ARIZONA SONORAN COPPER COMPANY INC.

ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2024

March 27, 2025

TABLE OF CONTENTS

INTRODUCTORY NOTES

Cautionary Statement Regarding Forward-Looking Information and Other Matters

Forward-Looking Statements

All statements, other than statements of historical fact, contained or incorporated by reference in this annual information form (this "**AIF**") of Arizona Sonoran Copper Company Inc. (the "**Company**" or "**ASCU**") constitute “forward-looking statements” and “"forward-looking information" (collectively, “forward-looking statements”) within the meaning of applicable Canadian securities laws and United States securities legislation. Forward-looking statements are made as of the date of this AIF or as otherwise expressly stated herein. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as “advance”, “anticipated”, “assumptions”, “become”, “believe”, “budget”, “building”, “commitments”, “contemplated”, “contingencies”, “continue”, “could”, “develop”, “define”, “demonstrates”, “emerging”, “estimate”, “evaluates”, “expand”, “expect”, “exploration”, “eventual”, “expected”, “feasibility”, “focused”, “following”, “foreseeable”, “forecast”, “forward”, “future”, “goals”, “forecasts”, “foreseeable”, “growth”, “if”, “indicators”, “initial”, “intend”, “initiative”, “in the event”, “leading”, “liabilities”, “liquidity”, “long-term”, “looking”, “may”, “milestone”, “model”, “need”, “new”, “next”, “objective”, “ongoing”, “opportunity”, “optimize”, “options”, “outcome”, “pending”, “phase”, “plan”, “potential”, “preliminary”, “probable”, “program”, “progress”, “proposed”, “provision”, “resource”, “rights”, “risk”, “schedule”, “strategy”, “study”, “subject to”, “sustaining”, “targeting”, “timelines”, “to be”, “testing”, “trend”, “uncertainties”, “upgrade”, “will”, or “would”, variations of such words, and similar such words, comparable terminology, expressions or statements that certain actions, events or results can, could, may, should, would, will (or not) be achieved, occur, provide, result or support in the future, or which, by their nature, refer to future events. In some cases, forward-looking statements may be stated in the present tense, such as in respect of current matters that may be continuing, or that may have a future impact or effect. Such forward-looking statements include those regarding the 2025 work plan and details and results thereof (including drilling programs, technical studies (including trade-off studies, metallurgical studies, 2025 preliminary feasibility study (or 2025 PFS) and definitive feasibility study (or DFS), and related milestones and other details, and the requirements, scope, focus, related work, and the timing, any optimizations, value and other results of any such studies), permitting (including amendments and other requirements, and timing thereof), advancing the 2025 PFS (including deliver, timing and results thereof), any eventual DF, and any and all other technical studies), required funding for the work plan (including the amount of funding and timeline required); project financing including engagement of potential financiers, and timeline thereof and results thereof, and other advancement of the Cactus Project (as defined herein), including any other work and other operations in 2025; the Cactus Project as contemplate by the 2024 PEA (as summarized in the 2024 PEA Technical Report), a 2025 PFS and DFS, and/or any future such or similar study, analyses or testing (including contemplated workstreams or plans, opportunities), and the conclusions, parameters or results thereof (including economic analyses, net present value (or NPV), and other valuations, internal rate of return (or IRR) and other returns, free cash flow (or FCF), life of mine (or LOM), mine plans, mining methods, dilution and mining recoveries, processing method and rates, timing and rate of production, results of metallurgical test work and metallurgical recovery rates, infrastructure requirements, mineral resource estimates (or MRE), costs (including capital costs (or capex), C1 cash costs and all in sustaining costs or AISC), any eventual construction decision and commencement of production; returns, impact on Casa Grande and State of Arizona, and other economics, stated therein); mineral resource estimates or MRE (including underlying assumptions, and any upgrade of inferred or other mineral resource estimates, and any related drill program and timing and results thereof); results (if any) of further exploration work to define and expand or upgrade mineral resources and mineral reserves at the Cactus Project, and ability to accomplish such; any Integrated Nuton PFS (including ongoing and future work to be completed in respect thereof, and any issuance of any such study, the timing and results thereof); the ability of exploration work (including drilling) to accurately predict mineralization; targeting additional mineral resources and expansion of existing deposits; the Company's expectations, strategies and plans for the Cactus Project, including planned exploration, drilling, development, construction or other activities of the Company and the results of these activities (including cost, timing and results thereof) and any commencement of production; the timeline, achievement and implications of specified milestones impact of the Nuton™ technologies on the Cactus Project; the impact of the relationship with Nuton LLC on and its operations; future costs of capital and future metal prices; the timing, receipt and maintenance of approvals, licenses and permits from the federal and state government agencies and from any other applicable government, regulator or administrative body; opportunities to expand operations and mineral resources and mineral reserves; the future supply and demand of copper; the impact of technological developments on the demand of copper; the environmental impact of the Company's operations at the Cactus Project and otherwise; the timing of environmental assessment processes; changes to the Cactus Project configuration that may be requested as a result of stakeholder or government input to the environmental assessment process; estimates of reclamation obligations; future financial or operating performance and condition of the Company and its business, operations and properties; business strategy; and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management, in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this AIF including assumptions about: favourable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the development of the Cactus Project and pursue planned exploration; future prices of copper and other metal prices; the timing and results of exploration and drilling programs; the compliance by partners to abide by the terms of agreements; there being no significant disruptions affecting the development and operation of the Cactus Project; the accuracy of any mineral resource estimates; the geology and geological interpretations of the Cactus Project being as contemplated by the 2024 PEA (as summarized in the 2024 PEA Technical Report); the metallurgical characteristics of the Cactus Project being suitable for processing; the grades, metallurgical and mining recovery rates, geotechnical and hydrogeological assumptions being as contemplated by the 2024 PEA (as summarized in the 2024 PEA Technical Report); the ability to successfully apply the Nuton™ technologies on ASCU's properties and the impact on same; the successful operation of the processing facility; production costs; the accuracy of budgeted exploration and development costs and expenditures, including to complete development of the infrastructure at the Cactus Project; the price of other commodities such as fuel; the availability of certain consumables and services and the prices of power and other key supplies being approximately consistent with the assumptions in the 2024 PEA Technical Report; labour and material costs being approximately consistent with the assumptions in the 2024 PEA Technical Report; project parameters being approximately consistent with those as described in the 2024 PEA Technical Report; future currency exchange rates and interest rates; operating conditions being favourable, including whereby the Company is able to operate in a safe, efficient and effective manner; political and regulatory stability; the receipt of governmental and third party approvals, licences and permits on favourable terms; obtaining required renewals for existing approvals, licences and permits and obtaining all other required approvals, licences and permits on favourable terms; sustained labour stability; stability in financial and capital goods markets; and availability of equipment as well as such other assumptions as described in the 2024 PEA Technical Report and the Company's management discussion and analysis (and related financial statements) for the fiscal year ended December 31, 2024 (the "**FYE 2024 Financial Disclosure**"). While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, operational, social, economic, political, regulatory, competitive, and other risks and uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. Such risks include, without limitation: copper prices are volatile and may be lower than expected; product alternatives may reduce demand for the Company's products; estimating mineral reserves and mineral resources is risky and no assurance can be given that such estimates will be achieved; nature of mineral exploration, development and mining involves significant financial risks; dependence on the success of the Cactus Project as the principal operation of the Company; the Company may not be able to obtain further financing and continue as a going concern; changes in exploration, development or mining plans due to exploration results and/or changing budget priorities of ASCU or its joint venture partners; risks relating to the implementation and cost relating to the Nuton™ technologies; the Company's reliance on the availability of funding from third parties or partners; the Company is reliant on appropriate governmental authorities to obtain, renew and maintain the necessary permits for Company operations; estimates of capital cost and operating costs may be lower than actual costs; errors in geological modelling or changes in any of the assumptions underlying the 2024 PEA (as summarized the 2024 PEA Technical Report); geological hydrological and climatic events could suspend future mining operations or increase costs; title to mineral properties may be challenged or impugned; social and environmental activism can negatively impact exploration, development and mining activities; the Company's success is dependent on developing and maintaining relationships with local communities, stakeholders and its labour force; success of the Company and the successful development of the Cactus Project depends on retaining the skills of the Company's management and key personnel; operations during mining cycle peaks are more expensive; mining operations are very risky and project parameters may continue to change as plans continue to be refined; inadequate infrastructure may constrain mining operations; risks from unknown hazards; changes in climate conditions may affect the Company's future operations; substantial government regulation and changes to regulation or more stringent implementation of regulations could have a material adverse effect on the Company's operations and financial condition; regulation of greenhouse gas emissions and climate change issues may adversely affect the Company's operations and markets; risks associated with changing environmental legislation and regulations; the mining industry is intensely competitive; the Company may incur losses and experience negative operating cash flow for the foreseeable future; the Company's insurance coverage may be inadequate and result in losses; currency fluctuations can result in unanticipated losses; enforcement of judgements and effecting service of process on directors may be difficult due to residency outside of Canada; the directors and officers may have conflicts of interest with the Company; Tembo (as defined herein) exercises meaningful control over the Company; current and future debt ranks senior to Common Shares (as defined herein); future acquisitions may require significant expenditures or dilution and may result in inadequate returns; dependence on information technology systems; the Company may become subject to costly legal proceedings and securities class action litigation; risks related to the Company's holding company structure; investors may lose their entire investment; dilution from equity financing could negatively impact holders of Common Shares; equity securities are subject to trading and volatility risks; sales by existing shareholders can reduce share prices; no intention to pay dividends; decline in price and trading volume of Common Shares if securities or industry analysts do not publish research or publish inaccurate or unfavourable research about the Company's business; reduction in share prices due to global financial conditions; outbreaks of diseases and public health crisis; and international conflict, geopolitical tensions or war. Although the Company has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking information, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended. See *"Risk Factors"* for a discussion of certain factors prospective investors should carefully consider before deciding to invest.

The Company cautions that the foregoing lists of important risks, uncertainties, contingencies, assumptions and other factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking information contained herein. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from forward-looking statements Forward-looking statements contained herein are made as of the date of this AIF (or as otherwise expressly specified) and ASCU disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements referenced or contained in this AIF are expressly qualified by these Cautionary Statements as well as the cautionary statements in the 2024 PEA Technical Report, the press releases expressly referenced in this AIF, and in the FYE 2024 Financial Disclosure, all available on the Company's website (www.arizonasonoran.com) and under the Company's issuer profile on SEDAR+ (www.sedarplus.ca).

Preliminary Economic Assessments

The 2024 PEA (as defined herein) referenced in this AIF and summarized in the 2024 PEA Technical Report is only a conceptual study of the potential viability of the Cactus Project and the economic and technical viability of the Cactus Project has not been demonstrated. The 2024 PEA is preliminary in nature and provides only an initial, high-level review of the Cactus Project's potential and design options; there is no certainty that the 2024 PEA will be realized. For further details on the 2024 PEA, including applicable technical notes and cautionary statements, please refer to the 2024 PEA Technical Report, available on the Company's website at www.arizonasonoran.com and under its issuer profile at www.sedarplus.ca.

Mineral Resource Estimates

Until mineral deposits are actually mined and processed, copper and other mineral resources must be considered as estimates only. Mineral resource estimates that are not classified as mineral reserves do not have demonstrated economic viability. The estimation of mineral resources is inherently uncertain, involves subjective judgement about many relevant factors and may be materially affected by, among other things, environmental, permitting, legal, title, taxation, socio-political, marketing, or other known and unknown risks, uncertainties, contingencies and other factors described in the foregoing Cautionary Statements on Forward-Looking Statements. The quantity and grade of reported "inferred" mineral resource estimates are uncertain in nature and there has been insufficient exploration to define "inferred" mineral resource estimates as an "indicated" or "measured" mineral resource and it is uncertain if further exploration will result in upgrading "inferred" mineral resource estimates to an "indicated" or "measured" mineral resource category. Inferred mineral resource estimates may not form the basis of feasibility or pre-feasibility studies or economic studies except for preliminary economic assessments. The accuracy of any mineral resource estimate is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. It cannot be assumed that all or any part of a "inferred", "indicated" or "measured" mineral resource estimate will ever be upgraded to a higher category including a mineral reserve. The mineral resource estimates declared by the Company were estimated, categorized and reported using standards and definitions in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves (the "**CIM Standards**") in accordance with National Instrument 43-101 of the Canadian Securities Administrators ("**NI 43-101**"), which governs the public disclosure of scientific and technical information concerning mineral projects.

U.S. Readers

The terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" as disclosed by the Company are Canadian mining terms defined in the CIM Standards (collectively, the "**CIM Definitions**") in accordance with NI 43-101. NI 43-101 establishes standards for all public disclosure that a Canadian issuer makes of scientific and technical information concerning mineral projects. These Canadian standards differ from the requirements of the United States Securities and Exchange Commission (the "**SEC**") applicable to United States domestic and certain foreign reporting companies under Subpart 1300 of Regulation S-K ("**S-K 1300**"). Accordingly, information describing mineral resource estimates for the Cactus Project may not be comparable to similar information publicly reported in accordance with the applicable requirements of the SEC, and so there can be no assurance that any mineral resource estimate for the Cactus Project would be the same had the estimates been prepared per the SEC's reporting and disclosure requirements under applicable United States federal securities laws, and the rules and regulations thereunder, including but not limited to S-K 1300. Further, there is no assurance that any mineral resource or mineral reserve estimate that the Company may report under NI 43-101 would be the same had the Company prepared such estimates under S-K 1300.

Non-IFRS Financial Performance Measures

This AIF contains certain non-IFRS measures, including sustaining capital, sustaining costs, C1 cash costs and all-in sustaining costs. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Currency and Exchange Rate Information

In this AIF, unless otherwise indicated, all references to "$" or "dollars" refer to Canadian dollars, all references to "US$" refer to United States dollars.

The following table sets forth: (i) the rates of exchange for U.S. dollars expressed in Canadian dollars in effect at the end of the periods indicated; (ii) the average exchange rates in effect during such periods; (iii) the high rate of exchange in effect during such periods; and (iv) the low rate of exchange in effect during such periods, such rates, in each case, based on the noon or daily average exchange rate, as applicable, for conversion of one U.S. dollar to Canadian dollars as reported by the Bank of Canada.

	Year Ended December 31, 2024(1)	Year Ended December 31, 2023(1)	Year Ended December 31, 2022(1)
Period End	1.4389	1.3226	1.3544
Average	1.3698	1.3497	1.3011
High	1.4416	1.3875	1.3856
Low	1.3316	1.3128	1.2451

Notes:

(1) Exchange rate based on the daily average rate of exchange as reported by the Bank of Canada.

As at 4:30 P.M. March 27, 2025, the daily average rate of exchange as reported by the Bank of Canada was $1.00 :C$1.4308.

Technical Terms and Abbreviations

Unless the context otherwise requires, technical terms or abbreviations not otherwise defined in this AIF shall have the following meanings:

Abbreviation	Definition
afy	acre foot per year
Ag	silver
Au	gold
blbs	billions of pounds
Cu	copper
ft	foot
g	gram
gpL	grams per liter
gpm	gallons per minute
g/t	grams per short ton
ha	hectare
km	kilometre
kW	kilowatt
/lb	per pound
lbs	pounds
m	metre
Mgpd	millions of gallons per day
mi	mile
mm	millimetre
mlbs	millions of pounds
Mo	molybdenum
Moz	millions of Troy ounces

Abbreviation	Definition
Mt	millions of short tons
MW	megawatt
MWh/yr	megawatt hours per year
oz	ounce
PM	particulate matter
/t	per ton
T	short ton
tpd	short tons per day
µm	micrometre

The mineral resource estimates (or MRE) for the Cactus Project (including as used in the 2024 PEA Technical Report) have been estimated in accordance with NI 43-101, which incorporates by reference the CIM Standards and CIM Definitions set out by the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**").

As used in this AIF, as applicable, "Company" and "ASCU" may include, or alternatively reference, one or both of the subsidiaries of Arizona Sonoran Copper Company Inc. identified herein (see *"Corporate Structure – Intercorporate Relationships")*.

CORPORATE STRUCTURE

The Company

The Company was incorporated under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") on April 3, 2019, under the name "Elim Mining Incorporated" ("**Elim**"). On July 12, 2021, the Company changed its name from "Elim Mining Incorporated" to "Arizona Sonoran Copper Company Inc."

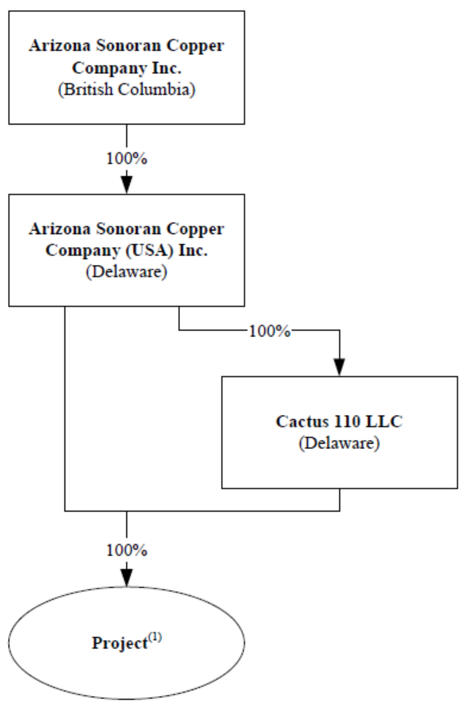
On November 16, 2021, the Company completed the initial public offering and secondary offering of its common shares (the "**Common Shares**"). The Company became a reporting issuer in all provinces and territories of Canada, except for Québec on November 9, 2021. The Common Shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "ASCU".

The Company also trades in the United States on the OTCQX Best Market (the "**OTCQX**") under the symbol "ASCUF".

The Company's main operations office is located at 950 W Elliot Road, Suite 122, Tempe, Arizona, 85284. The Company has its registered office at 666 Burrard Street, 2500 Park Place, Vancouver, British Columbia, V6C 2X8 and its Canadian head office at 372 Bay Street, Suite 1800 Toronto, Ontario M5H 2W9.

Intercorporate Relationships

The Company has two wholly-owned subsidiaries, Arizona Sonoran Copper Company (USA) Inc. ("**ASCU USA**") and Cactus 110 LLC ("**Cactus 110**"), which hold the Company's interest in the Cactus Project and the assets related thereto.



Note:

(1) The Cactus Project is subject to the Nuton Option Agreement pursuant to which Nuton LLC may acquire up to 40% interest in the Cactus Project. See *"General Development of the Business – 2023 – Arizona and Nuton LLC Joint Venture"*.

DESCRIPTION OF THE BUSINESS

General

The Company is a mineral resource company engaged in the identification, acquisition, exploration, development and production of base metal properties in geographic regions known to have low geopolitical risk. The Company's principal asset is a 100% interest in the Cactus Project, which it acquired from ASARCO Multi-State Environmental Custodial Trust ("**ASARCO Trust**") in July 2020, overseen by Arizona State Lands Department (“**ASLD**”) and Arizona Department of Environmental Quality (“**ADEQ**”).

Business Strategy

The Company's strategy is to explore and develop the brownfield Cactus Mine located in Pinal County, Arizona along with the nearby Parks/Salyer deposit, including the MainSpring Property (as defined herein) and the wider land package held by the Company (the "**Cactus Project**") towards a production decision. To execute the strategy, the Company is currently undertaking additional infill and indicated drilling in the Cactus Project as well as the MainSpring Property (as defined herein). The Company also intends to continue obtaining the relevant permits for the Cactus Project, including amending stormwater pollution prevention plan related permit, aquifer protection permit and industrial air permit. ASCU recently completed the 2024 PEA Technical Report, which supersedes all prior studies and technical reports, including the 2024 PFS and 2024 PFS Technical Report (as each is defined herein). See *"The Cactus Project"* for more details. The Company is working towards a standalone pre-feasibility study on the Cactus Project for planned delivery in H22025 (the “**2025 PFS**”). See *"2025 Work Plan"* for further details on the Company's work plans for the Cactus Project.

Specialized Skills and Knowledge

The nature of the Company's business requires specialized skills and knowledge, which include, but are not limited to, expertise related to mineral exploration, geology, drilling, permitting, metallurgy, logistical planning, and implementation of exploration programs, as well as legal compliance, finance, and accounting. The Company expects to rely upon various legal and financial advisors, consultants and others in the operation and management of its business.

In order to attract and retain personnel with the specialized skills and knowledge required for the Company's operations, the Company maintains competitive remuneration and compensation packages. To date, the Company has been able to meet its staffing requirements. See *"Directors and Officers"* for details as to the specific skills and knowledge of the Company's directors and management.

Competitive Conditions

The Company's primary business is expected to be to produce and sell copper. Prices are determined by world markets over which the Company has no influence or control. The Company's competitive position will be primarily determined by its costs compared to other producers throughout the world and its ability to maintain its financial integrity through metal price cycles. Costs are governed to a large extent by the grade, nature and location of mineral reserves and mineral resources as well as by input costs and the level of operating and management skill employed in the production process. In contrast with diversified mining companies, the Company is primarily focused in the shorter term on exploration and development of the Cactus Project and, if commercial production is achieved, copper production, and is therefore subject to unique competitive advantages and disadvantages related to the price of copper. The Company is strongly positioned to benefit from a rising copper price and conversely, if copper prices decrease, the Company will be at a competitive disadvantage to diversified mining companies.

Further, the Company competes with numerous other entities and individuals, including many large established mining companies having substantial capabilities and greater financial and technical resources than the Company. Such competition may result in the Company being disadvantaged in the acquisition of attractive properties. The ability of the Company to acquire attractive properties in the future will also depend on its ability to successfully construct and develop the Cactus Project and arrangements with third parties.

The Company also competes with other mining companies and other third parties over sourcing raw materials and supplies in connection with its construction, development and exploration operations, as well as for skilled experienced personnel and transportation capacity. See *"Risk Factors – Competition"*.

Economic Dependence and Components

The Company's business is not dependent on any contract to sell a major part of its products or to purchase a major part of its requirements for goods, services or raw materials, or on any franchise or license or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends. It is not expected that the Company's business will be affected in the current financial year by the renegotiation, amendment or termination of contracts or subcontracts.

Business Cycles

Demand for and the price of copper are volatile and affected by numerous factors beyond the Company's control. See *"Risk Factors – Volatility of Copper Prices"* and *"Risk Factors – Demand for Copper and Industry Conditions"*.

Environmental Protection

The Company's development and exploration activities are subject to various levels of federal, state, and local laws and regulations relating to the protection of the environment, including requirements for closure and reclamation of mining properties. Permitting for the Cactus Project is driven entirely by state and county regulations. Since the acquisition of the Cactus Project in July 2020, the Company has operated in material compliance with its environmental approvals and has successfully administered a rigorous environmental monitoring and reporting program.

The environmental conditions at the Cactus Project have been reviewed in detail and no environmental fatal flaws that would materially impede the advancement of the Cactus Project have been identified. The Company continues to maintain rigorous baseline data collection programs required to support the future permitting of the Cactus Project and compliance with local regulations. See "*The Cactus Project*".

The Company believes its operational, developmental and environmental plans adequately address the environmental risks associated with its operations and that it currently has in place the appropriate safeguards to protect the environment.

The Company believes it has appropriately accounted for the costs associated with its environmental protection, monitoring and controls; however, environmental regulations are evolving in a manner which has tended to impose higher standards with respect to permitting and environmental controls, and stricter enforcement of non-compliance penalties for companies and their directors, officers and employees with respect to compliance. As the Cactus Project advances, the Company may be required to post additional security in respect of its environmental obligations. Any changes to the current environmental regulatory regime to which the Company is subject may result in increased capital costs and decreased production and revenue to the Company in the future, which could adversely affect the Company's earnings and competitive position. See "*Risk Factors – Risks relating to Changing Environmental Legislation and Regulations"*.

Employees

As of December 31, 2024, the Company had 28 full-time employees, inclusive of executives, and 25 contractors. The number of employees and contractors of the Company is expected to increase during 2025 and reach approximately 25 full-time employees and 35 contractors.

On an ongoing basis, the Company evaluates the required expertise and skills to execute its business strategy and will seek to attract and retain the individuals required to meet the Company's goals. See *"Risk Factors – Dependence on Management and Key Personnel"*.

Foreign Operations

The Company has established its operational headquarters in Arizona and its principal asset and only material property of the Company, the Cactus Project is located in close proximity to the city of Casa Grande, Pinal County, Arizona. See *"Risk Factors – Enforcing Judgements and Foreign Operations Risks, Market / Economic Conditions, and International Conflict, Geopolitical Instability and War"*.

GENERAL DEVELOPMENT OF THE BUSINESS

The following is a summary of ASCU's business development over the three most recently completed financial years.

Events Subsequent to 2024

Existing NSR Purchase by Royal Gold

On February 13, 2025, the Company announced that RG Royalties LLC, a subsidiary of Royal Gold Inc. (RLGD:NASDAQ) had purchased an existing 2.5% net smelter royalty ("**NSR**") on a portion of the Cactus Project for cash consideration of $55 million from Tembo Capital. The Company has the right to buy back 0.5% of Royal Gold's aggregate 2.5% NSR for $7 million, by July 10, 2025.

Rights Plan

On February 3, 2025, the Company announced that it has adopted a shareholder rights plan (the "**Rights Plan**") effective as of January 31, 2025, pursuant to a shareholder rights plan agreement entered into with TSX Trust Company, as rights agent. The Rights Plan is designed to ensure that all ASCU shareholders are treated fairly in connection with any take-over bid and to protect against "creeping bids", which involve the accumulation of 20% or more, on an aggregate basis, of the Company's Common Shares through purchases exempt from applicable take over-bid rules.

Hudbay Private Placement

On January 31, 2025, the Company closed a private placement with Hudbay Minerals Inc. ("**Hudbay**") of 11,955,270 common shares at a price of C$1.68 for gross proceeds to the Company of C$20 million (US$14 million). Additionally, Nuton LLC, a Rio Tinto Venture ("**Nuton**"), exercised its pre-emptive rights in respect of the Hudbay Placement, pursuant to the terms of its investor rights agreement, to maintain its 7.2% equity interest in the Company by acquiring 929,887 shares of the Company for gross proceeds of C$1.6 million (US $1.1 million).

Royalty Buyback

On December 30, 2024, the Company completed a buyback of 1% of the Bronco Creek Exploration ("BCE") NSR for a cash payment of US$0.5 million, reducing the NSR on BCE from 1.5% to a remaining 0.5% NSR. The NSR applies to the BCE parcel which comprises a portion of the Parks/Salyer deposit on the Cactus Project.

