SONORO GOLD CORP

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SONORO GOLD CORP.

Opinion

We have audited the consolidated financial statements of Sonoro Gold Corp. and its subsidiaries (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $3,811,530 during the year ended December 31, 2023 and, as of that date, the Company's current liabilities exceeded its current assets by $5,163,851 and the Company has an accumulated deficit of $29,425,687. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditors' report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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The engagement partner on the audit resulting in this independent auditors' report is Karen Ka Yee Cheng.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 29, 2024

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SONORO GOLD CORP.
(An Exploration Stage Company)
Consolidated statements of financial position
(Expressed in Canadian Dollars)

As at	Note		December 31, 2023		December 31, 2022
Assets					
Current assets					
Cash	4	$	877	$	87,545
Receivables			10,289		21,557
Prepaid expenses			148,273		283,249
Deferred financing cost	3		-		175,553
			159,439		567,904
Non-current assets					
Right of use asset	6		67,779		32,553
Exploration and evaluation assets	7		4,914,899		4,248,949
Total Assets		$	5,142,117	$	4,849,406
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	8,9,10	$	1,350,136	$	1,381,491
Due to related parties	9		500,319		109,324
Loans payable	10		3,412,398		1,083,908
Lease liability	6		60,437		32,718
			5,323,290		2,607,441
Non-current liability					
Lease liability	6		6,000		-
Total Liabilities			5,329,290		2,607,441
Shareholders' equity (deficiency)					
Share capital	11		28,521,721		26,283,908
Share-based payment reserve	11		2,005,737		2,005,737
Share subscriptions receivable	11		(1,288,944)		(433,523)
Deficit			(29,425,687)		(25,614,157)
			(187,173)		2,241,965
		$	5,142,117	$	4,849,406

Approved on behalf of the Board:

"Stephen Kenwood" (signed)

Stephen Kenwood, Director

"Ken MacLeod" (signed)

Ken MacLeod, Director

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

SONORO GOLD CORP.
(An Exploration Stage Company)
Consolidated statements of loss and comprehensive loss
(Expressed in Canadian Dollars)

For the years ended December 31	Note		2023		2022
Operating expenses					
Consulting fees	9	$	825,966	$	910,034
Depreciation	6		89,902		48,828
Exploration expenditures	7		693,331		2,683,490
Investor due diligence	3		302,385		-
Legal and audit			84,740		117,243
Office and administration			126,002		145,707
Transfer agent and filing fees			33,293		70,713
Travel and promotion			787,964		969,852
			(2,943,583)		(4,945,867)
Other income (expenses)					
Interest income			1,471		2,948
Interest expense	6,10		(425,817)		(141,876)
Foreign exchange loss (gain)			(38,746)		109,817
Provision for uncollectable VAT	2		(404,855)		(1,932,180)
			(867,947)		(1,961,291)
Loss and comprehensive loss for the year		$	(3,811,530)	$	(6,907,158)
Basic and diluted loss per share		$	(0.02)	$	(0.05)
Weighted average number of shares outstanding			154,625,616		127,571,784

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

SONORO GOLD CORP.
(An Exploration Stage Company)
Consolidated statements of changes in shareholders' equity (deficiency)
(Expressed in Canadian Dollars)

	Share Capital					
	Shares	**Amount**	**Share-Based Payment Reserve**	**Share Subscriptions Receivable**	**Deficit**	**Shareholders' Equity (Deficiency)**
Balance, December 31, 2021	119,260,260	$ 22,847,577	$ 1,891,019	$ -	$(18,706,999)	$ 6,031,597
Private placement, net of issuance costs	24,210,732	3,447,031	104,018	(433,523)	-	3,117,526
Fair value of finders' warrants	-	(10,700)	10,700	-	-	-
Net loss for the year	-	-	-	-	(6,907,158)	(6,907,158)
Balance, December 31, 2022	143,470,992	$ 26,283,908	$ 2,005,737	$(433,523)	$(25,614,157)	$ 2,241,965
Private placement, net of issuance costs	22,600,000	2,237,813	-	(855,421)	-	1,382,392
Net loss for the year	-	-	-	-	(3,811,530)	(3,811,530)
Balance, December 31, 2023	166,070,992	$ 28,521,721	$ 2,005,737	$(1,288,944)	$(29,425,687)	$ (187,173)

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

SONORO GOLD CORP.
(An Exploration Stage Company)
Consolidated statements of cash flows
(Expressed in Canadian Dollars)

