



(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

INDEPENDENT AUDITOR'S 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, 2024 and 2023;
- ♦ 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, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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 *Auditor's 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 \$1,287,334 during the year ended December 31, 2024 and, as of that date, the Company has a working capital deficiency of \$5,447,614 and an accumulated deficit of \$30,713,021. 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, 2024. 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.

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 auditor's report.

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Other Information

Management is responsible for the other information. The other information comprises 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 auditor's 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 Accounting Standards, 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.

Auditor's 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 auditor's 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:

- ♦ 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.

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- ♦ 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 auditor's 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 auditor's 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.
- ♦ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 auditor's 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.

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

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 29, 2025

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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, 2024	December 31, 2023
Assets			
Current assets			
Cash	4	\$ 214,084	\$ 877
Value-added tax receivable	7	1,096,801	-
Receivables	10	16,804	10,289
Prepaid expenses		97,750	148,273
		1,425,439	159,439
Non-current assets			
Value-added tax receivable	2	520,716	-
Right of use asset	5	5,216	67,779
Exploration and evaluation assets	6	5,970,726	4,914,899
Total Assets		\$ 7,922,097	\$ 5,142,117
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8,9	\$ 1,641,565	\$ 1,350,136
Due to related parties	8	337,442	500,319
Loans payable	9	4,888,046	3,412,398
Lease liability	5	6,000	60,437
		6,873,053	5,323,290
Non-current liability			
Lease liability	5	-	6,000
Total Liabilities		6,873,053	5,329,290
Shareholders' equity (deficiency)			
Share capital	10	31,021,566	28,521,721
Share-based payment reserve	10	2,005,737	2,005,737
Share subscriptions receivable	10	(1,265,238)	(1,288,944)
Deficit		(30,713,021)	(29,425,687)
		1,049,044	(187,173)
		\$ 7,922,097	\$ 5,142,117

Approved on behalf of the Board:

*"Stephen Kenwood" (signed)**"Ken MacLeod" (signed)*

Stephen Kenwood, Director

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	2024	2023
Operating expenses			
Consulting fees	8	\$ 659,376	\$ 825,966
Depreciation	5	62,563	89,902
Exploration expenditures	6	777,506	693,331
Investor due diligence		-	302,385
Legal and audit		88,296	84,740
Office and administration		80,612	126,002
Transfer agent and filing fees		72,216	33,293
Travel and promotion		701,187	787,964
		(2,441,756)	(2,943,583)
Other income (expenses)			
Interest income		40	1,471
Interest expense	5,6,9	(561,716)	(425,817)
Foreign exchange loss		(119,851)	(38,746)
Value-added tax recovery (provision)	7	1,835,949	(404,855)
		1,154,422	(867,947)
Loss and comprehensive loss for the year		\$ (1,287,334)	\$ (3,811,530)
Basic and diluted loss per share		\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding		188,339,229	154,625,616

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

SONORO GOLD CORP.

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Consolidated statements of loss and comprehensive loss

(Expressed in Canadian Dollars)

	Share Capital		Share-Based Payment Reserve	Share Subscriptions Receivable	Deficit	Shareholders' Equity (Deficiency)
	Shares	Amount				
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)
Private placement, net of issuance costs	46,405,565	2,499,845	-	23,706	-	2,523,551
Net loss for the year	-	-	-	-	(1,287,334)	(1,287,334)
Balance, December 31, 2024	212,476,557	\$ 31,021,566	\$ 2,005,737	\$(1,265,238)	\$(30,713,021)	\$ 1,049,044

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

SONORO GOLD CORP.

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Consolidated statements of cash flows

(Expressed in Canadian Dollars)