MainSpring PSA Completion

On January 31, 2025, the Company completed the MainSpring Agreement with payment of US$6.0 million together with accrued interest at 6% per annum, ahead of its February 28, 2025 maturity date. See *"General Development of the Business – 2023 – MainSpring Property"* for details.

2024

Corporate Appointments

During the year, ASCU appointed Nicholas Hayduk as Vice President Corporate Development and Corporate Secretary.

Cactus Project Updates

On December 3, 2024, the Pinal County Air Quality Department approved an amended Industrial Air Permit ("**IAP**") for the Cactus Project. Upon receiving the IAP, the Company acquired its final major permit needed to develop and mine at the Cactus Project site as per the 2024 PFS as summarized in the 2024 PFS Technical Report (which have subsequently been superseded by the 2024 PEA and 2024 PEA Technical Report, respectively).

Amendment to Nuton Option Agreement

On November 13, 2024, the Company announced an amendment of the Nuton Option Agreement (see "*General Development of the Business – 2023 – Nuton LLC Option to Joint Venture*" for more details) to extend dates for delivery of a draft Integrated Nuton Pre-Feasibility Study (or PFS) to December 31, 2025, and its ultimate filing to March 2, 2026, to provide sufficient time to complete such study, including the related drill program and associated metallurgical work.

2024 Public Offering and Nuton Private Placement

On October 9, 2024, ASCU completed a "bought deal" public offering of 23,805,000 Common Shares at a price of C$1.45 per Common Share for aggregate gross proceeds of C$34.5 million (the "**2024 Public Offering**").

In connection with the 2024 Public Offering, Nuton exercised its pre-emptive rights under the Nuton Investor Rights Agreement (as defined herein) to maintain its ownership interest percentage in ASCU of 7.2%. Accordingly, Nuton subscribed for 2,151,259 Common Shares of the Company at a price of C$1.45 per Common Share for aggregate gross proceeds to the Company of C$3.1 million, which closed on November 13, 2024.

Cactus Project 2024 Preliminary Economic Assessment ("2024 PEA")

The summary of the technical report titled "NI 43-101 Technical Report – Preliminary Economic Assessment of the Cactus Mine Project, Pinal County, Casa Grande Arizona" issued August 23, 2024 (with an effective date of August 7, 2024) (the **"2024 PEA Technical Report**") for the Cactus Project referred to above is subject to certain assumptions, qualifications and procedures described therein. Reference should be made to the full text of the 2024 PEA Technical Report, which has been filed with Canadian securities regulatory authorities pursuant to NI43-101 and is available for review on SEDAR+ under the Company's issuer profile at www.sedarplus.ca. The 2024 PEA Technical Report is not and shall not be deemed to be incorporated by reference in this AIF.

Cactus Project 2024 Pre-Feasibility Study

On March 28, 2024, further to the announcement on February 21, 2024 announcing the pre-feasibility study on the Cactus Project (the "**2024 PFS**"), ASCU filed a technical report in respect of the 2024 PFS titled *"Cactus Mine Project, NI 43-101 Technical Report and Pre-feasibility Study, Arizona, United States of America"* dated March 28, 2024, with an effective date of February 21, 2024, prepared and approved by Qualified Persons as defined by NI 43-101 (each, a "QP"): Erin L. Patterson, P.E., Scott C. Elfen P.E., R. Douglass Bartlett, RG, CHG, Gordon Zuroski, P.Eng., Nat Burgio, FAusIMM (CP), Todd Carstensen, RM-SME, Allan L. Schappert, CPG, SME-RM, James Sorensen, FAusIMM, Matt Bolling, P.E., PMP, and Paul Cicchini, PE (the "**2024 PFS Technical Report**"). The 2024 PFS and 2024 PFS Technical Report (including all mineral resource and mineral reserve estimates cited therein) have, respectively, been superseded in their entirety by the 2024 PEA and 2024 PEA Technical Report (including the mineral resource estimates cited therein, the "**2024 MRE**").

2023

Nuton LLC Option to Joint Venture

On December 14, 2023, ASCU announced that the Company had signed an option to joint venture agreement ("**Nuton Option Agreement**") with ASCU USA, Cactus 110, and Nuton, , to establish a strategic alliance to deploy Nuton technologies at the Cactus Project. The Nuton Option Agreement provided for, among other things, the grant to Nuton of an exclusive right and option to acquire between 35.0% to 40.0% in the Cactus Project (the "**Nuton Option**"). In consideration for the grant of the Nuton Option, the Nuton Option Agreement provides for total funding of up to US$33 million in cash, comprising of: (i) up to US$10 million payable by Nuton to ASCU USA at the signing of the Nuton Option Agreement (the “Option Exclusivity Payment”; (ii) up to US$11 million available to be drawn by ASCU USA through pre-payment towards the Nuton Option Exercise Price (as defined below) for certain land payments (the " Nuton **Option Exercise Pre-Payment Amount**"); and (iii) up to US$12 million payable to the Company for funding costs associated with continued Nuton test work to produce an Integrated Nuton PFS (as defined below).

Nuton may exercise the Nuton Option by payment of the Nuton Option Exercise Price, should the following criteria be satisfied (the "**Trigger Events**"): (i) the prefeasibility study prepared for the Cactus Project (the "**Integrated Nuton PFS**") indicates that the net present value ("**NPV**") of the Cactus Project after applying the Nuton technologies (the "**Nuton Case**") is at least 1.39 times the NPV of the Cactus Project without applying the Nuton technologies (the "**Standalone Case**"); (ii) ASCU's equity contribution to project capital costs under the Nuton Case is equal to or less than ASCU's equity contribution to project costs under the Standalone Case (assuming that 50% of the Standalone Case capital costs are financed with debt); and (iii) Nuton makes all payments required under the Nuton Option Agreement.

The above Trigger Events will be amended if the MainSpring Property becomes material to the Company and is incorporated into a pre-feasibility study in addition to the Cactus Project (the "**Standalone Case with MainSpring**"). The Trigger Events above shall be amended such that the Nuton Option will be for a 35.0% to 40.0% interest in the Cactus Project (including the MainSpring Property) by payment of the Nuton Option Exercise Price if the Integrated Nuton PFS with the MainSpring Property is at least 1.20 times the NPV of the Standalone Case with the MainSpring Property.

Upon notice by ASCU to Nuton that the Trigger Events have been met, the parties will determine the exercise of the Nuton Option (the "**Option Exercise Price**") pursuant to the mechanics outlined in the Nuton Option Agreement and based on the product of (i) Nuton's ownership percentage of the Joint Venture Corporation (as defined below) (the "**Initial Nuton Ownership Percentage**"); (ii) the NPV of the Standalone Case (as referenced in the Integrated Nuton PFS) and (iii) a multiple of 0.65.

Following such determination, if Nuton elects to exercise the Nuton Option, Nuton will pay ASCU USA the Nuton Option Exercise Price net of any Nuton Option Exercise Pre-Payment Amount plus accrued interest at an annual rate equal to the Secured Overnight Financing Rate plus 4.25% within 30 days of a notice to exercise.

The Initial Nuton Ownership Percentage in the case without the MainSpring Property being incorporated in a prefeasibility study will be equal to either:

(i) 37.5% if the NPV of the Nuton Case is 1.39 to 1.49 times the NPV of the Standalone Case; or

(ii) 40.0% if the NPV of the Nuton Case is at least 1.50 times the NPV of the Standalone Case (each as referenced in the Integrated Nuton PFS).

The Initial Nuton Ownership Percentage in the case with the MainSpring Property being incorporated in a prefeasibility study will be equal to:

(i) 35.0% if the NPV of the Nuton Case with MainSpring is 1.20 to 1.29 times the NPV of the Standalone Case with MainSpring;

(ii) 37.5% if the NPV of the Nuton Case with MainSpring is 1.30 to 1.39 times the NPV of the Standalone Case with MainSpring; or

(iii) 40.0% if the NPV of the Nuton Case with MainSpring is at least 1.40 times the NPV of the Standalone Case with MainSpring (each as referenced in the Integrated Nuton PFS with MainSpring).

In the event that Nuton exercises the Nuton Option, the parties will either form a Delaware limited liability company or deem Cactus 110 to be the joint venture company for the Cactus Project (the "**Joint Venture Corporation**"). ASCU will hold the remaining equity interest in the Joint Venture Corporation and continue to act as the operator of the Cactus Project.

In the event the Trigger Events are not satisfied, the Company terminates the Nuton Option Agreement as a result of Nuton delaying its approval of the Integrated Nuton PFS or Nuton elects not to exercise the Nuton Option, then Nuton may elect to either be repaid the Nuton Option Exercise Pre-Payment Amount, if any, advanced to ASCU USA plus Interest within nine (9) months or have ASCU USA deliver to Nuton an unsecured exchangeable debenture (the "**Exchangeable Debenture**") equal to the Nuton Option Exercise Price Pre-Payment Amount, if any, advanced to ASCU USA plus Interest (the "**Principal Amount**"). If issued, the Exchangeable Debenture shall bear Interest and will mature at the earlier of (i) two (2) years from the date of issuance, and (ii) the date that is nine (9) months from the date on which Nuton delivers a demand notice to ASCU USA, which shall be no later than nine (9) months prior to the date in (i). Nuton will have the right to settle all or a portion of the outstanding Principal Amount and Interest accrued thereon in Common Shares at a price per Common Share equal to the volume weighted average trading price of the Common Shares on the principal stock exchange on which such Common Shares are listed for the five (5) consecutive trading days preceding the date on which Nuton delivers a notice of exchange, after giving effect to the prevailing Canadian dollar / U.S. dollar exchange rate (the "**Exchange Price**"), provided that Nuton and its affiliates may not own or control more than 19.9% of the then issued and outstanding Common Shares following such exchange. Alternatively, Nuton has the right for elect for the Principal Amount and Interest accrued thereon to be settled in cash in U.S. dollars or in a combination of cash and Common Shares at the Exchange Price. The Exchangeable Debenture will also contain certain pre-payment rights and resale notice rights in favour of the Company as well as other customary terms and conditions for an agreement of this nature.

Nuton has the right to terminate the Nuton Option Agreement and be repaid the amounts paid to Nuton under the Nuton Option Agreement if there is a change of control transaction in respect of ASCU during the term of the Nuton Option Agreement.

The summary of the Nuton Option Agreement provided above is qualified in its entirety by the full text of the Nuton Option Agreement, a copy of which is available on the System for Electronic Data Analysis and Retrieval+ ("**SEDAR+**") at www.sedarplus.ca under the Company's issuer profile.

Cactus Project Updates

On April 3, 2023, the Company received a Mined Land Reclamation Permit ("**MLRP**") from the Arizona State Mine Inspector's Office. The MLRP is a financial assurance document requiring the Company to bond for fully reclamation of the property after concluding mining operations.

On May 15, 2023, the Pinal County Air Quality Department approved an Industrial Air Permit ("**IAP**") for the Cactus Project. Upon receiving the IAP, the Company acquired its final major permit needed to develop and mine at the Cactus Project site under the now superseded 2024 PFS.

On October 3, 2023, the City of Casa Grande approved a 2.5 acre (10,117.1 m^2) Mineral Exploration Permit (the "**2.5 Acre MEP**") within Parks/Salyer. The 2.5 Acre MEP is located at the southern border of the Parks/Salyer deposit and will allow improved access to mineralized material and eliminate the potential sterilization related to mine planning activities adjacent to lands covered by the 2.5 Acre MEP.

MainSpring Property

On February 28, 2023, Cactus 110 LLC executed an agreement (the "**MainSpring Agreement**") with MainSpring Casa Grande LLC ("**MSCG**") to purchase 522.78 acres of private land immediately south of Parks/Salyer and east of the mine access road (the "**MainSpring Property**") for total consideration of US$14 million, increasing its total landholding to 5,370 acres, comprising of the following payments: (i) US$1 million non-refundable deposit in escrow at the time the MainSpring Agreement was entered into; (ii) US$2 million on or prior to the expiry of a 5-month diligence period (subject to a month extension at the option of the Company) in escrow; (iii) US$5 million on the first anniversary of the MainSpring Agreement (the "**MainSpring Closing Date**"); and (iv) US$6 million together with accrued interest at a rate of 6% per annum within 1 year from the MainSpring Closing Date, secured by way of a promissory note and deed of trust on the MainSpring Property. The title in respect of the MainSpring Property transferred to Cactus 110 on the MainSpring Closing Date. Items i-iv have been completed with the MainSpring Property title transferred to the Company (including the promissory note repaid and deed of trust discharged).

On October 3, 2023, ASCU announced that the City of Casa Grande approved rezoning of the northern parcel of the MainSpring Property to Industrial use. Rezoning allowed the Company to begin drilling activities and represented an opportunity to prepare an exploration plan for future work programs on the MainSpring Property. The southern parcel of the MainSpring Property was rezoned to Industrial use effective January 1, 2024.

2023 Public Offering and Nuton Private Placement

On February 16, 2023, ASCU completed a "bought deal" public offering of 15,000,000 Common Shares at a price of C$2.00 per Common Share for aggregate gross proceeds of C$30 million (the "**2023 Public Offering**"). Tembo acquired an aggregate 2,833,717 Common Shares pursuant to the 2023 Public Offering, allowing the Company's ownership to decrease to 31%.

In connection with the 2023 Public Offering as at the date hereof, on April 4, 2023, Nuton exercised its pre-emptive rights under the Nuton Investor Rights Agreement (as defined herein) to maintain its ownership interest percentage in ASCU of 7.2%. Accordingly, Nuton subscribed for 1,229,140 Common Shares of the Company at a price of C$2.00 per Common Share for aggregate gross proceeds to the Company of C$2,458,280.

Corporate Appointments

During the year, ASCU appointed Isabella Bertani to the board of directors of the Company (the "**Board**") as an independent director effective June 22, 2023, replacing Thomas Boehlert. On March 6, 2023, the Company appointed Victor Moraila as Chief Engineer. On June 7, 2023, the Company appointed Bernie Loyer as Senior Vice President, Projects and Christopher White as Chief Geologist. On September 6, 2023, the Company appointed Steve Dixon as Chief Metallurgist.

2022

Cactus Project Updates

On November 10, 2022, ASCU filed a technical report *"Mineral Resource Estimate and Technical Report – Arizona Sonoran Copper Company Inc. (Parks/Salyer)"* dated November 10, 2022, with an effective date of September 26, 2022 (the "**2022 Technical Report**"). The 2022 Technical Report included the Parks/Salyer mineral resource estimate with an effective date of September 26, 2022, the Stockpile mineral resource estimate with an effective date of April 4, 2021, and the Cactus Project mineral resource with an effective date of March 1, 2022. The 2022 Technical Report included the results and conclusions of a preliminary economic analysis on the Cactus Project outlined in the technical report titled *"Preliminary Economic Assessment (NI 43-101) – Arizona Sonoran Copper Company Inc., Cactus Project, Arizona, USA"* with an effective date of August 31, 2021 (the "**2021 Cactus PEA**"). Neither the 2022 Technical Report nor the 2021 Cactus PEA are current; both have been superseded in their entirety by the 2024 PEA and 2024 PEA Technical Report.

On September 28, 2022, the Company declared its maiden inferred mineral resources at Parks/Salyer of 143.6 million tons at 1.015% Cu containing 2.92 blbs Cu. The inferred mineral resources consist of:

- Leachable: 2.46 blbs of 1.066% total soluble copper
- Primary Sulphides: 0.45 blbs at 0.804% total copper

Inferred MRE at Parks/Salyer are comprised of oxide, enriched and primary mineral zones; the oxides and enriched material are considered "Leachable" via heap leach processing methods.

On March 28, 2022, the Company was granted an amended Aquifer Protection Permit ("**APP**") by the Arizona Department of Environmental Quality ("**ADEQ**") for the Cactus Project. On July 29, 2021, the Company was granted an APP for the Stockpile, which has now been amended to add the Cactus Project open pit and underground operations to the Stockpile.

On February 9, 2022, Cactus 110 entered into an assignment and assumption agreement and a royalty agreement in respect of the transfer of permit 08-122116 with Bronco Creek Exploration Inc. ("**BCE**"), a wholly-owned subsidiary of EMX Royalty Corporation ("**EMX**"), pursuant to which, BCE retained a 1.5% net smelter royalty and Cactus 110 was granted a right to purchase 1% of the net smelter royalty for US$500,000 at any time. Pursuant to the terms of the agreements, EMX will receive annual advance royalty payments of US$50,000 which will cease upon commencement of commercial production and can be bought out at any time for a payment of US$1,000,000. The Company will make milestone payments of US$1,500,000 upon declaration of a mineral resource containing 100 mlbs or more of copper and another payment of US$1,500,000 upon further declaration of an additional 100 mlbs of copper contained in a resource. In the two years following the permit transfer, Cactus 110 will make yearly exploration expenditures totaling US$2,000,000 prior to the first anniversary and a cumulative total of US$4,000,000 prior to the second anniversary. The total added land position is 158 acres of State Land between the immediate boundaries of the project. A US$3,000,000 payment was made on September 28, 2022 when the Company declared a copper resource estimate in excess of 200 mlbs on the BCE property.

In February 2022, the Company completed the general plan amendment with the City Council of Casa Grande related to the 2,159 acres of land comprising the project at the time, which rezoned such lands for Industrial use.

On January 25, 2022, the Company received an Approved Jurisdictional Determination from the United States Army Corps of Engineers ("**USACE**") under which USACE determined that there are no “Waters of the United States” (WOTUS) on the Cactus lands or those contemplated for future acquisition and/or development by the Company. As a result, all future permitting processes at the Cactus Project will continue to be driven by State and County levels.

2022 Private Placement and Nuton Strategic Partnership

On May 13, 2022, the Company completed a non-brokered private placement of 17,500,000 Common Shares at a price of $2.00 per Common Share for aggregate gross proceeds of $35 million (the "**2022 Private Placement**"). Rio Tinto Technology Holdings Corporation ("**Rio Tinto**") and Tembo Capital Elim Co-Investment LP ("**Tembo**") subscribed for 6,400,000 Common Shares and 3,911,916 Common Shares, respectively, under the 2022 Private Placement.

In connection with its subscription under the 2022 Private Placement, ASCU and Rio Tinto entered into an investor rights agreement, which was subsequently assigned to Nuton (an affiliate of Rio Tinto) (the "**Nuton Investor Rights Agreement**"). Pursuant to the Nuton Investor Rights Agreement, the Company granted Nuton (i) a pre-emptive right in favour of Nuton to participate in future equity future equity financings for such sufficient number so as to allow Rio Tinto to maintain its ownership percentage in the Issuer, (ii) a top-up right exercisable once per calendar year allowing Rio Tinto to subscribe for such additional common shares so as to maintain its ownership percentage (due to any non-equity financing dilution), and (iii) certain technology sharing and collaboration between the parties. For details on the rights granted to Nuton pursuant to the Nuton Investor Rights Agreement, please refer to the Nuton Investor Rights Agreement which is available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile.

Following the closing of the 2022 Private Placement, ASCU also finalized its strategic partnership with Rio Tinto focused on Rio Tinto's Nuton™ venture and the Nuton technologies, which provided for the collaboration between the parties to continue ongoing viability testing and studies of the technologies, including the evaluation of deployment at the project contemplated by the 2022 Technical Report. Nuton offers a portfolio of proprietary copper leach related technologies and capability to deliver increased copper recovery and leading environmental performance. The aim of the partnership is to unlock the value of primary, chalcopyrite-dominated, sulphide material via deployment of Nuton technologies and further add to the long-term, large-scale future profile of the project. The Nuton Investor Rights Agreement also provides for evaluation by Nuton and the Company of other areas of potential strategic collaboration.

On July 11, 2022, the Company entered into a one-year exclusivity period with Nuton. The exclusivity was initiated to model the Cactus Project ore samples and achieve the targeted indicative metallurgical recoveries as outlined in the

Nuton Investor Rights Agreement. Please refer to the Nuton Option Agreement above which contains binding commitments in respect of development of the chalcopyrite ore at the project.

Corporate Appointments

During the year, ASCU appointed Sarah Strunk to the Board as an independent director effective on January 1, 2022, and Nicholas Nikolakakis was appointed as the Chief Financial Officer and Vice President, Finance of the Company effective on January 10, 2022.

THE CACTUS PROJECT

The Company's strategy is to explore and develop the Cactus Project located in Pinal County, Arizona, which is the Company's principal asset as well as the wider land package held by the Company.

Current Technical Report

The scientific and technical information in this section relating to the Cactus Project is derived from, and in some instances is a direct extract from, and based on the assumptions, qualifications and procedures set out in, the 2024 PEA Technical Report titled *"NI 43-101 Technical Report – Preliminary Economic Assessment of the Cactus Mine Project, Pinal County, Casa Grande Arizona"*, effective August 7, 2024, and issued August 23, 2024, authored, reviewed and approved by QPs: John Woodson, P.E., SME-RM, Laurie Tahija, QP-MMSA, Gordon Zurowski, P. Eng., Allan L. Schappert, CPGG, SME-RM, R. Douglas Bartlett, CPG, PG, and James L. Sorensen, FAusIMM. Such assumptions, qualifications and procedures are not fully described in this AIF and the following summary does not purport to be a complete summary of the 2024 PEA Technical Report. Reference should be made to the full text of the 2024 PEA Technical Report, which is available for review on SEDAR+ (www.sedarplus.ca) under the Company's profile.

Project Description, Location and Access

The Cactus Project is located 40 road mi south-southeast of the Greater Phoenix metropolitan area and approximately 3 mi northwest of the city of Casa Grande, in Pinal County, Arizona. The Cactus Project, located at the historic Sacaton Mine, is 10 mi due west of the Interstate 10 (I-10) freeway. Access to the Cactus Project is approximately 4.6 mi west of Arizona State Route 387 (AZ-387) on North Bianco Road off the West Maricopa-Casa Grande Highway. The coordinates for the centre of the Cactus Project are -111.828129° longitude and 32.948166° latitude, with a variable elevation between 1,330 to 1,510 ft (405 to 460 m) above sea level. The total site area is approximately 5,720.08 acres.

The following figure shows the general location of the Cactus Project:

In August 2019, Cactus 110, executed a purchase agreement and prospective purchase agreement with the ASARCO Trust and the ADEQ, respectively, for the right to acquire all American Smelting and Refining Company ("**ASARCO**") land parcels representing the Cactus Project, as well as all infrastructure therein, and all associated mineral rights (the "**Cactus Purchase Agreement**").

In July 2020, the Company successfully closed acquisition of and acquired full title to ASARCO's Cactus Mine from the ASARCO Trust. In addition, Cactus 110 closed on the Merrill properties comprising Parks/Salyer. Also in 2020, the Company acquired a Mineral Exploration Permit for adjacent land owned by the Arizona State Lands Department ("**ASLD**").

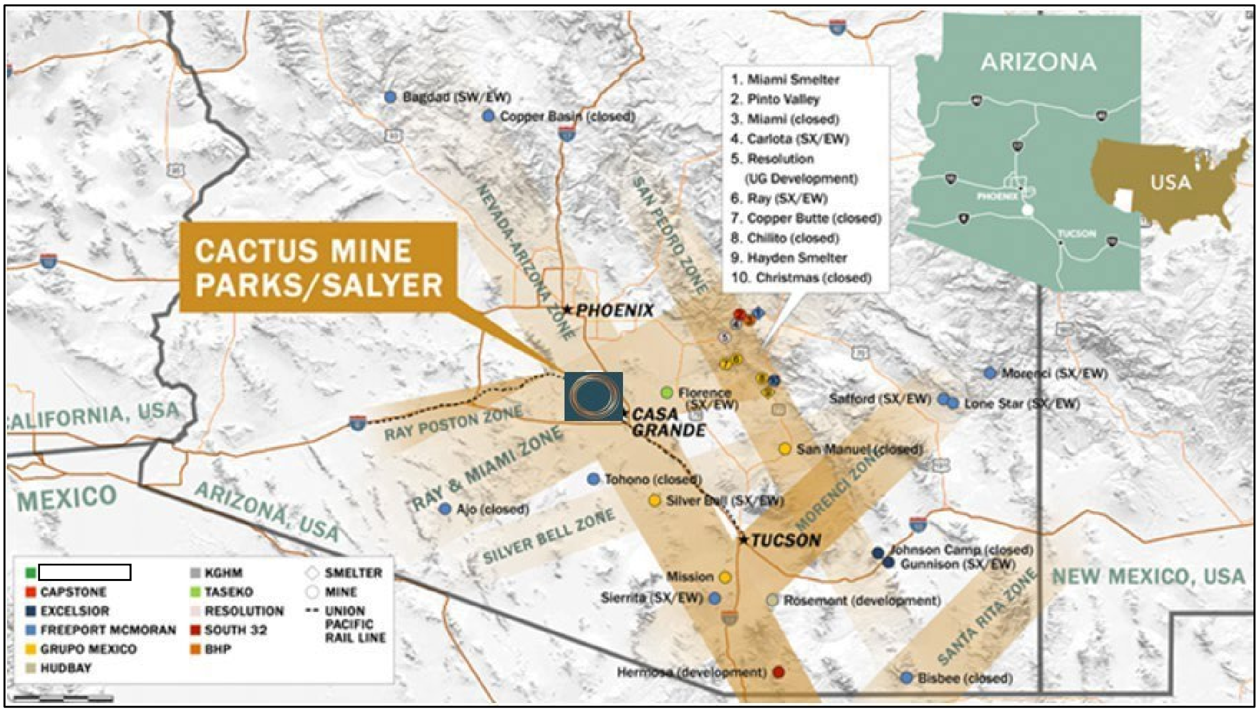
In February 2021, Cactus 110 executed the Arcus Agreement to purchase 750 acres of adjacent land known as the Arcus Property. Further, in May 2021, Cactus 110 entered into the LKY Agreement to purchase 1,000 acres of adjacent land referred to as the LKY Property. Additionally, in February 2022, the Company entered into an agreement with BCE to transfer BCE's Mineral Exploration Lease (the "**BCE MEP**") with the Arizona State Lands Department to the Company. The BCE MEP consists of 157.50 acres of state-owned surface and minerals.

In February 2023, Cactus 110 executed an agreement with MSCG to purchase an additional 522.78 acres of adjacent land known as the MainSpring Property, increasing its total landholding to 5,720.08 acres. The Company has since acquired additional Mineral Exploration Permits and/or Special Land Use Permits on other adjacent lands comprising approximately 162.5 acres.