For the years ended December 31	2023	2022
Operating Activities		
Net loss	$ (3,811,530)	$ (6,907,158)
Items not involving cash		
Depreciation	89,902	48,828
Interest on lease liability	15,413	5,457
Write-off of deferred financing costs	175,553	-
Provision for uncollectable VAT	404,855	1,932,180
Changes in non-cash working capital		
VAT receivables	(404,855)	(535,704)
Receivables	11,266	7,552
Prepaid expenses	134,976	(134,102)
Accounts payable and accrued liabilities	(31,354)	1,133,677
Due to related parties	390,995	61,666
Cash Used in Operating Activities	(3,024,779)	(4,387,604)
Investing Activity		
Acquisition of exploration and evaluation assets	(665,950)	(1,104,508)
Cash Used in Investing Activity	(665,950)	(1,104,508)
Financing Activities		
Common shares issued for cash, net of share issuance costs	1,382,392	3,117,526
Lease payment	(106,821)	(54,445)
Loans payable advances	2,656,417	1,731,023
Loans repaid	(327,927)	(800,000)
Financing costs	-	(175,553)
Cash Provided by Financing Activities	3,604,061	3,818,551
Outflow of Cash	(86,668)	(1,673,561)
Cash, Beginning of Year	87,545	1,761,106
Cash, End of Year	$ 877	$ 87,545

Supplemental Disclosure with Respect to Cash Flows		
Interest received	$ 1,471	$ 2,948
Interest paid	$ 523,907	$ 141,876

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Sonoro Gold Corp. ("Sonoro" or the "Company") was incorporated in Ontario on November 30, 1944 under the *Company Act* of Ontario. On January 15, 2007, the Company was issued a Certificate of Continuation by the Province of British Columbia. The Company's principal business activity is the acquisition, exploration, and development of mineral properties. The Company is a publicly traded company listed on the TSX Venture Exchange ("TSX-V") under the symbol "SGO".

The head office, registered address and records office of the Company are located at Suite 300 – 2489 Bellevue Avenue, West Vancouver, British Columbia, Canada, V7V 1E1.

The Company has no source of revenue and has significant cash requirements to meet its administrative overhead and to finance mineral property acquisitions and future exploration and development. The Company does not generate cash flow from operations to adequately fund its activities and has therefore relied principally upon the issuance of securities and loans for financing. The Company will be required to and intends to continue relying upon the issuance of securities to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company incurred a net loss of $3,811,530 during the year ended December 31, 2023 (2022 - $6,907,158). As at December 31, 2023, the Company had working capital deficiency of $5,163,851 (2022 - $2,039,537) and an accumulated deficit of $29,425,687 (2022 - $25,614,157). These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments that may result from the Company being unable to continue as a going concern, or to the recoverability of assets and classification of assets and liabilities, which could be material. Such adjustments could be material.

The Board of Directors approved these consolidated financial statements for issue on April 29, 2024.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned integrated subsidiaries, Cap Capital Corp. ("Cap Capital"), Minera Mar de Plata, S.A. de C.V. ("MMP"), Oronos Gold Corp. ("Oronos"), and Minera Breco, S.A. de C.V. ("Breco"). A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All significant intercompany transactions and balances have been eliminated upon consolidation.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (Continued)

Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Critical accounting estimates

Critical accounting estimates made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year include, but are not limited to, the following:

<u>Value Added Tax (“VAT”)</u>

The VAT receivables are generated on the purchase of supplies and services relating to exploration activities and are receivable from the Mexican government. The recovery of VAT involves a complex application process and the timing of collection of VAT receivables is uncertain. Management’s assumptions regarding the recoverability of VAT receivable at the end of each reporting period is made using all relevant facts available, including past collectability, the development of VAT policies and the general economic environment of the country to determine if a write-down of the VAT is required. Collection of the amount receivable depends on processing and payment of the claims by the Mexican federal government, which historically has been very slow. During the year ended December 31, 2023, the Company received notice that its VAT claims were under audit by the Mexican tax authorities and that further documentation was required to support the transactions and comply with authority requirements. While the Company is still pursuing collection, with the delay in processing and collection and no acknowledgement by the Mexican tax authorities regarding the collection of this balance, management determined that an allowance should be provided on the existing VAT receivable. Accordingly, a provision of $404,855 was recorded as at December 31, 2023 (2022 - $1,932,180). The timing and amount of VAT ultimately collectable could be materially different from the amount recorded in these consolidated financial statements.

A summary of the changes in VAT for the years ended December 31, 2023 and 2022 is as follows:

VAT receivable	$
Balance, December 31, 2021	1,396,476
Additions	535,704
Balance, December 31, 2022	1,932,180
Additions	404,855
Balance, December 31, 2023	2,337,035
Provision for uncollected VAT	
Balance, December 31, 2021	-
Additions	(1,932,180)
Balance, December 31, 2022	(1,932,180)
Additions	(404,855)
Balance, December 31, 2023	(2,337,035)
Carrying amount as at December 31, 2023 and 2022	-

2. BASIS OF PREPARATION (Continued)

Critical accounting estimates (continued)

Interest Rates

The Company estimates a market interest rate in determining the fair value of the right-of-use asset and lease liability. The determination of the market interest rate is subjective and could materially affect these fair value measurements.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

Functional currency

The Company applies judgment in assessing the functional currency of each entity consolidated in these consolidated financial statements, including determinations of whether each entities' functional currency is impacted by the direction of the Canadian head office, or local market forces.