For the years ended December 31	2024	2023
Operating Activities		
Net loss	\$ (1,287,334)	\$ (3,811,530)
Items not involving cash		
Depreciation	62,563	89,902
Interest expense	11,563	15,413
Write-off of deferred financing costs	-	175,553
Value-added tax recovery (provision)	(1,835,949)	404,855
Changes in non-cash working capital		
VAT receivables	218,432	(404,855)
Receivables	(6,515)	11,266
Prepaid expenses	50,523	134,976
Accounts payable and accrued liabilities	(65,173)	(31,354)
Due to related parties	(162,877)	390,995
Cash Used in Operating Activities	(2,884,421)	(3,024,779)
Investing Activity		
Acquisition of exploration and evaluation assets	(1,055,827)	(665,950)
Cash Used in Investing Activity	(1,055,827)	(665,950)
Financing Activities		
Common shares issued for cash	2,542,500	1,404,577
Subscriptions received	23,706	-
Share issuance costs	(42,653)	(22,185)
Lease payments	(72,000)	(106,821)
Loans payable advances	1,956,904	2,656,417
Loans repaid	(255,000)	(327,927)
Cash Provided by Financing Activities	4,153,455	3,604,061
Outflow of Cash	213,207	(86,668)
Cash, Beginning of Year	877	87,545
Cash, End of Year	\$ 214,084	\$ 877
Supplemental Disclosure with Respect to Cash Flows		
Interest received	\$ 40	\$ 1,471
Interest paid	\$ 204,563	\$ 523,907

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

SONORO GOLD CORP.

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Notes to the consolidated financial statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

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 \$1,287,334 during the year ended December 31, 2024 (2023 - \$3,811,530). As at December 31, 2024, the Company had working capital deficiency of \$5,447,614 (2023 - \$5,163,851) and an accumulated deficit of \$30,713,021 (2023 - \$29,425,687). 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, 2025.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). 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.

SONORO GOLD CORP.

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Notes to the consolidated financial statements

For the years ended December 31, 2024 and 2023

(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:

Value-Added Tax ("VAT") receivable

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.

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.

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.

SONORO GOLD CORP.

(An Exploration Stage Company)

Notes to the consolidated financial statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

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).

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

Financial assets

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.

SONORO GOLD CORP.

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Notes to the consolidated financial statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial assets (continued)

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).

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 profit or loss.

SONORO GOLD CORP.

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Notes to the consolidated financial statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (Continued)

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.

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.

SONORO GOLD CORP.

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Notes to the consolidated financial statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments

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, 2024, the Company wrote off \$nil (2023 - \$302,385) of deferred financing costs as the term sheet for financing had expired. These costs were expensed as investor due diligence on the consolidated statements of loss and comprehensive loss.

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

The following new amendments to IAS 1 *Presentation of Financial Statements* have been adopted since the release of the Company's financial statements for the year ended December 31, 2024.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The International Accounting Standards Board ("IASB") has published *Classification of Liabilities as Current or Non-Current* (Amendments to IAS 1), which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- Clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period."
- Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.
- Make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for the Company's annual periods beginning January 1, 2024. The adoption of this amendment did not have any impact on the Company's consolidated financial statements.

SONORO GOLD CORP.

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Notes to the consolidated financial statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (Continued)

New accounting standards issued but not yet effective

Following are the new standards and amendments issued by the IASB which are applicable to the Company's financial statements. The Company will assess the impact of the adoption of these standards and amendments on its consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which is intended to give investors more transparent and comparable information about companies' financial performance, thereby enabling better investment decisions. IFRS 18 introduces new sets of requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies through.

- Improved comparability in the statement of profit or loss or income statement;
- Enhanced transparency of management-defined performance measures; and
- More useful grouping of information in the financial statements.

IFRS 18 also requires companies to provide more transparency about operating expenses, helping investors to find and understand the information they need. IFRS 18 is effective for the Company's annual reporting periods beginning January 1, 2027. Earlier adoption is permitted. IFRS 18 replaces IAS 1. It carries forward many requirements from IAS 1 unchanged.

IFRS 9 Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to the classification and measurement requirements in IFRS 9. The amendments will address diversity in accounting practice by making the requirements more understandable and consistent. These include:

- Clarifying the classification and assessment of contractual cash flows of financial assets with environmental, social and corporate governance ("ESG").
- Settlement of liabilities through electronic payment systems – the amendments clarify the date on which a financial asset or financial liability is derecognized. The IASB also decided to develop an accounting policy option to allow a company to derecognize a financial liability before it delivers cash on the settlement date if specified criteria are met.

With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example, features tied to ESG-linked targets. The amendments are effective for the Company's annual reporting periods beginning on January 1, 2026.

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3. MATERIAL ACCOUNTING POLICIES (Continued)

New accounting standards issued but not yet effective (continued)

Annual Improvements to IFRS Accounting Standards

In July 2024, the IASB issued narrow amendments to IFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards. The amended Standards are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The amendments are effective for the Company's annual periods beginning on January 1, 2026, with earlier application permitted. Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard or correct relatively minor unintended consequences or oversights in the Accounting Standards. They also correct minor conflicts between the requirements of the Accounting Standards.