The Cactus Project now comprises total landholdings of approximately 5,720.08 acres. The privately-owned land assets represent, among other things, the mineral rights to the old Sacaton East, Sacaton West and Parks/Salyer deposits.

Adjacent Properties

The Cactus Project is surrounded by other, current and past-producing, copper deposit mines and similar processing facilities, as shown in the figure below.



The nearest adjacent mineral property is the Santa Cruz copper porphyry deposit just over 2 mi (3 km) southwest of the Cactus site and 7 mi (11 km) west of Casa Grande, Arizona. Deposit information, obtained from an abstract of the Geology of the Santa Cruz Porphyry Copper Deposit Henry G. Keis, ASARCO, Incorporated, Tucson, Arizona, reports associated alteration and mineralization in the Santa Cruz copper porphyry, including that of fault displaced portions (such as the Cactus Project), is about 7 mi (11 km) long and about a mile (1.6 km) wide. Ivanhoe Electric is currently developing the Santa Cruz property and has published NI 43-101 and S-K 1300 technical reports within the past year. A review of those documents has revealed that Santa Cruz had mineralogical properties and structural aspects very similar to Cactus and Parks/Salyer.

Within Pinal County there are currently two operating copper mines. These mines are the Florence Copper Mine, owned and operated by Taseko Mines Ltd. approximately 25 mi (40 km) ENE and the Ray Mine, owned, and operated by ASARCO LLC, a subsidiary to Grupo Mexico (approximately 50 mi ENE) of the Cactus Mine.

Royalties and Encumbrances

The Cactus Project is subject to following three royalties based on potential mining production:

- a 3.18% NSR royalty payable to Royal Gold (2.50%) and 0.68% to Elemental Altus Royalties Corp. (0.68%) on a portion of production from the 2024 MRE based on the current area of the 2024 MRE;

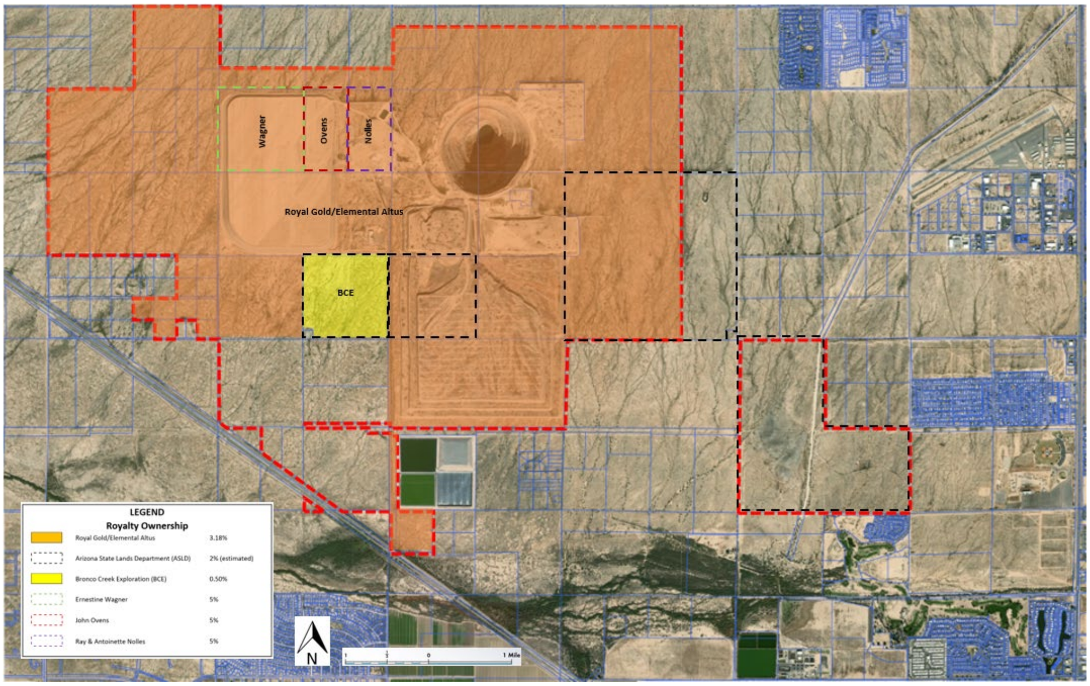
- a 0.50% NSR royalty payable to BCE on a portion of production from the 2024 MRE based on the current area of the 2024 MRE for the Parks/Salyer deposit; and

- a sliding net return royalty (2.00% to 8.00%) payable to ASLD and the State Trust on a portion of production from the 2024 MRE based on the current area of the 2024 MRE for the Parks/Salyer deposit. The royalty percentages still need to be formalized and the Company anticipates that this will be formalized once the

Company submits a Mineral Development Report to ASLD to convert the existing MEPs to a mineral lease. For the purposes of the 2024 PEA Technical Report, it was assumed that a 2.00% NSR is payable to ASLD.

There are three additional 5.00% NSR royalty payable to three individuals that ASARCO originally had in place. Based on the 2024 PEA and MRE, there is no anticipated production from these areas.

A graphical representation of the above royalties is as provided below:



Existing Litigation

The Company is in litigation with Ramm Power Group LLC, which wishes to acquire portions of the Cactus Project site through eminent domain. This risk is considered low, as the cost to acquire the subject property, considering the value of the mineral resource estimate on such property, is prohibitive.

History

ASARCO geologists first discovered the Sacaton mineral deposit in the early 1960s while examining an outcrop of leached capping composed of granite cut by several thin monzonite porphyry dikes. The nature of this original find indicated the likely presence of porphyry copper-type mineralization. Following this lead, ASARCO initiated a drilling program which defined copper mineralization zones. The west zone contained the ore body which was ultimately accessed through the open pit. The deeper east zone was the target of potential mining by underground methods.

During the life of Sacaton Mine, ASARCO drilled an approximate 223,246.4 ft (68,045.5 m) of both core and rotary exploration drilling. The Company completed a rigorous review and validation of this data before it was included in the MRE calculations.

Cactus Project construction and mining of the west zone via open pit method commenced by 1972, and the mine operated continuously from 1974 until 1984. An underground copper deposit at Sacaton was under development until September 1981, when work was suspended because of high costs and a weak copper market. The Sacaton mine was permanently closed on March 31, 1984, due to exhaustion of the open pit ore mineral reserves.

The resultant Sacaton open pit mine is roughly circular, approximately 3,000 ft (914 m) in diameter and 1,040 ft (317 m) in depth. The pit also has a visible internal lake, a hydraulic sink, with the surface positioned at a depth of approximately 980 ft (299 m) from the rim of the pit. During operation, the Sacaton mine consisted of the pit, crushing facilities and coarse ore stockpile, a 9,000 tpd flotation mill, a tailings storage facility that covered approximately 300 acres, a return water impoundment, an overburden dump, and a waste rock dump that covered approximately 500 acres.

Production from the open pit was approximately 11,000 tpd. Copper flotation mill concentrate was sent by rail to the ASARCO smelter in El Paso, Texas. Over the operating life of the mine, 38.1 million T of ore were mined and processed, recovering 400 million lbs. of copper, 27,455 oz of gold and 759,000 oz of silver. See table below for the Sacaton mine historic production.

Sacaton Mine Historic Production (Fiscal Years Ended December 31)

Year	Ore Milled (T)	Mill Grade (Cu%)	Mill Grade Ag (Oz/T)	Cu (T)	Au (Troy Oz)	Ag (Troy Oz)
1974	2,020,000	0.63	0.05	9,516	N/A	N/A
1975	3,630,000	0.74	0.06	21,918	3,153	N/A
1976	3,782,000	0.71	0.07	22,021	3,151	N/A
1977	3,471,000	0.70	0.06	19,872	3,103	N/A
1978	4,153,000	0.67	0.07	23,042	3,691	N/A
1979	4,006,000	0.65	0.07	21,367	3,558	142,000
1980	3,819,000	-	-	16,097	2,504	124,000
1981	4,103,000	-	-	21,015	3,334	172,000
1982	4,165,000	-	-	20,892	2,499	154,000
1983	4,003,000	-	-	18,794	1,983	134,000
1984	1,000,000	-	-	4,496	479	33,000
Total	**38,152,000**	**0.69**	**0.06**	**199,030**	**27,455**	**759,000**

Source: Sacaton Mining Operations Report Version 2005. By David F. Briggs 22 October 2004.

During mining of the open pit, a waste dump was created through dumping of defined waste material. All oxide copper mineralization, and sulphide copper mineralization below the working grade control cutoff of 0.3% Cu, were deposited to the waste dump. The historic waste dump forms the basis of the Stockpile mineral resource modelled in the 2024 PEA Technical Report due to the level of mineralized material discarded.

During the operating period, ASARCO also sank a 2,000 ft (610 m) shaft just east of the pit to access the deeper east deposit. Development of the underground mine was suspended in 1981, and the site further suspended overall activity in 1984. Since the suspension of activity at the site in 1984, intermittently and per a site improvement plan ("**SIP**"), fixed equipment and rolling stock have been removed from the site, and fixed plant locations and the tailings disposal facility were covered with previously salvaged and stockpiled desert alluvial soil material and revegetated.

Parks/Salyer was first drill intercepted in January 1976 as part of a work commitment hole. S-144 was ultimately located on the very eastern edge of the current Parks/Salyer MRE. Later in 1976, three follow-up holes were drilled on the property immediately to the south of the Company's property and intercepted the southern side of the Parks/Salyer deposit as part of an ASARCO-Freeport joint venture. No immediate further exploration work was undertaken at Parks/Salyer. However, exploration targeting interpretations in 1978, 1981, and 1984 had interpreted the potential of higher-grade enrichment mineralization to the north in the area now known for the Parks/Salyer deposit. Four holes had been planned in 1984 but were undrilled at the time. In May 1996, two of those planned holes were drilled (S-200 and S-201) which were successful in intercepting higher grade and thicker enriched and primary mineralization; however no further exploration was undertaken at Parks/Salyer until the Company acquired the property in 2020.

In 2005, ASARCO filed for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division (the "**United States Bankruptcy Court**"). By 2008, the United States Bankruptcy Court approved the process by which ASARCO would pursue the selection of a plan sponsor and sale of its operating assets.

During that year, and after a bidding process for the purchase of ASARCO's assets, Sterlite (USA), Inc. ("**Sterlite**"), a subsidiary of Vedanta Resources PLC, executed a purchase and sale agreement in the amount of US$2.6 billion for ASARCO's assets. After the purchase and sale agreement was executed, copper prices began to decline, and by October 2008, Sterlite representatives informed the United States Bankruptcy Court that the company could not honor the contract.

On June 5, 2009, the United States Bankruptcy Court approved a custodial trust settlement agreement (the "**Settlement Agreement**") that resolved claims pertaining to past and potential future cleanup costs associated with approximately 18 sites owned by ASARCO in 11 states. The Settlement Agreement required the establishment of a custodial trust to oversee cleanup of the sites and transfer of site property to the custodial trust. The Settlement Agreement also provided funding in the amount of US$20 million to clean up the Sacaton site and to fund the administrative expenses associated with the ASARCO Trust.

From 2009 to 2018, attempts were made by other parties to purchase the Sacaton site and associated facilities. In **2019**, **Cactus 110** executed a purchase agreement and prospective purchase agreement with the ASARCO Trust and the ADEQ, respectively, for the right to acquire all ASARCO land parcels representing the historic Sacaton mine, all infrastructure therein, and all associated mineral rights. The acquisition closed in July 2020 following the completion of SIP activities undertaken by the ASARCO Trust and approved by the ADEQ. Since 2020, the Sacaton deposits are referred to as the Cactus deposits.

ASARCO worked continuously on the Sacaton properties from the early 1960s to the mid-1980s, and significant records of the development of the geological understanding, mining operations and processing results remained with the property. The Cactus Project is benefiting from the high quality of work and historical records remaining from the past operators.

Geological Setting, Mineralization and Deposit Types

The Cactus Project occurs in the desert region of the Basin and Range province of Arizona. These combined deposits are part of a large porphyry copper system. Major host rocks are Precambrian Oracle Granite and Laramide monzonite porphyry and quartz monzonite porphyry. The porphyries intruded the older rocks and form mixed breccias; monolithic breccias and occur as large masses, poorly defined dike-like masses; and thin well-defined but discontinuous dikes. Structurally the deposit is complex with intense fracturing, faulting, and both pre-mineral and post-mineral brecciation. It is bounded on the east and west sides by normal faults.

Chalcocite and covellite are the only supergene sulphide recognized. The chalcocite blanket in the mineralized zone is irregular in thickness, grade, and continuity. The thickness of leached capping varies from less than 100 ft (30 m) to over 650 ft (198 m), with the thicker intercepts on the north side. Substantial quantities of oxidized copper minerals are found erratically distributed through the capping. Chrysocolla, brochantite, and malachite are the most common oxidized copper minerals. In upper portions of the capping, chrysocolla predominates, while brochantite and malachite predominate in the lower portions. The dominant hypogene alteration assemblages in the deposit are phyllic and potassic. The major hypogene sulphide minerals in the deposit are pyrite, chalcopyrite, and molybdenite. Hypogene sulphide occur as disseminated grains, veins, and vug fillings.

The Cactus Project deposits are a portion of a large porphyry copper system that has been dismembered and displaced by Tertiary extensional faulting. Porphyry copper deposits form in areas of shallow magmatism within subduction-related tectonic environments. The Cactus Project has typical characteristics of a porphyry copper deposit, defined as follows:

- A deposit wherein copper-bearing sulphides are localized in a network of fracture-controlled stockwork veinlets and as disseminated grains in the adjacent altered rock matrix.

- Alteration and mineralization at 0.6 mi (1 km) to 2.5 mi (4 km) depth are genetically related to magma reservoirs emplaced into the shallow crust 3.5 mi (6 km) to over 5 mi (8 km), predominantly intermediate to silicic in composition, in magmatic arcs above subduction zones.

- Intrusive rock complexes that are emplaced immediately before porphyry deposit formation and that host the deposits are predominantly in the form of upright-vertical cylindrical stocks and/or complexes of dikes.

- Zones of phyllic-argillic and marginal propylitic alteration overlap or surround a potassic alteration assemblage.

- Copper may also be introduced during overprinting phyllic-argillic alteration events.

Hypogene (or primary) mineralization occurs as disseminations and in stockworks of veins, in hydrothermally altered, shallow intrusive complexes, and their adjacent country rocks. Sulphides of the hypogene zone are dominantly chalcopyrite and pyrite. The hydrothermal alteration zones of porphyry copper deposits are well known and provide an excellent tool for advancing exploration.

Uplift of the porphyry system to shallow depths can result in secondary enrichment processes where copper is leached from the weathering of hypogene mineralization and redeposited below the water table as supergene copper sulphides, such as chalcocite and covellite. Above the water table, copper oxide minerals typically form. Both the Cactus and Parks/Salyer deposits have a history of oxidation and leaching which resulted in the formation of an enriched chalcocite blanket. A later stage of oxidation and leaching modified the blanket by oxidizing portions of it in place and mobilized some of the chalcocite to a greater depth.

Exploration and Drilling

ASARCO geologists first identified the Sacaton mine area in early 1961 while doing regional mapping and sampling in and around the Sacaton Mountains. A lone outcrop of altered and weakly mineralized granite encompassed by alluvium was the only indicator of the potential for porphyry copper-type mineralization in the surrounding area. Following its acquisition of mineral rights, ASARCO conducted several geophysical surveys, including magnetics and induced polarization ("**IP**"). The IP survey identified a large area just south of the outcrop with a chargeability response indicative of sulphide mineralization.

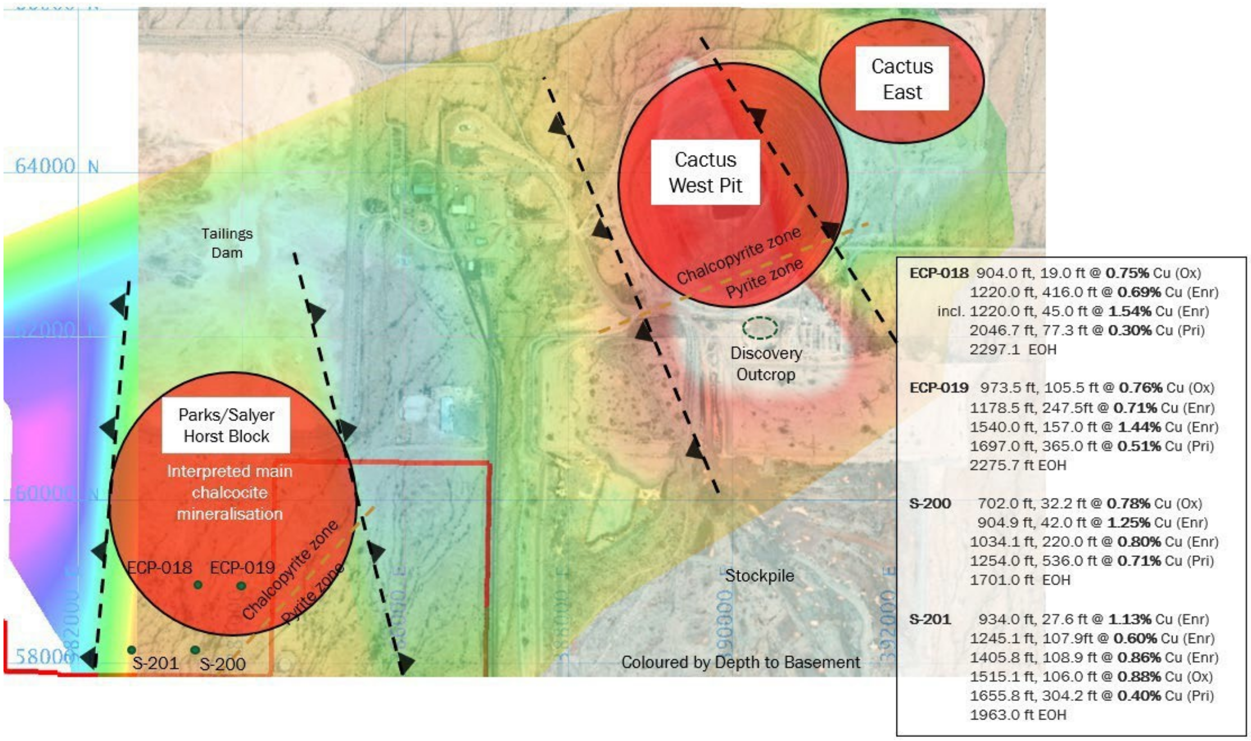
A six-hole drilling program was authorized and initiated in the fall of 1961. The first drill hole was located just north of the discovery outcrop, intersecting approximately 50 ft (15 m) averaging close to 0.5% Cu. The next four holes were drilled south, east and west of the first hole in the geophysical target area but did not hit significant results. The sixth and final budgeted drill hole (located to the northwest of the IP anomaly and the discovery outcrop) did intercept high grade mineralization — the discovery of the Sacaton West deposit. No further ground geophysics work was done at Sacaton by ASARCO. In 1962 through the first half of 1963, 82 more holes were drilled. These 88 holes outlined a north-easterly trending alteration zone approximately 4 mi (6.4 km) long and 1.5 mi (2.4 km) wide dominated by what was recognized as two potential ore bodies, the Sacaton West and Sacaton East deposits, as well as widespread intercepts of copper mineralization throughout. Low copper prices precluded any further exploration drilling at that time.

Improving market conditions prompted ASARCO to continue exploration drilling in 1968 and 1969, leading to 37 more holes being drilled. The additional information led to the decision to plan and develop the mine. An additional 10 holes were drilled (1970 and 1971) to sterilize areas under planned facilities. After mining was initiated in 1972, development and definition drilling was conducted for the open pit (Cactus West deposit). Through 1974 and 1976, 8 additional holes were drilled in the Sacaton East deposit for definition purposes.

The adjacent Parks/Salyer property was variably explored between the 1970s and the late 1990s. Parks/Salyer is also a displaced portion of the larger porphyry copper system. A number of diamond drill holes identified mineralization and geological characteristics consistent with the Cactus deposits in a similar horst block environment. Two exploration diamond drill holes were undertaken in 1996 by ASARCO at the southern edge of the current resource area (S-200 and S-201). As interpreted, they intersected well mineralized zones of oxide, enriched, and primary material that indicated grades were increasing to the north.

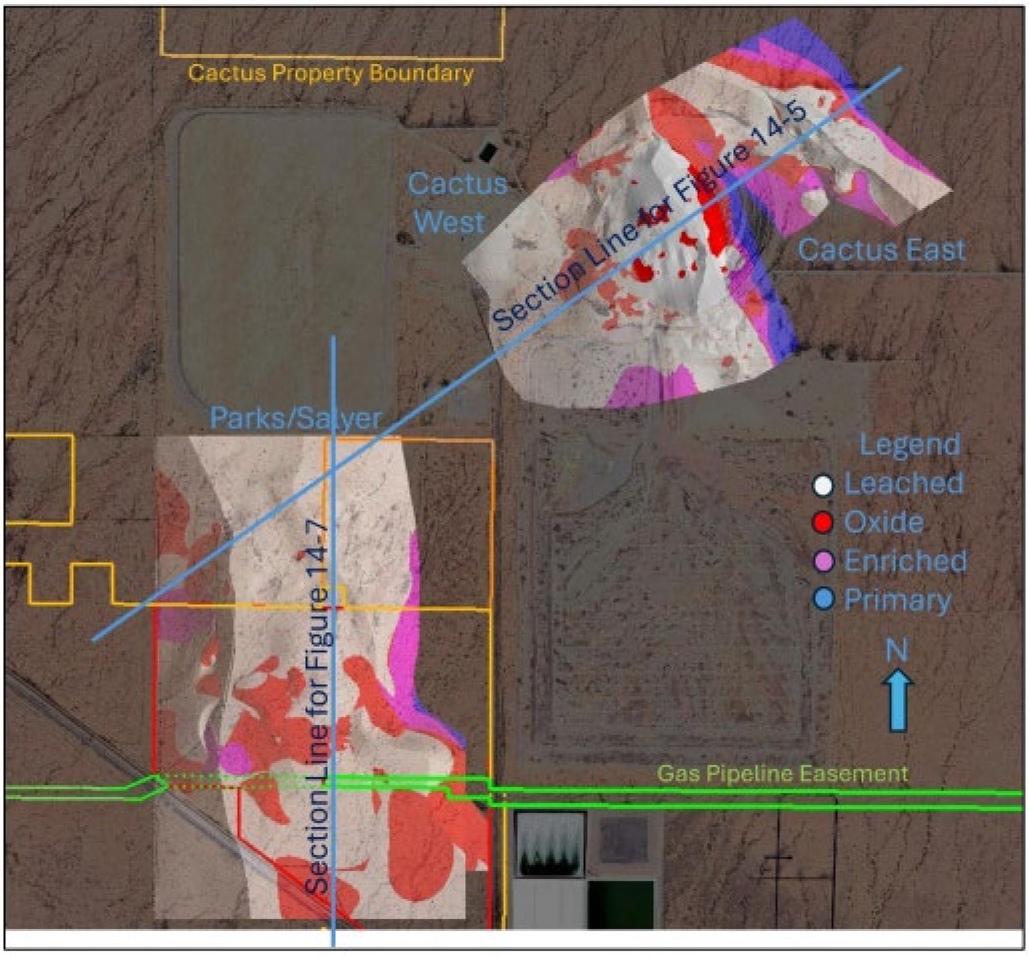
The Company conducted an ionic leach soil geochemistry program over the Parks/Salyer property in 2019 on 325 ft (100 m) spacing. This confirmed anomalous soil geochemistry across the property for copper, molybdenum, silver and gold and a general northeast trend of the higher anomalous values. The Company followed this work with two diamond drill holes in 2020 (ECP-018 and ECP-019). This extended mineralization a further 900-1,000 ft (275 – 305 m) to the northeast of previously drilled mineralization. Drilling resumed in late 2021 with hole ECP-042, continued throughout 2021 and into 2022 with the completion of ECP-144, resulting in a total of 75 holes totaling 166,658.8 ft (50,797.6 m) of HQ core.

Location and Scale of the Potential Parks/Salyer Deposit with respect to the Cactus Mine Deposits

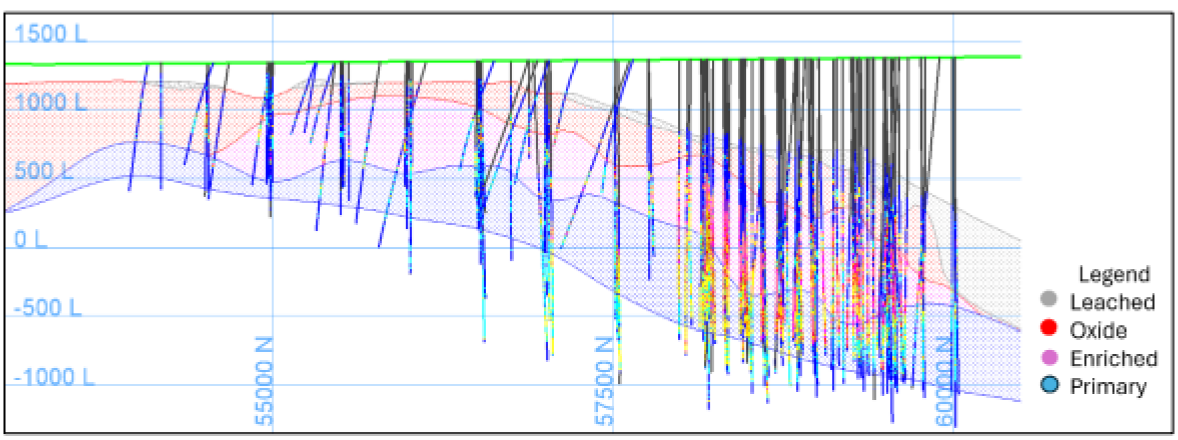


The figures below are a plan view of mineralized zones and a northeast oriented long section displaying the horst and graben block fault and mineralization interpretation from the northern portion of the Parks/Salyer deposit in the southwest through to the northeast extension mineralization in northeast. Northeast movement along the basement fault was accommodated by block rotation and the formation of northwest trending normal faults. The existing Cactus West pit is displayed on the long section.

Plan View of the Mineralized Zones in the Cactus Project



Northeast Oriented Long Section Displaying Mineralization Interpretation and Property Boundaries



The NE Extension is located 3,000 ft to the northeast of Cactus East. ASARCO defined the mineralized zone with wide spaced exploration drilling (> 1,000 ft) in 1962 and 1963 as part of the initial property-wide exploration program. The table below provides the significant intercepts for the two main holes drilled into the NE Extension mineralization.