Application of IFRS 16

The Company applies judgment in determining whether the contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. Lease term reflects the period over which the lease payments are reasonably certain including renewal options that the Company is reasonably certain to exercise. The determination of lease terms involves significant judgment with respect to assumptions of whether lease extensions will be utilized. Management makes assumptions about long-term industry outlook which relate to future events and circumstances. Actual results could vary from these assumptions, and the differences could be material to the carrying value of the lease liabilities and right-of-use assets, for which the lease term is the basis for determining useful life.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Deferred financing fees

Considerable judgment is required to be exercised on the likely successful completion of equity financing to which deferred financing fees relate. These fees are carried at cost on the consolidated statement of financial position with the likelihood of the related equity financing being reviewed at the reporting date. If the related equity financing is unlikely to complete as contemplated, deferred financing fees are written off to the Company's net income/loss.

3. MATERIAL ACCOUNTING POLICIES

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the group of companies. The functional currency for all entities within the group of companies is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 The Effects of Changes in Foreign Exchange Rates. The functional currency of the Company and all of its subsidiaries is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date. Exchange gains and losses arising on translation are included in net income (loss).

Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Estimated restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Each lease payment is allocated between the liability and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Loss per common share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted income per share is computed similar to basic loss per share, except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. However, diluted loss per share does not include the increase to weighted average shares, as the effect of including additional shares would be anti-dilutive.

Financial instruments

<u>Financial assets</u>

Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss. The Company only has financial assets classified at amortized cost or fair value through profit or loss.

Amortized cost – A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expires, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial assets (continued)

Impairment

In relation to the impairment of financial assets, IFRS 9 *Financial Instruments* requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses ("ECL") and changes in those ECL at each reporting date to reflect changes in credit risk since the initial recognition of the financial assets.

Financial liabilities

Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss. The Company only has financial liabilities at amortized cost.

Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value plus transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled, or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of loss and comprehensive loss.

Exploration and evaluation expenditures

The Company capitalizes the acquisition costs of exploration and evaluation assets.

Exploration and evaluation expenditures are expensed as incurred. These direct expenditures include such costs as materials used, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase.

When a project is deemed to no longer have commercially viable prospects for the Company, exploration and evaluation assets in respect of that project are deemed to be impaired. As a result, those exploration and evaluation assets, in excess of estimated recoveries, are written off to net income (loss).

The Company assesses exploration and evaluation assets for indicators of impairment at each reporting date.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

At the end of each reporting period, the Company's non-financial assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, an impairment test is conducted, where the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share-based payments

The Company has a stock option plan that is described in note 11(c). Share-based payments to employees are measured at the fair value of the equity instruments issued and are amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is determined the fair value of the goods or services cannot be reliably measured), and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payment reserve. If and when the stock options are ultimately exercised, the applicable amounts of fair value are transferred from the share-based payment reserve to share capital.

From time to time in connection with private placements and other equity offerings, the Company issues compensatory warrants ("Finders' Warrants") to agents as commission for services. Awards of Finders' Warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when Finders' Warrants are issued.

The fair value of stock options and Finders' Warrants are measured using the Black-Scholes option pricing model when the fair value of the goods or services received cannot be reliably measured.

Unit offerings

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market value of the common shares at the time the units are priced, and any excess is allocated to warrants.

Deferred financing costs

Deferred financing costs are expenditures incurred associated with the Company's equity or debt financings which had not closed as of the reporting date. As of December 31, 2023, the Company wrote off $302,385 (2022 - $nil) of deferred financing costs as the term sheet for financing had expired. These costs were expensed as investor due diligence on the consolidated statement of loss and comprehensive loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Accounting pronouncements issued which have come into effect during the reporting period.

The following accounting standards and amendments were effective for annual periods beginning on or after January 1, 2023 and did not have a material impact on the Company's financial statements:

i) Adoption of amendments to IAS 1 - Presentation of Financial Statements
ii) Definition of Accounting Estimate — Amendments to IAS 8
iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12
iv) Insurance Contracts – IFRS 17

New accounting standards issued but not yet effective

i) Classification of liabilities as current or non-current (amendments to IAS 1, presentation of financial statements)

On January 23, 2020, an amendment was issued to IAS 1 to address inconsistencies with how entities apply the standards over classification of current and non-current liabilities. The amendment serves to address whether, in the statement of financial position, debt and other liabilities with an uncertain settlement should be classified as current or non-current. This amendment is effective on January 1, 2024. The Company intends to adopt this amendment in its consolidated financial statement for the annual period beginning January 1, 2024. The Company is currently in the process of determining the impact of the amendment and expects that certain debt and other liabilities may be classified as a current liability upon adoption.

ii) Non-current liabilities with covenants (amendments to IAS 1)

The amendments to IAS 1 specify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are to be applied retrospectively. The Company does not expect this amendment to have a material effect on the Company's financial statements.

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS

The Company has classified its cash as fair value through profit and loss, receivables (excluding input tax credits receivable), accounts payable and accrued liabilities, lease liabilities, loans payable and due to related parties, as amortized cost.

