SONORAN DESERT COPPER CORPORATION

Management's Discussion & Analysis

For the Years Ended December 31, 2023

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 audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2023, 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

June 24, 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 Sonora, Mexico and aiming to utilize the region's abundant mineral resources to potentially enhance portfolio value.

OVERALL PERFORMANCE

As at December 31, 2023, the Company had no source of revenue and reported loss for the year of $1,354,169 (December 31, 2022 - $1,765,208), and had an accumulated deficit of $17,793,735 (December 31, 2022- $16,439,566). These factors indicate a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. 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, 2023, and up to the date of this report.

On February 9, 2023, the Company executed the Purchase Option Agreement to purchase 100% interest on Cuatro Hermanos Project with Minerales Y Yacimientos Mexicanos Sacramento, S.A. DE C.V. (the "Vendor").

On March 21, 2023, the Company changed its name from Prime Merdian Resources Corp. to Sonoran Desert Copper Corporation and traded under the ticker "SDCU" on TSX Venture Exchange.

On October 20, 2023, TSXV approved the Exploration Right Assignment Agreement with Definitive Rights Assignment Option between the Company and Minerales Y Yacimientos Mexicanos Sacramento, S.A. de C.V. in regards the Cuatro Hermanos Project Acquisition.

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 viewed on the Company's website and SEDAR-plus.

On November 14, 2023, the Company shares began trading on a post-consolidated basis of one post-consolidation common share for every four pre-consolidation common shares. Following the consolidation, there will be approximately 25,284,766.

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).

On May 2, 2024, the Company was granted by Commissions for an application of Management Cease Trade Order ("MCTO"), in connection with the default of the required filings, which should have been made not later than April 29, 2024. MCTO, prohibits trading in securities of the Company by Chief Executive Officer, Chief Financial Officer, board of directors, directly or indirectly. The Company anticipates the financial statement, MDA and officer certificates for year ended December 31, 2023, will be filed by June 28, 2024.

Up to the date of this report, the trade of Company's common shares are under the MCTO.

Financing activities

On March 22, 2023, the Company completed a private placement financing for gross proceeds of $385,800, by issuing 1,929,000 units at $0.20. Each unit consists of one common share of the Company and one common share purchase warrant, each warrant being exercisable at $0.40 for 36 months. The Company made the cash payment of $5,800 and issued 29,000 finder's warrants to two finders. On May 16, 2023, TSXV approved the financing.

On September 14, 2023, the Company completed a private placement for total gross proceeds of $818,500 by issuing 4,092,500 units at a price of $0.20 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price $0.40 per share for 36 months. The warrants are subject to the right of the Company to accelerate the exercise period of the warrant if shares of the Company trade at or above $2.00 for a period of 10 consecutive trading days. The Company paid $3,440 cash finder's fee and issued 17,200 broker warrants exercisable at $0.40 for 36 months commencing the date of issuance.

On February 13, 2024, the Company offered up to 10,000,000 units priced at $0.10, for aggregate gross proceeds of up to $1,000,000. Each unit consists 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 $0.20 for 24 months after closing the financing. Up to the date of this report, the Company has not closed the financing.

Market-making, Marketing and Investor Relations Activities

On March 23, 2023, the Company engaged Hybrid Financial Ltd for a range of marketing services, focused on marketing, and brand awareness, etc. Hybrid Financial Ltd has been contracted for an initial term of one year at a fee of $15,000 per month.

On September 11, 2023, the Company has retained Red Cloud Securities as its market-maker. This ongoing agreement agrees a monthly fee of $5,000. Red Cloud Securities will provide market-making services until either party terminates the agreement.

On November 29, 2023, the Company has entered into a one-year agreement with Zimtu Capital Corp, for a monthly fee of $12,500. Under the agreement, Zimtu provides a range of marketing programs, including Zoom with Zimtu, Zimtu Connect, Lead Generation campaigns, Blogs, digital awareness campaigns, influencer marketing, and social media management across platforms such as Twitter, Facebook, and YouTube & Instagram, etc.