The Company has not performed any exploration programs on the NE Extension area to date. The Company drilled one exploratory drill hole into the extension in January 2023, intersecting mineralization consistent with previous drilling. In 2023, the Company identified that mineralization continued to the south of Parks/Salyer onto the MainSpring Property. The Company began drilling the MainSpring Property in late 2023 and continued through 2024 to define the deposit on the MainSpring Property as the up-dip southern extension of the Parks/Salyer deposit.

Significant Intercepts for the Two Main Holes Drilled into the NE Extension Mineralization

Hole Id	MinZone	From (ft)	To (ft)	Length (ft)	CuT (%)	Tsol (%)
ECN-128	oxide	996.7	1,114.8	118.1	0.97	0.94
	enriched	1,182.6	1,334.0	151.4	0.46	0.38
	including	1,334.0	1,206.4	23.8	1.35	1.34
	primary	1,334.0	1,987.4	653.4	0.40	0.03
	including	1,419.0	1,469.0	50.0	0.55	0.04
	and	1,510.0	1,629.0	119.0	0.58	0.04
	and	1,733.3	1,752.3	19.0	1.60	0.10
S-68	oxide	1,016.50	1,044.50	28	1.27	n/a
	oxide	1,078.50	1,125.80	47.3	0.95	n/a
	oxide	1,161.00	1,208.80	47.8	3.05	n/a
	enriched	1,275.00	1,290.10	15.1	1.96	n/a
	enriched	1,322.40	1,354.10	31.7	0.97	n/a
	primary	1,354.10	1,526.00	171.9	0.38	n/a
S-64	oxide	1,093.90	1,104.20	10.3	1.01	n/a
	enriched	1,163.00	1,227.30	64.3	1.37	n/a
	enriched	1,333.70	1,350.90	17.2	0.89	n/a
	primary	1,350.90	1,776.00	425.1	0.34	n/a

The Company has focused its exploration by way of definition and expansion core drilling around the two known mineralized zones (now known as Cactus East and Cactus West). In 2019, the Company drilled two vertical PQ (4.95 inch or 12.57 cm) core holes into the Cactus East mineralized zone for verification of grade and for metallurgical testing as part of the evaluation program prior to purchase. An additional vertical PQ core hole was drilled into Cactus East in 2020 for further metallurgical testing, for a total of 5,768 ft (1,758 m). Five angled HQ core holes totaling 9,252 ft (2,820 m) were drilled in late 2019 and 2020 around the northern and western edges of Cactus East to define and expand mineralization. Also in 2020, 11 angled HQ core holes totaling 15,377 ft (4,687 m) were drilled around the perimeter of the Cactus West pit to further define and expand Cactus West mineralization beyond the pit limits. Drilling activities conducted at Cactus East and Cactus West in 2021, 2022, and early 2023 upgraded most of the inferred material in the resource to indicated and some to measured.

The Cactus deposits are covered with post mineral alluvium and conglomerate, which may be up to 1,500 ft thick. ASARCO rotary drilled through the cover alluvium and conglomerate and completed the remainder of the holes with NX/HX core tails. All of ASARCO's drill holes, exploratory and production holes within the developing pit were drilled vertically and very few were downhole surveyed. The Company started a similar program in 2019 on the first two (PQ) metallurgy holes but converted to coring the full hole after unsatisfactory results. Core recovery, on average, was greater than 95%.

When Elim (now ASCU) acquired the Sacaton Mine property in 2019 they found offices and warehouses containing desks and file cabinets filled with disorganized files and data sheets. There were 2 core sheds full of boxed core, samples, and sample pulps. The data was organized and paired with the physical core and samples in the core sheds to build a database of historical drilling from 1961 to the early 1980s.

Each drill hole was reviewed in turn and the associated data and samples validated to ensure that in total, the hole met CIM Best Practices Guidelines for inclusion in a NI 43-101 technical report. In total 175 RC and Diamond drill holes were validated and used for subsequent MREs. Drilling completed by ASCU since has been consistent with these original data.

The Company completed a total of 20 core holes in the Cactus mineral resource area in 2019 and 2020 for a total of 30,397 ft of drilling. Continuing through 2023, the Company drilled a total of 184 drill holes in the Cactus East and Cactus West deposits, of these 182 were used for the mineral resource estimate. In 2021 through 2023, 74 drillholes were undertaken by the Company in the Parks/Salyer MRE area for a total of 166,685 ft of drilling. All 74 holes completed in the Parks/Salyer areas were used for the Parks/Salyer mineral resource estimates.

In 2019, 55 surface sonic drill holes totaling 5,120 ft (1,560 m) of 6-inch diameter holes were drilled across the Stockpile to support an initial resource based on approximately 750 ft (229 m) spaced drilling. Through late 2020 and early 2023, an infill surface sonic drill program was undertaken to reduce the spacing to 200 ft (61 m). The resource database for the Stockpile resource contains 511 holes, including four historical sterilization holes drilled into the barren alluvium dumps to the immediate north of the Stockpile. Drilling activities conducted at Cactus East and Cactus West in 2021, 2022, and early 2023 upgraded most of the Inferred material in the resource to Indicated and some Measured.

Sample Preparation, Analysis and Security

The Company has been primarily using Skyline Assayers and Laboratories ("Skyline Labs" or the "Lab") in Tucson, Arizona for their sample preparation and analysis. This laboratory is accredited in accordance with the recognized International Standard ISO/IEC 17025:2017, Certificate #2953.01. This accreditation demonstrates technical competence for a defined scope and the operation of a laboratory quality management system.

The Company uses a private contractor to ship samples to the lab in large heavy plastic totes. Upon arrival at the lab, totes are offloaded and stored. When the samples are ready to be processed, the bags are emptied into metal bins and the sample bags with tags placed on top. The bins and bags are placed in an oven at 220ºF (105 ºC) for 24 hours to dry before moving into the lab for processing.

Each sample was crushed in a TM Engineering – Terminator roll crusher to 75% passing ¼ inch. This material was passed through a riffle splitter and mixed three times to ensure homogeneity of the sample. Three-quarters of the sample was then bagged, labelled and returned to the Company as coarse reject. The remaining material was returned to the roll crushers and crushed to 95% passing -10 mesh. A 280 g sample of this material was put in a Labtech LM2-P puck pulveriser and run to 95% passing -150 mesh. This sample was then placed into labelled heavy paper envelopes and sent to the Lab for assay.

Bagged samples with identification tags are placed in large 3 ft (1 m) square plastic totes which are stored at a core shed situated within the secured mine site away from any point of access until ready for transport. The Company also uses a private contractor to transport the sampled totes to the Lab. When 8 to 10 totes are filled, the contractor is called to make a pickup. A transmittal sheet is prepared that lists all the samples in the shipment with an assay order sheet for the analysis to be done. A chain of custody sheet is signed by the Company upon dispatch, signed by Skyline Labs upon arrival, and returned to the Company to show secure delivery.

As a first pass, each sample was assayed for total copper (CuT) value. The pulverized samples were received from sample prep and a measured portion of the sample was digested in a mix of hydrochloric acid (HCl), nitric acid (HNO_3), and perchloric acid ($HclO_4$) on a hot plate for 15 minutes to 20 minutes. The sample was left to cool, rinsed with distilled water, and then digested in HCl for an additional 15 minutes on a hot plate. The sample was then cooled and sent to atomic absorption ("**AA**") analysis to return a CuT value.

To support potential heap leaching for metal recovery, a sequential acid leach assay procedure was conducted on each sample. These samples were first run using a digestion in 5% sulfuric acid (H_2SO_4) for 1 hour on a shaker table, then 15 minutes in a centrifuge before the liquid was transferred to a 250 ml flask. The residue was rinsed, and that liquid was used to top up the flask. The flask was sent to the assay lab for AA analysis to return an acid soluble copper value ("**CuAS**") value.

The residue from the centrifuge was then digested in 10% sodium cyanide (“NaCN”) for 30 minutes on a shaker table. After 15 minutes in the centrifuge, the liquid portion was transferred to a flask and the residue was rinsed and that liquid used to top off the flask. That sample was sent to the assay lab for AA analysis to return a cyanide soluble copper ("**CuCN**") value. The remaining pulverized sample in the heavy paper envelope was returned to the Company together with the coarse reject.

Skyline Labs is accredited in accordance with the recognized International Standard ISO/IEC 17025:2005. Their quality management system has been certified as conforming to the requirements defined in the International Standard ISO 9001:2015. The standard operating procedure used while processing the Cactus Project samples was to process samples in groups of 20. Each tray consisted of 18 samples, with samples No. 1 and No. 10 repeated as duplicates. The results from each tray were analyzed and any variance in the duplicates of more than 3% would result in the entire tray being re-assayed. The results of these analyses, including the QA/QC checks, were transmitted to a select set of individuals at the Company and the QP.

The results of these analyses, including the QA/QC checks, are transmitted to a select set of individuals at the Company and the QP.

The QP revisited Skyline Labs' facilities in December of 2023. The purpose of this visit was two-fold. Firstly, to review all procedures described above to ensure that there have not been any material changes since previous visits.

No real changes were noted and if anything, the overall process seemed more streamlined and cleaner. Additionally, the QP asked the managers of the sample prep and analytical departments about the handling of Ivanhoe Electric Inc.'s ("IE") samples from their Santa Cruz project. Like the Company, IE uses Skyline Labs in Tucson exclusively for analysis of exploration core from their Santa Cruz project, which neighbors the Cactus Project. Recently, the Company acquired physical drill core, assay records, and associated data from IE. After its most recent visit, the QP felt that the assay data received by the Company was cleared to be mixed with the Company's assay database and used for mineral resource estimates.

Data Verification

The bulk of the Cactus drilling database was rebuilt from historical drilling logs and assay certificates from exploration work undertaken by ASARCO. Since 2019, the Company has also drilled 73 new holes at the Cactus Project to support verification, metallurgical testing and resource extension for the new mineral resource estimate. The Parks/Salyer mineral resource database holes are composed primarily of 74 new holes drilled by the Company between 2021 and 2022. There were only four historical holes supporting the Parks/Salyer mineral resource estimate.

Specific data verification work undertaken by the Company for the historical drill holes included the following:

- Verification of the collar locations.
- Reinstatement of downhole survey data drilled into the Cactus East deposit.
- Verification of drill hole locations and geological interpretations against historical cross sections and pit maps.
- Relogging of historical drill hole lithology, copper mineral zones, and alteration.
- Re-assaying of historical pulp samples to compare CuT grades and establish soluble copper contents confirming expected copper mineral zones and leachable copper mineralogies.

A modern QA/QC program was undertaken, and composed of duplicated, blanks, and standards, applicable to the 184 new Cactus drill holes, 74 new Parks/Salyer drillholes, and 511 new Stockpile drill holes undertaken by the Company since 2019, in addition to the re-assay program undertaken on historical pulps. Pulp duplicates were discussed earlier with respect to historical pulp samples and will feature in future programs on modern pulp samples.

During early visits to the mine site and core sheds, the QP worked with the geologists to select a number of pulps from historical core and requested that they be sent to Skyline labs to compare results with historical assay records and certificates. These data were analyzed and verified by the QP as an independent check of the assaying controls and procedures used by the assay lab and core samplers. Particular attention was paid to the QA/QC records for this group of samples both internal to the lab and the blanks, duplicates, and standards submitted by the Company.

Observation and checks completed by the QP included:

- Independent GPS check of collar location,
- Observation and check of downhole survey results,
- Observation of core logging and recording activities,
- Drill hole database checks, and
- Review of lab internal and the Company's random external checks using assay duplicates, prepared standards, and blanks (QA/QC) program.

The QP has reviewed all the associated data in detail and finds that it meets all the expected standards and best practices as defined in CIM's Best Practices Guidelines 2019. The drill results and associated data meet the level of accuracy expected for the 2024 PEA Technical Report.

Mineral Processing and Metallurgical Testing

The material to be processed as part of the Cactus open pit expansion project is an extension of the open pit mining operations conducted by ASARCO that took place in the 1970s and early 1980s. The prior operations comprised traditional copper milling and flotation concentration operations to produce copper sulphide concentrates for processing at local smelters.

Potential resources considered in the 2024 PEA Technical Report are related to four sources:

- An existing mine stockpile built during the development and operation of the former copper open pit and milling facility from 1974 to 1984. The stockpile includes oxide, in addition to lower grade sulphide material containing primarily copper mineralization.
- Further development of the existing Cactus West open pit containing oxide and lower grade sulphide material.
- The underground resource called Cactus East located northeast immediately adjacent to the Cactus West open pit and at a depth of 1,200 ft. This resource contains mostly low-grade sulphide material.
- The underground resource called Parks/Salyer located about 1 mi to the southwest of the Cactus West open pit at a depth of 1,500 ft. This resource contains mostly higher-grade secondary and primary copper sulphide material.

The materials are believed to be suitable for treatment in a heap leach, solvent extraction, and electrowinning ("**SX/EW**") process facility to produce copper cathodes at LME Grade A quality standards ASTM B115-10 - Cathode Grade 1.

In consideration of a potential SX/EW processing facility at the Cactus Project, a hydrometallurgical approach is contemplated to process the oxide and enriched sulphides (chalcocite / minor covellite dominant) material identified in the mineralized Cactus East and Cactus West extensions to the existing open pit and underground and the Parks/Salyer underground mined materials reported in the mineral resource estimate. The current metallurgical studies and testing for the Cactus Project have been ongoing since late 2019 and has been conducted in four phases of testing through the current information completed in 2023 disclosed in this Report.

the Company's geologists are working with metallurgical engineers to quantify the recovery of copper from samples obtained in a large drilling campaign The drill core samples are safely recovered and placed in bags to be studied by geologists and shipped to a well-established mineral processing research and development firm in Reno, Nevada — McClelland Analytical Service Laboratory ("**McClelland**"), an ISO 9000 and ISO 17025 accredited facility. Additional testing work was completed on-site by the Company’s staff and at HydroGeoSense Inc. ("**HGS**") laboratories in Tucson, Arizona. The metallurgical test program completed at McClelland has been developed and supervised by Mr. James L. Sorensen. Mr. Sorensen also reviewed and inspected the ongoing metallurgical testing at site and information developed by HGS.

Approximately 45 column tests have been completed (Stockpile - 25, Cactus – 14, Parks/Salyer - 6) covering the resources identified in the current study effort. In addition, over 150 bottle roll tests, mineralogical analyses and other metallurgical and materials property testing has been completed. The metallurgical testing and data collected to date is sufficient to establish the required supporting metallurgical performance expectations used in estimating the mineral resource estimates and economics for the Stockpile, Cactus East, Cactus West and Parks/Salyer deposits included in the Cactus Project. However, only a small amount of metallurgical testing has been completed for the Parks/Salyer deposit and additional confirmatory work is required to better understand the deposit variability. The Cactus Project heap leaching process design includes crushing of all material types for leaching to a minus ¾” P_{80} size. All material types, oxides and enriched are to be leached in a single pad with an initial leaching cycle of 180 days. A maximum 3-year leaching cycle has been assumed (3 lifts) as the practical limit for effective recovery based on experience and hydrodynamic analysis of the materials by HGS. The copper leaching metallurgical test data has been extrapolated from the testing data at one year based on the rates prevailing after one year using a logarithmic curve fit projection that considers the decaying rate of copper extraction.

Scalability has been considered by employing a 95% extraction efficiency factor to both the CuAS and CuCN average column copper extractions achieved to date, allowing for inefficiencies in the leach solution flows and heap operations. The recommended copper recovery projections include this efficiency factor applied to the extraction obtained from the column testing.

Flotation Scoping Metallurgical Testwork

Based on the initial testing results, reasonable concentrator options exist for the Cactus primary copper sulphide material:

- Copper flotation recoveries approaching 90% or better appear to be reasonable.
- Significant improvement in the oxide copper recovery components with modern reagents are apparent which can simplify the prior ASARCO plant design.
- A SAG/Ball milling circuit is the most likely grinding option given the relatively soft material at Cactus. Given the apparent power requirements, relatively low energy costs should also be expected.
- The associated rougher concentrate grades provide positive starting points for saleable final concentrate grades once locked cycle testing is completed.
- No optimization work was completed; the results provide only indicative performance expectations. Locked cycle testing is planned as part of this initial program; however, this testing has not been started or completed.

Deleterious Elements

Preliminary testing has been completed on leach solutions, residues and testwork head samples that do not indicate the presence of constituents that would be deleterious to the proposed process methodology or indicate unexpected environmental impacts.

Head samples for the enriched samples leached were provided by McClelland to PMC Laboratory Ltd for multi-element analysis by 4-acid digest with ICP-AES finish (22 element). A polished block section was systematically scanned in high-resolution particle mapping mode using the Tescan Integrated Mineral Analyser (TIMA) equipped on the Tescan Vega Scanning Electron Microscope to determine the modal composition of the sample and collect more detailed information on the Cu-deportment. These analyses do not indicate the presence of known deleterious elements.

Minor amounts of atacamite (chloride copper mineral) have been historically observed, however no presence has been reported in current sampling. Silver is a known minor constituent of the deposit.

TCLP 8 RCRA metals (As, Ba, Cd, Cr, Pb, Se, Ag, Hg) analysis of final leach residues from the initial stockpile column tests was completed by Western Environmental Testing Laboratory (January 2021) and results included in the McClelland final report (February 2021). Results do not show significant or concerning levels of RCRA elements. The completed open pit oxide column 4600-01 head sample was submitted by McClelland to ALS USA Inc. for 4-acid digest with ICP (48 element) and trace mercury analysis for initial consideration of potential environmental concerns. Fresh material was deemed to be most representative of the material as mined. No material or unusual levels of potential contaminants or processing concerns were identified in this initial work. Water chemistry for probable site well make up sources have not been analyzed as part of this work. Prior hydrogeologic characterization completed by Tetra Tech Inc. for the Site Improvement Plan – Sacaton Mine Site, for the ASARCO Trust (March 11, 2019) indicates water sources may contain natural chloride levels up to approximately 120 ppm which may have an impact on bioleaching if confirmed and not mitigated. Mr. Sorensen has also reviewed and inspected the ongoing metallurgical testing at the site and information developed by HGS.

Metallurgical Results & Conclusions

The Cactus heap leaching process design includes crushing of all material types for leaching to a minus ¾” P80 size. All material types, oxides and enriched are to be leached in a single pad with an initial leaching cycle of 180 days. A maximum 3-year leaching cycle has been assumed (3 lifts) as the practical limit for effective recovery based on experience and hydrodynamic analysis of the materials by HGS. The copper leaching metallurgical test data has been extrapolated from the testing data at one year based on the rates prevailing after one year using a logarithmic curve fit projection that considers the decaying rate of copper extraction.

Based on the metallurgical work completed, the recommended copper extraction estimates for use in evaluating the Cactus Project mineral resources are presented in the Table below.

Copper Recovery by Sequential Assay Fraction

Resource Area	Units	Value
Stockpile Heap Leach (3/4" Crush)		
Acid Soluble Copper Recovery	%	87.7
Cyanide Soluble Copper Recovery	%	84.5
Oxide Heap (3/4" Crush)		
Acid Soluble Copper Recovery	%	93.1
Cyanide Soluble Copper Recovery	%	84.5
Enriched Heap Leach (3/4" Crush)		
Acid Soluble Copper Recovery	%	91.2
Cyanide Soluble Copper Recovery	%	84.5

Applying these extraction criteria, the calculated overall soluble copper (Tsol) recovery to cathodes is 86.3% and the corresponding total copper recovery is 76.1% for the resources contained in the mine plan.

A production timing has been assigned for each material type corresponding to the material mined in one year and the expected delays in achieving the two- or three-year final recovery values. This factor is intended to account for material placement timing over the course of a year and leach cycle delays in subsequent new lift placements.

Sulfuric acid consumption per ton of material leached is dependent on several factors. Gross acid consumption varies by material type in each deposit. Net acid consumption accounts for acid regenerated in the electrowinning process when copper is plated to product. Net acid consumption per ton of material is dependent on recoverable copper content with a stochiometric conversion of 1.54 tons of acid generated per ton of copper plated in electrowinning.

The stockpile material is more complex given that there are no geologic constraints to apply and waste materials have been mixed in. Calcium was determined to provide a measurable indicator for acid consumption and a calcium distribution model was developed and applied to estimate gross acid consumption. For the materials included in the mine plan, the average gross acid consumption averages 22 lbs of acid per ton of material and ranges from 16.7 lbs/ton to 25.7 lbs/ton depending on the average calcium content annually.

For Cactus East and West materials, the gross acid consumption for the oxide dominant material is 22 lbs/ton from the column testing. Enriched material gross acid consumption is slightly lower at 21 lbs/ton due to the contribution of sulphur contained in the sulfide copper minerals.

For the Parks Salyer enriched material, gross acid consumption is lower at 16 lbs/ton due to the contribution of sulphur contained in the sulfide copper minerals, lower clay, biotite and calcite mineralogy when compared to Cactus samples tested.

Applying the specific gross acid consumption for each material the overall LOM gross acid consumption is calculated to be 19.3 lbs per ton and varies from 27.0 lbs/ton to 15.7 lbs/ton in a given year. The LOM Net acid consumption is calculated to be 6.5 lbs per ton and varies from 15.7 lbs/ton to net acid generating in a given year. Years where acid regenerated exceeds the acid required to be consumed will need to be attenuated with low grade/high calcium content material from the stockpile or tailings.

Similar to copper recovery, acid consumption is distributed over a two-year period with 75% of the estimated acid requirement consumed in the year of placement and 25% of the requirement in the following year.

Mineral Resource Estimates

The mineral resource estimate (MRE) of the Cactus Project provided in the 2024 PEA Technical Report (or 2024 MRE), including both the Cactus and Parks/Salyer Property deposits, was calculated in accordance with the CIM Definitions. It includes the results of drilling programs undertaken by the Company between 2019 and 2023. The material mined in the Sacaton open pit, operational from 1974 through 1984, depleted the mineral resource. The estimate of the mineral resources supports Measured, Indicated and Inferred MRE for Cactus, Indicated and Inferred MRE from Parks/Salyer, and Inferred MRE for the Stockpile. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

All data coordinates are presented in NAD83 ft. Zone 12 truncated to the last six whole digits for easting, and five whole digits for northing. All quantities are given in imperial units unless indicated otherwise. All copper values are presented in percentages.

The Cactus Project mineral resource estimates meeting the cutoff grades for Cactus West and East, Parks/Salyer and the Stockpile are combined and reported in the table below.

Cactus Project – Total Measured, Indicated, and Inferred Mineral Resource

Material Type	ktons (kt)	CuT (%)	Tsol (%)	Contained Cu (k lbs)
Total Resources				
MEASURED				
Total Leachable	55,200	0.94	0.79	1,032,000
Total Primary	12,300	0.51	0.05	124,400
Total Measured	67,500	0.86	0.66	1,156,500
INDICATED				
Total Leachable	414,800	0.60	0.53	4,965,000
Total Primary	150,400	0.39	0.04	1,173,300
Total Indicated	565,200	0.54	0.40	6,138,200
M&I				
Total Leachable	470,000	0.64	0.56	5,997,200
Total Primary	162,700	0.40	0.04	1,297,600
Total M&I	**632600**	**0.58**	**0.43**	**7,294,800**
INFERRED				
Total Leachable	299,600	0.43	0.38	2,572,400
Total Primary	174,500	0.36	0.04	1,267,500
Total Inferred	**474,000**	**0.41**	**0.25**	**3,839,900**

Notes:
1. Total soluble copper grades (Cu TSol) are reported using sequential assaying to calculate the soluble copper grade. Tons are reported as short tons.
2. Stockpile mineral resource estimates have an effective date of March 1, 2022, Cactus Project mineral resource estimates have an effective date of April 29, 2022, Parks/Salyer mineral resource estimates have an effective date of July 11, 2024. All mineral resources use a copper price of US$3.75/lb.
3. Technical and economic parameters defining mineral resource pit shells: mining cost US$2.43/t; G&A US$0.55/t, 10% dilution, and 44°-46° pit slope angle.
4. Technical and economic parameters defining underground mineral resource: mining cost US$27.62/t, G&A US$0.55/t, and 5% dilution. Underground mineral resources are only reported for material located outside of the open pit mineral resource shells. Designation as open pit or underground mineral resources are not confirmatory of the mining method that may be employed at the mine design stage.
5. Technical and economic parameters defining processing: Oxide heap leach ("HL") processing cost of US$2.24/t assuming 86.3% recoveries, enriched HL processing cost of US$2.13/t assuming 90.5% recoveries, sulfide mill processing cost of US$8.50/t assuming 92% recoveries. HL selling cost of US$0.27/lb; Mill selling cost of US$0.62/lb.
6. Royalties of 3.18% and 2.5% apply to the Company's properties and state land respectively. No royalties apply to the MainSpring Property.
7. Variable cut-off grades were reported depending on material type, potential mining method, potential processing method, and applicable royalties. For the Company's properties: oxide open pit or underground material = 0.099% or 0.549% TSol respectively; enriched open pit or underground material = 0.092% or 0.522% TSol respectively; primary open pit or underground material = 0.226% or 0.691% CuT respectively. For state land property: oxide open pit or underground material = 0.098 % or 0.545% TSol respectively; enriched open pit or underground material = 0.092% or 0.518% TSol respectively; primary open pit or underground material = 0.225% or 0.686% CuT respectively. For the MainSpring Property: oxide open pit or underground material = 0.096% or 0.532% TSol respectively; enriched open pit or underground material = 0.089% or 0.505% TSol respectively; primary open pit or underground material = 0.219% or 0.669% CuT respectively. Stockpile cutoff = 0.095% TSol.
8. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, sociopolitical, marketing, or other relevant factors.
9. The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature and there is insufficient exploration to define these inferred mineral resources as an indicated or measured mineral resource; it is uncertain if further exploration will result in upgrading them to an indicated or measured classification.
10. Totals may not add up due to rounding.

To meet a Reasonable Expectation of Eventual Economic Extraction requirement, as stated in CIM 2019 Best Practices, cut-off grades were applied to a potential expanded open pit across the Cactus East and West deposits with an underground extension at Cactus East. There is a potential open pit at Parks/Salyer encompassing the MainSpring Property extension, with an additional underground extension.