Fair value

Financial instruments that are measured at fair value subsequent to initial recognition are grouped in a hierarchy based on the degree to which the fair value is observable. The levels in the hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The carrying values of receivables, accounts payable and accrued liabilities, loans payable and due to related parties approximate their fair values due to the short-term nature of these financial instruments. Cash is measured at market value in accordance with Level 1 of the fair value hierarchy. The carrying value of lease liabilities has a Level 2 measurement and the fair value has been based on approximate fair value as the interest rate approximates market rates. There were no transfers between levels of the fair value hierarchy during the year ended December 31, 2023.

Credit risk

The Company is exposed to credit risk with respect to its cash and receivables. The risk arises from the non-performance of counterparties of contracted financial obligations. Credit risk is mitigated as cash has been placed on deposit with major Canadian and Mexican financial institutions.

Concentration of credit risk exists with respect to the Company's cash and maximum exposure thereto is as follows:

	December 31, 2023	December 31, 2022
Cash held at major Canadian financial institutions	$ 819	$ 76,710
Cash held at major Mexican financial institutions	58	10,835
Total cash	$ 877	$ 87,545

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company had working capital deficiency at December 31, 2023 in the amount of $5,163,851 (2022 - $2,039,537).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk.

(a) Interest rate risk

The Company's cash consists of cash held in bank accounts. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2023 and 2022.

4. FINANCIAL INSTRUMENTS (Continued)

Market risk (continued)

(b) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

The Company is exposed to foreign currency risk with respect to cash and accounts payable and accrued liabilities as a portion of these amounts are denominated in US dollars and Mexican pesos. The Company has not entered into any foreign currency contracts to mitigate this risk.

As at December 31, 2023 and 2022, the Company's significant exposure to foreign currency risk, based on the consolidated statement of financial position carrying values, were to the Mexican peso and the US dollar, as follows:

	December 31, 2023	
	MXN	USD
Cash	$ -	$ 353
Prepaid	20,000	-
Accounts payable and accrued liabilities	(8,811,724)	-
Loans	(23,497,996)	-
Total	(32,289,720)	353
Canadian dollar equivalent	$ (2,524,410)	$ 467

	December 31, 2022	
	MXN	USD
Cash	$ 155,072	$ 12,446
Accounts payable and accrued liabilities	(4,375,347)	(343,589)
Loans	(7,683,038)	-
Total	(11,903,313)	(331,143)
Canadian dollar equivalent	$ (827,161)	$ (448,500)

The sensitivity analysis of the Company's exposure to foreign currency risk suggests that a 10% change in foreign exchange rates between the Mexican peso, US dollar and Canadian dollar would impact net loss and comprehensive loss for the year ended December 31, 2023 by approximately $280,000 (2022 - $94,000).

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS (Continued)

Market risk (continued)

(c) Other price risk (continued)

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to be able to identify and continue with the exploration activities on its exploration and evaluation assets. The Company defines capital that it manages as shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue shares from treasury, which is the Company's primary source of funds. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2023.

5. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On December 1, 2021, the Company entered into a lease agreement for an office premise which expired on August 30, 2023. In January 2023, the Company entered into a lease agreement for another office premise commencing on February 1, 2023 and ending on January 31, 2025 for a monthly rent of $6,000.

The lease liability and right of use asset were measured as the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liability was 9.9% per annum. The lease term remaining as at December 31, 2023 is approximately 1.09 years. The details of the lease liability and right-of-use asset recognized at inception is as follows:

	$
Operating lease commitment on December 1, 2021	92,652
Effect of discounting	(7,202)
Lease liability and right-of-use asset recognized on December 1, 2021	85,450
Operating lease commitment on January 1, 2023	144,000
Effect of discounting	(18,872)
Lease liability and right-of-use asset recognized on January 1, 2023	125,128

(Expressed in Canadian Dollars)

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY (Continued)

Right-of-use asset

The following is the continuity of the cost and accumulated depreciation of the right-of-use asset as at and for the year ended December 31, 2023:

Cost	$
Balance, December 31, 2021	85,450
Additions	-
Balance, December 31, 2022	85,450
Additions	125,128
Balance, December 31, 2023	210,578
Accumulated depreciation	
Balance, December 31, 2021	4,069
Depreciation	48,828
Balance, December 31, 2022	52,897
Depreciation	89,902
Balance, December 31, 2023	142,799
Carrying amount as at December 31, 2022	32,553
Carrying amount as at December 31, 2023	67,779

Lease liability

The following is the continuity of lease liabilities as at and for the year ended December 31, 2023:

Cost	$
Balance, December 31, 2021	81,706
Additions	-
Lease payments	(54,445)
Interest expense on lease payments	5,457
Balance, December 31, 2022	32,718
Additions	125,128
Lease payments	(106,822)
Interest expense on lease payments	15,413
Balance, December 31, 2023	66,437
Less: current portion	(60,437)
Lease liability – noncurrent	6,000

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

During the year ended December 31, 2023, the Company incurred the following acquisition expenditures:

	Cerro Caliche	San Marcial	Total
December 31, 2021	$ 2,790,792	$ 353,649	$ 3,144,441
Acquisition costs	1,104,508	-	1,104,508
December 31, 2022	3,895,300	353,649	4,248,949
Acquisition costs	665,950	-	665,950
December 31, 2023	$ 4,561,250	$ 353,649	$ 4,914,899

