



MANAGEMENT DISCUSSION AND ANALYSIS

**For the Nine Months Ended
September 30, 2025**

BRASNOVA ENERGY MATERIALS INC.
(Formerly Sonoran Desert Copper Corporation)
Management's Discussion & Analysis
For the September Months End September 30, 2025

The following management's discussion and analysis (MD&A) of Brasnova Energy Materials Inc (formerly Sonoran Desert Copper Corporation) (the "Company" or "BEM") should be read in conjunction with the Company's condensed consolidated interim financial statements of the Company and the notes thereto for the nine months ended September 30, 2025, which has been 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"). All figures are in Canadian dollars unless otherwise stated.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is also responsible for ensuring that information disclosed externally in the MD&A is complete and reliable. Additional information of the Company is available on SEDAR at www.sedarplus.ca and on its website at <https://www.sonorancopper.com>. Readers of the MD&A should be cautioned that information and statements derived from the Company's financial statements do not necessarily reflect the future financial performance of the Company. Statements in the MD&A that are not historical based facts are forward-looking statements which are made subject to cautionary language on pages 15 and involve known and unknown risks and uncertainties. Actual results could vary considerably from these statements. Readers should be cautioned not to put undue reliance on forward looking statements.

DATE OF REPORT

November 26, 2025

DESCRIPTION OF BUSINESS

Brasnova Energy Materials Inc, ("the Company" or "BEM") was initially incorporated as Prime Meridian Resources Corp on February 22, 2007, federally. On March 21, 2023, the Company changed its name to Sonoran Desert Copper Corporation, then on August 5, 2025, to Brasnova Energy Materials Inc. It is a public company listed on the TSX Venture Exchange ("TSXV") with a symbol BEM.V. The corporate head office is located at Suite 2110 – 650 West Georgia Street, Vancouver, British Columbia, V6B 4N9. The Company is engaged in the exploration of coppers projects in Sonoran, Mexico, and Manganese and Titanium projects in Brazil, mainly and aiming to utilize the region's abundant mineral resources to potentially enhance portfolio value.

OVERALL PERFORMANCE

As at September 30, 2025, the Company had no source of revenue and reported loss for the period of \$1,024,357 (September 30, 2024 - \$1,212,449), and had an accumulated deficit of \$20,951,428 (December 31, 2024 - \$19,927,071). These factors indicate a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. The Company will need additional funding for its corporate and overhead expenses in near future through either equity or debt financing. Many factors influence the Company's ability to raise funds, including the health of the capital market and the Company's track record. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favorable. The Company will continue its policy of minimizing general and administration to conserve cash and protect assets.

CORPORATE HIGHLIGHTS

Highlights of the Company's activities for nine months ended September 30, 2025, and up to the date of this report.

On February 13, 2025, the Company has completed the compilation work results on the cuatro Hermanos Copper Project.

On May 1, 2025, the Company appointed Stephen Burega as President of the Company.

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On May 2, 2025, the Company has entered an option agreement to acquire a 100% interest in the Bahia Manganese Project and the Rio Claro Titanium Project. The Bahia Manganese Project is 896.61 hectares in Goias, Brazil, and the Rio Claro Titanium Project is 1,005.12 hectares in Bahia, Brazil.

On July 2, 2025, the Company granted 2,350,000 stock options at a price of \$0.25 to its officers and consultants of the Company with a five-year expiry.

On July 10, 2025, the Company announced that it has identified potential copper mineralization on its newly acquired Jucurutu project in the State of Rio Grande do Norte, Brazil. The Jucurutu project covers 11 permits applications with a total of 20,710.38 hectares all staked directly by the Company.

On November 12, 2025, the Company announced it has acquired Phosphate Exploration concessions in State of Paiui, Brazil.

On November 25, 2025, the Company has issued a reconnaissance campaign of mineral claims technical report for its Phosphate Project, covering ANM processes 803.201/2025, 803.193/2025, 803.194/2025, 803.195/2025, 803.196/2025, 803.197/2025, 803.034/2025, 803.198/2025 and 803.199/2025, with potential for phosphate mineralization and, secondarily, investigating other elements of interest, such as iron, titanium, rare earth elements (REEs), niobium and chromium.

FINANCING

On May 29, 2025, the Company closed the first tranche of a private placement for total gross proceeds of \$480,000 by issuing 4,800,000 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 of \$0.15 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 holding period, common shares of the Company close at or above \$0.50 for 10 consecutive trading days. As the fair value of the common shares was greater than the unit price of the \$0.10, there were no residual values assigned to the warrants.