Conceptually, copper from oxide and enriched material in the open pit would be recovered in a heap leach. Therefore, cut-off grades in the amenable oxide and enriched zones were based on Tsol assays. Cut-off grades for the sulfides in the primary material were based on CuT assays. High- level cost analysis for the open pit suggested cut-off grades of 0.099% Tsol for the oxides, and 0.092% Tsol for the enriched material. Whittle open pit optimization software was applied using these parameters to define the ultimate pit shell for reporting of open pit resources.

Additional resources outside of the Whittle pit in Cactus East have the potential to be amenable to underground mining. High-level analysis of the material yielded cutoffs of 0.549% Tsol for the oxides and 0.522% Tsol for the enriched.

Sections of the Parks/Salyer deposit are subject to variable royalty charges, this leads to slightly variant cutoff grades. Mineral resources for Parks/Salyer were also determined based on its amenability to open pit mining. The Company used a US$3.75/lb Cu price to determine the cutoff grades for the 2024 MRE statement. High-level analysis of the material on the Company's property yielded Tsol cutoffs of 0.549% Tsol for the oxides and 0.522% Tsol for the enriched. For the State Land property, the Tsol cutoffs were 0.545% and 0.518 for oxide and enriched material, respectively. Primary material had a cutoff of 0.686% CuT.

The Stockpile mineral resource estimate was defined using a cut-off grade of 0.095% Tsol.

Mining Methods

Conventional open pit mining methods have been selected for the extraction of mineral resources in the Cactus West pit, the Stockpile and Parks/Salyer (including the MainSpring Property). Cactus East will be mined underground using the SLC method.

Open Pit Mining Methods

The Cactus West deposit lies adjacent to and beneath the historically mined Cactus (Sacaton) Pit while the Historic Stockpile is located to the South of the existing pit and proposed Cactus West pit expansion. The Stockpile mining area is a historical waste dump which contains significant quantities of oxide copper mineralization. This material was considered waste in the historical operation because the sole processing method on site was a flotation mill which could not recover oxide copper mineralization. The Parks/Salyer deposit is centered approximately 8000 ft (2400 m) to the south-west of the Sacaton pit. Parks/Salyer has not been historically mined. It is covered by a sedimentary deposit of alluvium and Gila Conglomerate.

Heap leach processing in the mine schedules involves all material types from Parks/Salyer, Cactus West, Cactus East and the Stockpile being processed on a heap leach after multi-stage crushing. In the initial 14 years of the mine plan, only oxide and enriched material types will be processed. In years 1-8, the processing rate will be 24 million tons per annum, with an expansion to 31.3 million tons per annum beginning in year 9. From year 15 to the end of the mine life, hypogene material will be processed starting at a rate of 7.3 million tons per annum from year 15 to 23, and then at variable rates between 7.3 and 24 million tons per annum for the remainder of the mine life.

Initial open pit mining occurs at Parks/Salyer, with a pre-production period stripping 70 million tons. In Year 1, 10 million tons of Stockpile material is processed to help facilitate pit development and commissioning of the process plant. Open pit mining rates are held at 140-163 million tons per annum from years 1-10, and then gradually reduced to 90 million tons in year 15, and 16 million tons in year 22 when Parks/Salyer is completed. A period of heavy stockpile reclaim occurs in years 21-24 as low-grade and hypogene surface stockpiles are consumed to allow for the mining of Cactus West Phase 2 and 3. Mining then ramps up again slightly to 60-70 million tons per annum from years 24-27 to facilitate mining Cactus West Phase 2 and 3, before tapering down to the conclusion of mining in year 31. Portions of the Parks/Salyer open pit mining inventory require mining waste materials on adjacent properties not currently owned by Arizona Sonoran. It is understood that preliminary consultations have occurred, and that it is reasonable to assume future agreements between the current landowners and the Company will allow for the mining of this land in the future. A cost allowance for the purchase of these lands has been included in the financial model. Should an agreement not be reached, future mining scenarios will require adjustments to the open pit designs that will adversely impact the available open pit mining inventories.

Waste from open pits will be placed into multiple locations, with the entire available land package from the western edge of the historical tailing storage facility to the southern, eastern and northern extents of the property being filled with waste materials to a height of 250 ft (76 m) above original ground (excepting the Cactus West and Parks/Salyer open pit areas and necessary haulage roads). Some waste will also be backfilled into the Parkes Salyer open pit after it is exhausted late in the mine life. Several adjacent properties which Arizona Sonoran does not currently own have been utilized for waste storage, as these properties make the land package more contiguous and additional space is required to store the projected waste quantities at heights of 250 ft (76 m) or less. A cost allowance for the purchase of the land has been made in the financial model. It is believed that alternate property solutions for waste storage can be realized should purchasing the selected properties be impractical.

Open pit designs were completed in Hexagon's MinePlan software according to geotechnical design parameters provided by Call and Nicholas, with design assumptions for road and minimum mining widths provided by AGP Mining Consultants Inc. ("**AGP**"). Parks/Salyer consists of seven phases, while Cactus West consists of three phases. Both Parks/Salyer and Cactus West will be mined using 40 ft (12.1 m) single benches, with ramps sized to allow 320-ton class haul trucks. At Parks/Salyer, all walls have been designed with 45-degree inter-ramp slopes, while geotechnical step-outs are employed to reduce the overall slope to approximately 40 degrees. At Cactus West, inter-ramp slopes range from 45-50 degrees depending on material type, with typical overall slope angles of 41-43 degrees. The slope designs assume that controlled blasting will be implemented, and horizontal depressurization drains installed to achieve the recommended slope parameters.

The historic stockpile was divided into three phases for mining: the east phase, south phase, and west phase. Only approximately 12% (10 million tons) of the available stockpile inventory was mined and processed in the schedule, because of several considerations including leach pad space, schedule priority for higher grades, and the desire to cover the historical stockpile with waste early in the mine life to capture shorter haul distances and reduce fleet costs. Waste materials generated from mining Parks/Salyer, Cactus West and the Stockpile areas will be composed of predominantly Gila Conglomerate and Alluvium overburden (87%) with the remainder being granite and other porphyry rock or dykes with lower copper grades. A portion of the historical tailings facility (approximately 16 million tons of tails and dam materials) will be mined out and co-disposed in the waste dumps to facilitate mining the later stages of Parks/Salyer open pit. No waste segregation is required in the mine schedule, and as such different waste types can be placed into any of the available waste facilities as required by scheduling and fleet optimization constraints.

Primary production drilling will be completed with a peak of twelve down the hole hammer drills using 8 in (203 mm) bits. This will provide the capability to drill patterns for either 20 ft (6.1 m) or 40 ft (12.2 m) bench heights. Two smaller drills using 5 ½ in (140 mm) bits will be utilized to perform wall control drilling in the form of buffer patterns and inclined holes for passive wall depressurization.

Production mining will be completed with four 46 yd^3 electric hydraulic shovels, two 40.5 yd3 loaders, and a peak of fifty-two 320-ton rigid body trucks. The support equipment fleet will be responsible for the usual road, pit, and dump maintenance requirements and is composed of 14-ft graders, track dozers, and assorted auxiliary fleet.

Underground Mining Methods

As part of the initial phase of the 2024 PEA, AGP undertook a high-level review of underground mining options which included sublevel open stoping, room and pillar, inclined caving, block caving and the sublevel caving ("**SLC**") method.

The small size of the Cactus East deposit, low angle plunge of the mineralization and sharp hanging wall and footwall contacts restricted the economic potential for the block caving option. The geotechnical conditions were not considered favorable for the complex development geometries required for the development of an extraction level for the block cave option. Call & Nicholas were of the view that draw point spacings required to be marginally stable would result in relatively poor recovery and high dilution due to the expected fine fragmentation. SLC was, therefore, selected as the preferred underground mining method for the Cactus East deposit.

The initial Cactus East SLC will commence at a depth of 1,265 feet below the surface and will consist of eight sub-levels, reaching a final depth of 1,845 feet. Access to the SLC will be facilitated through a single decline, with a portal situated within the existing Cactus West pit. Feed material haulage to the surface will primarily utilize a vertical conveyor system, with the option to supplement it with truck haulage via the open pit if required. Production will start in Year 8 of the overall project and will continue for 14 years, peaking at 3.8 Mt/y.

Each level has been designed for the SLC cave front to retreat to the decline and the intra-level infrastructure. Locating infrastructure in this position is designed to minimize cave induced damage as the cave propagates and stresses redistribute into the surrounding rock mass.

SLC production crosscuts have primarily been designed so that each level is horizontally offset from the level above and below. The design parameters for the SLC production drives at Cactus East are in line with other SLC operations.

The amount of feed material to be extracted will be limited in the upper three production levels to the following proportions.

- First Level ~40% (swell only)
- Second Level ~60%
- Third level ~100%
- Lower levels >100% to shutoff grades or dollar values.

The production strategy will help control cave ability, minimize the formation of air gaps and create a blasted material blanket above the production levels to minimize early dilution entry from the overburden rocks. These restricted draw rates also apply to areas where large step-out distances are required from one sublevel to the next.

The Cactus East Feed/Waste Handling System consists of a crusher station and a 1,600 ft (488 m) vertical conveyor with a capacity of 630 tons/h that will convey feed material from the top of the deposit to surface via a vertical raise feeding an overland conveyor. Feed material will be hauled by 55-ton diesel trucks to a sizer located adjacent to the bottom of the vertical conveyor. Material will be crushed to a maximum 6-in dimension. A short conveyor from the sizer will feed the vertical conveyor. Waste will be trucked to the portal for disposal within the Cactus West open pit.

Ventilation is driven by a fresh air drive developed from the access drive, in which the fresh air will be splitting right and left to connect to the return air drives at the extremities of the footprint. This allows natural flow of ventilation through the entire footprint.

Mine Plan

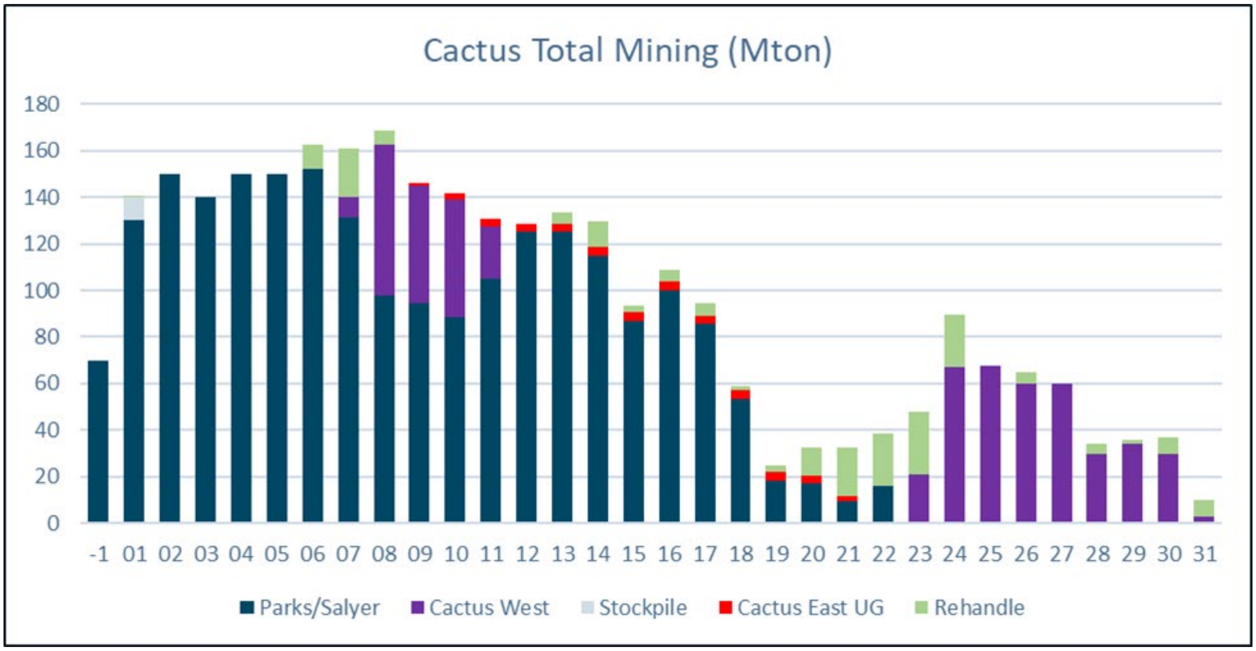
The 2024 PEA plan includes production from four separate mining areas: Parks/Salyer open pit, Cactus West open pit, Stockpile, and Cactus East underground.

Initial open pit mining occurs at Parks/Salyer, with a pre-production period stripping 70 million tons. In Year 1, 10 million tons of Stockpile material is processed to help facilitate pit development and commissioning of the process plant. Open pit mining rates are held at 140-163 million tons per annum from years 1-10, and then gradually reduced to 90 million tons in year 15, and 16 million tons in year 22 when Parks/Salyer is completed. A period of heavy stockpile reclaim occurs in years 21-24 as low-grade and hypogene surface stockpiles are consumed to allow for the mining of Cactus West Phase 2 and 3. Mining then ramps up again slightly to 60-70 million tons per annum from years 24-27 to facilitate mining Cactus West Phase 2 and 3, before tapering down to the conclusion of mining in year 31.

Cactus East Underground SLC has development initiated in Year 8, with full production capacity achieved in Year 11. Underground mining continues for 14 years until it is concluded in Year 21.

Over the course of the open pit mine schedule, approximately 200 million tons of low-grade and hypogene leach material is stockpiled and reclaimed in order to accelerate copper production, smooth the feed material release from the open pits, and to defer processing of hypogene feed material.

Life of Mine Material Movement by Mining Area



Open Pit Phases, Tons, and Grade

Phase	Total Feed (M ton)	TCU (%)	CUAS (%)	CUCN (%)	Waste (M ton)	Total (M ton)	Strip Ratio (w:f)
PS-PH1	75.3	0.246	0.089	0.130	121.5	196.7	1.6
PS-PH2	76.1	0.357	0.068	0.256	220.8	296.9	2.9
PS-PH3	66.0	0.606	0.089	0.407	186.4	252.4	2.8
PS-PH4	51.0	0.652	0.082	0.391	220.0	271.0	4.3
PS-PH5	124.6	0.669	0.107	0.410	383.7	508.3	3.1
PS-PH6	58.3	0.645	0.080	0.466	346.0	404.3	5.9
PS-PH7	80.0	0.524	0.088	0.268	201.5	281.6	2.5
PS-Total	531.2	0.530	0.088	0.331	1,680.0	2,211.1	3.1
CW-PH1	96.2	0.288	0.112	0.105	137	233.0	2.4
CW-PH2	77.7	0.298	0.016	0.035	29	106.9	1.4
CW-PH3	132.1	0.278	0.045	0.049	136	268.6	2.0
CW-Total	306.0	0.286	0.059	0.063	302	608.5	2.0
Stockpile	9.8	0.235	0.168	0.033	0.2	10.0	0.0
Total Open Pit	**847.0**	**0.438**	**0.078**	**0.231**	**1,982**	**2,830**	**2.3**

Open Pit Oxide and Enriched Feed Tons and Grade by Phase

Phase	Leach Feed (M ton)	TCU (%)	CUAS (%)	CUCN (%)
PS-PH1	74.5	0.25	0.09	0.13
PS-PH2	75.5	0.36	0.07	0.26
PS-PH3	58.1	0.63	0.10	0.46
PS-PH4	41.8	0.68	0.10	0.47
PS-PH5	101.9	0.72	0.13	0.49
PS-PH6	53.0	0.68	0.09	0.51
PS-PH7	48.4	0.63	0.14	0.42
PS-Total	453.3	0.55	0.10	0.38
CW-PH1	86.3	0.28	0.12	0.11
CW-PH2	13.0	0.22	0.05	0.12
CW-PH3	54.2	0.22	0.10	0.08
CW-Total	153.5	0.26	0.11	0.10
Stockpile	9.8	0.24	0.17	0.03
Total Open Pit	**616.7**	**0.47**	**0.10**	**0.31**

Open Pit Hypogene Feed Tons and Grade by Phase

Phase	Leach Feed (M ton)	TCU (%)	CUAS (%)	CUCN (%)
PS-PH1	0.8	0.22	0.01	0.05
PS-PH2	0.5	0.19	0.01	0.05
PS-PH3	7.8	0.45	0.01	0.05
PS-PH4	9.2	0.55	0.01	0.05
PS-PH5	22.7	0.45	0.01	0.04
PS-PH6	5.2	0.30	0.01	0.03
PS-PH7	31.7	0.36	0.01	0.03
PS-Total	77.9	0.41	0.01	0.04
CW-PH1	9.9	0.32	0.01	0.03
CW-PH2	64.7	0.31	0.01	0.02
CW-PH3	78.1	0.32	0.01	0.03
CW -Total	152.7	0.32	0.01	0.02
Stockpile				
Total Open Pit	**230.6**	**0.35**	**0.01**	**0.03**

Recovery Methods

Material will be mined and transferred by haul truck to the crushing circuit where it will be crushed to P80 minus ¾-in. From the crushing circuit, the material will be conveyed to the agglomeration drums, mobile transfer conveyors, and mobile radial stacker to be stacked in 30-ft lifts on the lined heap leach pad facility.

Leach solution, containing dilute sulfuric acid will be pumped and applied to the top of each lift and allowed to percolate through the copper leach material. Copper is dissolved into the solution. The height of the leach material on the pad will eventually reach approximately 250 ft (76 m) in overall height.

The pregnant leach solution from the heap leach ponds will be pumped for processing in a copper SX/EW plant capable of producing initially up to 60,000 ton/y of copper cathodes with a design PLS flow of up to 12,000 gpm.

The electrowinning circuit capacity will be expanded in Year 4, doubling in size to the overall plant capacity required to a nominal 120,000 ton/y of copper cathodes.

Cactus Project Infrastructure

The Cactus Project, located at the historic Sacaton Mine, is 40 road miles southeast of the Greater Phoenix metropolitan area and 3 miles northeast of the city of Casa Grande in Pinal County, Arizona. The site is accessible from West Maricopa Casa Grande Highway via Bianco Road, a 2.2 mile paved access road.

- Mining facilities including an administration trailer, truck shop, explosives storage, fuel storage and distribution, feed material stockpiles, waste stockpiles, and truck wash slab.

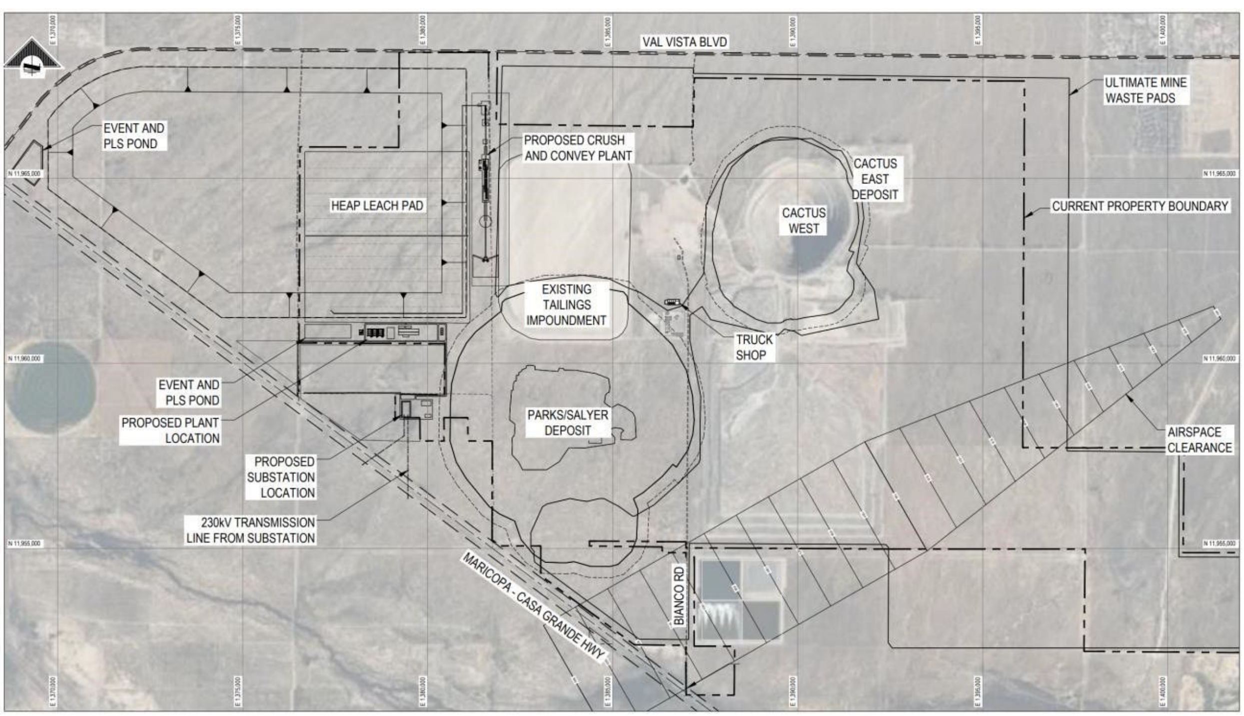
- Process facilities including the crushing facilities, SX/EW process plant, reagents storage, process plant maintenance workshop, warehouse, and freshwater infrastructure.

- Heap leach pads, ponds and associated equipment.

- Power supply, distribution and associated electrical rooms.

- Ancillary facilities including guardhouse, administration trailer, and weighing scale.

- Catchments, ponds, water wells, drainage, and other site water management infrastructure were not included at this time and will be detailed in the 2025 PFS.Overall Site Layout



The heap leach facility ("HLF") will be constructed in three phases, has an approximate final footprint area of 70.3 million square feet and will support approximately 773 million tons (short tons) of leach material. It is designed to be operated as a fully drained system with no leachate solution storage within the pad. The leach pad has a composite liner system to mitigate seepage to the environment. Above the liner system is a series of solution collection pipes encapsulated in an overliner to rapidly collect pregnant solution and transport it to the double lined pregnant leach solution ("**PLS**") pond(s). There is no raffinate pond associated with this HLF as the raffinate solution will be routed to a tank for reapplication to the HLF. In addition, PLS pond(s) will be double lined with capacities to contain the 100-year, 24-hour storm event, operational pumping heads required, and emergency 24-hour drain-down during power outages (with back-up power sources installed) for the total pad design during the various phases of operations. Crushed feed material materials will be stacked in 30 ft lifts to a maximum height of 250 ft with overall exterior slopes of 3.0:1. The collected pregnant solution will be pumped to the SX/EW circuit.

Cactus Project economics were estimated based on long-term flat metal prices of US$3.90/lb Cu. This copper price is in accordance with consensus market forecasts from various financial institutions and is consistent with historic prices for this commodity.

No market studies or product valuations were completed as part of the 2024 PEA. Market price assumptions were based on a review of public information, industry consensus, standard practices, and specific information from comparable operations in the region.

Environmental, Permitting, and Social Considerations

The Cactus Project includes legacy environmental issues related to the former ASARCO Sacaton operations that have been addressed by ADEP as part of the ASARCO bankruptcy settlement with the state. ADEQ, through a prospective purchaser agreement ("PPA"), has released the Company from any potential liability associated with the legacy environmental issues at the site. Permitting is limited to State of Arizona-required permits including the Aquifer Protection Permit and the Mined Land Reclamation Permit which the Company has received from state regulators. Modifications of each will be required to address changes in the mine plan presented in the 2024 PEA.

The Company has a well-developed community engagement plan that it has implemented through numerous public meetings and outreach. With the presence of legacy mining in the Casa Grande area, the local community is supportive of the Cactus Project. At present, there is no significant opposition to the Cactus Project.

Environmental Considerations

In 2009, approximately 15 years after ASARCO ceased operation at the Sacaton Mine, the mine was conveyed to the ASARCO Trust as part of ASARCO bankruptcy proceedings. The ASARCO Trust entered the property into the Voluntary Remediation Program ("VRP") with the ADEQ in 2010. In the following years, structures were demolished and reclaimed, and characterization studies were conducted. Based on the results of the characterization studies and reclamation work, in August 2019, the Company entered into a PPM with ADEQ. The PPA, which ADEQ issued because of the substantial public benefit to the remedial work conducted at the site, released Elim from potential liabilities related to existing, known contamination under CERCLA, WQARF, and RCRA. The PPA does not cover unidentified environmental conditions or contamination.

Closure and Reclamation Considerations

A Mined Land Reclamation Permit ("**MLRP**") was issued by the State of Arizona in 2023, and an Amended Aquifer Protection Permit ("APP") was issued in 2021, based on the original preliminary economic assessment design (superseded by the 2024 PEA). The Company has posted a bond of US$4,797,829 for the MLRP reclamation costs and has a US$1,144,576 bond for the APP that has not been posted yet but will be posted prior to construction. The Company will need to amend these permits to reflect changes from the 2024 PEA. The APP will cover closure and remediation of the leach pads, which consists of rinsing and caping the leach pads, and the ponds, which consists of draining and treating any residual fluids, then removing the liners. The MLRP covers the removal of any buildings, scarification and revegetating existing roads, capping of waste rock disposal sites, and safeguarding access to the pit and any underground access.

The Company estimates that the new closure bond estimates for both the APP and MLRP will be US$25,000,000 based on the increase in production from the Parks/Salyer deposit and the increase in leach pads and waste rock disposal.

Social Considerations

In keeping with the Company's community engagement and partnership standards, the Cactus Project will be developed with a plan to establish and maintain the support of its host communities. The Company commenced community outreach at the earliest stages of the Cactus Project and is currently evaluating and building partnerships within the community. As the Cactus Project's permits will involve a public process and are based on the permit submission and review schedule, the Company understands the importance of outreach during the permitting process and throughout the life of the mine. The Company is encouraged by the positive response to the Cactus Project from the community. Its status as a "brownfields" project makes it potentially more appealing than a new mine might be.

Capital and Operating Cost Estimates

Operating Cost Estimate

The capital cost estimates for the 2024 PEA were developed with a -25% to +30% accuracy and an estimated contingency of approximately 25% according to the Association of the Advancement of Cost Engineering International Class 5 estimate requirements. The estimates include the cost to complete the design, engineering, procurement, construction, and commissioning of all process plant facilities.

The facilities at the Cactus Project will consist of an open pit, underground mining operation, SX/EW process plant, conveying, crushing, and screening equipment, site sub-station, site power distribution, access roads, heap leach facilities and associated infrastructure.

The Company has engaged third-party consultants to contribute to the total project scope of work and overall capital cost estimate. On behalf of the Company, M3 Engineering & Technology Corp. incorporated the third-party contributions into an overall Preliminary Economic Assessment study cost estimate.