During the year ended December 31, 2023, the Company incurred the following exploration expenditures:

	Cerro Caliche	San Marcial	Total
Field expenses	$ 106,922	$ -	$ 106,922
Consulting	154,064	-	154,064
Geological	99,674	-	99,674
Lease payment	65,787	-	65,787
Geological data	146,719	-	146,719
Administration	74,937	-	74,937
Concession taxes	36,645	8,583	45,228
	$ 684,748	$ 8,583	$ 693,331

During the year ended December 31, 2022, the Company incurred the following exploration expenditures:

	Cerro Caliche	San Marcial	Total
Field expenses	$ 158,141	$ -	$ 158,141
Drilling	744,625	-	744,625
Geological fees	546,712	-	546,712
Assays	340,817	-	340,817
Engineering services	83,045	-	83,045
Permitting	29,019	-	29,019
Consulting	355,013	-	355,013
Laboratory	11,155	-	11,155
Lease payment	63,290	-	63,290
Administration	154,612	-	154,612
Travel expenses	39,716	-	39,716
Concession taxes	29,210	7,105	36,315
Geological data	121,030	-	121,030
	$ 2,676,385	$ 7,105	$ 2,683,490

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

(a) Cerro Caliche Property

On January 23, 2018, the Company, through its wholly owned Mexican subsidiary, MMP, entered into an option agreement with a resident of Sonora, Mexico (the "Cerro Caliche Vendor"), to acquire a 100% interest in the Cerro Caliche Group of Concessions ("Cerro Caliche"), located in the municipality of Cucurpe, in the northern State of Sonora, Mexico.

To exercise, the Company must make payments of US$2,982,000 payable in instalments as follows:

December 19, 2017 deposit	US$10,000 (paid)
January 23, 2018 (on signing)	US$117,000* (paid)
January 23, 2019	US$200,000 (paid)
December 13, 2019	US$30,000 (paid)
January 13, 2021	US$135,000 (paid)
April 3, 2021	US$20,000 (paid)
April 30, 2021	US$120,000 (paid)
July 23, 2021	US$200,000 (paid)
January 23, 2021	US$200,000 (paid)
July 23, 2021	US$250,000 (paid)
January 23, 2022	US$250,000 (paid)
July 23, 2022	US$300,000 (paid)
January 23, 2023	US$300,000 (paid)
July 23, 2023	US$200,000 (paid)
December 18, 2023	US$25,000 (paid)
January 31,2024	US$25,000 (paid)
April 1, 2024	US$600,000 (Note 15)

* Plus reimbursement of property taxes of US$17,487 (paid)

Following exercise of the option, the Cerro Caliche Vendor will be entitled to a 2% net smelter returns royalty ("NSR") ("Cerro Caliche NSR") from the proceeds of the sale of minerals from the Cerro Caliche project. The Company may purchase the Cerro Caliche NSR at any time for US$1,000,000 for each one percent.

In September 2023, MMP entered into an amendment agreement with the Cerro Caliche Vendor to pay US$200,000 by September 15, 2023, which was paid and the balance of the US$200,000 of the US$400,000 amount due on July 23, 2023, by December 31, 2023.

In December 2023, MMP entered into an amendment agreement with the Cerro Caliche Vendor to pay US$25,000 by December 18, 2023 and US$25,000 by January 31, 2024 which were paid and the balance of the US$150,000 of the US$400,000 amount due on July 23, 2023 together with the final payment of $450,000 due on January 23, 2024 by April 1, 2024.

On February 14, 2018, the Company, through its wholly owned Mexican subsidiary, MMP, entered into a purchase agreement with a resident of Sonora, Mexico to acquire a 100% interest in the Abel concession adjacent to the eastern portion of Cerro Caliche in northern Sonora State, Mexico, for a onetime payment of 300,000 pesos (paid - $21,215).

On March 14, 2018, the Company, through its wholly owned Mexican subsidiary, MMP, entered into an option agreement with a resident of Tucson, Arizona (the "Rosario Vendor") to acquire a 100% interest in the Rosario Group of Concessions ("Rosario") located in the municipality of Cucurpe, in the northern State of Sonora, Mexico. The Rosario concessions are contiguous to the Company's Cerro Caliche concessions.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

(a) Cerro Caliche Property (continued)

To exercise the option, the Company must make payments totaling US$1,600,000 payable in instalments as follows:

On signing	US$60,000 (paid)
March 14, 2019	US$75,000 (paid)
March 14, 2021	US$90,000 (paid)
March 14, 2021	US$150,000 (paid)
March 14, 2022	US$300,000 (paid)
April 1, 2024	US$925,000 (Note 15)

Following exercise of the option, the Rosario Vendor will be entitled to a 2% NSR (“Rosario NSR”) from the proceeds of the sale of minerals from the Rosario project. The Company may purchase the Rosario NSR at any time for US$1,000,000 for each one percent.

In March 2023, MMP entered into an amendment agreement with the Rosario Vendor to pay the US$375,000 amount which was due on March 14, 2023, on May 31, 2023.