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4. FINANCIAL INSTRUMENTS

The Company has classified its cash as fair value through profit and loss, receivables (excluding input tax credits and VAT 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 years ended December 31, 2024 and 2023.

Credit risk

The Company is exposed to credit risk with respect to its cash and receivables (excluding input tax credits and VAT receivable). 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, 2024	December 31, 2023
Cash held at major Canadian financial institutions	\$ 153,498	\$ 819
Cash held at major Mexican financial institutions	60,586	58
Total cash	\$ 214,084	\$ 877

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, 2024 in the amount of \$5,447,614 (2023 - \$5,163,851).

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4. FINANCIAL INSTRUMENTS (Continued)**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, 2024 and 2023. Loans payable are at fixed interest rates.

(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, 2024 and 2023, 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, 2024			
		MXN	USD
Cash	\$	878,851	\$ 16,866
Accounts payable and accrued liabilities		(14,629,568)	-
Loans		(46,484,140)	-
Total		(60,234,857)	16,866
Canadian dollar equivalent		\$ (4,173,673)	\$ 24,269
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

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, 2024 by approximately \$415,000 (2023 - \$280,000).

(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.

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4. FINANCIAL INSTRUMENTS (Continued)**Capital Management**

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 (deficiency).

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, 2024.

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, 2024 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

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5. 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, 2024 and 2023:

Cost	\$
Balance, December 31, 2022	85,450
Additions	125,128
Balance, December 31, 2023 and 2024	210,578
Accumulated depreciation	
Balance, December 31, 2022	52,897
Depreciation	89,902
Balance, December 31, 2023	142,799
Depreciation	62,563
Balance, December 31, 2024	205,362
Carrying amount as at December 31, 2023	67,779
Carrying amount as at December 31, 2024	5,216

Lease liability

The following is the continuity of lease liabilities as at and for the year ended December 31, 2024:

Cost	\$
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
Lease payments	(72,000)
Interest expense on lease payments	11,563
Balance, December 31, 2024	6,000
Less: current portion	(6,000)
Lease liability – noncurrent	-

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6. EXPLORATION AND EVALUATION ASSETS

During the year ended December 31, 2024, the Company incurred the following acquisition expenditures:

	Cerro Caliche	San Marcial	Total
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
Acquisition costs	1,055,827	-	1,055,827
December 31, 2024	\$ 5,617,077	\$ 353,649	\$ 5,970,726

During the year ended December 31, 2024, the Company incurred the following exploration expenditures:

	Cerro Caliche	San Marcial	Total
Field expenses	\$ 21,626	\$ -	\$ 21,626
Consulting	204,360	-	204,360
Geological	317,717	-	317,717
Lease payment	72,172	-	72,172
Administration	93,724	-	93,724
Concession taxes	46,277	21,630	67,907
	\$ 755,876	\$ 21,630	\$ 777,506

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

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6. 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.

The Company made payments of US\$2,982,000 in instalments as follows:

December 19, 2017 deposit	US\$10,000
January 23, 2018 (on signing)	US\$117,000*
January 23, 2019	US\$200,000
December 13, 2019	US\$30,000
January 13, 2021	US\$135,000
April 3, 2021	US\$20,000
April 30, 2021	US\$120,000
July 23, 2021	US\$200,000
January 23, 2021	US\$200,000
July 23, 2021	US\$250,000
January 23, 2022	US\$250,000
July 23, 2022	US\$300,000
January 23, 2023	US\$300,000
July 23, 2023	US\$200,000
December 18, 2023	US\$25,000
January 31, 2024	US\$25,000
April 11, 2024	US\$100,000
May 11, 2024	US\$100,000
June 14, 2024	US\$150,000
November 14, 2024	US\$250,000

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

The Cerro Caliche Vendor is 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.

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.

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6. 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 26, 2024	US\$50,000 (paid)
July 26, 2024	US\$50,000 (paid)
November 26, 2024	US\$50,000 (paid)
April 1, 2025	US\$791,000 (Note 14)

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 December 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 14).

During the year ended December 31, 2024, MMP entered into amendment agreements with the Rosario Vendor to pay the US\$375,000 amount due on December 31, 2023 as follows: US\$50,000 by April 26, 2024 (paid), US\$50,000 by June 26, 2024 (paid), US\$50,000 by November 26, 2024 (paid), and the balance of US\$241,000 by April 1, 2025 in conjunction with the final payment of US\$550,000 (Note 14).