All third-party contributors are accountable for the development and quality of their cost estimates, which will be inclusive of all direct costs, growth allowances, project indirect costs, and associated contingency within their scope of work, but separately identified. Each aligns with the overall project WBS numbering system.

The total initial capital cost for the Cactus Project is US$667.9 million and the life of mine ("**LoM**") sustaining cost including financing is US$1,168.6 million.

Total Cactus Project Costs Summary

Area	Detail	Initial CAPEX (US$000s)	Sustaining CAPEX (US$000s)	Total CAPEX (US$000s)
Direct Costs	Mine Costs	156,856	543,609	700,465
	Processing Plant	259,320	408,240	667,560
	On-Site Infrastructure	95,740	17,211	112,951
	Off-Site Infrastructure	-	-	-
Indirect Costs		45,470	16,944	62,414
Owner's Costs, First Fills, & Light Vehicles		22,921	72,030	94,951
Offsite Environmental Mitigation Costs		-	-	-
Onsite Mitigation, Monitoring, and Closure Costs		-	-	-
Total CAPEX without Contingency		580,307	1,058,034	1,638,341

Contingency	87,558	110,599	198,157
Total CAPEX with Contingency	**667,865**	**1,168,633**	**1,836,498**

Estimated closure requirements inclusive of all necessary demolition, rehabilitation, revegetation, earth grading/contouring, scrap metal disposal/tipping fees, as well as post-closure monitoring. The total closure cost was calculated to be US$25 million, with salvage credits of US$225 million.

Operating Cost Estimate

The total LoM costs, operating costs per short ton ($/st) of processed material, and dollars per pound ($/lb) of cathode produced are summarized in the table below. The Cactus Project operating costs include mine operating, process plant operating, and general and administrative costs (G&A). Total production costs include royalty expenses. The All- In Sustaining Costs ("**AISC**") and the All-In Costs ("**AIC**") additionally include initial Capex, sustaining Capex, reclamation & closure, estimated salvage value, and property & severance taxes. A summary of these costs is presented in the table below with further details provided in Section 21 of the 2024 PEA Technical Report.

Operating Cost, All-In Sustaining Costs and All-In Costs

		LoM	
Cost Elements	**Total Cost (US$M)**	**US$/st Processed**	**US$/lb Copper**
Mine Operating Cost	7,252	8.16	1.36
Process Plant Operating Cost	2,039	2.29	0.38
G & A	50	0.06	0.01
Operating Costs	**9,341**	**10.51**	**1.75**
Royalties	388	0.44	0.07
Total Production Costs	**9,729**	**10.94**	**1.82**
Sustaining Capex	1,169	1.31	0.22
Reclamation & Closure	25	0.03	0.00
Salvage	-225	-0.25	-0.04
All-In Sustaining Costs	**10,697**	**12.03**	**2.00**
Property & Severance Taxes	562	0.63	0.11
Initial Capex (non-sustaining)	668	0.75	0.13
All-In Costs	**11,927**	**13.42**	**2.23**

Economic Analysis

Economic Summary

The 2024 PEA economic analysis for the Cactus Project was performed assuming an 8% discount rate. On a post-tax basis, the resulting Cactus Project estimates are: the NPV8% is US$2,031.7M, the internal rate of return ("**IRR**") is 24.0%, and the payback period is 4.9 years. A summary of the 2024 PEA's Cactus Project economics is set out in the table below.

Economic Analysis Table Summary

General	Units	LOM Total / Avg.
Copper Price	US$/lb	3.90
Mine Life	Years	31.0
Total Mineralized Material Processed	Kst	889,004

General	Units	LOM Total / Avg.	
Total Waste	Kst	1,982,200	
Avg. TCu	%	0.458	
Avg. CuAS Head Grade	%	0.089	
Avg. CuCN Head Grade	%	0.242	
Production	**Units**	**LOM Total / Avg.**	
Avg. Recovery Rate – CuAS	%	88.0	
Avg. Recovery Rate – CuCN	%	83.0	
Total Payable Copper	M lb	5,338.7	
Annual Payable Copper	M lb/y	172	
Operating Costs	**Units**	**LOM Total / Avg.**	
Mining Cost	US$/st processed	8.16	
Mining Cost	US$/lb copper	1.36	
Processing Cost	US$/st processed	2.29	
G&A Cost	US$/st processed	0.06	
Operating Cash Costs*	US$/lb Cu	1.75	
C1 Cash Costs**	US$/lb Cu	1.82	
C3 Cash Costs (AISC)***	US$/lb Cu	2.00	
Capital Costs	**Units**	**LOM Total / Avg.**	
Initial Capital (Incl. Capitalized Opex)	US$M	668	
Sustaining Capital	US$M	1,169	
Closure Costs	US$M	25	
Salvage Value	US$M	225	
Financials	**Units**	**Pre-Tax**	**Post-Tax**
NPV (8%)	US$M	2,769.3	2,031.7
IRR	%	27.7	24.0
Payback	Years	4.7	4.9

*Operating cash costs consist of mining costs, processing costs, and G&A.

**Total production costs consist of operating cash costs plus transportation cost, royalties, treatment, and refinancing.

***AISC consists of total cash costs plus sustaining capital, closure cost, and salvage value.

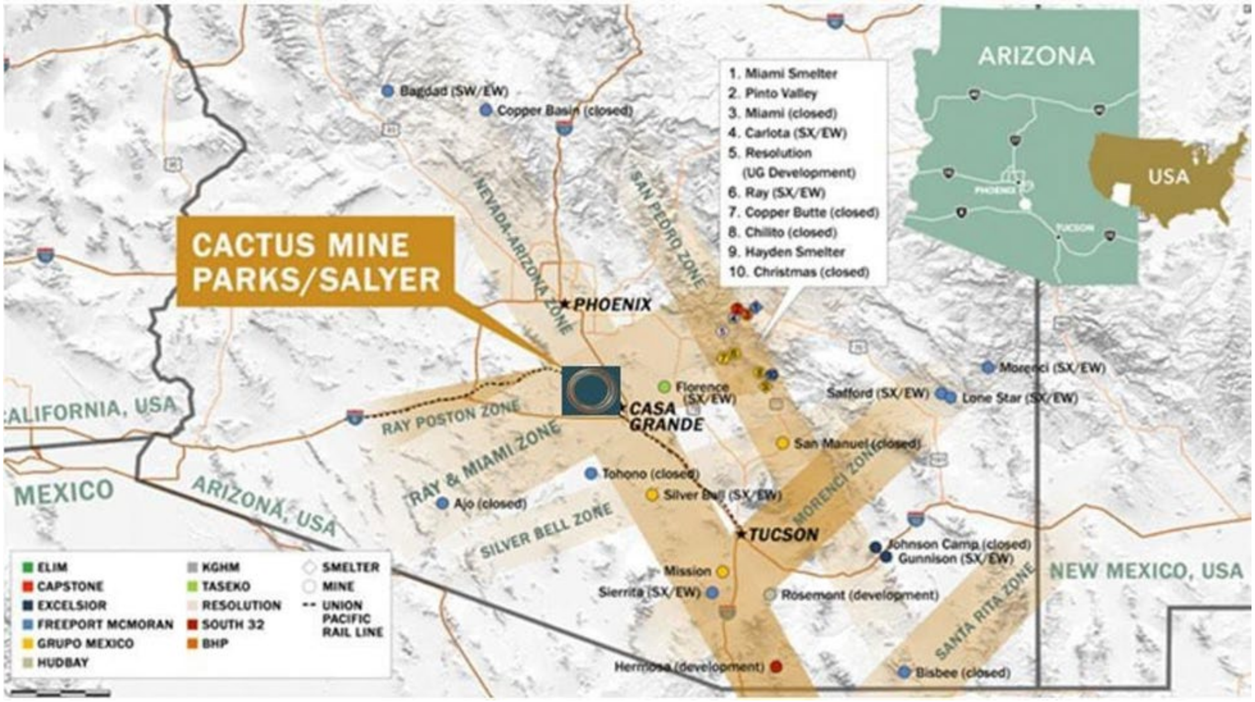
Sensitivity Analysis

A sensitivity analysis was conducted on the base case pre-tax and post-tax NPV8% and IRR of the Cactus Project using the following variables: metal price, discount rate, total operating cost, and initial capital cost.

The sensitivity analysis revealed that the Cactus Project is most sensitive to commodity price, operating cost, and less sensitive to initial capital cost.

Adjacent Properties

The nearest adjacent mineral property is the Santa Cruz copper porphyry deposit, located just over 2 miles (3 km) southeast of the Cactus Project site and 7 miles (11 km) west of Casa Grande, Arizona. Deposit information obtained from an abstract of the geology of the Santa Cruz Porphyry Copper Deposit by Henry G. Keis (2020), ASARCO, Incorporated, Tucson, Arizona, reports that the associated alteration and mineralization in the Santa Cruz copper porphyry, including that of fault-displaced portions like the Cactus Project, spans about 7 miles (11 km) in length and about a mile (1.6 km) in width. Ivanhoe Electric Inc. (IE) filed a NI 43-101 compliant technical report of their mineral resource estimate on May 24, 2022. The QP was able to visit IE's core shed and view selected core from the property. The combined knowledge from review of the report and viewing the core confirmed that mineralization at Santa Cruz is very similar to the mineralization of the Cactus Project.



Conclusions and Interpretations

The total measured and indicated mineral resources estimate for the Cactus Project in 2024 PEA the is 889 million tons of combined leachable and primary mineralogies, averaging 0.46% copper for a total of 7.3 billion lbs of copper.

Based on the applicable assumptions and parameters in , the 2024 PEA demonstrates positive economics (i.e., post-tax NPV8% of US$2.03B and 24% post-tax IRR). The 2024 PEA supports a decision to carry out additional detailed studies.

Recommendations

The following table provides a summary of all major recommended works proposed in the 2024 PEA to be completed in support of future engineering studies and field work to advance the Cactus Project through to pre-feasibility study. The recommended budget of US$20.4 million and the scope for all work listed below is summarized in Section 26 of the 2024 PEA Technical Report.

Summary of Budget for Recommendations

Items	(U$M)
Exploration and Drilling	10.0
Mining Geotechnical	2.8
Open Pit Mine Design and Scheduling	0.4
Underground Mine Design and Scheduling	0.5
Mine Capital and Operating Cost Estimation	0.5
Metallurgical Testwork	3.0
Mineral Resource Estimates	0.2
Recovery Methods	1.0

Items	(U$M)
Infrastructure	0.1
Heap Leach Facility	0.2
Environmental, Permitting, and Social Recommendations	0.2

RISK FACTORS

The Company's business, being the identification, acquisition, exploration, development and production of base metal properties in geographic regions known to have low geopolitical risk, and the present stage of exploration and development of the Company's mineral properties, is speculative and involves a high degree of risk. The risk factors listed below could materially affect the Company's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Company.

Volatility of Copper Prices

The Company's future development plans and its ability to commence and sustain operations in the future are dependent on, amongst other things, the market price of copper. The prices of copper prevalent and that are likely to be realized by the Company will affect future development, construction and production decisions, earnings, cash flows, the financial condition and prospects of the Company.

The market price of copper is affected by numerous factors beyond the Company's control. Some factors that affect the price of copper include: industrial demand; forward or short sales of copper by producers and speculators; future levels of copper production; and rapid short-term changes in supply and demand due to speculative or hedging activities by producers, individuals or funds. Copper prices are also affected by macroeconomic factors including: confidence in the global economy; expectations of the future rate of inflation; the availability and attractiveness of alternative investment vehicles; the strength of, and confidence in, the US dollar, the currency in which the price of copper is generally quoted, and other major currencies; global political or economic events; and costs of production of other copper producing companies. All of the above factors can, through their interaction, affect the price of copper by increasing or decreasing the demand for or supply of copper.

The price of copper has fluctuated widely in recent years, and any future material price declines could cause the development and restart of the Cactus Project to be uneconomic. Depending on the expected price of copper, projected cash flows from planned mining operations may not be sufficient to warrant commencing development or mining, and the Company could be forced to discontinue plans of development, or delay or abandon making a construction or production decision. The Company may be forced to sell one or more portions of the Cactus Project to generate cash. Any future production from the Cactus Project will be dependent on a price of copper that is adequate to make a deposit economically viable. Furthermore, future mine plans using significantly lower copper prices could result in material write-downs of the Company's investment in the Cactus Project and in reductions in mineral resource estimates. The occurrence of any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Further a declining or sustained low price of copper could negatively impact the Company's ability to finance the exploration and development of the Cactus Project.

Although the price of copper is only one of the several factors that the Company will consider in making development, construction and production decisions in relation to the Cactus Project, if the Company determines from a reassessment that the Cactus Project is not economically viable in whole or in part, then operations may cease or be curtailed and the Cactus Project may never be fully developed or developed at all. The occurrence of any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Demand for Copper and Industry Conditions

Copper has a number of different applications, including being used in wiring and cable products, copper tubing and the transportation industry. The projected medium-long term demand for copper is expected to be driven significantly by amongst other factors, the current anticipated global energy transition to renewable energy & electrification and electric vehicles. Alternative technologies are continually being investigated and developed with a view to reducing production costs or for other reasons, such as minimizing environmental or social impact. If competitive technologies emerge that use other materials in place of copper, demand and price for copper might fall, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Uncertainty of Mineral Resource and Mineral Reserve Estimates

The Company's mineral resource are estimates only, and no assurance can be given that the anticipated tonnages and grades reported in the 2024 PEA Technical Report will be achieved, that the indicated level of recovery reported in the 2024 PEA Technical Report will be realized or that estimated mineral resource will be declared as mineral reserves and can or will be mined or processed profitably. The Company's mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing and other factors. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Company's control. Estimation is a subjective process, and the accuracy of the Company's mineral resource estimate is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation of that data and the level of congruence with the actual size and characteristics of the Company's deposits. These estimates may require adjustments or downward revisions based upon further exploration or development work or drilling.

Fluctuations in copper prices, results of drilling, metallurgical testing, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties may require revision of the Company's mineral resource estimates. Mineral resource estimates are based on drill hole information, which is not necessarily indicative of conditions between and around the drill holes. Accordingly, such mineral resource estimates may require revision as more geologic and drilling information becomes available and as further studies are conducted. Should reductions in mineral resources occur, the Company may be required to take a material write-down of its investment in the Cactus Project, reduce the carrying value of the Cactus Project or delay the development of, or production from, some or all of the deposits forming the Cactus Project, which could have a material adverse effect on the Cactus Project and the Company's business, financial condition, results of operations, cash flows and prospects. Mineral resource estimates should not be interpreted as assurances of expected LOM or of the profitability of future operations. There is a degree of uncertainty in estimating mineral resources and of the grades and tonnage that are forecast to be mined and, as a result, the grade and volume of copper that the Company eventually mines, processes and recovers may not be the same as currently anticipated. Any material reductions in estimates of mineral resources, could have a material adverse effect on the Cactus Project and the Company's business, financial condition, results of operations, cash flows or prospects.

Mineral resources are not mineral reserves and have a greater degree of uncertainty as to their existence and feasibility. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no assurance that mineral resource will be upgraded to proven or probable mineral reserves. Mineral resources that are in the inferred category are even more risky. Due to the uncertainty and speculative nature of inferred mineral resource, economic considerations cannot be applied to this category and there is no assurance that inferred mineral resources will be upgraded to proven or probable mineral reserves as a result of continued exploration.

Nature of mineral exploration, development and mining

The Company's future is dependent on its exploration, development and successful results from technical study programs. The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which may not be eliminated even through a combination of careful evaluation, experience and knowledge. Few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures on the Company's properties may be required to construct or repair mining and processing facilities at a site, and it is possible that further detailed studies may show uneconomic results, leading to the abandonment of projects. It is impossible to ensure that economic studies, including full feasibility studies, on the

Company's projects, or the current or proposed exploration programs on any of the properties in which the Company has exploration rights, will result in any profitable commercial mining operations. The Company cannot give any assurance that its current and future exploration activities will result in a discovery of mineral deposits containing mineral reserves. Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: the particular attributes of the deposit, such as its size and grade; unusual or unexpected geological formations and metallurgy; proximity to infrastructure; financing costs; copper and by-product metal prices, which are highly volatile; and governmental regulations, including those relating to prices, taxes, royalties, infrastructure, land use and acquisition, importing and exporting of metal, exchange controls and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of any or all of these factors may result in the Company not receiving an adequate return on its invested capital or suffering material adverse effects to its business and financial condition. Exploration and development projects also face significant operational risks including but not limited to an inability to obtain access rights to properties, accidents, equipment breakdowns, labour disputes (including work stoppages and strikes), and other unanticipated interruptions.

Dependent on the success of the Cactus Project

The Company's current principal operation is expected to be the Cactus Project in Arizona and the Company is dependent upon the success of the Cactus Project. The continued development of mining operations at the Cactus Project will require the commitment of substantial additional resources for capital expenditures and operating expenditures, which may increase in subsequent years as needed, and for consultants, personnel and equipment associated with additional development and mining of such project. There can be no assurance that the Cactus Project will be commercially viable or that funds required for the continued development of mining operations at the Cactus Project can be obtained on a timely basis.

Financing Risks and Additional Financing

The Company's primary sources of capital resources are comprised of cash and cash equivalents and the issuance of securities. The Company has accessed to certain capital commitments from Nuton LLC under the Nuton Option Agreement. The Company will continuously monitor its capital structure and based on changes in operations and economic conditions, may adjust the structure by issuing new shares or new debt as necessary. While it is anticipated that funds from cash reserves of the Company will support further technical work and drilling in connection with the Cactus Project, the Company will need to raise further funds to complete the development of the Cactus Project, as well as to conduct other exploration and development activities. The Company will seek to raise further funds through equity or debt financings. The Company's ability to continue as a going concern in the short-term is dependent on the continued support of its equity holders. In the long-term the Company's ability to continue as a going concern is dependent on raising further funding. While the Company has been successful in securing financing to date, there are no guarantees that it will be able to secure such financing in the future on terms acceptable to the Company, if at all. This could, in turn, have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Option and Joint Venture Agreements

The Cactus Project, which is the Company's cornerstone and only material property, is subject to Nuton Option Agreement. Pursuant to the Nuton Option Agreement, among other things, the Company had granted Nuton an exclusive right and option to acquire between 35% to 40% interest in the Cactus Project. See *"General Development of the Business – 2023 – Arizona and Nuton LLC Option to Joint Venture"* for more details. In connection with the Nuton Option Agreement, the Company agreed to a work program for the Cactus Project (after applying the Nuton™ technologies) and to generate and deliver an Integrated Nuton PFS. In addition, while the Company continues to act as the operator of the Cactus Project, a steering committee (with equal membership between Nuton LLC and the Company) will provide oversight and determine the detailed execution scope of the Integrated Nuton PFS. Nuton LLC also has the right to nominate an individual to the Company's technical & sustainability committee. As a result of the Nuton Option Agreement, the Company has less control over decisions made with respect to the work plan and the studies advanced on the Cactus Project. The Company may also face risks associated the reduced control over its material property as Nuton LLC may at any time have economic, business or legal interests, priorities or goals that are inconsistent with the Company's, including in respect of the work program and budget priorities in respect of the Cactus Project (and the impact associated application of the Nuton™ technologies on the Cactus Project and the pursuit of the Integrated Nuton PFS). Additionally, Nuton LLC has provided certain funding to ASCU USA of US$11 million (the Nuton Option Exercise Pre-Payment Amount) as well as an additional US$12 million for funding costs associated with continued Nuton test work required to produce the Integrated Nuton PFS. In the event the Trigger Events are not satisfied, the Company terminates the Nuton Option Agreement as a result of Nuton delaying its approval of the Integrated Nuton PFS or Nuton elects not to exercise the Nuton Option, and the Nuton Option Exercise Pre-Payment Amount, becomes repayable in cash, such repayment obligation may negatively impact adversely affect the Company's business.

The Company has and may continue to enter into option agreements and/or joint ventures as a means of gaining property interests and raising funds. Any failure of any partner to meet its obligations to the Company or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a negative impact on the Company.

Under the terms of such option and/or joint venture agreements, the Company may be required to comply with applicable laws, which may require the payment of maintenance fees and corresponding royalties in the event of exploitation/production. The costs of complying with option agreements are difficult to predict with any degree of certainty; however, were the Company forced to suspend operations on any of its concessions or pay any material fees, royalties, or taxes, it could result in a material adverse effect to the Company's business, financial results, and condition.

The Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a materially adverse impact on the strategic value of the underlying concessions.

Permits, Licenses and Approvals

The Company's operations are subject to extensive laws and regulations governing, among other things, such matters as environmental protection, management and use of toxic substances and explosives, health, exploration and development of mines, production and post-closure reclamation, safety and labour, taxation and royalties, maintenance of leases and claims, and expropriation of property. The activities of the Company require permits and licenses from various governmental and/or regulatory authorities.

The costs associated with compliance with these laws and regulations and of obtaining permits and licenses are substantial, and possible future laws and regulations, changes to existing laws and regulations and more stringent enforcement of current laws and regulations by governmental and/or regulatory authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. There is no assurance that future changes in such laws and regulations, if any, will not adversely affect the Company's operations. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety practices of the Company's past and current operations, or possibly even the actions of former property owners, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The Company may fail to comply with current or future laws and regulations. Such non-compliance can lead to financial restatements, civil or criminal fines, penalties, and other material negative impacts on the Company.

As the development of the Cactus Project and exploration activities proceed, the Company may be required to obtain or renew further government permits for its current and contemplated operations. Obtaining or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving numerous regulatory agencies, involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting authority. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can ultimately recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could delay the development of or impede the operation of a mine. To the extent necessary permits, licenses or authorizations are not obtained or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with planned development, commercialization, operation and exploration activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Estimates of Costs and Cost Overruns

As a result of the substantial expenditures involved in the development of a mineral project, the need to project years into the future, the need to make assumptions and use models that may not adequately approximate reality, and the fluctuation of costs over time, a development project is prone to material cost overruns. The Cactus Project does not have a recent operating history upon which the Company can accurately base estimates of future operating costs. The estimates cash operating costs contained in the 2024 PEA Technical Report and the economic analysis therein are based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of the mineralized material to be mined and processed;
- anticipated development access for access to mineralized material;
- anticipated recovery rates of copper and other metals from the mineralized material;
- cash operating costs of comparable facilities and equipment; and
- anticipated availability of labour and equipment.

Capital costs, operating costs, production and economic returns, and other estimates may differ significantly from those anticipated by the 2024 PEA Technical Report, and there can be no assurance that the Company's actual capital or operating costs will not be higher than currently anticipated or that returns will not be lower than anticipated. The current inflationary trends in the global economy and supply chain issues may negatively impact study inputs. The Company's actual costs may vary from estimates for a variety of reasons, including: limitations inherent in modelling; changes to assumed third party costs; short term operating factors; revisions to mine plans; risks and hazards associated with development and mining described elsewhere in this AIF and the 2024 PEA Technical Report; natural phenomena, such as inclement weather conditions, water availability, floods, and earthquakes; and unexpected labour shortages or strikes. Operating costs may also be affected by a variety of factors, including: mining methods, changing waste-to-ore ratios, mineralized material grade metallurgy, labour costs, cost of commodities, general inflationary pressures and currency exchange rates. Many of these factors are beyond the Company's control. Failure to achieve estimates or a material increase in costs could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Geological, Hydrological and Climatic Events

All mining operations face geotechnical, hydrological and climate challenges. Unanticipated adverse geotechnical and hydrological conditions, such as landslides, subsidence and uplift, embankment failures and rock fragility may occur in the future and such events may not be detected in advance. Geotechnical instabilities and adverse climatic conditions can be difficult to predict and are often affected by risks and hazards outside of the Company's control, such as severe weather and seismic activity.

Geotechnical failures could result in limited or restricted access to mines, suspension of operations, environmental damage, government investigations, increased monitoring costs, remediation costs, loss of mineralized material and other impacts, which could result in loss of revenue or increased costs, and could result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Certain areas surrounding the Cactus Project which are non-operational and are in the development buffer zone, lie within a potential flood zone risk. Although flooding has not occurred to date, flooding at the Cactus Project's properties may nonetheless occur in the future. Once on the Cactus Project's properties, this water must be treated as any other water which the Cactus Project seeks to discharge from its properties and must meet environmental standards. This means that, provided there is no regulatory relief, the Cactus Project may be required to store and potentially treat the water, and to limit discharge to the approved limits under the Company's permits. If the amount of such water flowing onto the properties exceeds the capacity of the Cactus Project 's storage ponds, the Cactus Project may be required to store water in underground areas of its mines, limiting its ability to operate in those areas. Production and capital development could be delayed if the Cactus Project cannot operate in necessary areas as a result of such flooding, which could cause the Company to delay future development plans, construction, production and loss of future revenue. The Company may also incur additional costs as a result of such flooding, both in dealing with the excess water and in remediating any damage resulting from flooding.

Title matters

Once acquired, title to, and the area of, mineral properties may be disputed. There is no guarantee that title to one or more claims, concessions or leases at the Cactus Project will not be challenged or impugned. There may be challenges to any of the Cactus Project's titles which may result in the Company paying substantial costs to settle or dispute, and if such challenges are successful, could result in the loss or reduction of the Company's interest in such titles. The Cactus Project may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. The failure to comply with all applicable laws and regulations, including a failure to pay taxes or to carry out and file assessment work, can lead to the unilateral termination of concessions by mining authorities or other governmental entities.

Impact of Social and Environmental Activism

There is an increasing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("**NGOs**") who oppose resource development can be vocal critics of the mining industry. In addition, there have been many instances globally in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. Although the Company has historically benefited from a supportive community within the Pinal County area and more widely in Arizona, NGOs or local community organizations could direct adverse publicity and/or disrupt the operations of the Company in respect of one or more of its properties in the future, regardless of its successful compliance with social and environmental best practices, due to political factors, activities of unrelated third parties on lands in which the Company has an interest or the Company's operations specifically. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Local Communities, Stakeholders and Labour Force

The Company's future success depends on developing and maintaining productive relationships with the communities surrounding its operations who may have rights or may assert rights to certain Company properties, and other stakeholders in the Company's operating locations. The Company believes that its operations can provide valuable benefits to surrounding communities in terms of direct employment, training and skills development and other benefits associated with ongoing payment of taxes. In addition, the Company's environmental, social & governance framework set out in the Technical and Sustainability Committee Charter ("**ESG Framework**") and its corporate policies and procedures involve active community participation and interaction. Notwithstanding the Company's ongoing efforts, local communities and stakeholders can become dissatisfied with the Company's activities or the level of benefits provided, which may result in legal or administrative proceedings, civil unrest, protests, direct action or campaigns against us. Any such occurrence could materially and adversely affect the Company's business, financial condition or results of operations.