In August 2023, MMP entered into an amendment agreement with the Rosario Vendor to pay the US$375,000 amount due on May 31, 2023 by December 31, 2023. MMP also agreed to make a one-time interest payment of US$16,000 in conjunction with the final payment of US$550,000 due upon or prior to March 14, 2024.

In December 2023, MMP entered into an amendment agreement with the Rosario Vendor to pay the US$375,000 amount due on May 31, 2023 in conjunction with the final payment of US$550,000 due on March 14, 2024, upon or prior to April 1, 2024 (Note 15).

(b) San Marcial Property

On July 8, 2014, the Company completed the acquisition of Breco, a private Mexican company that holds the San Marcial project in Sonora, Mexico. The Company acquired all of the issued and outstanding shares of Breco by paying $40,000 cash and issuing 50,000 common shares with a market value of $16,000.

As a result of the acquisition of Breco, Sonoro assumed the original option agreement obligation with the original optionors of the San Marcial property. The Company paid additional $60,000 over the following two years and issued 150,000 shares over following three years to complete the acquisition of San Marcial Project.

In September 2012, Breco entered into an option agreement with certain vendors (the “Vendors”) whereby Breco acquired a 100% interest in the additional concession that is contiguous to the San Marcial project for cash payments of US$180,000 made between September 2012 to September 2017. In September 2017, the Company acquired the 100% interest in concession by making the final US$30,000 payment and secured 100% title to the concession through execution of an “Assignment of Title to Mining Concession Agreement”.

The San Marcial concession is subject to a 2% NSR, which may be purchased for US$750,000 at the Company’s election.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

(c) Realization of assets

The Company's investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in the assets is dependent on establishing legal ownership of the property interest, on the attainment of successful commercial production or from the proceeds of its disposal. The recoverability of the amounts shown for the exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the exploration and evaluation assets, and upon future profitable production or proceeds from the disposition thereof.

(d) Title to mineral properties

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history of many exploration and evaluation assets. Although the Company has taken steps to ensure title to the exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such assets, these procedures may not guarantee the Company's title. Asset title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(e) Environmental matters

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its exploration and evaluation assets. The Company conducts its exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current assets that may result in a material liability to the Company.

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the exploration and evaluation assets, the potential for production on these assets may be diminished or negated.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	December 31, 2023	December 31, 2022
Trade payables	$ 914,803	$ 1,256,662
Accrued liabilities	435,333	124,829
Total	$ 1,350,136	$ 1,381,491

All accounts payable and accrued liabilities for the Company are due within the next 12 months.

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

Compensation of key management

Key management comprises directors and executive officers. Compensation awarded to key management is as follows:

	For the years ended December 31,	
	2023	**2022**
Consulting fees	$670,045	$629,451

The Company incurred no post-employment benefits, no long-term benefits, and no termination benefits.

In January 2023, the Board of Directors reapproved executive compensation plans ("ECPs") for the Chief Executive Officer ("CEO") and Executive Chairman ("EC") of the Company for a three-year term starting from May 1, 2023. Pursuant to the ECPs, the CEO and EC are entitled to additional bonuses at the discretion of the Board of Directors. In the event of termination without cause or under change of control provisions, the CEO and EC are entitled to a one-time lump sum payment equivalent to 36 months of the officer's then-current annual fees, within five business days from the date of the termination notice.

In January 2023, the Board of Directors reapproved the compensation plan for an officer of the Company for a three-year term starting from May 1, 2023. Pursuant to the compensation plan, the officer is entitled to additional bonuses at the discretion of the Board of Directors. In the event of termination without cause or under change of control provisions, the officer is entitled to a one-time lump sum payment equivalent to 24 months of the officer's then-current annual fees within five business days from the date of the termination notice.

At December 31, 2023, $500,319 (2022 - $109,324) is owing to related parties, including management, directors and companies controlled by management, without interest and is payable on demand.

At December 31, 2023, $2,897,263 (2022 - $450,000) of loans payable is owing to related parties these loans bear interest at a rate of 10% per annum and have varying repayment dates. In connection with these loans, $240,092 (2022 - $23,125) is accrued as interest and loan fees and is included in accounts payable and accrued liabilities.

10. LOANS PAYABLE

During the year ended December 31, 2023, the Company issued promissory notes to related parties and third parties in the amount of $2,656,417 with 10% interest and loan fee of 7% (2022 - $1,731,023 with 10% interest and loan fee ranging from 0% to 7%). The Company repaid $327,927 (2022 - $800,000) of the promissory notes and paid or accrued $347,110 of interest (2022 - $136,419). As at December 31, 2023, the balance owing was $3,412,398 (2022 - $1,083,908). The outstanding loan and interest is due and payable upon the completion of financing for the development of the Cerro Caliche mining operation.

11. SHARE CAPITAL AND RESERVES

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

i. In August 2023, the Company closed two non-brokered private placements offering of 5,600,000 units at $0.10 per unit for proceeds of $560,000. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of two years from the closing date at an exercise price of $0.15 per share.

ii. In June 2023, the Company closed a non-brokered private placement offering of 17,000,000 units at $0.10 per unit for proceeds of $1,700,000. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of two years from the closing date at an exercise price of $0.15 per share.