PROJECTS OUTLOOKS

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

On January 16, 2023, the Company executed Purchase Option Agreement to purchase 100% interest in the Cuatro Hermanos Porphyry Copper Project in Sonora, Mexico. 4H Project comprises 10 concessions totalling 8,125 hectares and contains a large porphyry copper-molybdenum system with surface measurements of at least four kilometres east-west by two kilometres north-south. In order to exercise Purchase Option, the Company will make cash payments totalling USD5,862,500 and exploration work commitment of $2,850,000 to Minerales Y Yacimientos Mexicanos Sacramento, S.A. DE C.V., for a 100% ownership of the Cuatro Hermanos Porphyry Project, over the 60-month term, payments schedule as below:

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

*Not yet paid, but no notice of default issued.

On October 20, 2023, TSXV has approved Exploration Right Assignment Agreement with Definitive Rights Assignment Option between the Company and Minerales Y Yacimientos Mexicanos Sacaramento, 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 cane be found on the Company's website (www.sonorancopper.com) and SEDAR+.

On January 11, 2024, the Company announced 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.

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

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 (East Normanby).

EL 2504 – Sehulea (Au-Ag)

A large-scale, low-sulphidation, epithermal system is present across eastern/southern Normanby Island and the Sehulea exploration licence. Exploration to date has demonstrated gold + silver mineralization in rocks, soils and streams over the entire 8km strike length within the licence. The gold mineralised system then continues into the adjoining EL 2590 - East Normanby Exploration Licence.

EL 2504 contains the Weioko epithermal gold deposit along with five additional highly prospective gold targets (Weioko Prospects). The Weioko deposit is located near the coast, at the northern end of a N-S trending ridgeline, over a strike length up to 400m. The Weioko deposit has 67 historical diamond core and reverse circulation holes totaling 5,791.7m. The holes tested 400m of strike length (N-S) and intersected wide intervals of gold mineralisation. Drill results include 2.24 g/t Au and 8.9 g/t Ag over 64.6m and 16.27 g/t Au and 27.3 g/t Ag over 3.0m.

There is very good potential in the Weioko Prospects for bulk-tonnage, low-sulphidation epithermal gold mineralisation in the permeable volcanics and sediments overlying the metamorphic basement. There is also very good potential for lower-tonnage, higher-grade discrete vein and/or vein stockwork type mineralisation in both the sediments and the basement metamorphics.

The Weioko Deposit is located at the midpoint of EL 2504 and its gold prospects. It was discovered in 1986 during a program of rock chip sampling and ridge/spur soil sampling to follow up pan concentrate gold anomalies and epithermal-style float found during earlier reconnaissance. A total of 1,088 soil and 104 outcrop and float rock samples were collected. The soil samples were analysed for gold, arsenic and antimony and the rock samples analysed for gold, silver, arsenic and antimony. The follow up program generated many significant geochemical anomalies.

At the main Weioko Prospect, low-grade, disseminated gold mineralisation is associated with silicification and argillic alteration of porous sedimentary rocks, and higher-grade veins cut both metamorphic basement and overlying sedimentary rocks. The geology consists of basement metamorphics overlain by Pliocene-age basaltic to andesitic lavas and pyroclastics (Sehulea Volcanics) and poorly to well sorted polymict conglomerates, a marginal epiclastic facies of the volcanics.

The gold mineralisation occurs as structurally controlled epithermal veins and silica flooded zones associated with moderate to strong argillic alteration, hosted mainly by the conglomerates but also in the metamorphics. Sulphides (mainly pyrite) occur as disseminations or veinlets in the matrix and fragments of hydrothermal breccias. The mineralisation is closely associated with the volcanic rocks.

Soil sampling was carried out over a 5.5km x 1.6km NE oriented grid along 100m spaced lines. Numerous broad, strong gold anomalies were demonstrated along the full length of the grid and are defined with mostly coincident arsenic anomalies. Individual anomalies cover areas of up to roughly 9 hectares. The Weioko Prospect was defined by an open-ended, gold-in-soil anomaly covering an area of 350m x 250m.

Hand trenching within the soil anomaly located bedrock gold mineralisation and the best results were 2.43g/t Au over 156m, 2.34g/t Au over 72m, and 1.20g/t Au over 60m, in three separate trenches. Visible gold was noted only at the northernmost Weioko ridgeline outcrop, associated with quartz veinlets and vugs.