Further, the Company's development of the Cactus Project will be dependent upon the efforts of its employees and the Company's operations would be adversely affected if it failed to maintain satisfactory labour relations. Relations between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities who have jurisdiction over the various aspects of the Company's business. Changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, results of operations or financial condition.

Dependence on Management and Key Personnel

The Company's business is dependent on retaining the services of its key management personnel with a variety of skills and experience, including in relation to the development and operation of mineral projects. The success of the Company is, and will continue to be, dependent to a significant extent on the expertise and experience of its directors and senior management. Failure to retain, or loss of, one or more of these people could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects. The Company's success will also depend to a significant degree upon the contributions of qualified technical personnel and the Company's ability to attract and retain highly skilled personnel. Competition for such personnel is intense, and the Company may not be successful in attracting and retaining qualified personnel, or in obtaining the necessary work permits to hire qualified expatriates. The Company's inability to attract and retain these people could have a material adverse effect on its business, financial condition, results of operations, cash flows or prospects.

Operations during mining cycle peaks are more expensive

During times of increased demand for metals and minerals, price increases may encourage expanded mining exploration, development and construction activities. These increased activities may result in escalating demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause exploration, development and construction costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays, or increase operating costs.

Risks of Mining Operations

Any future development or mining operations of the Company, involves various types of risks and hazards typical of companies engaged in the mining industry. These risks affect the current exploration and development activities of the Company and will affect the Company's business to an even larger extent if commercial mining operations commence. Such risks include, but are not limited to: (i) industrial accidents; (ii) unusual or unexpected rock formations; (iii) structural cave-ins or slides and pitfall, ground or slope failures and accidental release of water from surface storage facilities; (iv) fire, flooding and earthquakes; (v) rock bursts; (vi) metals losses; (vii) periodic interruptions due to inclement or hazardous weather conditions; (viii) environmental hazards; (ix) discharge of pollutants or hazardous materials; (x) failure of processing and mechanical equipment and other performance problems; (xi) geotechnical risks, including the stability of the underground hanging walls and unusual and unexpected geological conditions; (xii) unanticipated variations in grade and other geological problems, water, surface or underground conditions; (xiii) labour disputes or slowdowns; (xiv) work force health issues as a result of working conditions; and (xv) force majeure events, or other unfavourable operating conditions.

These risks, conditions and events could result in: (i) damage to, or destruction of the value of, the Cactus Project or its facilities; (ii) personal injury or death; (iii) environmental damage to the Cactus Project, surrounding lands and waters, or the properties of others; (iv) delays or prohibitions on mining or the transportation of minerals; (v) monetary losses; and (vi) potential legal liability. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operation or prospects. In particular, open pit and/or underground development and exploration activities present inherent risks of injury to people and damage to equipment. Significant mine accidents could occur, potentially resulting in a complete shutdown of the Company's operations at the Cactus Project which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

There are also risks related to the reliance on the reliability of current and new or developing technology; the reliance on the work performance of outside consultants, contractors, and manufacturers; changes to project parameters over which the Company does not have complete control such as the copper price or labour or material costs; unknown or unanticipated or underestimated costs or expenses; unknown or unanticipated or underestimated additions to the scope of work due to changing or adverse conditions encountered as a mine is refurbished and redeveloped; unexpected variances in the geometry or quality of ore zones; unexpected reclamation requirements or expenses; permitting time lines; unexpected or unknown ground conditions; unexpected changes to estimated parameters utilized to estimate past timelines, projections, or costs; and liquidity risks. An adverse change in any one of such factors, hazards and risks may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Infrastructure and Supplies

Development and commencement of operations at the Cactus Project depends on adequate infrastructure. In particular, reliable power sources, water supply, electricity, transportation and surface facilities are all necessary to develop and operate mines. Although the Cactus Project benefits from existing infrastructure, failure to adequately meet all appropriate infrastructure requirements required as per the development plan or changes in the cost of such requirements could affect the Company's ability to complete development and commence operations at the Cactus Project and could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Environmental Risks and Hazards

Environmental hazards may also exist on the properties on which the Company holds interests that are unknown to the Company at present and that have been caused by previous or existing owners or operators of the properties and for which the Company may be liable for remediation. Although the Company acquired the property following completion of the site improvement plan activities undertaken by the ASARCO Trust, parties engaged in mining operations in some cases, including the Company, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable environmental laws or regulations, regardless of whether the Company actually caused the loss or damage. The costs of such compensation, fines or penalties could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Climate Change

There is significant evidence of the effects of climate change on the planet and an intensifying focus on addressing these issues. Climate change is a global challenge that may have both favorable and adverse effects on the Company's business in a range of possible ways. Mining and processing operations are energy intensive and result in a carbon footprint either directly or through the purchase of fossil-fuel based electricity. As such, the Company is impacted by current and emerging policy and regulation relating to greenhouse gas emission levels, energy efficiency, and reporting of climate-change related risks. While some of the costs associated with reducing emissions may be offset by increased energy efficiency, technological innovation, or the increased demand for the Company's metals as part of technological innovations, the current regulatory trend may result in additional transition costs at some of the Company's operations. Governments are introducing climate-change legislation and treaties at the international, national, and local levels, and regulations relating to emission levels and energy efficiency are evolving and becoming more rigorous. Current laws and regulatory requirements are not consistent across the jurisdictions in which the Company operates, and regulatory uncertainty is likely to result in additional complexity and cost in the Company's compliance efforts. Public perception of mining is, in some respects, negative and there is increasing pressure to curtail mining in many jurisdictions as a result, in part, of perceived adverse effects of mining on the environment and on local communities. Concerns around climate change may also affect the market price of the Common Shares as institutional investors and others may divest interests in industries considered to have more environmental impacts. While the Company is committed to operating responsibly and reducing the negative effects of the Company's operations on the environment, ability to reduce emissions and energy and water usage by increasing efficiency and adopting new innovation is constrained by technological advancement, operational factors, and economics. Adoption of new technologies, the use of renewable energy, and infrastructure and operational changes necessary to reduce water usage may also increase the Company's costs significantly. Concerns over climate-change, and the Company's ability to respond to regulatory requirements and societal pressures, may have significant impacts on the Company's operations and reputation and may even result in reduced demand for the Company's products.

The physical risks of climate change could also adversely impact the Company's operations. These risks include, among other things, extreme weather events, resource shortages, changes in rainfall and storm patterns and intensities, water shortages, changing sea levels, and extreme temperatures. Over the past several years, changing weather patterns and climatic conditions due to natural and man-made causes have added to the unpredictability and frequency of natural disasters, such as hurricanes, earthquakes, hailstorms, wildfires, snow, ice storms, the spread of disease and insect infestations. Climate-related events such as mudslides, floods, droughts, and fires can have significant impacts, directly and indirectly, on the Company's operations and could result in damage to the Company's facilities, disruptions in accessing the Company's sites with labour and essential materials or in shipping products from the Company's mines, risks to the safety and security of the Company's personnel and to communities, shortages of required supplies such as fuel and chemicals, inability to source enough water to supply the Company's operations, and the temporary or permanent cessation of one or more of the Company's operations. There is no assurance that the Company will be able to anticipate, respond to, or manage the risks associated with physical climate-change events and impacts, and this may result in material adverse consequences to the Company's business and financial results.

Regulatory Matters

The Company's development and mineral exploration activities are subject to numerous laws governing prospecting, development, production, taxes, labor standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment, such as the federal Clean Air and Clean Water Act, Endangered Species Act, Resource Conversation and Recovery Act and their state analogs, including the Arizona Water Pollution Control Law. Although the Company currently believes that it is in compliance with existing environmental and mining laws and regulations and that its proposed work programs will also meet those standards, no assurance can be given that the Company will remain in compliance with applicable regulations or that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties.

Amendments to current laws and regulations governing the Company's current or prospective operations and activities of exploration, development mining and milling or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production or require delays or abandonment in the development of new mining properties. In addition, the Company is required to expend significant resources to comply with numerous corporate governance and disclosure regulations and requirements adopted by Canadian federal and provincial governments, U.S. federal and state governments, as well as the TSX. These additional compliance costs and related diversion of the attention of management and key personnel could have a material adverse effect on the Company's business, financial condition and results of operations.

Regulations relating to Emissions and Climate Change

Global climate change continues to attract considerable public, scientific and regulatory attention, and greenhouse gas emission regulation is becoming more commonplace and stringent. As energy, including energy produced from the combustion of carbon-based fuels, will be significant input to the Company's future operations, the Company will be required to comply with emerging climate change regulatory requirements, including programs to reduce greenhouse gas emissions. The Company's principal energy sources are expected to be electricity from the Arizona grid. In addition, the Company's mobile mining equipment will emit carbon dioxide. The U.S. federal and state governments may enact an emission trading, carbon tax or similar program for greenhouse gas emissions, which could significantly increase the Company's future energy and regulatory compliance costs. For example, the U.S. federal government has considered legislation to reduce greenhouse gas emissions through a cap-and-trade system of allowances and credits, among other provisions. In addition, the United States Environmental Protection Agency has developed final rules requiring certain emitters of greenhouse gases to collect and report data with respect to their greenhouse gas emissions.

As part of its ESG Framework the Company is committed to working towards a reduced carbon footprint in relation to its operations, however there are no assurances that this will be achieved. A carbon tax or a cap-and-trade program will likely result in increased future energy costs. The regulations will also likely increase the Company's compliance costs. For example, the Company may be required to install new equipment to reduce emissions in relation to its future processing facilities in order to comply with new regulatory standards or to mitigate the financial impact of a new climate change program. The Company may also be subject to additional and extensive monitoring and reporting requirements. It is uncertain at this time how provincial and regional initiatives will interact with any federal climate change regulations. The potential physical impacts of climate change on the Company's operations are highly uncertain. These may include changes in weather and rainfall patterns, water shortages, changing storm patterns and intensities and changing temperatures. These physical impacts could require the Company to curtail or close mining, development and exploration activities and could prevent the Company from pursuing future expansion opportunities. These effects may adversely impact the Company's cost and financial performance of its operations.

Risks relating to Changing Environmental Legislation and Regulations

All phases of the Company's operations are subject to environmental laws and regulations in the jurisdictions in which it operates. These laws and regulations provide for restrictions, requirements and prohibitions relating to spills, releases or emissions of various substances produced in association with certain mining operations, such as seepage from tailings disposal areas, which would result in environmental pollution and the protection of species and land, water, and air quality. A violation of these laws and regulations may result in the imposition of fines and penalties or orders to suspend operations. In addition, some federal and state laws and regulations require an environmental impacts analysis of operations before the Governmental Authority can issue permits necessary for operations. While the Company does not currently anticipate out of usual course analysis being necessary before obtaining the permits necessary for the Cactus Project there is the potential that changes in laws or regulations, or the configuration of the Cactus Project could result in such an analysis being necessary. Environmental laws and regulations are evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental laws or regulations will not materially adversely affect the Company's business, financial condition and results of operations. Government environmental approvals and permits are currently, or may in the future be, required in connection with the Cactus Project. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration, development or operation of the Cactus Project. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations, including the Company, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of companies in the mining industry, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

Anti-Bribery Laws

The Canadian Corruption of Foreign Public Officials Act, the U.S. Foreign Corrupt Practices Act and anti-bribery laws in other jurisdictions where the Company does or may do business, prohibit companies and their intermediaries from making improper payments for the purposes of obtaining or retaining business or other commercial advantage. The Company's policies mandate compliance with these anti-bribery laws, which often carry substantial penalties. There can be no assurances that the Company's internal control policies and procedures will always protect it from reckless or other inappropriate acts committed by the Company's affiliates, employees or agents. Violations of these laws, or allegations of such violations, could have a material adverse effect on the Company's business, financial position and results of operations.

Third Party Approvals

The Company may require the consent or approval of third parties in order to enter into or complete certain agreements or transactions necessary in the course of its operations. There can be no assurance that such third parties, which may include contractual partners, shareholders, regulatory bodies or entities with an interest in the applicable property or others, will provide the required approval or consent or enter into such agreement in a timely manner, or at all. Failure to obtain such third-party approval may result in a material adverse effect on the Company's operations and financial condition.

Competition

The mining industry is intensely competitive in all of its phases. The Company competes with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for: (i) properties which can be developed and can produce economically; (ii) the technical expertise to find, develop, and operate such properties; (iii) labour to operate the properties; and (iv) capital to fund such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

No Earnings and History of Losses

For the financial year ended December 31, 2024, the Company had a loss and comprehensive loss of approximately US$7.4 million (US$7.0 million in 2023) and at December 31, 2024, had a deficit of approximately US$41.5 million (US$34.1 million in 2023). The Company has incurred various expenses in recent periods and plans to incur further expenses as cash flows allow. The planned increases in expenses may result in larger losses in future periods.

The exploration and development of the Company's mineral properties will require the commitment of substantial financial resources that may not be available. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners and the acquisition of additional property interests, some of which are beyond the Company's control. The Company's business strategies may not be successful, and it may not be profitable in any future period. The Company's operating results have varied in the past and they may continue to fluctuate in the future. In addition, the Company's operating results may not follow any past trends.

Negative Operating Cash Flow

The Company has a limited history of operations, and no history of earnings, cash flow, or profitability. The Company had negative operating cash flows for the financial period since incorporation. The Company is devoting significant resources to the development of the Cactus Project; however, there can be no assurance that it will generate positive cash flow from operations in the future. There can be no assurance that the Company will be able to generate positive cash flow from its operations. To the extent that the Company has negative operating cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative operating cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that additional equity capital or other types of financing will be available when needed or that these financings will be on terms favorable to the Company.

Lack of Insurance Coverage

The Company's business is subject to a number of risks and hazards (as further described in this AIF). Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its activities, including any future mining operations. The Company may also be unable to obtain or maintain insurance to cover its risks at economically feasible premiums, or at all. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration or production may not be available to the Company on acceptable terms. Losses from these events may cause the Company to incur significant costs which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Foreign Exchange Risk

The Company is subject to foreign exchange rate fluctuations with respect to United States and Canadian currencies. Copper is sold throughout the world principally in United States dollars. From time to time, the Company may borrow funds and incur expenditures that are denominated in a foreign currency, generally United States dollars.

Enforcing Judgements and Foreign Operation Risks

Some of the directors of the Company, particularly Alan Edwards, Sarah Strunk and Mark Palmer reside outside of Canada and some or all of the assets of such persons may be located outside of Canada. The Company's material project, the Cactus Project, is also located outside Canada and held indirectly through foreign affiliates. As a result, it may be difficult or impossible for Canadian investors to initiate a lawsuit within Canada against these persons or to enforce judgments in Canada against such assets. In addition, it may not be possible for Canadian investors to collect from these persons or assets judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation of certain of the provinces and territories of Canada. It may also be difficult or impossible for Canadian investors to succeed in a lawsuit in the United States based solely on violations of Canadian securities laws.

Conflicts of Interest

Certain directors and officers of the Company are or may become associated with other mining and/or mineral exploration and development companies which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of the Company. Some of the directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner or to allocate opportunities that they become aware of to the Company could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Significant Influence of Tembo

As of the date hereof, Tembo holds approximately 22.6% of issued and outstanding Common Shares on a non-diluted basis. The Tembo Investor Rights Agreement provides Tembo with, among other things: (i) the right to maintain its percentage interest in the Company upon certain equity issuances undertaken by the Company so long as its ownership of the outstanding Common Shares is at least 9.9%; and (ii) the right to nominate one Company director so long as its ownership of the outstanding Common Shares is at least 9.9%. In some cases, the interests of Tembo may not be the same as those of the Company's other shareholders, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to the Company or its minority shareholders. See "*Material Contracts – Tembo Investor Rights Agreement*".

Current and future debt ranks senior to Common Shares

The incurrence or issuance of debt, which ranks senior to the Common Shares upon the liquidation, and future issuances of equity or equity-related securities, which would dilute the holdings of the Company's existing holders of Common Shares and may be senior to Common Shares for the purposes of making distributions, periodically or upon liquidation, may negatively affect the market price of the Common Shares.

The Company may in the future incur or issue debt or issue equity or equity-related securities to finance its operations, acquisitions or investments. Upon the liquidation of the Company, lenders and holders of debt and holders of preferred shares (if any) of the Company would receive a distribution of the Company's available assets before holders of Common Shares. Any future incurrence or issuance of debt would increase the Company's interest cost and could adversely affect the Company's results of operations and cash flows. Any preferred shares issued by the Company would likely have a preference on distribution payments, periodically or upon liquidation, which could eliminate or otherwise limit the Company's ability to make distributions to holders of Common Shares. Because the Company's decision to incur or issue debt or issue equity or equity-related securities in the future will depend on market conditions and other factors beyond the Company's control, the Company cannot predict or estimate the amount, timing, nature or success of its future capital raising efforts. Thus, holders of the Common Shares bear the risk that the Company future incurrence or issuance of debt or issuance of equity or equity-related securities will adversely affect the market price of the Common Shares.

Risks relating to Future Acquisitions

The Company may seek to expand through future acquisitions; however, there can be no assurance that the Company will locate attractive acquisition candidates, or that the Company will be able to acquire such candidates on economically acceptable terms, if at all, or that the Company will not be restricted from completing acquisitions pursuant to the terms and conditions from time to time of arrangements with third parties, such as the Company's creditors. Future acquisitions may require the Company to expend significant amounts of cash, resulting in the Company's inability to use these funds for other business or may involve significant issuances of equity. Future acquisitions may also require substantial management time commitments, and the negotiation of potential acquisitions and the integration of acquired operations could disrupt the Company's business by diverting management and employees' attention away from day-to-day operations. The difficulties of integration may be increased by the necessity of coordinating geographically diverse organizations, integrating personnel with disparate backgrounds and combining different corporate cultures.

Any future acquisition involves potential risks, including, among other things: (i) mistaken assumptions and incorrect expectations about mineral properties, mineral resources and costs; (ii) an inability to successfully integrate any operation the Company acquires; (iii) an inability to recruit, hire, train or retain qualified personnel to manage and operate the operations acquired; (iv) the assumption of unknown liabilities; (v) limitations on rights to indemnity from the seller; (vi) mistaken assumptions about the overall cost of equity or debt; (vii) unforeseen difficulties operating acquired projects, which may be in geographic areas new to the Company; and (viii) the loss of key employees and/or key relationships at the acquired project.

At times, future acquisition candidates may have liabilities or adverse operating issues that the Company fails to discover through due diligence prior to the acquisition. If the Company consummates any future acquisitions with unanticipated liabilities or that fails to meet expectations, the Company's business, results of operations, cash flows or financial condition may be materially adversely affected. The potential impairment or complete write-off of goodwill and other intangible assets related to any such acquisition may reduce the Company's overall earnings and could negatively affect the Company's balance sheet.

Cybersecurity Threats and Information Technology Systems

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("**IT**") services in connection with its operations. Such operations depend, in part, on how well the Company and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. Given the unpredictability of the timing, nature and scope of information technology disruptions, the Company could potentially be subject to production downtimes, operational delays, destruction or corruption of data, any of which could have a material adverse effect on the Company's cash flows, competitive position, reputation, financial condition or results of operations.

There can be no assurance the Company will not experience any material losses relating to cyber-attacks or other information security breaches in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. In addition, the Company's insurance coverage for cyber-attacks may not be sufficient to cover all the losses it may experience as a result of a cyber incident. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities. There can be no certainty that some or any of such investments, measures and initiatives to address cybersecurity or IT-related threats or vulnerabilities will meet the Company's capital allocation objectives.

In addition, the Company and its third-party service providers also collects, uses, discloses, stores, transmits and otherwise processes customer, supplier and employee and others' data as part of its business and operations, which may include personal data or confidential or proprietary information. There can be no assurance that any security measures that the Company or its third-party service providers have implemented will be effective against current or future security threats. If a compromise of such data were to occur, the Company may become liable under its contracts with other parties and under applicable law for damages and incur penalties and other costs to respond to, investigate and remedy such an incident. Depending on the facts and circumstances of such an incident, these damages, penalties, fines and costs could be significant. Any such event could harm the Company's reputation and result in litigation against it.

Any of these factors could have a material adverse effect on the Company's results of operations, cash flows and financial position.

Investigations, Legal Proceedings and Litigation

The Company may be subject to regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in regulatory actions and litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. Defense and settlement costs of legal claims can be substantial, even with claims that have no merit. Moreover, securities class action litigation has often been brought against a company following a decline in the market price of its securities. If the Company faces such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could materially harm its business. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes. However, if the Company is subject to legal disputes, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company is in litigation with RAMM Power Group LLC, which wishes to acquire portions of the Cactus Project site through eminent domain. See "*The Cactus Project – Existing Litigation*".

On September 10, 2019, appellant Tim Marsh filed Mineral Exploration Permit Application Nos. 08-121065 and 08-121066 with the ASLD, seeking permits to conduct MEPs on land located in Section 35 and Section 36 in Township 5 South in Pinal County where the Company owns the surface rights. ASLD notified the Company of its rights of first refusal, which was exercised by the Company on May 5, 2021, resulting in ASLD denying the MEP applications. This decision was appealed and heard by the Superior Court of Arizona, which upheld the denial in a decision issued June 20, 2022. Tim Marsh has appealed the Superior Court decision issued on June 20, 2022 to the Arizona Court of Appeals. The appeal makes the same arguments that were made in the appeal to the Superior Court. The Court of Appeals granted the Company leave to file an amicus brief and that brief was filed on February 1, 2023. On August 31, 2023, the Court of Appeals affirmed the ruling of the Superior Court. Tim Marsh had 30 days to file a petition to review then the Arizona Supreme Court but did not file a petition, ending the matter. ASLD then issued the two MEP’s to the Company on October 18, 2023.

Dilution

The Company's ability to continue its business operations is dependent on management's ability to secure additional financing. The Company's only source of liquidity is its cash and cash equivalent balances. Liquidity requirements are managed based upon forecasted cash flows to ensure that there is sufficient working capital to meet the Company's obligations.

The advancement, exploration and development of the Company's properties, including continuing exploration and development projects, and, if warranted, construction of mining facilities and the commencement of mining operations, will require substantial additional financing. As a result, the Company may from time to time raise funds through the issuance of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares in the future. The Company cannot predict the size or price of future issuances of Common Shares or the size or terms of future issuances of debt instruments or other securities convertible into Common Shares, or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. Sales or issuances of substantial numbers of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Common Shares. With any additional sale or issuance of Common Shares, or securities convertible into Common Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

Volatility of Equity Securities and Fluctuations in Market Value

The Common Shares trade on the TSX under the symbol "ASCU" and on the OTCQX under the symbol "ASCUF". The securities of publicly traded companies, particularly mineral exploration and development companies, can experience a high level of price and volume volatility and the value of the Company's securities can be expected to fluctuate depending on various factors. These factors may relate to the Company's business, including fluctuations in the Company's operating and financial results, the results of any public announcements made by the Company and the Company's failure to meet analysts' expectations. In addition, there are risks that are not directly related to the success of the Company and its operating performance, underlying asset values or prospects. These include the risks described elsewhere in this AIF. Factors which may influence the price of the Company's securities, including the Common Shares, include, but are not limited to: worldwide economic conditions; global capital market activity and changes in interest and currency rates; changes in government policies and legislative or regulatory developments; investor perceptions; movements in global interest rates and global stock markets; variations in operating costs; technological changes; the cost of capital that the Company may require in the future; metals prices; the price of commodities necessary for the Company's operations; recommendations by securities research analysts; issuances of equity securities or debt securities by the Company; operating performance and, if applicable, the share price performance of the Company's competitors; the addition or departure of key management and other personnel; the expiration of lock-up or other transfer restrictions on outstanding Common Shares; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related industry and market issues affecting the mining sector; litigation; publicity about the Company, the Company's personnel or others operating in the industry; loss of a major funding source; and all market conditions that are specific to the mining industry.

There can be no assurance that such fluctuations will not affect the price of the Company's securities, and consequently purchasers of Common Shares may not be able to sell Common Shares at prices equal to or greater than the price or value at which they purchased the Common Shares or acquired them by way of the secondary market.

Sales by Existing Shareholders

Sales by existing shareholders of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares. If this occurs and continues, it could impair the Company's ability to raise additional capital through the sale of securities.

Dividend Policy

The Company has not, since the date of its incorporation, declared or paid any dividends or other distributions on its Common Shares. The Company anticipates that, for the foreseeable future, it will retain its cash resources for the operation and development of its business. The declaration and payment of any dividends in the future is at the discretion of the Board and will depend on numerous factors, including compliance with applicable laws, financial performance, working capital requirements of the Company and such other factors as its directors consider appropriate, and the Company may never pay dividends.

Analyst Coverage and Public Sentiment

The trading market for the Common Shares will depend on the research and reports that securities or industry analysts publish about the Company and its business. The Company does not have any control over these analysts. The Company cannot assure that analysts will cover it or provide favourable coverage. If one or more of the analysts who cover the Company downgrade its stock or change their opinion of the Common Shares, price of Common Shares would likely decline. If one or more of these analysts cease coverage of the Company or fail to regularly publish reports, the Company could lose visibility in the financial markets, which could cause the price and trading volume of the Common Shares to decline.

Global Financial Conditions

The economic viability of the Company's business and development plans is impacted by the Company's ability to obtain financing. Global economic conditions impact general availability of financing. The Company's access to the global credit market is likely to be limited given its status as a development stage company without mineral reserves. A general risk-adverse approach to investing, which may become more predominant as a result of market turmoil, may limit the Company's ability to obtain future equity financing. Inability to obtain financing at all, or on acceptable terms, would have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the global mining industry, global supply and demand for commodities, political developments, legislative or regulatory changes, social or labor unrest and stock market trends will affect the Company's operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Market / Economic Conditions

The Company’s business may be negatively affected by local economic conditions, including heightened inflation, increasing labor costs, potential recession, the imposition of or adverse amendments to duties, tariffs and other trade restrictions (including any retaliation to such measures) and currency exchange rate fluctuations, which could adversely affect the Company’s costs to run its business and develop the Cactus Project. There is no guarantee that the Company will be able to fully absorb any such additional costs.