On July 2, 2025, the Company closed the final tranche of a private placement for total gross proceeds of \$520,000 by issuing 5,200,000 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 of \$0.15 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 holding period, common shares of the Company close at or above \$0.50 for 10 consecutive trading days. As the fair value of the common shares was greater than the unit price of the \$0.10, there were no residual values assigned to the warrants. The Company paid \$350 broker's fee and issued 3,500 broker's warrants at a price of \$0.15 per share for 24 months.

On August 6, 2025, the Company announced a non-brokered private placement financing for aggregate gross proceeds of up to \$1,000,000. The financing will consist of up to five million units at 20 cents, each unit consisting of one common share of the company and one common share purchase warrant with each warrant being exercisable for an additional common share at an exercise price of 30 cents for 36 months. The warrants will be subject to the right of the company to accelerate the exercise of the warrants if the shares of the company trade at or above \$1.00 for a period of 10 consecutive trading days. The Company has not closed the private placement as of the date of this report.

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PROJECTS OUTLOOKS

CUATRO HERMANOS PORPHYRY COPPER PROJECT, SONORA, MEXICO (the "4H Project")

On January 16, 2023, the Company executed Exploration Right Assignment Agreement with Definitive Rights Assignment Option (the "Option Agreement") with Minerales Y Yacimientos Mexicanos Sacramento, S.A. DE C.V., (the "Seller/Vendor"), whereby the Company is to purchase 100% interest in the Cuatro Hermanos Porphyry Copper Project in Sonora, Mexico.

On October 20, 2023, TSXV has approved 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.

On October 23, 2023, the Company published the Technical Report (NI 43-101) for Cuatro Hermanos Cu-Mo-Ag Porphyry Deposit and Project: Suaqui Grande, Sonora, Mexico. The report can be found on the Company's website (www.sonorancopper.com) and SEDAR PLUS (www.sedarplus.ca).

On January 11, 2024, the Company release the results from comprehensive sampling program on 4H Project. Ten samples were collected from the Noemi zone. Noemi is a higher-level PCD apophyses and returned elevated precious metals values. No drill results exist for this target; however, there is road access to the test pits on the peaks. The Noemi zone is interpreted to be peripheral to the primary copper-molybdenum zone of the porphyry complex due to the elevated silver, gold, lead and zinc. The combined surface areas of the known conglomerates (north and south) at 4H is 1.7 million square metres (170 hectares). The recent sampling program focused on the south conglomerate area and those 20 samples provided an average Cu grade of 1.736 per cent.

The Company has contracted Fabricio Santos, senior geographer, specialist in geotechnology and MSc in geophysics, to perform the evaluation and organization of geophysical data sets and organize the drill hole database with the correlation of geophysical anomalies from the historical data of induced polarization and electrical resistivity of the 4H project. "An overall assessment of the geographic and geophysical data produced in the Cuatro Hermanos project can provide valuable insights that can guide strategic and operational decisions throughout the project cycle," stated Mr. Santos, MSc in geophysics.

The Company has completed the compilation of geophysical data sets and corrected the drill hole database with geophysical anomalies from the historical data of induced polarization (IP) and electrical resistivity (ER) of the Cuatro Hermanos project. The work summarizes the geophysical analyses of resistivity and induced polarization (IP) data, which consisted of four sections, conducted over the 4H copper project. The survey aimed to delineate the IP anomalies, with a focus on copper and molybdenum mineralization. The updated resistivity and IP profiles provide enhanced visualization, crucial for characterizing the deposit anomalies and supporting further drilling of untested high-profile copper targets within the project area.

Highlights:

- Identification of deep shear zones in IP and resistivity sections, acting as possible channels for sulphide-rich mineralizing fluids as the source of the copper mineralization at the 4H copper project; geoelectrical Line 1 shows the continuity of a possible shear zone to the east;
- Evidence of mineralization associated with sulphides in IP anomalies, indicating potential for copper concentration in the shear structures at depth;
- Drill holes close to the anomalies in the West zone indicates that copper is grading into the direction of these structures, suggesting these drill holes may be proximal to these untested zones.