In connection with this private placement, $1,015,906 is unpaid and is included in subscriptions receivable and $159,525 was received in relation to the financing completed in 2022. The subscribers from which this amount is receivable from also have amounts in loans payable which may be settled on a net basis, pending regulatory approval.

In connection with the offerings, the Company paid $22,187 in finders' fees and legal costs, and issued 9,590 in non-transferable finders' warrants. The fair value of the finder's warrants was estimated to be nominal and nothing has been recorded as share-based payment reserve.

iii. In October 2022, the Company closed a non-brokered private placement of 4,160,732 units (the "Unit") at $0.15 per unit for aggregate gross proceeds of $624,110 (the "Offering"). Each Unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of two years from the closing date at an exercise price of $0.225 per share.

In connection with the Offering, the Company entered into finder's fee agreement with GloRes Securities Inc. ("Finder") pursuant to which the Company paid to the Finder:

- A cash finder's fee equal to 7% of the gross proceeds raised from subscribers introduced to the Company by the Finder; and
- Non-transferable finder's warrants equal in number to 7% of the gross proceeds raised from subscribers introduced to the Company by the Finder. Each finder's warrant entitles the Finder to purchase one common share in the capital of the Company at a price of $0.225 for a period of two years following the closing of the Offering.

In total, the Company paid $3,500 in Finder's fees and issued 23,333 in non-transferable Finder's Warrants. The fair value of the finder's warrants was $700 which has been recorded as share-based payment reserve.

iv. In June 2022, the Company closed a non-brokered private placement offering of 20,050,000 units at $0.15 per unit for gross proceeds of $3,007,500. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of two years from the closing date at an exercise price of $0.225 per share. $104,018 was allocated to the share-based payment reserve in connection with the issuance of these warrants.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (Continued)

(b) Issued (continued)

In connection with this private placement, $433,523 is unpaid and is included in subscriptions receivable. The subscribers from which this amount are owed also have amounts accrued in accounts payable and accrued liabilities which may be settled on a net basis, pending regulatory approval.

In connection with the offering, the Company entered into finder's fee agreements pursuant to which the Company paid to each arm's length finder:

- At the election of the finder, either a cash finder's fee or units equal to 7% of the gross proceeds raised from subscribers introduced to the Company by the finder; and
- Such number of non-transferable finder's warrants equal to 7% of the gross proceeds raised from subscribers introduced to the Company by the finder. Each finder's warrant entitles the finder to purchase one common share in the capital of the Company at a price of $0.225 for a period of two years following the closing of the offering.

In total, the Company paid $77,061 in finders' fees and 247,997 in non-transferable finders' warrants. The fair value of the finder's warrants was $10,000 which has been recorded as share-based payment reserve.

(c) Stock options

Pursuant to the policies of the TSX-V, under the Company's stock option plan, options to purchase common shares are granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of grant for a maximum term of five years. The Board of Directors may grant options for the purchase of up to a total of 10% of the outstanding shares at the time of the option grant less the aggregate number of existing options and number of common shares subject to issuance under outstanding rights that have been issued under any other share compensation arrangement. Options granted under the plan may vest over a period of time at the discretion of the Board of Directors.

A summary of the Company's outstanding and exercisable stock options is as follows:

	December 31, 2023		December 31, 2022		
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	
Balance, beginning of year	9,650,000	$ 0.26	9,850,000	$ 0.26	9,850,000
Expired	(9,115,000)	(0.26)	(200,000)	(0.12)	(200,000)
Balance, end of year	535,000	$ 0.30	9,650,000	$ 0.26	9,650,000

No stock options were granted during the years ended December 31, 2023 and 2022.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (Continued)

(c) Stock options (continued)

The fair value of stock options and finders' warrants are estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2023		December 31, 2022	
	Options	Warrants	Options	Warrants
Risk-free interest rate	n/a	n/a	n/a	3.16%
Expected dividend yield	n/a	n/a	n/a	0.00%
Expected stock price volatility	n/a	n/a	n/a	72.32%
Expected life in years	n/a	n/a	n/a	2.00
Weighted average fair value	n/a	n/a	n/a	$0.14

The risk-free interest rate is the yield on zero-coupon Canadian Treasury Bills of a term consistent with the assumed option life. The expected life of the option is the average expected period to exercise. Volatility is based on available historical volatility of the Company's share price. The Company has not declared dividends in the past.

The following summarizes information on the number of stock options outstanding and exercisable:

Expiry Date	Exercise Price	December 31, 2023	December 31, 2022
January 10, 2023	$ 0.15	-	2,140,000
May 18, 2023	$ 0.30	-	2,000,000
May 31, 2023	$ 0.15	-	200,000
June 3, 2023	$ 0.30	-	100,000
August 26, 2023	$ 0.30	-	4,125,000
September 4, 2023	$ 0.30	-	550,000
January 25, 2024	$ 0.30	535,000	535,000
		535,000	9,650,000

The weighted average remaining contractual life for the outstanding options at December 31, 2023 is 0.07 (2022 - 0.47) years.