During the year ended December 31, 2024, \$108,117 (2023 - \$8,980) interest was accrued in relation to the Rosario Vendor.

(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 an additional \$60,000 over the following two years and issued 150,000 shares over the 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".

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6. EXPLORATION AND EVALUATION ASSETS (Continued)

(b) San Marcial Property (continued)

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

(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.

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7. VALUE ADDED TAX ("VAT") RECEIVABLE

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. During the year ended December 31, 2024, the Company engaged with a legal counsel to assist with the process of recovering the VAT. The Company has agreed to a 15% service fee payable to the legal counsel of the VAT recovered. During the year ended December 2024, the Company wrote off \$215,642 (2023 - \$nil) of VAT receivable relating to unrecoverable amount, and wrote down the balance due to the 15% service fee payable for an amount of \$285,444. During the year ended December 2024, the Company received \$88,901 of VAT refund from the Mexican authorities. Accordingly, the Company has reinstated the VAT receivable of \$1,617,517 as at December 31, 2024 (2023 - \$nil). During the year ended December 31, 2023, the Company had made a provision for VAT receivable of \$404,855. 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, 2024 and 2023 is as follows:

VAT receivable	\$
Balance, December 31, 2022	1,932,180
Additions	404,855
Provision for VAT receivable	(2,337,035)
Balance, December 31, 2023	-
Additions	133,653
Reversal of provision for uncollected VAT	2,121,393
Amounts recovered	(88,901)
Expected service fee	(285,444)
Cumulative effect of foreign exchange	(263,184)
Balance, December 31, 2024	1,617,517
Less: Non-current portion	520,716
VAT receivable - current	1,096,801

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8. 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,	
	2024	2023
Consulting fees	\$659,376	\$670,045

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, 2024, \$337,442 (2023 - \$500,319) is owing to related parties, including management, directors and companies controlled by management, without interest and is payable on demand.

At December 31, 2024, \$4,458,777 (2023 - \$2,897,263) 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, \$412,200 (2023 - \$240,092) is accrued as interest and loan fees and is included in accounts payable and accrued liabilities (Note 9).

During the year ended December 31, 2024 related parties contributed 27% of all private placements completed.

9. LOANS PAYABLE

During the year ended December 31, 2024, the Company issued promissory notes to related parties and third parties in the amount of \$1,956,904 with 10% interest and loan fee of 7% (2023 - \$2,656,417 with 10% interest and loan fee ranging from 0% to 7%). The Company repaid \$255,000 (2023 - \$327,927) of the promissory notes and paid or accrued \$428,878 of interest (2023 - \$404,278). As at December 31, 2024, the balance owing was \$4,888,046 (2023 - \$3,412,398). The outstanding loans and interest are due and payable upon the completion of financing for the development of the Cerro Caliche mining operation.

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10. SHARE CAPITAL AND RESERVES

a. Authorized

Unlimited number of common shares without par value.

b. Issued

- i. In February 2024, the Company closed the first tranche of a \$1,000,000 non-brokered private placement by issuing 11,028,429 units at a price of \$0.05 per Unit, for gross proceeds of \$551,421.

- ii. In March 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 \$19,437 in Finder's fees, legal and related costs 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.

- iii. In September 2024, the Company completed a non-brokered private placement by issuing 17,500,000 units at a price of \$0.05 per Unit, for gross proceeds of \$875,000.

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 \$12,127 in Finder's fees, legal and related costs and issued 134,400 in non-transferable three-year Finder's Warrants at an exercise price of \$0.07.

- iv. In December 2024, the Company completed a non-brokered private placement by issuing 5,555,556 units at a price of \$0.09 per Unit, for gross proceeds of \$500,000.

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 two years from the closing of the private placement at an exercise price of \$0.14 per share.

In connection with the offering, the Company paid \$11,089 in Finder's fees, legal and related costs and issued 68,446 in non-transferable two-year Finder's Warrants at an exercise price of \$0.14.

During the year ended December 31, 2024, the Company received \$23,706 of share subscriptions receivable of the \$1,288,944 outstanding as of December 31, 2023.