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The 4H copper project is in Sonora, Mexico, and comprises nine concessions totalling 2,825 hectares and contains a large porphyry copper-molybdenum system with surface measurements of at least four kilometres east-west by two kilometres north-south. The company released a recent National Instrument 43-101 report on the 4H project in October 2023.

Primary sulphide mineralization is chalcopyrite and molybdenite with secondary oxide chalcocite.

The 4H copper project has 123 drill holes; 70 holes with associated geochemical analyses for copper and molybdenum were identified. Thus, 70 strip logs were created with geochemical data for these two elements when available. Some holes had their samples composited.

The company has created a block model with the topography and IP sections positioned along the study area to evaluate the positions of the geophysical anomalies and their association with the known areas of copper mineralization.

The geoelectric response over Line 1 indicates the presence of a structure similar to a shear zone in the west-east direction. The structure intersects the Main zone (the basis of the current resource at the 4H copper project) in the subsurface and suggests continuity of the shear zone to the east. An evaluation of the copper content (per cent) of drill hole CHDD04-08 indicates increased values over the structure.

Deep shear zones are highly significant in copper exploration, especially in hydrothermal systems. These zones can act as conduits for the circulation of metal-rich fluids and facilitate the transport and deposition of copper and other sulphides. In the IP sections, the presence of high IP associated with these deep shear zones may indicate concentrations of sulphide minerals. These anomalies suggest that the shear zones played not only a structural but also a mineralizing role, allowing copper to be deposited along these fractures and possibly in adjacent zones.

Drill holes in the West zone are close to the anomaly and with indication of possible increases in copper grades in the direction of the anomaly. However, no drill hole has intercepted these anomalies to date. The integrated result suggests that future drilling should focus on these higher potential zones, aiming to confirm and delineate the extension and grade of copper and molybdenum along these structures.

The Option Agreement was amended on July 29, 2024. Under the amendment, mine taxes reduced through the termination of San Lorenzo concession from 4H Option.

To purchase 100% interest in 4H Project, in addition to the USD\$50,000 paid, the Company will make cash payments totalling USD\$5,662,500 to the Seller, and incur the exploration work commitment as below:

Date	Cash Payment (USD\$)	Work Commitment (USD\$)
January 16, 2023	50,000 (paid)	\$100,000 (completed)
December 31, 2024	*150,000 (paid 50,000)	**Minimum required (completed)
December 31, 2025	150,000	**Minimum required
December 31, 2026	150,000	**Minimum required
December 31, 2027	150,000	**Minimum required
December 31, 2028	5,062,500	-
	5,712,500	

* Extended to May 31, 2025

** Minimum required refers to the minimum annual amount required by the Dirección General de Minas (Mexican Mines Bureau)

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As at September 30, 2025, the 4H Project Transaction is in default due to the failure of the Company to make the required payments to Vendor under the Option Agreement.

BAHIA MANGANESE PROJECT & RIO CLARO TITANIUM PROJECT (COLLECTIVELY, THE “BRAZIL PROJECTS”)

On May 2, 2025, the Company entered an option agreement (the “Purchase Option Agreement”) to acquire a 100% interest in Bahia Manganese Project and the Rio Claro Titanium Project (collectively, the “Brazil Projects”), subject to TSXV approval. The Manganese Project is 896.61 hectares in Goias, and Rio Claro Titanium Project 1,005.12 hectares in Bahia, Brazil. The Brazil Projects are being optioned from Beko Invest Ltd (the “Beko”). The term of Purchase Option Agreement is detailed as below:

	Cash Payment (USD\$)	Issuance of common
Upon execution Purchase Option Agreement	20,000 (paid)	
10 days of receipt of TSX Venture Exchange (the “TSXV”) Approval	30,000 (paid)	4,000,000
6-month anniversary date of TSXV approval	75,000	2,000,000
12-month anniversary date of TSXV approval	75,000	2,000,000
	200,000	8,000,000

The Company agrees to grant Beko a 2% Net Smelter Royalty against Brazil Projects upon the successful exercise of the Option as detailed above.

JUCURUTU PROJECT, RIO GRANDE DO NORTE, BRAZIL (“JUCURUTU PROJECT”)

The Company identified copper mineralization on its newly acquired Jucurutu Project in the State of Rio Grande do Norte, Brazil. The Jucurutu Project covers eleven (11) permit applications with a total of 20,710.38 hectares all staked directly by the Company.