A six-hole reconnaissance diamond drilling program totalling 869.7m was undertaken to test the contact zone between the volcanolithic sediment cover and metamorphic basement rocks and for a possible southern extension. Hole WED 003 graded 0.75g/t Au from 0 to 117.5m, including 27.7m grading 2.07g/t Au and 17.1g/t Ag (further including 19.9g/t Au over 1.5m from 30.7m to 32.2m). Hole WED 001 graded 0.53g/t Au from 0 to 114.8m, WED 002 graded 0.44g/t from 0 to 150.0m and WED 005 graded 1.35g/t gold from 0 to 27.7m.

A second program of four holes tested for east and west extensions to the mineralisation and intersected wide anomalous intervals including 0.37g/t Au over 38.8m from 47.2 to 86.0m in hole WED 007, 0.40g/t Au over 15.0m from 37.9m to 52.9m in hole WED 008 and 0.36g/t Au over 46.4m from 78.4m to 124.8m in hole WED 009.

The main Weioko trench was resampled and yielded 3.96 g/t Au over 164m, including 8.69 g/t Au over 44m. Additional trenching approximately perpendicular to the ridgeline returned 8.07 g/t Au over 12m, 3.36 g/t Au over 40m, 5.70 g/t Au over 26m, and 5.19 g/t Au over 28m (including 24.4 g/t Au over 4m).

The trench results encouraged a third round of drilling consisting of 29 reverse circulation (RC) and diamond drill holes (DD) (1,765m RC/167m DD). Mineralization was established over a strike length of 400m and to a depth of ~170m vertically and remains open at depth and along the major NE trending structure.

The best results from RC drilling included 1.29 g/t Au from 0 to 70m (including 1.66 g/t Au over 52m from 10 to 62m in hole WEH005, 1.29 g/t Au from 0 to 60m (including 1.57 g/t Au over 46m from 14 to 60m) in WEH004, and 1.00 g/t Au from 0 to 60m in WEH007.

Conventional IP and CSAMT (controlled source audio magnetotelluric) geophysical surveys were carried out at the Weioko Prospects. A total of 14.75-line km of IP surveying and 3.6-line km of CSAMT surveying were completed. The IP survey defined several chargeability anomalies at Weioko, some of which are coincident with gold and arsenic soil anomalies and mineralisation intersected by drilling. A resistivity anomaly was also defined.

The IP anomalies show a strong NNW alignment and indicate the Weioko mineralisation may extend north and south for up to one kilometre, while the CSAMT survey also produced high resistivity values. The anomalies generated by the IP and CSAMT surveys remain to be tested.

EL 2590 - East Normanby (Au-Ag / Cu-Au Porphyry)

EL 2590 surrounds the EL 2504 (Sehulea) prospects detailed above and includes the Sewatupwa porphyry copper-gold target, the Gwamogwamo structural copper-gold area, plus seven further gold prospects in a major and very under-explored epithermal gold district.

The **Sewatupwa Cu-Au Porphyry Prospect** is an approximately 22 sq.km area of generally coincident and anomalous copper, zinc, silver and manganese in stream silt samples, with local gold and molybdenum anomalies, mostly covered by EL 2590. The Sewatupwa area straddles two intersecting, crustal - level faults (trending NNE to the Weioko target in EL 2504 and WNW/ESE). Aeromagnetic, radiometric, and structural targets are present within the anomalous Sewatupwa copper drainage area and remain generally unexplored.

The **Gwamogwamo Cu-Au-Ag-Zn Prospect** is a structurally controlled, semi-massive sulphide unit located at the south of the Sewatupwa Prospect. The prospect has four zones of outcropping to sub-outcropping gossan present along a 1.5km long north-south trending zone.

The **Imwauna South Au-Ag Prospect** is the interpreted southern extension of the high-grade Imwauna gold vein system that trends approximately N-S across central Normanby Island. Only six recon LS epithermal quartz samples were collected in 2002 over the southern strike extent in EL 2590 and were analysed for gold, silver, and arsenic. One sample of a 50cm wide outcrop returned 0.6 g/t Au, 28.4 g/t Ag, and 814 ppm As. Four float samples returned 0.63 g/t, 0.37 g/t, 0.15 g/t and 0.11 g/t Au.

