

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

The following management's discussion and analysis (MD&A) of Sonoran Desert Copper Corporation (the "Company" or "SDCU") should be read in conjunction with the Company's consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2024, 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 12 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

April 30, 2024

DESCRIPTION OF BUSINESS

Sonoran Desert Copper Corporation ("the Company" or "SDCU") 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. It is a public company listed on the TSX Venture Exchange ("TSXV") with a symbol SDCU.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 mainly and aiming to utilize the region's abundant mineral resources to potentially enhance portfolio value.

OVERALL PERFORMANCE

As at December 31, 2024, the Company had no source of revenue and reported loss for the period of \$2,133,336 (December 31, 2024 - \$1,354,169), and had an accumulated deficit of \$19,927,071 (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. 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 year ended December 31, 2024, and up to the date of this report.

On February 27, 2024, the Company entered a memorandum of understanding ("MOU") with Envirotech Remediation Inc (the "ETK"). Under the terms of the MOU, the Company agrees to collaborate jointly on developing and commercializing proprietary ETK solutions for the mining industry, including bioleaching solutions for extracting metal from low-grade ores and mining waste streams and polymer encapsulation solutions for the remediation of tailings to aggregates and other industrial end uses. On June 27, 2024, the Company and ETK concluded the first testing on a mine tailings sample from a large repository of copper slag tailing in Brazil. The Company is currently completing the due diligence.

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

On March 9, 2024, the Company received a signed option agreement 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 (Ease Normanby). The Company is currently completing due diligence and evaluating further opportunities in near vicinity of the Normanby Project. On September 13, 2024, the Company decided to terminate the Option Agreement for Normanby project located Papua New Guinea following due diligence.

On August 9, 2024, the Company granted 1.55 million stock options to its directors, officers and consultants with expiry of 5-year term. The stock options exercise price is \$0.25.

On October 7, 2024, the Company has contracted Fabricio Santos, senior Geographer, specialist in geotechnology and MSc in geophysics, to perform the evaluation of geophysical anomalies from the historical data of induced polarization and electrical resistivity of the Cuatro Hermanos project.

On November 13, 2024, the Company has initiated its Brazilian asset strategy through the incorporation of a new Brazilian subsidiary and has also made an initial application to the Agencia Nacional de Mineracao (the "ANM") to directly acquire new copper exploration concessions in Pernambuco, Brazil. The application comprises seven new concessions located in the municipality of Afranio/Pernambuco and Casa Nova/Bahia and covers an area of 10,084.81 hectares.

On November 20, 2024, the Company appointed Nancy Zhao as the Chief Financial Officer, replacing Edward Low, the former CFO.

On December 4, 2024, the Company entered the Letter of Intent (the "LOI") with Beko Invest Ltd, to acquire Chromite project in Bahia Brazil. The Company decided not to pursue the LOI after the due diligence.

As at December 31, 2024, an accrued consulting fee of \$94,500 is in dispute. The Company does not agree with the consulting fee that the consultant claimed.

Financing activities

On July 12, 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.

On November 20, 2024, the Company announced a private placement financing for 500,000 units at \$0.15, with each unit consisting of one common share 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 \$0.30 for 24 months. On February 13, 2025, the Company modified the terms of the financing. The updated financing will consist of up to 10 million units at \$0.10 for aggregate gross proceeds of up to \$1,000,000, with each unit consisting of one common share and one common share purchase warrant, with each warrant being exercisable at \$0.15 for 24 months. The Company has not closed the financing at the date of this report.

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"), whereby the Company is to purchase 100% interest in the Cuatro Hermanos Porphyry Copper Project in Sonora, Mexico.

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

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.

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.

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

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)

As at December 31, 2024, the Company wrote off the carrying amount of \$261,341 on 4H Project and intends to raise the money to pay off the required USD100,000 before May 30, 2025.

PAPUA NEW GUINEA GOLD-SILVER-COPPER PROPERTY, PAPUA, NEW GUINEA

On March 9, 2024, the Company announced a signed option agreement on the Normanby gold-silver-copper project located Papua New Guinea (the "Normanby Project"). The Normanby Project consists of two exploration licenses: EL 2504 (Sehulea) and EL 2590 (Ease Normanby). The Company is continuing the geological evaluation and title due diligence on the Normanby Project Exploration Licences and evaluating opportunities for additional acquisitions in the vicinity of the Normanby Project.

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

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.