The processing of public airborne geophysical data (gamma spectrometry and magnetometry) indicates favourable zones for copper mineralization and defined a new target that will be checked once the final applications are granted. The vertical derivative of the magnetic field showed strong structures southwest-northeast and southeast-northwest and the Gama spectrometric F-Factor indicated the presence of potential hydrothermal alteration associated with these structures.

PHOPHATE PROJECT, PIAUI, BRAZIL (“PHOPHATE PROJECT”)

On November 12, 2025, the Company announced that it has directly acquired phosphate exploration concessions in the State of Piaui, Brazil. The Piaui Verde Phosphate Project is an expansive exploration initiative covering eight (8) distinct mineral claims totalling 10.198 hectares and strategically located across areas with proven geological diversity and surface phosphate indications. This project stands out for its large-scale potential to uncover phosphate mineralization in deeply weathered porous environments conducive to secondary mineral enrichment. With additional upside for critical metals such as copper, nickel, chromium, and rare earths, the Piaui Verde Phosphate Project offers an exciting entry into one of Brazil’s next-generation mineral belts.

On November 25, 2025, the Company announced that it has issued a reconnaissance campaign of mineral claims technical report, covering ANM processes 803.201/2025, 803.193/2025, 803.194/2025, 803.195/2025, 803.196/2025, 803.197/2025, 803.034/2025, 803.198/2025 and 803.199/2025, with potential for phosphate mineralization and, secondarily, investigating other elements of interest, such as iron, titanium, rare earth elements (REEs), niobium and chromium.

The development strategy is to evaluate the Piaui Verde phosphate project for its suitability to provide advanced phosphate materials for both the fertilizer and battery sectors in Brazil. Phosphate in battery technologies is used

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as a core component of cathode materials, like in lithium iron phosphate (LFP) batteries, where it provides high thermal stability, long cycle life, enhanced safety and resistance to thermal runaway for energy storage systems.

The geological reconnaissance campaign enabled the identification of significant lithological diversity across three distinct zones of the investigated mineral claims, encompassing metasedimentary, granitic and ultramafic formations, and their respective alteration zones. The application of field chemical tests using ammonium molybdate reagent provided a preliminary screening of areas with favorable indications for the presence of secondary phosphate.

Occurrences that showed a yellowish reaction to molybdate, especially in paragneiss's, siliceous conglomerates and specific granite zones, stand out as priority targets for future phosphate exploration efforts. This colouration suggests the presence of secondary phosphate adsorbed onto oxides or associated with altered apatite, concentrated in intensely weathered environments, such as saprolitic horizons and porous zones.

Confirming the presence and content of phosphorus (P2O5), as well as achieving accurate mineralogical characterization of the samples, will be possible once receiving the results of geochemical analyses currently being processed at the SGS Geosol laboratory. These data will be essential to support the planning of subsequent project stages.

In parallel with phosphate, colour variations observed in molybdate tests, such as greenish and bluish reactions seen in phyllites, ultramafic rocks and altered granites, indicate the possible presence of other metallic elements, such as iron, copper, nickel, chromium and cobalt, potentially associated with supergene alteration processes. The localized presence of greisens, with foliated texture and high mica content, may also reflect the activity of postmagmatic hydrothermal systems, with potential to concentrate elements, such as Sn (antimony), Nb (niobium), W (tungsten) and REEs.

Thus, even before the release of laboratory results, the field evidence combined with preliminary geochemical reactions already allows for the delineation of strategic targets for the continuation of the project, both for phosphate exploration and for investigating other economically relevant elements in different geological contexts. The tenement 803034/2025, part of zone 3, has been target of a previous surface exploration campaign and lab results from SGS Geosol are shown in table 1.