The **Gui Au Prospect** returned highly anomalous gold assays from 530m of hand trenching. Highlights include 10m of 5.06 g/t Au over 10m, 5.29 g/t Au over 5m, and 0.99g/t Au over 75m.

The Lomitawa / Mwaduna Au-Ag Prospects have epithermal quartz float up to 7.12 g/t Au and 86 g/t Ag, with gold in soil samples to 0.14 g/t Au. Outcropping gold has been located in narrow veins up to 5.33 g/t Au and in sulphide-bearing banded metamorphics to 0.77 g/t Au.

The **Soisoia River / Kwanaula Au Prospects** have very strong to moderate drainage gold geochemical anomalies covering an area of at least 15 square kilometres. Only 12 rock-chip float samples have been collected from this location, with a peak value of 0.311 g/t Au.

Option Terms

This Option Agreement between the Company (the "Optionee") and WNB Resources Limited and its beneficial shareholders Peter McNeil and Paige McNeil (the "Optionors"), requires the parties to complete the following cash payments, work expenditures and share issuances:

(a) the Optionors will cause the Company, subject to administrative matters, to issue and or transfer to the Optionee, all the existing shares in the Company representing 100% of the total issued capital of the Company upon receipt of a cash payment in the amount of $10,000 due upon the execution of this Option Agreement.

(b) the Optionee will fund upcoming EL 2590 and EL 2504 Warden's Court Hearing costs and make minimum exploration expenditures, on the Property of $100,000 for ground exploration on an expedited schedule and subsequently $60,000 for assays and additional work and filing of the appropriate reporting requirements under the respective guidelines and subject to TSX Venture Exchange approvals of this Option Agreement. The above exploration programs will be agreed between the parties. The Optionee will also be responsible for updating and maintaining corporate records and associated regulatory filings.

(c) the Optionee will make cash payments to the Optionors of $2,500 per month for which the Optionee will be entitled to receive 2 days commensurate professional geological management services from the Optionors in relationship to the Property, for a minimum period of 24 months from the date of and subject to TSX Venture Exchange approvals of this Option Agreement.

(d) the Optionee will issue 1,500,000 common shares of the Optionee to the Optionors upon receipt of TSX Venture Exchange approvals of this Option Agreement.

(e) the Optionee will issue 1,500,000 common shares of the Optionee to the Optionors on the 12-month anniversary of TSX Venture Exchange approvals of this Option Agreement.

(f) the Optionee will issue 1,000,000 common shares of the Optionee to the Optionors within 10 Days of the next renewal of the EL 2590 License and subject to TSX Venture Exchange approvals of this Option Agreement.

(g) the Optionee will issue 1,000,000 common shares of the Optionee to the Optionors within 10 Days of the next renewal of the EL 2504 License and subject to TSX Venture Exchange approvals of this Option Agreement.

(h) the common shares issued to the Optionors by the Optionee under the terms of the Purchase Option, will be subject to a 4-month statutory hold period which will begin on the date of issuance of the common shares.

The Optionee will cause the Company to grant a 1.5% net smelter return royalty (the "NSR") over the Licenses in favour of the Optionors or their respective nominees on the terms and conditions of the Royalty Deed to be executed on the same date as this Option Agreement. The Optionee does not have any residual rights to repurchase the NSR.

PROJECTS WRITTEN OFF DURING 2023

<u>Bruce and Camping Lake Gold Projects, Ontario</u>

On September 23, 2019, the Company entered into an option agreement with 15444230 Ontario Inc., pursuant to which the Company has an option to acquire two sets of mineral claims covering 4,250 acres in the Bruce Lake area and 6,250 acres in the Camping Lake area, both in the Red Lake mining district in Ontario. In consideration, the Company issued 100,000 shares and paid $25,500 in the first year. Additional payments totalling $61,000 are due over the following three years. The acquisition is subject to a 1.5% net smelter royalty, of which 0.75% can be purchase by the Company for $500,000. During the year ended December 31, 2023, the Company terminated the option agreement on the Bruce and Camping Lake Gold Projects and expensed the acquisition costs.