Bahia chromite project, Northern region of State of Bahia, Brazil

On December 4, 2024, the Company entered the Letter of Intent (the "LOI") with Beko Invest Ltd, to acquire Bahia Chromite project, based on the previous extensive development work, completed under permit No. 1807 of 20.06.78, official Gazette of 15.07.77 - MME-DNPM 808.223/75 of Sogemine-EM, including a final research report approved by the Brazilian Mineral Agency (ANM), and the filing of the mining application, which was assessed by the Agency National De Mineracao ("ANM"). The total payment of USD1,300,000 for proposed terms and conditions is to be set forth in a definitive agreement between parties as below:

	Cash Payment (USD\$)
1. Upon execution of definite agreement	80,000
2. Within 6 months of mineral rights transfer at ANM	305,000
3. Within 12 months of mineral rights transfer at ANM	305,000
4. Within 18 months of mineral rights transfer at ANM	305,000
5. Within 24 months of mineral rights transfer at ANM	305,000
	1,300,000

The parties agree that a 2% net smelter royalty will be granted in favor of the vendor on all production of all materials from this project. The execution of the definitive agreements will be subject to regulatory, governmental, contractual, and TSXV's approval.

The Company decided not to proceed further with the LOI. The Company did not make any payments related to the LOI.

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.

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

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

RESULTS OF OPERATIONS

Comparison of the Three Months Ended December 31, 2024 vs. 2023

For the three months ended December 31, 2024, the net loss was \$920,887, representing \$719,116 increase compared to the net loss of \$201,771 in the same period in 2023. The primary expenditures during the quarter included:

- Consulting and management: \$67,000 (December 31, 2023 - \$100,930)
- Exploration and evaluation expenditures: \$210,396 (December 31, 2023 - \$36,189 recovery)
- Marketing and advertising: \$20,000 (December 31, 2023 - \$50,000)
- Professional fees: \$53,113 (December 31, 2023 - \$35,785)
- Transfer agent and filing fees recovery: \$3,802 (December 31, 2023 - \$8,282 expense)
- Interest expense: \$36,328 (December 31, 2023 - \$27,006)
- Administrative costs: \$60,954 (December 31, 2023 - \$32,045)
- Stock-based compensation recovery \$19,644 (December 31, 2023 - \$Nil)
- Write-off E&E assets \$261,341 (December 31, 2023 - \$Nil)

The increase in net loss was primarily due to \$261,341 of a write-off of exploration and evaluation assets, and significant increase of \$246,585 in exploration and evaluation expenditure. The 4H Project was impaired in this quarter. The Company incurred geophysical fees for its 4H project too. Other expenses remained similar to those in the corresponding quarter of the previous year.

Comparison of the Year Ended December 31, 2024 vs. 2023

For the year ending December 31, 2024, the net loss totaled \$2,133,336, an increase of \$779,167 from the \$1,354,169 reported for the same period in 2023. Key expenditures during this period were:

- Consulting and management: \$278,500 (December 31, 2023 - \$357,430)
- Exploration and evaluation expenditures: \$468,116 (December 31, 2023 - \$336,725)
- Marketing and advertising: \$505,000 (December 31, 2023 - \$137,500)
- Professional fees: \$93,900 (December 31, 2023 - \$163,363)
- Transfer agent and filing fees: \$43,899 (December 31, 2023 - \$9,177)
- Interest expense: \$120,805 (December 31, 2023 - \$108,630)
- Administrative costs: \$157,151 (December 31, 2023 - \$124,815)
- Stock-based compensation \$81,734 (December 31, 2023 - Nil)
- Write-off of E&E assets: \$271,341 (December 31, 2023 - \$214,530)

The increase in net loss is mainly contributed by an increase in marketing and advertising of \$367,500, reflecting intensified marketing efforts during this fiscal year. In fiscal 2024, the company recorded a write-off of exploration and evaluation assets of totaling \$271,341 in 2024.

Additionally, the Company recorded \$81,734 of stock-based compensation, as the Company granted 1,550,000 stock options to its directors and officers in the current year. In fiscal 2023, there was no such expenditure.

SUMMARY OF QUARTERLY RESULTS

	December 31,2024	September 30,2024	June 30,2024	March 31,2024
	(\$)	(\$)	(\$)	(\$)
Expenses	511,363	639,694	304,041	408,397
Other (income) expenses	409,524	(4,877)	(69,521)	(65,285)
Net loss	920,887	634,817	234,520	343,112
Comprehensive loss	919,010	654,683	266,204	319,265

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

Basic and diluted loss per share	0.03	0.02	0.02	0.01
Total current assets	21,446	45,869	376,681	147,839
Total assets	21,446	236,038	593,877	383,833
Total current liabilities	3,388,851	1,549,221	1,812,329	1,597,596
Total liabilities	3,388,851	2,908,156	3,160,940	2,808,485

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	(\$)	(\$)	(\$)	(\$)
Expenses	201,271	314,941	200,830	500,961
Other (income) expenses	(53,865)	79,200	111,331	(500)
Net loss	147,406	394,141	312,161	500,461
Comprehensive loss	128,027	394,141	312,161	500,461
Basic and diluted loss per share	0.00	0.00	0.00	0.01
Total current assets	324,652	641,087	52,075	64,036
Total assets	541,095	641,087	130,775	278,567
Total current liabilities	2,781,390	2,887,155	2,797,762	2,633,393
Total liabilities	2,781,390	2,887,155	2,797,762	2,633,393

The Company's net loss has fluctuated over the quarters, ranging of \$147,406 to \$920,887. Except the last quarter in 2023 and 2024, the overall loss levels from fiscal year 2023 to 2024 have remained relatively consistent. The fluctuation in loss is highly associated with increase or decrease of exploration and evaluation expenditures, and marketing expenses.