Sample ID	XRF SiO2 %	XRF Al2O3 %	XRF Fe2O3 %	XRF CaO %	XRF MgO %	XRF TiO2 %	XRF P2O5 %	XRF Na2O %	XRF K2O %	XRF MnO %	XRF Nb2O5 %	XRF SOMA %	XRF LOI %
AV-PI-001	67	9.52	3.45	0.37	<0.1	0.69	10.29	1.98	0.03	0.02	<0.05	98.5	5.22
AV-PI-002	77.1	6.76	2.96	0.13	<0.1	0.66	7	1.36	0.02	0.01	<0.05	99.44	3.45
AV-PI-003	93.4	1	2.49	0.05	<0.1	1.89	1.29	0.1	0.02	0.01	<0.05	100.64	0.41
AV-PI-004	94.4	1.3	1.76	0.03	<0.1	0.19	0.17	<0.1	0.15	<0.01	<0.05	98.3	0.36
AV-PI-005	96.1	1.09	1.59	0.05	<0.1	0.35	0.14	<0.1	0.14	<0.01	<0.05	99.8	0.34
AV-PI-006	89.7	3.27	3.77	0.03	<0.1	2.19	0.19	<0.1	0.35	0.02	<0.05	100.56	0.99
AV-PI-007	90.6	3.59	3.19	0.03	<0.1	1.63	0.15	<0.1	0.27	0.02	<0.05	100.53	1.03
AV-PI-008	88.9	3.02	3.1	0.01	<0.1	2.63	0.06	<0.1	0.27	0.04	<0.05	98.83	0.84
AV-PI-009	96.1	1.75	1.77	0.02	<0.1	0.6	0.02	<0.1	0.15	0.01	<0.05	100.68	0.35
AV-PI-010	49.8	15.9	5.72	0.04	<0.1	0.54	27.15	<0.1	0.02	<0.01	<0.05	100.29	1.06
AV-PI-011	47.5	17	5.87	<0.01	<0.1	0.71	28.91	<0.1	0.01	<0.01	<0.05	100.7	0.83

Table 1: analytic results for higher elements

QUALIFIED PERSON

All disclosure of scientific or technical information, including disclosure of a mineral resource or mineral reserve, concerning a mineral project on a property material to the issuer must be based upon information prepared by or under the supervision of a qualified person.

Mr. Andre L. Costa, P. Geo., a Qualified Person as defined by National Instrument 43-101 and an independent consultant to the Company as of September 30, 2025.

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SELECTED ANNUAL INFORMATION

The following financial data is derived from the Company's audited financial statements for the years ended December 31, 2024, 2023 and 2022:

	December 31, 2024	December 31, 2023	December 31, 2022
Net loss	2,133,336	1,354,168	1,265,208
Net comprehensive loss	2,159,161	1,334,789	1,265,208
Total assets	21,446	541,095	327,272
Total liabilities	3,388,851	2,781,389	2,561,637

RESULTS OF OPERATIONS

Comparison of the Three Months Ended September 30, 2025 vs. 2024

For the three months ended September 30, 2025, the net loss was \$581,228, representing a decrease of \$53,589 compared to the net loss of \$634,817 for the same period in 2024. The primary expenditures during the quarter included:

- Consulting and management: \$64,601 (2024 - \$70,500)
- Exploration and evaluation expenditures: \$168,788 (2024 - \$71,226)
- Marketing and advertising: \$37,500 (2024 - \$310,000)
- Professional fees: \$26,429 (2024 - \$33,940)
- Transfer agent and filing fees: \$12,779 (2024 - \$9,392)
- Interest expense: \$29,119 (2024 - \$29,302)
- Administrative costs: \$42,711 (2024 - \$31,321)
- Stock-based compensation \$174,564 (2024 - \$101,378)

The overall losses in the current quarter are broadly consistent with the previous year. The reduction in net loss was primarily driven by a \$272,500 reduction in marketing expenses, reflecting the Company's decision to scale back promotional activities due to ongoing cash flow constraints.

This improvement was partially offset by an increase of \$97,562 in exploration and evaluation expenditures, as the Company expanded the exploration activities in Brazil, and by increase of \$73,186 in stock-based compensation. The increase in stock-based compensation was due to a higher share price of \$0.16, at the date of granting 2.35 million stock options, which led to an increased fair value calculated using Black-Scholes model. In comparable quarter of 2024, the share price at the date of granting 1.55 million stock option was \$0.11, resulting in a significantly lower share-based compensation expense. All other expenses remained generally consistent with corresponding period in the prior year.

Comparison of the Nine Months Ended September 30, 2025 vs. 2024

For the nine months ended September 30, 2025, the net loss was \$1,024,857, a decrease of \$188,092 compared to the net loss of \$1,212,449 for the same period in 2024. The primary expenditures during the quarter included:

- Consulting and management: \$187,101 (2024 - \$211,500)
- Exploration and evaluation expenditures: \$259,252 (2024 - \$257,720)
- Marketing and advertising: \$90,000 (2024 - \$485,000)
- Professional fees: \$87,396 (2024 - \$40,787)
- Transfer agent and filing fees: \$25,775 (2024 - \$47,701)
- Interest expense: \$88,509 (2024 - \$84,477)

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- Administrative costs: \$105,434 (2024 - \$96,197)
- Stock-based compensation recovery \$225,457 (2024 - \$101,378)

The overall losses in the current quarter are broadly in line with the previous year. The reduction in net loss was primarily driven by a \$395,000 decrease in marketing expenses and a \$24,399 reduction in consulting and management fees, reflecting the Company's decision to scale back spending in response to ongoing cash flow constraints.