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10. SHARE CAPITAL AND RESERVES (Continued)**b. Issued (continued)**

The fair value of the finder's warrants issued during the year ended December 31, 2024 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2024
	Warrants
Risk-free interest rate	3.31%
Expected dividend yield	0.00%
Expected stock price volatility	77.55%
Expected life in years	2.66
Weighted average fair value	\$0.02

The fair value was determined to be nominal and nothing has been recorded as share-based payment reserve.

- v. In August 2023, the Company closed two non-brokered private placement offerings 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.
- vi. 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 \$23,147 in finders' fees and legal costs and issued 9,590 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.

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.

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10. SHARE CAPITAL AND RESERVES (Continued)**c. Stock options (continued)**

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

	December 31, 2024		December 31, 2023	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2023	535,000	\$ 0.30	9,650,000	\$ 0.26
Expired	(535,000)	(0.30)	(9,115,000)	(0.12)
	-	-	535,000	\$ 0.30

No stock options were granted during the years ended December 31, 2024 and 2023.

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

	Exercise Price	December 31, 2024	December 31, 2023
Expiry Date			
January 25, 2024	\$ 0.30	-	535,000

d. Warrants

The Company's warrant activity for the years ended December 31, 2024 and 2023 is as follows:

	Number of Financing Warrants	Number of Finders Warrants	Weighted Average Exercise Price \$
December 31, 2022	94,524,623	2,988,380	0.28
Expired	(70,313,891)	(2,721,050)	-
Issued	22,600,000	9,590	0.15
December 31, 2023	46,810,732	276,920	
Issued	46,405,565	321,846	0.08
Expired	(24,210,732)	(267,330)	-
December 31, 2024	69,005,565	331,436	

The following summarizes information on the number of warrants outstanding:

Expiry Date	Exercise Price	December 31, 2024	December 31, 2023
September 30, 2024	\$ 0.23	-	20,293,997
October 19, 2024	\$ 0.23	-	4,184,065
June 20, 2025	\$ 0.15	17,009,590	17,009,590
August 1, 2025	\$ 0.15	3,007,920	3,007,920
August 31, 2025	\$ 0.15	2,592,080	2,592,080
February 16, 2027	\$ 0.07	11,098,429	-
March 28, 2026	\$ 0.05	42,000	-
March 28, 2027	\$ 0.07	12,328,580	-
September 25, 2027	\$ 0.07	17,634,400	-
December 18, 2026	\$ 0.14	5,624,002	-
		69,337,001	47,087,652

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11. 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, 2024:

	<u>Exploration and evaluation assets</u>	<u>Value Added Tax Receivable</u>	<u>Right-of-use Asset</u>	<u>Total</u>
Mexico	\$ 5,970,726	\$ 520,716	\$ -	\$ 6,491,442
Canada	\$ -	\$ -	\$ 5,216	\$ 5,216

As at December 31, 2023:

	<u>Exploration and evaluation assets</u>	<u>Right-of-use Asset</u>	<u>Total</u>
Mexico	\$ 4,914,899	\$ -	\$ 4,914,899
Canada	\$ -	\$ 67,779	\$ 67,779

12. INCOME TAXES

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

	2024	2023
Loss before taxes	\$ (1,287,338)	\$ (3,811,530)
Canadian statutory tax rate	27%	27%
Income tax recovery computed at statutory rates	(347,581)	(1,029,113)
Non-deductible items	1,176	1,294
Temporary differences	553,278	49,474
Foreign tax rates different from statutory	28,477	(44,917)
Unused tax losses and tax offsets not recognized	(191,445)	1,042,242
Under(over) provided in prior years	(43,905)	(18,980)
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:

	2024	2023
Non-capital losses	\$ 21,248,000	\$ 20,370,000
Right of use assets	10,000	10,000
Share issue costs	102,000	173,000
Unrecognized deferred tax	\$ 21,360,000	\$ 20,553,000

As at December 31, 2024, the Company has non-capital losses carried forward of approximately \$21,248,000 (2023 - \$20,370,000) that may be applied against future income for income tax purposes in Canada and Mexico. The operating losses expire between 2025 and 2044.

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13. 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 6).

14. EVENTS AFTER THE REPORTING PERIOD

In January 2025, the Company granted 15,300,000 options to certain directors, officers, and consultants exercisable for a period of three years at a price of \$0.15 per share.

In March 2025, MMP entered into an amendment agreement with the Rosario Vendor whereby MMP paid US\$50,000 on April 1, 2025 and agreed to pay the balance of US\$913,113 which includes a cash bonus and interest charges by October 1, 2025.