

# SONORAN DESERT COPPER CORPORATION

(the “Company”)

FORM 51-102F6V

## STATEMENT OF EXECUTIVE COMPENSATION

The following information, as of June 28, 2024, is provided as required under Form 51-102F6V Statement of Executive Compensation (Venture Issuers) and is prepared as at and for the year ended December 31, 2023 (except as otherwise indicated).

This Statement of Executive Compensation should be read in conjunction with the Company’s information circular (the “Information Circular”) dated November 21, 2023 as publicly filed on SEDAR November 23, 2023.

### Compensation of Officers

The Company does not have a formal pre-determined compensation plan. Rather, the Compensation Committee informally assesses the performance of the named executive officers (or “NEOs”, as defined below) and considers a variety of factors generally, both objective and subjective, when determining compensation levels. For the financial year ended December 31, 2023, the objective of the Company’s compensation strategy was to ensure that compensation for its NEOs was sufficiently attractive to recruit, retain and motivate high performing individuals to assist SDCU in achieving its goals.

Compensation for the NEOs is composed primarily of two components: base fees and stock based compensation.

### Base Fees:

Base Fees form an essential component of SDCU’s compensation strategy as they are key to the Company remaining competitive. These fees are fixed and therefore not subject to uncertainty, and can be used as the base to determine other elements of compensation and benefits.

In determining the base fees of executive officers, the Compensation Committee considers the following:

- a) the recommendations of the Chief Executive Officer of the Company (other than with respect to the compensation of the President and Chief Executive Officer);
- b) the particular responsibilities related to the position;
- c) the experience, expertise and level of the executive officer;
- d) the executive officer’s length of service to the Company; and
- e) the executive officer’s overall performance based on informal feedback.

There is no mandatory framework that determines which of the above-referenced factors may be more or less important and the emphasis placed on any of these factors is at the discretion of the Compensation Committee and may vary among the executive officers. In respect of the base fees paid to the Chief Executive Officer, the Board of Directors also broadly considered the performance of the Chief Executive

Officer against the Company's performance in the previous year. The Company does not engage in benchmarking and did not focus on any particular performance metric.

### **Long-Term Incentives:**

The Compensation Committee believes that granting stock options to officers, directors, consultants and employees encourages retention and more closely aligns the interests of such key personnel with the interests of Shareholders while at the same time not drawing on the limited cash resources of the Company.

SDCU does not utilize a set of formal objective measures to determine long-term incentive entitlements, rather, long-term incentive grants, such as stock options, to NEOs are determined in a discretionary manner on a case by case basis, but having consideration to the number of options previously granted. There are no other specific quantitative or qualitative measures associated with option grants and no specific weights are assigned to any criteria individually, rather, the performance of the Company is broadly considered as a whole when determining the number of stock-based compensation (if any) to be granted and SDCU does not focus on any particular performance metric.

### **NEO Compensation**

The Board of Directors:

- a) will periodically review the terms of reference for the Company's NEOs and recommend any changes;
- b) will review the compensation of the NEOs and make recommendations; and
- c) reviews, and if appropriate recommends for approval, any agreements between the Company and the NEOs, including protections in the event of a change of control or other special circumstances, as appropriate.

The components of the NEO compensation are the same as those that apply to the other senior executive officers of the Company, namely base salary and long-term incentives in the form of stock options.

The Compensation Committee reviews and ensures that the compensation of the NEOs complies with the principles underlying the Company's overall compensation philosophy. The Board of Directors believes that the compensation paid to each NEO during the most recently completed fiscal year was commensurate with the NEO's position, experience and performance.

### ***Named Executive Officers***

**Pursuant to applicable securities regulations, the Company must disclose the compensation paid to its "Named Executive Officers" (or "NEOs"). This includes the Company's Chief Executive Officer, the Company's Chief Financial Officer and the other three most highly compensated executive officers provided that disclosure is not required for those executive officers, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation did not exceed \$150,000. During the fiscal year ended December 31, 2022, the Named Executive Officers were:**

- (a) Brian Leeners, President, Chief Executive Officer; and
- (b) Edward Low, Chief Financial Officer.

The following table sets forth, for the periods indicated, the compensation of the Named Executive Officers.

*Summary Compensation Table*

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Brian Leeners	2023	120,000	NIL	NIL	NIL	NIL	NIL	NIL	120,000
President, CEO & Director – from October 2013	2022	120,000	NIL	NIL	NIL	NIL	NIL	NIL	120,000
Edward Low	2023	NIL	NIL	NIL	NIL	NIL	NIL	42,000 <sup>(1)</sup>	42,000
Chief Financial Officer	2022	NIL	NIL	NIL	NIL	NIL	NIL	42,000 <sup>(1)</sup>	42,000

<sup>(1)</sup> includes all amounts paid to AE Financial Management Ltd., a management company owned by Edward Low that provides management and accounting services to the Company.

### *Incentive Plan Awards*

The following table sets forth details for all awards currently outstanding for each of the NEOs at the end of the most recently completed financial year:

Name and principal position	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) (1)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Brian Leeners	187,500	0.40	Jan 29, 2026	Nil	NIL	NIL
	437,500	0.60	Jul 22, 2027			
Edward Low	50,000	0.40	Jan 29, 2026	Nil	NIL	NIL
	12,500	0.60	Jul 22, 2027			

### *Incentive Plan Awards – Value Vested or Earned During the Year*

Name and principal position	Option based awards – Value vested during the year (\$)	Share based awards – Value vested during the year(\$)	Non-equity incentive plan compensation – Value earned during the year
Brian Leeners	60,000	NIL	NIL
Edward Low	16,000	NIL	NIL

Management made no long term incentive plan awards during the year ended December 31, 2023.

### **Termination and Change of Control Benefits**

The Company does not have written employment contracts, agreements or termination of employment or “change of control” agreements with any of the Named Executive Officers.

### **Pension Plan Benefits and Deferred Compensation Plans**

The Company and its subsidiaries do not have any pension plan arrangements in place, nor do they have any deferred compensation plans.

## Director Compensation

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company or its subsidiaries for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultants or experts during the most recently completed financial year or subsequently, up to and including the date of this information circular.

The Company has a Stock Option Plan for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

The following table sets forth information concerning individual grants of options to purchase securities of the Company made during the most recently completed financial year to the Directors of the Company (not including compensation paid to NEO's, whose compensation is as a director is fully reflected in the chart above entitled "*Summary Compensation Table*"):

Name	Option-based Awards				Share based Awards	
	Number of securities underlying unexercised options	Option exercise price \$	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested (#)	Market or payout value of unvested share-based awards
Brian Leeners	187,500	0.40	29/01/2026	Nil	N/A	N/A
	437,500	0.60	22/07/2027			
Greg Pearson	187,500	0.40	29/01/2026	Nil	N/A	N/A
	437,500	0.60	22/07/2027			
Tyler Thorburn	50,000	0.40	29/01/2026	Nil	N/A	N/A
	325,000	0.60	22/07/2027			
Maria Conejo	50,000	0.40	29/01/2026	Nil	N/A	N/A
	12,500	0.60	22/07/2027			

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The Stock Option Plan is the only equity compensation plan. The following table sets forth information with respect to the options outstanding under the Plan as at December 31, 2023.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by securityholders	5,056,953	NIL	1,669,453
Equity compensation plans not approved by securityholders	NIL	NIL	NIL
TOTAL	5,056,953	NIL	1,669,453