Quarterly expenses were fluctuated in the range of \$200,830 to \$639,694. In the fiscal quarters in 2023, the Company incurred lower expenses than in fiscal quarters in 2024, mainly due to the fluctuations in marketing expenses, and exploration and evaluation expenditures.

The Company's asset value has fluctuated between \$21,446 to \$641,087 over the quarters. The addition of the Sonoran Projects into the company's portfolio in the last two quarters of 2023 resulted in a significant increase in asset values. Then the value went down in the last quarter of 2024 due to the impairment of mineral assets. The Company plans to raise the money to pay off the obligation that 4H project requires.

The Company's liabilities have varied from \$2,633,393 to \$3,388,851, 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

	December 31, 2024	December 31, 2023
Current assets	\$ 21,446	\$ 324,652
Current liabilities	3,388,851	2,781,390
Total liabilities	3,388,851	2,781,390
Shareholders' deficiency	3,367,405	2,240,295
Working capital deficiency	3,367,405	2,456,738

As at December 31, 2024, the Company had cash of \$1,449 (December 31, 2023 - \$65,732) and negative working capital of \$3,367,405 (December 31, 2023 - \$2,456,738).

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.

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

Summary of Cash Flows

Operating Activities: The Company used \$933,879 in operating activities, an increase of \$9,780, from \$924,099 in 2023. The increase is primarily attributed to higher net losses.

Investing Activities: The Company invested in investing activities totaled \$81,945 compared to \$216,443 in corresponding quarter in 2023.

Financing Activities: Cash provided by financing amounted to \$950,317, a decrease of \$232,716, from \$1,183,033 in 2023. The decline was due to the few funds raised through private placements. In the comparable year of 2023, The Company closed two private placements, with \$1,149,233 of net proceeds.

OUTSTANDING SHARE DATA

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

- 34,192,263 common shares issued and outstanding
- 4,500,000 incentive stock options outstanding and 3,337,500 exercisable
- 16,129,000 share purchase warrants outstanding
- 154,200 broker warrants outstanding

If all of the stock options, warrants, and broker warrants were exercised the Company would have 55,037,966 common shares issued and outstanding.

COMMITMENTS

Significant commitments of the Company are as follows:

- \$20,000 per month loan repayment due to Domus Management;
- \$1,474,545 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

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

Name	Relationship	Nature of Transaction	Share-based compensation for year ended December 31, 2024	Fees incurred year ended December 31, 2024	Fees incurred year ended December 31, 2023	Balance payable at December 31, 2024	Balance payable at December 31, 2023
Brian Leeners	Chief Executive Officer and Director	Management	\$ 46,141	\$ 120,000	\$ 120,000	\$ 202,250	\$ 82,250
Nexvu Services Inc.	Owned by Brian Leeners	General corporate services	-	120,000	120,000	459,325	309,370

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

Nexve Capital Corp								
Gregory Pearson	Director	Management	13,183	-	-	-	-	-
Global Link Capital	Owned by Gregory Pearson	Management	-	120,000	120,000	104,750	82,250	
Gordorn J. Fretwell, Law Corporation	Owned by Gordon Fretwell is a shareholder of Nexvu Capital Corporation	Legal services	-	24,000	23,750	190,115	189,116	
Blue Summit Venture	Owned by Tyler Thorburn, Director	Management	-	-	30,000	113,000	113,000	
AE Financial Management Ltd.	Owned by Edward Low, former Chief Financial Officer	Accounting	-	38,500	42,000	141,650	124,150	
Nancy Zhao	Chief Financial Officer	Accounting	13,183	-	-	-	-	
NZ Consulting Services Inc	Owned by Nancy Zhao	Accounting	-	27,000	-	16,225	-	
Maria Conejo	Director	Management	7,251	-	-	-	-	
			79,758	449,500	455,750	1,227,316	900,386	

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 options, 1,512,500 were granted to its directors and officers of the Company.

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

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:

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

- 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 December 31, 2024 totalled \$16,309,666 (December 31, 2023 - \$15,419,640). 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.

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 December 31, 2024.

(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 \$963,029 in US dollars at December 31, 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. Accordingly, credit risk is considered low.

(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

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

flow to ensure there is capital to meet short term and long-term obligations. At December 31, 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.

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 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.

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

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.

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

SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Year End December 31, 2024

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

Nancy Zhao – CFO

Gord Fretwell – Corporate Secretary