These savings were partially offset by an increase in professional fees of \$46,609 and by higher stock-based compensation of \$225,457 (2024 - \$101,378), related to stock options vested during the period. The increase in stock-based compensation was due to a higher share price of \$0.16, at the date of granting 2.35 million stock options, which led to an increased fair value calculated using Black-Scholes model. In comparable quarter of 2024, the share price at the date of granting 1.55 million stock option was \$0.11, resulting in a significantly lower share-based compensation expense. Other expenses categories remained largely consistent with the prior-year period.

SUMMARY OF QUARTERLY RESULTS

	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
	(\$)	(\$)	(\$)	(\$)
Expenses	582,728	222,167	220,962	511,363
Other (income) expenses	(1,500)	(500)	500	409,524
Net loss	581,228	221,667	221,462	920,887
Comprehensive loss	583,991	222,818	221,462	919,010
Basic and diluted loss per share	0.01	0.01	0.01	0.03
Total current assets	5,339	219,564	36,382	21,446
Total assets	74,088	247,115	36,382	21,446
Total current liabilities	3,494,680	3,529,930	3,506,129	3,388,851
Total liabilities	3,494,680	3,529,930	3,506,129	3,388,851

	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
	(\$)	(\$)	(\$)	(\$)
Expenses	639,694	304,041	201,271	314,941
Other (income) expenses	(4,877)	(69,521)	(53,865)	79,200
Net loss	634,817	234,520	147,406	394,141
Comprehensive loss	654,683	266,204	128,027	394,141
Basic and diluted loss per share	0.02	0.02	0.00	0.00
Total current assets	45,869	376,681	324,652	641,087
Total assets	236,038	593,877	541,095	641,087
Total current liabilities	1,549,221	1,812,329	2,781,390	2,887,155
Total liabilities	2,908,156	3,160,940	2,781,390	2,887,155

The Company's net loss has fluctuated over the quarters (Q4 2023 to Q3 2025), ranging of \$147,406 to \$920,887. The fluctuation in loss is highly associated with increase or decrease of marketing, exploration and evaluation expenditures, and stock-based compensation. In the last quarter in 2024, the Company impaired the 4H project, resulting in higher net loss.

Quarterly expenses were fluctuated in the range of \$201,271 to \$639,694. The fluctuation in expenses is highly associated with increase or decrease of marketing, exploration and evaluation expenditures, and stock-based compensation. In the third quarter in 2024, the Company incurred higher marketing, resulting in higher expenses.

The Company's asset value has fluctuated between \$21,446 to \$641,087 over the quarters. The addition of the 4H Projects into the company's portfolio in the late 2023 resulted in a significant increase in asset values. Then the

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value went down in the last quarter of 2024 due to the impairment of 4H Project. The Company plans to raise the money to pay off the obligation that 4H project requires.

The Company's liabilities have varied from \$2,781,390 to \$3,529,930, showing an upward trend. This increase is primarily due to the accumulation of interests on loans, as principal's amounts have not been paid off since 2016. The Company plans to address these liabilities through cash payments or issuance of its common shares, although repaying these debts has not been prioritized at the time of this report.

LIQUIDITY AND CAPITAL RESOURCES

	September 30, 2025	December 31, 2024
Current assets	\$ 5,339	\$ 21,446
Current liabilities	3,494,680	3,388,851
Total liabilities	3,494,680	3,388,851
Shareholders' deficiency	3,420,592	3,367,405
Working capital deficiency	3,489,341	3,367,405

As at September 30, 2025, the Company had cash of \$1,339 (December 31, 2024 - \$1,449) and negative working capital of \$3,489,341 (December 31, 2024 - \$3,367,405).

Immediate and longer-term funding is needed to support the commitment in Sonoran Projects in Mexico. The Company's capital requirements heavily upon the capital markets to finance its activities. There can be no assurance the Company will be able to obtain the required financing in the future on terms acceptable to the Company.