Bluffy Lake, Ontario

In September 2021, the Company acquired, through staking, an additional 2,920 hectares east of its Camping Lake Project in the Red Lake District of Ontario. During the year ended December 31, 2023, the Company did not renew the claims for Bluff Lake Project and has expensed acquisition costs.

Dixie Lake, Ontario

On September 8, 2021, the Company entered into an agreement to acquire 100% interest in 282 mineral claims covering 5,830 hectares in the Dixie Lake area of Red Lake mining district of Ontario. In consideration, the Company paid 250,000 shares and paid $15,000 to the vendor. During the year ended December 31, 2023, the Company did not renew the Dixie Lake claims.

Kelly Palladium Project, Ontario

On February 5, 2020, the Company entered into a purchase agreement to acquire 100% ownership interest in the Kelly palladium project. The project consists of 2,418 hectares and is located approximately 50 kilometres northeast of Sudbury, Ontario, Canada. The Company paid a $30,000 cash payment to the vendor to complete the purchase, which is subject to a 1% net smelter return royalty in favour of the vendor. The Company has the exclusive right to buy the royalty from the vendor for $500,000. During the year ended December 31, 2023, the Company did not renew the Kelly Palladium claims.

La Sarita Copper-silver Project, Sonora, Mexico

On November 26, 2022, the Company entered a Purchase Option Agreements to purchase 100% interest in the La Sarita Copper-silver Project in Sonora, Mexico. In order to exercise the 1st Purchase Option, the Company will make cash payments totalling USD230,000, exploration expenditures of $2,225,000 and common shares payments totalling 831,250 common shares to Quirina Vasquez Vargas ("QVV"), the vendor for a 100% ownership of the La Sarita Project, over the 5-year term. The Company chose not to pursue the La Sarita Project.

EI Chuin Copper Project, Sonora, Mexico

On November 26, 2022, the Company entered two Purchase Option Agreements to purchase 100% interest in the EI Chuin Copper Project in Sonora, Mexico. In order to exercise the 1st Purchase Option, the Company will make cash payments totalling USD230,000, exploration expenditures of $2,225,000 and common shares payments totalling 831,250 common shares to QVV, the vendor for a 100% ownership of the EI Chuin and EI Chuin concessions, over a 5-year term. The Company chose not to pursue the El Chuin Project.

La Verde Project, Sonora, Mexico

On March 2, 2023, the Company decided not to proceed with acquisition of the La Verde Project.

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. Cash Lewis, P. Geo., a consultant to the Company is the Qualified Person.

SELECTED ANNUAL INFORMATION

The following financial data is derived from the Company's audited financial statements for the years ended December 31, 2023, 2022 and 2021:

	December 31, 2023	December 31, 2022	December 31, 2021
Net loss	1,354,169	1,765,208	1,296,518
Net comprehensive loss	1,334,790	1,765,208	1,296,518
Total assets	541,095	327,272	627,104
Total liabilities	2,781,390	2,561,637	2,049,386
Loss per share	0.06	0.02	0.02

RESULTS OF OPERATIONS

Three Months Ended December 31, 2023 vs. 2022

The net loss for the three months ended December 31, 2023 was $147,406, decreased by $431,100, compared to same period in 2022 of $578,506. Significant expenditures during the quarter were:

- Consulting $100,930 (2022 - $100,500)
- Marketing and advertising $50,000 (2022 - $62,500);
- Professional fees $113,707 (2022 - $46,574)
- Transfer agent and filing fees $8,282 (2022 - $856);
- Interest expense $27,006 (2022 - $77,682);
- Write-off E&E asset $Nil (2022 - $10,650)
- Stock-based compensation $Nil (2022 - $186,600);
- E&E expenditures recovery $36,184 (2022 - $22,500 expense);
- Rent and administrative recovery $22,320 (2022 - $81,710 expense)

The reduction in net loss can be primarily attributed to the absence of any recorded stock-based compensation in the 4th quarter of 2023, which amounted to $186,600 in the same period of 2022. In the 4th quarter of 2022, the Company granted 562,500 stock options to its directors, officers, and consultants at an exercise price of $0.40, while no stock options granted in current fiscal quarter in 2023. Additionally, loan interest decreased by $50,676 in the 4th quarter of 2023, with several payments made towards the loan principal, which resulted a reduction in interest expenses.