Subsequent to year end, 535,000 options expired unexercised.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (Continued)

(d) Warrants

The Company's warrant activity for the year ended December 31, 2023 is as follows:

	Number of Financing Warrants	Number of Finders Warrants	Weighted Average Exercise Price $
December 31, 2021	70,313,891	2,721,050	0.30
Issued	24,210,732	271,330	0.23
December 31, 2022	94,524,623	2,988,380	0.28
Expired	(70,313,891)	(2,721,050)	0.30
Issued	22,600,000	9,590	0.15
December 31, 2023	46,810,732	276,920	

The following summarizes information on the number of warrants outstanding:

Expiry Date	Exercise Price	December 31, 2023	December 31, 2022
April 20, 2023	$ 0.30	-	17,461,230
August 12, 2023	$ 0.30	-	38,643,597
December 20, 2023	$ 0.30	-	16,930,114
June 30, 2024	$ 0.23	20,293,997	20,293,997
October 19, 2024	$ 0.23	4,184,065	4,184,065
June 20, 2025	$ 0.15	17,009,590	-
August 1, 2025	$ 0.15	3,007,920	-
August 31, 2025	$ 0.15	2,592,080	-
		47,087,652	97,513,003

12. SEGMENTED INFORMATION

The Company's business interests are in the exploration and development of mineral properties. The Company's significant assets are distributed by geographic locations as follows:

As at December 31, 2023:

	Exploration and evaluation assets	Right-of-use Asset	Total
Mexico	$ 4,914,899	$ -	$ 4,914,899
Canada	$ -	$ 67,779	$ 67,779

As at December 31, 2022:

	Exploration and evaluation assets	Right-of-use Asset	Total
Mexico	$ 4,248,949	$ -	$ 4,248,949
Canada	$ -	$ 32,553	$ 32,553

(Expressed in Canadian Dollars)

13. INCOME TAXES

(a) A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

	2023	2022
Loss before taxes	$ (3,811,530)	$ (6,907,158)
Canadian statutory tax rate	27%	27%
Income tax recovery computed at statutory rates	(1,029,113)	(1,864,933)
Non-deductible items	1,294	1,532
Temporary differences	49,474	(20,797)
Foreign tax rates different from statutory	(44,917)	(127,494)
Unused tax losses and tax offsets not recognized	1,042,242	2,018,000
Under(over) provided in prior years	(18,980)	(6,308)
Income tax recovery	$ -	$ -
Represented by:		
Current income tax	$ -	$ -
Future income tax	$ -	$ -

The Mexican income tax rate remained constant at 30%.

(b) The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable deferred tax assets will be realized. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2023	2022
Non-capital losses	$ 20,370,000	$ 16,540,000
Right of use assets	10,000	10,000
Share issue costs	173,000	210,000
Unrecognized deferred tax	$ 20,553,00	$ 16,760,000

As at December 31, 2023, the Company has non-capital losses carried forward of approximately $20,370,000 (2022 - $16,540,000) that may be applied against future income for income tax purposes in Canada and Mexico. The operating losses expire between 2024 and 2043.

14. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

In January 2023, the Company entered into a commercial property lease commencing on February 1, 2023 and ending on January 31, 2025 for a monthly rent of $6,000.

The Company has entered into option agreements to acquire certain exploration properties in Mexico. For the option agreements to remain in good standing, the Company is committed to making periodic payments (Note 7).

15. EVENTS AFTER THE REPORTING PERIOD

On February 20, 2024, the Company closed the first tranche of a $1,000,000 non-brokered private placement (the “Offering”) by issuing 11,028,429 units (the “Units”) at a price of $0.05 per Unit, for gross proceeds of $551,421.

On March 29, 2024, the Company closed the second and final tranche of the non-brokered private placement by issuing another 12,321,580 units for additional gross proceeds of $616,079. In total, the Company issued 23,350,009 units at a price of $0.05 per Unit, for gross proceeds of $1,167,500.

Each Unit consists of one Sonoro common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional Sonoro common share for a period of three years from the closing of the private placement at an exercise price of $0.07 per share.

In connection with the Offering, the Company paid $5,950 in Finder’s fees and issued 77,000 in non-transferable three-year Finder’s Warrants at an exercise price of $0.07 and 42,000 non-transferable two-year Finder’s Warrants at an exercise price of $0.05 for a total of 119,000 Finder’s Warrants.

In April 2024, MMP entered into an amendment agreement with the Cerro Caliche Vendor to pay US$100,000 by April 11, 2024, which was paid and $100,000 by May 11, 2024, and a final payment of $400,000 by June 11, 2024.

In April 2024, MMP entered into an amendment agreement with the Rosario Vendor to pay the US$375,000 amount due on May 31, 2023 as follows: US$50,000 by April 26, 2024, which was paid, US$50,000 by June 26, 2024, US$50,000 by November 26, 2024 and the balance of US$225,000 by April 1, 2025 in conjunction with the final payment of US$550,000.