Summary of Cash Flows

Operating Activities: The Company used \$657,074 in operating activities, a decrease of \$132,263, from \$789,337 in 2024. The decrease is primarily attributed to lower net losses.

Investing Activities: The Company's investing activities totaled \$68,749 compared to \$10,000 in corresponding quarters in 2024. In the current year, the Company has invested \$68,749 in manganese and Titanium projects in Brazil.

Financing Activities: Cash provided by financing amounted to \$729,650, an increase of \$4,026 from \$725,624 in 2024. The increase was due to the completion of a private placement.

OUTSTANDING SHARE DATA

As at the date of the MD&A, there are:

- 44,192,263 common shares issued and outstanding
- 6,787,500 incentive stock options outstanding (4,637,500 exercisable)
- 24,429,000 share purchase warrants outstanding
- 49,700 broker warrants outstanding

If all of the stock options, warrants, and broker warrants were exercised the Company would have 77,266,463 common shares issued and outstanding.

COMMITMENTS

Significant commitments of the Company are as follows:

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- \$20,000 per month loan repayment due to Domus Management;
- \$1,514,518 in loans and interest payable; and
- Work commitments under Exploration and Evaluation Assets.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have material off-balance sheet arrangements.

RELATED PARTIES AND KEY MANAGEMENT COMPENSATION

Key management compensation

Balances below owing is included in accounts payable and accrued liabilities, unsecured, non-interest bearing and have no specified terms of repayment.

Name	Relationship	Nature of Transaction	Balance payable at September 30, 2025 (\$)	Balance payable at December 31, 2024 (\$)
Brian Leeners	Chief Executive Officer and Director	Consulting and Management fees	292,250	202,250
Nexvu Services Inc.	Owned by Brian Leeners	Rent and administrative services	360,750	459,325
Global Link Capital	Owned by Greg Pearson, Director	Consulting and Management fees	164,750	104,750
Gordorn J. Fretwell, Law Corporation	Owned by Gordon Fretwell is a shareholder of Nexvu Capital Corporation	Professional fees	196,616	190,115
Blue Summit Venture	Owned by Tyler Thorburn, Director	Consulting and Management fees	113,000	113,000
AE Financial Management Ltd.	Owned by Edward Low, former Chief Financial Officer	Professional fees	141,650	141,650
NZ Consulting Services Inc	Owned by Nancy Zhao, CFO	Professional fees	22,500	16,225
			1,291,516	1,227,315

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

Name	Relationship	Nature of Transaction	Share-based compensation for period ended Sept. 30, 2025 \$	Share-based compensation for period ended Sept. 30, 2024 \$	Fees incurred period ended Sept. 30, 2025 \$	Fees incurred period ended Sept. 30, 2024 \$
Brian Leeners	Chief Executive Officer and Director	Consulting and Management fees	37,667	57,230	90,000	90,000
Nexvu Services Inc.	Owned by Brian Leeners	Rent and administrative services	-	-	90,000	90,000
Greg Pearson	Director	Consulting and Management fees	10,762	16,351	-	-
Global Link Capital	Owned by Gregory Pearson	Consulting and Management fees	-	-	70,000	90,000
Gordorn J. Fretwell, Law Corporation	Owned by Gordon Fretwell is a shareholder of Nexvu Capital Corporation	Professional fees	-	-	17,000	18,000

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0856073 BC AE Financial Management	Owned by Stephen Burega, President	Management fees	49,328	-	15,000	-
Ltd.	Owned by Edward Low, former Chief Financial Officer	Professional fees	-	-	-	31,500
NZ Consulting Services Inc	Owned by Nancy Zhao, CFO	Professional fees Consulting and Management fees	28,208	-	40,500	-
Maria Conejo	Director		5,919	8,993	-	-
			131,884	82,574	322,500	319,500

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Going concern;
- Asset carrying values and impairment charges;
- Income taxes and recoverability of potential deferred tax assets; and
- Share-based payments

NEW ACCOUNTING STANDARDS

For information on the Company's accounting policies and new accounting pronouncements, please refer to our disclosure in our audited Consolidated Financial Statements for the year ended December 31, 2024.

CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS

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, which at September 30, 2025 totalled \$17,530,836 (December 31, 2024 - \$16,309,666). 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.