Additionally, the Company recorded two cost recoveries in the 4th quarter of 2023: a) $58,689 for exploration and evaluation expenditures, resulting from a reclassification of E&E expenditure to E&E assets, and b) $104,030 for rent and administration, partially resulting from an accrued refund of GST reassessment for 2023.

Year Ended December 31, 2023 vs. 2022

The net loss for the year ended December 31, 2023 was $1,354,169, decreased by $411,041, compared to same period in 2022 of $1,765,208. Significant expenditures during the year were:

- Consulting $357,430 (2022 - $402,000)
- Exploration & Evaluation (E&E) expenditure $336,725 (2022 - $90,000);
- Marketing and advertising $137,500 (2022 - $237,500);
- Rent and administrative $124,815 (2022 - $176,926);
- Professional fees $163,365 (2022 - $93,340)
- Interest expense $108,630 (2022 - $148,139);
- Write-off E&E asset $214,531 (2022 - $10,650);
- Stock-based compensation $Nil (2022 - $459,600);

- Transfer agent and filing fees $9,177 (2022 - $75,423);
- Recovery of GST input tax credits ($54,365) (2022 – $nil)

The reduction in net loss can be primarily attributed to the absence of any recorded stock-based compensation in 2023, which amounted to $459,600 in 2022. In 2022, the Company granted 2,437,500 stock options to its directors, officers, and consultants at an exercise price of $0.52, while no stock options granted in current year of 2023.

In 2023, the Company strategically allocated available funds towards repaying the principal of the Domus loan, resulting in limited funds being available for general expenses. This strategy led to reductions in expenditures, including a) a $100,000 cut in marketing and advertising cost; b) a $106,476 reduction in office and general; c) a $66,246 decrease in transfer agent and filing fees, attributable to a refund on overpaid filing fees in the prior years; d) a $44,500 reduction in consulting and management fee; e) a $39,509 decrease in loan interest from reduced loan principal, lower in interest expenses for 2023. Also, the Company recovered goods and services input tax credits that were previously disallowed of $54,365 (2022 – nil).

The above reductions were partially offset by an increase of $246,725 in exploration and evaluation expenditures for the copper projects in Mexico, and $70,025 in professional fees associated with the acquisition of Sonoran projects, both of which are essential and aligned with the Company's long-term objectives.

SUMMARY OF QUARTERLY RESULTS

	December 31,2023 ($)	September 30,2023 ($)	June 30, 2023 ($)	March 31, 2023 ($)
Expenses	201,271	314,942	200,830	500,961
Other (income) expenses	(53,865)	79,199	111,331	(500)
Net loss	147,406	394,141	312,161	500,461
Comprehensive loss	128,026	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	2,781,389	2,887,155	2,797,762	2,633,393
Total liabilities	2,781,389	2,887,155	2,797,762	2,633,393

	December 31,2022 ($)	September 30,2022 ($)	June 30,2022 ($)	March 31,2022 ($)
Expenses	566,606	526,851	356,622	301,479
Other (income) expenses	11,900	-	2,250	(500)
Net loss	578,506	526,851	358,872	300,979
Comprehensive loss	578,506	526,851	358,872	300,979
Basic and diluted loss per share	0.01	0.01	0.01	0.00
Total current assets	112,741	222,521	23,318	229,922
Total assets	327,272	446,870	247,668	429,272
Total current liabilities	2,561,637	2,151,543	1,956,889	1,744,621
Total liabilities	2,561,637	2,289,329	2,156,674	2,002,407

The quarterly losses have been fairly consistent until December 2023, as the Company has not able secure financing and therefore reduced project expenditures and overhead. While the price of copper has rose considerably in 2023, the monies following into junior mining exploration companies.

Current asset values fluctuate with the amount of cash in the company's account. In the September 2023 quarter, the Company completed financing for gross proceeds of $818,500, which is reflected in in the current asset value of $641,087.

