		16,129,000	3.37

c) Broker warrants

On March 22, 2023, 29,000 broker warrants were issued due to private placement (Note 11). The Company recognized the fair value of broker warrants of \$4,000, using Black-Scholes Option Pricing Model based on the following assumption:

As at September 30, 2024, broker warrant transactions are summarized as follows:

	Number of broker warrants	Weighted average exercise price (\$)	Weighted average life remaining (years)
Balance, December 31, 2022	108,000	0.40	1.69
Issued	46,200	0.40	-
Balance, December 31, 2023	154,200	0.40	1.90
Balance, September 30, 2024	154,200	0.40	1.15

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12. Options and warrants (continued)

c) Broker warrants - *continued*

As at September 30, 2024, the following broker warrants were outstanding:

Expiry Date	Exercise Price (\$)	Number of broker warrants	Remaining Years
September 7, 2025	0.40	108,000	0.94
March 22, 2026	0.40	29,000	1.47
September 14, 2026	0.40	17,200	1.96
		154,200	1.14

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.