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Details of the Company's financial instruments, management's assessment of their related risks and details of management of those risks are as follows:

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, marketable securities, accounts payable and accrued liabilities, and payable to related parties.

The Company maintains cash deposits with financial institutions, which, from time to time, may exceed federally insured limits. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The Company does not have any asset backed commercial paper.

(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. The Company's cash and cash equivalents consists primarily of cash held in bank accounts and loans payable are based on fixed interest rates. Therefore, fluctuation in market rates do not have a significant impact on estimated fair values as at September 30, 2025.

(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 USD, MXN or BRL. The Company had net monetary liabilities totaling \$1,022,546 in US dollars at September 30, 2025. 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. Accordingly, credit risk is not subject 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 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, 2025, 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.

OTHER RISK FACTORS

The Company has no history of profitable operations, and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities and properties, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be

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favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Several of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of The Company may have a conflict of interest in negotiating and concluding terms respecting such participation. Further, certain of the directors and officers are involved in other copper exploration companies and other companies that are developing mines. As a result, conflicts of interest may arise, and officers and directors cannot devote 100% of their time to the Company.

The Company has invested resources to document and analyze its system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

As a company listed on the TSXV, the Company is subject to rigorous regulatory requirements. Failure to comply with securities laws and regulations could result in trading halt, penalties, fines, or other punitive measures imposed by regulatory bodies like the British Columbia Securities Commission (BCSC) or the Ontario Securities Commission (OSC).

The success of Sonoran Desert Copper's Cuatro Hermanos (4H) project hinges significantly on exploration and development outcomes, which remain inherently uncertain. The project's viability depends on discovering economically viable mineral deposits, necessitating extensive geological surveys, drilling, and testing. Given the early-stage nature of the 4H project, there is a substantial risk that exploration may not yield sufficient quantities of copper or molybdenum to justify commercial development. Additionally, the geological conditions in the region can present unforeseen challenges, such as complex ore bodies, which might complicate extraction processes and elevate operational costs. The reliance on successful identification and quantification of these mineral resources underscores the precarious nature of the project, potentially impacting the company's ability to attract further investment and achieve its strategic objectives. There is no guarantee that the Company will be able to raise the sufficient funds to make the option payments for 4H.

LEGAL MATTERS

Other than the item(s) disclosed in the financial statements, the Company is not currently and has not at any time during our most recently completed fiscal year, been party to, nor has any of its properties been the subject of, any material legal proceedings or regulatory actions.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of the Company's internal controls over financial reporting ("ICFR") as required by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). ICFR is intended to provide reasonable assurance regarding the preparation and presentation of financial statements for external purposes in accordance with applicable generally accepted accounting principles. Internal control systems, no matter how well designed, have inherent limitations.

Based on a review of its internal control procedures at the end of the period covered by this MD&A, management has determined that the Company's internal controls over financial reporting have been effective to provide reasonable assurance regarding the reliability of financing reporting and the preparation of financial statements for external purposes in accordance with IFRS. There were no changes in the Company's internal controls over financial reporting that occurred during the period that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

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However, even those systems determine to be effective can provide only reasonable assurance with respect to financial statement and preparation. A control system, no matter how well conceived or operated can provide only reasonable, not absolute, assurance and are not expected to prevent all errors and fraud.

ADDITIONAL INFORMATION

Additional information about the Company is available at the website of the System for Electronic Document Analysis and Retrieval ("SEDARPLUS") at www.sedarplus.ca.

APPROVAL

The board of directors has approved the disclosure contained in this MD&A.

CAUTIONARY NOTES FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy, exploration plans, and environmental protection requirements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company, to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties include risk and uncertainties associated with the mining industry and the exploration and development of mineral projects, such as the uncertainty of exploration results, the volatility of commodity prices, potential changes in government regulation, the uncertainty of potential title claims against the Company's projects, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally,

such as international political or economic developments, changes in interest rates and the condition of financial markets, and changes in exchange rates.

Forward-looking information is based on assumptions and expectations which the Company considers to be reasonable, and which are based on management's 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. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. Prime Meridian Resources Corp. does not undertake to revise or update any forward-looking information, except in accordance with applicable laws. Readers should not place undue reliance on forward-looking information.

Directors and Officers

Brian Leeners - Director, CEO
Greg Pearson - Director
Tyler Thorburn - Director
Maria Conejo - Director
Stephen Burega - President
Nancy Zhao - CFO
Gord Fretwell - Corporate Secretary