The Company's liabilities quarter by quarter remain in the range of $1,744,621 to $2,781,389. This upward trend is due to the loan's interests progressively increase quarter over quarter, as the loan principals were never paid since 2016. The Company will eventually pay off the loans with either cash payments or shares. The repayments have not been the priority for the Company at the time of this report.

LIQUIDITY AND CAPITAL RESOURCES

		December 31, 2023		December 31, 2022
Current assets	**$**	**324,652**	$	112,741
Current liabilities		**2,781,390**		2,561,637
Total liabilities		**2,781,390**		2,561,637
Shareholders' deficiency		**2,240,295**		2,234,365
Working capital deficiency		**2,456,738**		2,448,896

As at December 31, 2023, the Company had cash of $65,732 (December 31, 2022 - $23,241) and negative working capital of $2,456,738 (December 31, 2022 - $2,448,896).

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 $924,099 in operating activities, an increase from $538,034 in 2022. The reduction is primarily attributed to higher prepaid expense, and a lower increase in accounts payable.

Investing Activities: The Company used in investing activities totaled $216,443, significantly higher than $831 used in 2022. The increase was due to initial acquisition cost of the Mexican copper project in 2023.

Financing Activities: Cash provided by financing activities was $1,183,033, up from $314,352 in 2022. The increase was due to funds raised through private placements. In 2023, The Company closed two private placements, with $1,149,233 of net proceeds, compared to one private placement in 2022, with net proceeds of $318,400. Additionally, the Company has received $133,800 in proceeds from a private placement that has been announced but is not yet closed.

OUTSTANDING SHARE DATA

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

- 25,784,766 common shares issued and outstanding
- 3,387,500 incentive stock options outstanding and exercisable
- 7,721,500 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 36,797,966 common shares issued and outstanding.

COMMITMENTS

Significant commitments of the Company are as follows:

- $20,000 per month payment due to Domus Management;
- $1,160,009 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		Fees incurred year ended December 31, 2023		Fees incurred year ended December 31, 2022		Balance payable at December 31, 2023		Balance payable at December 31, 2022
Nexvu Services Inc.	Owned by Nexvu Capital, of which Brian Leeners is a shareholder	Rent and corporate services	$	**120,000**	$	120,000	$	**309,370**	$	193,370
Brian Leeners	Chief executive officer and director	Management services		**120,000**		120,000		**82,500**		117,250
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services		**120,000**		120,000		**82,250**		117,250
Gordorn J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation	Legal services		**23,750**		51,025		**189,116**		165,616
Blue Summit Venture	Tyler Thorburn is shareholder of Blue Summit Venture	Management		**30,000**		120,000		**113,000**		79,100
		Marketing		**-**		175,000		**-**		-
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services		**42,000**		42,000		**124,150**		89,150
			$	**455,750**	$	748,025	$	**900 ,386**	$	761,736

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

On July 21, 2022, the Company granted a total of 6,500,000 stock options to its directors, officers and consultants of the Company. Of the 6,500,000 options, 4,900,000 options were granted to directors and officers with exercisable price at $0.15 with a five-year expiry. Total share-based payments related to 4,900,000 options is $235,200.

On November 9, 2022, the Company granted a total of 2,250,000 stock options to three directors of the Company. Each director was granted 750,000 options with exercisable price at $0.10 with a five-year expiry. Total share-based payments related to 2,250,000 options is $115,000.

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;
- Recoverability of advances receivable;
- Income taxes and recoverability of potential deferred tax assets;

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, 2022.

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 December 31, 2023 totalled $15,419,640 (December 31, 2022 - $14,205,201). 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, GST/HST receivable, reclamation bond, 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, 2023.

(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 $914,955 in US dollars at December 31, 2023. The Company's foreign currency risk is assessed as high.

(iii) Credit risk
Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from its receivables. 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 flow to ensure there is capital to meet short term and long-term obligations. At December 31, 2023, the Company did not have sufficient cash on hand to pay its short-term creditors and does not generate cash from its operations. Accordingly, liquidity risk is considered high.

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.

A number 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 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.

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.

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
Edward Low – CFO
Gord Fretwell – Corporate Secretary