Changes in economic conditions, including supply chain constraints, logistics challenges, labor shortages, imposition of or adverse amendments to duties, tariffs and other trade protection mechanisms (including any retaliation to such measures) and steps taken by governments and central banks, including stimulus and spending programs, have, in the past, led to (and could, in the future lead to) heightened inflation, resulting in an increase in costs and changes in fiscal and monetary policy, including increased interest rates.

Inflation

The Company is affected by rising inflationary pressures. A significant portion of the upward pressure on prices has been attributed to the rising costs of labour and energy, as well as continuing global supply-chain disruptions. These inflationary pressures have affected the Company's labour, commodity and other input costs and such pressures may or may not be transitory. Imposition of or adverse amendments to duties, tariffs and other trade protection mechanisms (including any retaliation to such measures) and steps taken by governments and central banks, including stimulus and spending programs, have, in the past, led to (and could, in the future lead to) heightened inflation, resulting in an increase in costs and changes in fiscal and monetary policy, including increased interest rates. Any continued upward trajectory in the inflation rate for the Company's inputs may have a material adverse effect on the Company's capital expenditures for the development of its projects as well as its financial condition and results of operations.

Outbreaks of Diseases and Public Health Crises

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions.

Although the Company's current operations are not being materially impacted by any public health crises (including the Coronavirus disease), the Company continues to monitor the developments and impact of any health crises and pandemic diseases as they may arise. The Company cannot estimate whether, or to what extent, any future outbreak of epidemics or pandemics or other health crises may have an impact on the business, operations and financial condition of the Company. The outbreak of epidemics, pandemics or other public health crises, such as the Coronavirus pandemic, may result in volatility and disruptions in the supply and demand for gold and other metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labor and fuel costs, regulatory changes, political or economic instabilities or civil unrest as well as the Company's ability to service its debt obligations. As such, the impacts of such crises may have a material adverse effect on the Company's business, results of operations and financial condition and the market price of the Common Shares. There can be no assurance that the Company's personnel or its contractors' personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased safety and medical costs / insurance premiums as a result of these health risks.

To the extent that a public health crisis adversely affects the Company's business and financial results, it may also have the effect of heightening many of the other risks described in this *"Risk Factors"* section.

International Conflict, Geopolitical Instability and War

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity and financial markets and supply chains. International conflicts (such as the Russian invasion of Ukraine and the Israel-Hamas conflict) including any related sanctions or other international action, may have a destabilizing effect on commodity prices, supply chains, and global economies more broadly. Volatility in commodity prices and supply chain disruptions may adversely affect the Company's business, financial condition, and results of operations. The extent and duration of the international conflicts and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this AIF, the financial statements of the Company and the management's discussion and analysis, including those relating to commodity price volatility and global financial conditions. International conflicts and other geopolitical tensions and events may have unforeseeable impacts, including on shareholders of the Company, and third parties with which the Company relies on or transacts, may materialize and may have an adverse effect on the Company's business, results of operation, and financial condition.

As a result of changes to U.S. policy, especially in light of recent comments made by the new Trump administration, there may be changes to existing trade agreements, the imposition of new tariffs and greater restrictions on trade generally. In addition, support for protectionism and rising anti-globalization sentiment in the United States and other countries may slow global growth. In particular, a protracted and wide-ranging trade conflict between the United States its trading partners, including Canada, Mexico, Europe and China, or the imposition of tariffs or other trade protection measures by either country in any other context, could adversely affect global economic growth. Concerns also remain around the social, political and economic impacts of the changing political landscape in Europe and elsewhere. Broader geopolitical tensions remain high among the United States, Canada, Russia, China and across the Middle East.

Given the location of the Company’s business and operations in Canada and the United States, and the global nature of business generally, any of the above factors, including sanctions, export controls, tariffs, trade wars and other governmental actions, could have a material adverse effect on our business, financial condition, development of the Cactus Project, and ability to access capital market results on favourable terms, and could cause the market value of the Company's Common Shares to decline.

DIVIDENDS OR DISTRIBUTIONS

The Company has not, since the date of its incorporation, declared or paid any dividends or other distributions on its shares, and does not currently have a policy with respect to the payment of dividends or other distributions. The Company does not generate any revenues and does not expect to generate revenues in the near future and as such, the Company does not pay dividends and does not intend to pay dividends in the foreseeable future.

The payment of dividends in the future will depend on earnings, if any, and the Company's financial condition and such other factors as its directors consider appropriate. Furthermore, achieving production and generating cash flow at the Cactus Project is unlikely to result in payment of dividends or other distributions by the Company to shareholders of the Company.

There can be no assurance that the Company will pay dividends under any circumstances. See "*Risk Factors – Dividend Policy*".

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Company's authorized share capital consists of an unlimited number of Common Shares without par value, of which 148,516,758 Common Shares are issued and outstanding as at March 27, 2025.

All of the Common Shares rank equally as to voting rights, participation in a distribution of the assets of the Company on a liquidation, dissolution or winding-up of the Company and entitlement to any dividends declared by the Company. The holders of the Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of shareholders (other than meetings at which only holders of another class or series of shares are entitled to vote). Each Common Share carries the right to one vote. In the event of the liquidation, dissolution or winding-up of the Company, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the payment by the Company of all of its liabilities. The holders of Common Shares are entitled to receive dividends as and when declared by the Board in respect of the Common Shares on a pro rata basis.

Any alteration of the rights, privileges, restrictions and conditions attaching to the Common Shares under the Company's articles must be approved by at least two-thirds of the Common Shares voted at a meeting of the Company's shareholders.

As at March 27, 2025, there were (i) 8,766,599stock options to acquire Common Shares ("**Options**"), (ii) 874,703 deferred share units ("**DSUs**"), and (iii) 1,024,172 restricted share units .

MARKET FOR SECURITIES

Trading Price and Volume

Common Shares

The Common Shares trade on the TSX under the symbol "ASCU". The following table sets out the high and low trading prices, as well as the trading volume, for the Common Shares on the TSX for each month of the financial year ended December 31, 2024.

Date	High ($)	Low ($)	Trading Volume
January 2024	1.88	1.375	4,861,795
February 2024	1.67	0.98	3,444,584
March 2024	1.47	1.18	2,753,075
April 2024	1.62	1.33	2,423,152
May 2024	1.77	1.33	2,265,569
June 2024	1.54	1.19	2,165,487
July 2024	1.56	1.26	2,034,781
August 2024	1.78	1.26	3,009,751
September 2024	1.72	1.46	2,823,025
October 2024	1.59	1.35	3,584,372
November 2024	1.45	1.23	2,083,010
December 2024	1.53	1.35	2,378,569

Prior Sales - Securities Not Listed or Quoted on a Marketplace

During the financial year ended December 31, 2024, other than the issuance of Common Shares, the Company issued Options and DSUs.

Options

During the financial year ended December 31, 2024, the Company issued the following Options:

Date of Grant	Number of options	Exercise Price (US$)	Expiry Date
March 14, 2024	1,650,257	1.15	March 14, 2029
October 1, 2024	250,000	1.15	October 1, 2029

RSUs

During the financial year ended December 31, 2024, the Company issued the following RSUs:

Date of Grant	Number of RSUs
March 14, 2024	777,165

DSUs

During the financial year ended December 31, 2024, the Company issued the following DSUs:

Date of Grant	Number of DSUs[(1)]
March 14, 2024	301,006

Notes:

(1) The DSUs granted to the holders are to be held in a deferred share unit account until they become payable to the DSU holder on their termination date as a director.

DIRECTORS AND OFFICERS

The following table sets forth the name of each director and executive officer of the Company, their province or state and country of residence, their position(s) and office(s) held with the Company, their principal occupation(s) during the preceding five years and the date they became a director or executive officer of the Company. Each director's term will expire immediately prior to the next annual meeting of shareholders.

Name, Province or State and Country of Residence	Position(s) with Company	Date of Appointment	Principal Occupation(s) for Five Preceding Years
George Ogilvie, Ontario, Canada	President, Chief Executive Officer and Director	July 6, 2021	President & Chief Executive Officer of ASCU since July 2021 and former Director of Rupert Resources Ltd. from 2021-2024; previously, President & Chief Executive Officer of Battle North Corporation from December 2016 to May 2021 and President & Chief Executive Officer of Kirkland Lake Gold from November 2013 to June 2016.
David Laing(2) British Columbia, Canada	Director (Chairman)	May 27, 2021	Chairman of Fortuna Mining Corp.; Director of Blackrock Silver Corp.; Consultant since November 2018; previously, Chief Operating Officer of Equinox Gold Corp. from August 2016 to November 2018.
Mark Palmer(2)(3)(4) London, United Kingdom	Director	August 1, 2020	Partner of Tembo Capital LLC since September 2015.
Isabella Bertani(1)(3) Ontario, Canada	Director	June 22, 2023	Founder and Chief Client Strategist at Bertani since 2019; previously, Partner at RSM from 2015 to 2019.
Alan Edwards(1)(2)(4) Arizona, USA	Director	May 7, 2021	President of AE Resources Corp. since January 2017 and Director of Entrée Resources Ltd.; previously Interim CEO of ASCU from May 2021 to July 2021.
Sarah Strunk(1)(3)(4) California, USA	Director	January 1, 2022	Immediate Past Chair of the Board of Fennemore from 2015 to 2023, current Director and Shareholder of Fennemore since 2000; Director of Teck Resources Limited since February 2022 to present and chair of the Safety and Sustainability Committee, member of the Audit and Corporate Governance and Nominating Committees, former Chair of Brio Gold (now part of Equinox Gold Corp.) and a member of the Audit, Compensation and Governance Committee.
Nicholas Nikolakakis Ontario, Canada	Chief Financial Officer and Vice President of Finance	January 10, 2022	Chief Financial Officer of ASCU since January 10, 2022; previously, Chief Financial Officer of Battle North Corporation from October 2013 until its acquisition by Evolution Mining in May 2021.
Nicholas Hayduk, Nova Scotia, Canada	Vice President of Corporate Development, General Counsel and Corporate Secretary	October 1, 2024	Chief Legal Officer, Vice President Corporate Affairs and Corporate Secretary at Excellon Resources Inc. from July 2022 to July 2023; General Counsel at Battle North Gold Corporation from May 2019 to May 2021

Name, Province or State and Country of Residence	Position(s) with Company	Date of Appointment	Principal Occupation(s) for Five Preceding Years
Rita Adiani Arizona, USA[(5)]	Senior Vice President, Strategy & Corporate Development	July 22, 2021	Senior Advisor to ASCU USA since January 2021; previously, Head of Business Development at Xiana Mining Inc. from June 2019 to June 2020 and Managing Director at NRG Capital Partners from April 2015 to May 2019.
Bernie Loyer Arizona, USA	Senior Vice President, Projects	June 7, 2023	Vice President of Projects at SolGold Ecuador from July 2022 to June 2023; previously, Vice President Projects at Torex Gold from November 2017 to November 2021.

Notes:

(1) Member of the Audit Committee of the directors of the Company, Isabella Bertani is Chair of the Audit Committee.
(2) Member of the Technical & Sustainability Committee of the directors of the Company of which Alan Edwards is Chair.
(3) Member of the Governance and Nominating Committee of the directors of the Company of which Sarah Strunk is Chair.
(4) Member of the Compensation Committee of the directors of the Company of which Sarah Strunk is Chair.
(5) Rita Adiani resigned effective October 15, 2024.

Based on the disclosure available on the System for Electronic Disclosure by Insiders, as of March 27, 2025 the directors and executive officers of the Company (as listed in this AIF), as a group, beneficially owned, or controlled or directed, directly or indirectly, a total of 1,858,578 Common Shares, representing approximately 1.2% of the total number of Common Shares outstanding.

Set forth below is a brief description of the background of the directors and executive officers of the Company, including a description of each individual's principal occupation(s) within the past five years.

David Laing, Chair of the Board of Directors

David Laing is a mining executive and engineer with 40 years of experience in mining operations and construction, project development, consulting, mining finance, corporate development & M&A, and investor relations. During his career, Mr. Laing has held multiple executive positions in precious and base metals companies. Mr. Laing served as Executive VP of Technical Services and Senior VP of Operations for Endeavour Mining from 2010-2014 and was a key member of the team in implementing the development strategy of the company. He has also held positions as COO of Equinox Gold Corp, True Gold Mining Inc., and Quintana Resources. Additionally, he has held senior positions at Standard Bank and Endeavour Financial. His previous experience also includes roles at MRDI, BHP Billiton and Royal Dutch Shell's mining business. Mr. Laing currently serves as Chairman of Fortuna Mining Corp. and as a Director of Blackrock Silver Corp.

Mr. Laing has a BSc Mining Engineering (Honors) from the Royal School of Mines, Imperial College at the University of London, England.

Mark Palmer, Director

Mark Palmer is a mine finance executive with 26 years of experience in the financial industry and was previously directly involved with mining companies in Australia. In 1994, Mr. Palmer joined NM Rothschild & Sons Limited in the London mining finance team assessing mines and projects globally. In 1997, he moved to the investment banking team at UBS to focus on global mergers and acquisitions, equity and debt financing in the mining sector. Mr. Palmer ran the EMEA mining team at UBS for 8 years. In 2014, he joined Canaccord Genuity Corp. as Vice Chairman responsible for the mining sector coverage. Mr. Palmer joined the Tembo group in 2015 and currently serves as a Partner. Mr. Palmer currently sits on the board of Orion Minerals Ltd.

Mark Palmer has a B.Sc. in Mining Geology from University College Cardiff.

Isabella Bertani, Director

A CPA Fellow (FCPA, FCA) with over 25 years of experience, Isabella Bertani has worked extensively with both private and public companies in numerous industry sectors including manufacturing, food processing, technology, telecommunications, mining and mining related industries, biotech, and retail and distribution. Founder and Chief Strategist at BERTANI, Ms. Bertani has held senior positions at Deloitte LLP and a mid-market firm and is a former director of the McMichael Canadian Art Foundation and the Toronto Parks and Trees Foundation. She is a recognized leader in foreign direct investment (FDI), routinely advising global corporations with regards to expansion into the North American market and her clients include numerous foreign subsidiaries of significant global entities. Ms. Bertani is a frequent speaker on topics relating to globalization including doing business in Canada, trade agreements, global trade and migration, and the impact of geopolitical trends on global foreign direct investment and global trade. She has a particular interest in FDI and its impact on global sustainability. Ms. Bertani is a passionate advocate for women in business and in economic development and has held several roles in women's leadership. In 2019, Ms. Bertani was the recipient of the Joanna Townsend Excellence Award for Leadership in International Trade by the Organization of Women in International Trade in Toronto.

She was bestowed the honour of Fellow of the Professional Accountants of Ontario in 2017, the highest distinction conferred on its members.

Ms. Bertani is a graduate of York University's prestigious Schulich School of Business holding both a Bachelor of Business Administration in accounting and a Master of Business Administration with a focus in policy and finance.

Alan Edwards, Director

Alan Edwards has more than 40 years of operations and executive mining industry experience. During the course of his career, he has overseen the development and operations of world class base and precious metals deposits in the Americas. Mr. Edwards is currently the President of AE Resources Corp., an Arizona based company. He formerly led Oracle Mining Corporation (CEO), Copper One Inc. (President and CEO), Frontera Copper Corporation (President & CEO) and Apex Silver Corporation (COO). Currently, Mr. Edwards serves as a Non-Executive Director for Entrée Resources Ltd. Mr. Edwards has previously held the positions of Non-Executive Chairman of the Boards for Tonogold Resources Inc., Mason Resources Corp. (until its acquisition by Hudbay Minerals Inc.), Rise Gold Corp., AQM Copper Inc. (until its acquisition by Teck Resources Ltd.) and AuRico Gold Inc. Mr. Edwards began his career at Phelps Dodge Mining Company in Ajo, Arizona.

Mr. Edwards has Bachelor of Science Degree in Mining Engineering and an MBA (Finance) from the University of Arizona.

Sarah Strunk, Director

Sarah Strunk practices in business and finance law, with an emphasis on mineral transactions, including mergers and acquisitions, finance transactions, corporate governance, international sales contracts and exploration projects. Throughout her 40-year law career, she has represented numerous clients in the mining and natural resource industry. Sarah is a Director and Shareholder of Fennemore since 2000, a member of their Management Committee and Chair of the Board of Directors of Fennemore from 2015 to 2023. Prior to joining Fennemore, Ms. Strunk was Chief Corporate Counsel to the copper/molybdenum division of Cyprus Amax Minerals Company (1992-2000). She has been the Chair of the Board of the Greater Phoenix Chamber of Commerce, served on the Board of the Arizona Mining Association and was a past trustee of the Foundation for Natural Resource and Energy Law (Rocky Mountain Mineral Law Foundation). Ms. Strunk currently serves as a Director of Teck Resources Limited, where she chairs Safety and Sustainability Committee and is a member of the Audit and the Corporate Governance and Nominating Committees. Ms. Strunk was the Chair of the Board of Brio Gold (2016-2018), now part of Equinox Gold Corp. and a member of their Audit, Compensation and Governance Committees. She was a recipient of the 2021 Medal of Merit for her work in the mining industry at the American Mining Hall of Fame.

Ms. Strunk received a Master of Law degree from New York University School of Law and a law degree from University of Kansas School of Law, following a BA in Politics and minoring in Economics, Spanish and History at the Wichita State University. She has been admitted to practice law in Arizona, California, New York, Connecticut and Kansas.

George Ogilvie, President & Chief Executive Officer

George Ogilvie, has over 35 years of management, operating and technical experience in the mining industry. Mr. Ogilvie was until most recently the President & CEO of Battle North, a position he was appointed to, in 2016 whilst the company was under financial insolvency & restructuring proceedings. During his 5 year tenure at Battle North, Mr. Ogilvie and his team successfully completed a turnaround of the company resulting in an increase in the resource base from 400,000 oz Au to approximately 1.3 million oz Au, completion of a positive bulk mining reconciliation program resulting in de-risking of the project, delivery of a preliminary economic assessment and follow on feasibility study in relation to the project with a post-tax IRR of 50% and completion debt and equity financing of over C$100 million associated with project construction. Battle North was acquired by Evolution Mining Limited in May 2021 at a 45% premium to the prevailing spot price. Prior to this, Mr. Ogilvie was the CEO of Kirkland Lake Gold Inc. where he and his team implemented a turnaround strategy which included, amongst other items, improving operations at the Macassa Mine and the acquisition of St. Andrew Goldfields, resulting in significant returns for shareholders. Previously, Mr. Ogilvie was the CEO of Rambler Metals and Mining PLC, where he and his team guided the evolution of the company from grassroots exploration to a profitable junior producer. Mr. Ogilvie began his mining career in 1989 with AngloGold in South Africa and he subsequently held other roles at the Ruttan Mine in Northern Manitoba for HudBay Minerals Inc., the McCreedy West Mine and also as Area Manager for Dynatec Corporation. Mr. Ogilvie received his B.Sc. (Hons.) in Mining and Petroleum Engineering from Strathclyde University in Glasgow, Scotland. He is a Professional Engineer and also holds his Mine Managers Certificate (South Africa).

Nicholas Nikolakakis, Chief Financial Officer and Vice President, Finance

Nicholas Nikolakakis has over 30 years of corporate finance, accounting and senior management experience within the mining sector. Over his career, he has raised over US$2 billion in numerous mining transactions. Most recently he was the Chief Financial Officer for Battle North Corporation (acquired by Evolution Mining in 2021). He was also the former Chief Financial Officer of Rainy River Resources. Prior to Rainy River, Mr. Nikolakakis was the Vice President of Corporate Finance at Barrick Gold Corporation, where he led a US$1 billion project financing for Barrick's Pueblo Viejo mine in the Dominican Republic and successfully negotiated a US$1.5 billion corporate revolving credit facility. Other previously held positions by Mr. Nikolakakis include, Vice President and Chief Financial Officer of Placer Dome Canada, and Treasurer at North American Palladium Ltd. Mr. Nikolakakis serves as a Director of Maritime Gold Corp.

Mr. Nikolakakis holds an Applied Science degree in Geological Engineering from the University of Waterloo and a Master of Business Administration from the University of Western Ontario's Ivey School of Business.

Nicholas Hayduk, Vice President of Corporate Development, General Counsel and Corporate Secretary

Nick Hayduk has been a corporate lawyer for over 24 years, including 17 years in senior management and executive roles at publicly traded mining companies. Most recently, Nick was Chief Legal Officer, Vice President Corporate Affairs and Corporate Secretary at Excellon Resources Inc., and previously he was Vice President, General Counsel and Corporate Secretary at Battle North Gold Corporation, Senior Vice President, Chief Legal Officer at Lundin Mining Corporation, Senior Vice President and General Counsel at Kinross Gold Corporation, General Counsel, Operations – Canada and U.S. at Goldcorp Inc. and General Counsel, Canada at Placer Dome. Nick’s experience in these roles includes corporate governance best practices, securities and other regulatory compliance, public M&A and private asset transactions valued at over US$18 billion, public equity and debt offerings raising over US$3 billion, senior secured credit facilities of up to US$1.5 billion, multi-national joint-ventures, a wide variety of domestic and international contracts, litigation management, global compliance programs, enterprise risk management, and land title and mineral tenure management. His other professional activities have included being a member of the Advisory Group to the UN Global Compact Network Canada for its *Guide for General Counsel – How to influence the board of directors to drive sustainability* and the Steering Committee for the European Commission’s *Feasibility Study for EU-Canada Mineral Cooperation*. Prior to joining the mining industry, Nick practiced corporate law at Blake, Cassels & Graydon LLP.

Nick is licensed by the Law Society of Ontario, Canada. He holds a Master of Business Administration in Finance and a Law Degree from Dalhousie University, in addition to a Bachelor of Arts in Economics and History from the University of Alberta.

Bernie Loyer, Senior Vice President, Projects

Bernie Loyer is a project mining executive with over 35 years of international mining experience including over 20 years in LATAM, having worked in Peru, Mexico, Chile, Argentina and Ecuador. As Senior VP Projects, he leads the engineering, procurement and management resources in the development and execution of the Company's project portfolio. Mr. Loyer joined ASCU from SolGold where he held the position of VP Projects leading the development of the Porvenir and Cascabel projects in Ecuador. A mechanical engineer, fluent in English and Spanish, Mr. Loyer holds multiple patents for the design of process and material handling equipment. Mr. Loyer has a proven track record delivering large scale mining projects including Goldcorp's Penasquito Project in Zacatecas, Mexico, Goldcorp´s Cerro Negro Project in Santa Cruz, Argentina and Torex Gold's Morelos Project in Guerrero, Mexico. Mr. Loyer spent five years at FLSmidth Minerals based in Copenhagen serving as Vice President, Minerals Technology and Chief Product Officer where he was responsible for all global process technology, manufacturing and material handling. Prior to that he served 15 years with BHP Billiton, spending the last 10 years in Peru and Chile where he held operational, maintenance and project leadership positions. Mr. Loyer is based at the Cactus Project site and the Company's Tempe, Arizona office.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, to the knowledge of the Company, no other director, executive officer, or proposed nominee for election as director, is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation, that was in effect for a period or more than 30 consecutive days (an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such issuer, or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. David Laing has been a director of Fortuna Mining Corp. (formerly known as Fortuna Silver Mines Inc., "**Fortuna**") since September 2016. On April 3, 2017, a management cease trade order ("**MCTO**") was issued by the British Columbia Securities Commission and other Canadian provincial securities regulatory authorities pursuant to National Policy 12-203 Management Cease Trade Orders in connection with the late filing of the Fortunas' annual audited financial statements and related management's discussion and analyses for the years ended December 31, 2016 and 2015 and the annual information form for the year ended December 31, 2016 (the "**Fortuna Annual Documents**"). The MCTO prohibited the Chief Executive Officer and the Chief Financial Officer of Fortuna from trading in securities of Fortuna until Fortuna completed the required filing of the Fortuna Annual Documents as well as its Interim Financial Documents (as defined below) for the first quarter of 2017. The Fortuna Annual Documents were filed on May 15, 2017. Due to the delay in finalizing the Annual Documents, Fortuna was delayed in filing its interim financial statements and related management discussion and analysis for the three months ended March 31, 2017, and 2016 (together, the "**Fortuna Interim Financial Documents**"). Fortuna filed the Fortuna Interim Financial Documents on May 24, 2017, and the MCTO was revoked by the British Columbia Securities Commission on May 25, 2017.Other than as disclosed below, to the knowledge of the Company, no other director, executive officer, proposed nominee for election as director, nor, to its knowledge, any shareholder holding a sufficient number of its securities to affect materially the control of the Company (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

Mr. Alan Edwards was Chairman of the Board of Oracle Mining Corp until his resignation effective on February 15, 2015. On December 23, 2015, Oracle Mining Corp. announced that the Superior Court of Arizona had granted the application of Oracle's lender to appoint a receiver and manager over the assets, undertaking and property of Oracle Ridge Mining LLC.

Mr. Alan Edwards was a director of Elevation Gold Mining Corporation ("Elevation Gold") until his resignation effective December 31, 2024. On August 1, 2024, Elevation Gold announced the Supreme Court of British Columbia (the "BC Court") had issued an order granting Elevation Gold protection under the Companies' Creditors Arrangement Act (Canada) (the "CCAA Proceeding") and appointing KSV Restructuring Inc. as monitor. The British Columbia Securities Commission issued a cease trade order against Elevation Gold effective September 5, 2024. On September 16, 2024, the United States Bankruptcy Court for the District of Arizona (the "U.S. Court") recognized the CCAA Proceeding as a foreign main proceeding under chapter 15 of title 11 of the United States Code. On December 2, 2024, Elevation Gold entered into an arm's length agreement in respect of the purchase and sale of certain of its assets (the "Transaction"). The Transaction was subsequently approved by the BC Court, the U.S. Court, and the TSX Venture Exchange. Effective December 31, 2024, Elevation Gold ceased to have an operating business or material assets, and all directors and officers resigned from their positions.

Mr. Nicholas Nikolakakis was Chief Financial Officer of Rubicon Minerals Corporation which changed its name to Battle North Gold Corporation on July 7, 2020. On October 20, 2016, Rubicon obtained an Initial Order from the Ontario Superior Court of Justice which granted Rubicon and its subsidiaries a stay of proceedings pursuant to the Companies' Creditors Arrangement Act ("**CCAA**"), to allow Rubicon to complete a refinancing and recapitalization transaction (the "**Restructuring Transaction**"). On December 20, 2016, the Restructuring Transaction was completed pursuant to a plan of compromise and arrangement under the CCAA.

None of the Company's directors or executive officers, nor, to its knowledge, any shareholder holding a sufficient number of its securities to affect materially the control of the Company, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Other than as otherwise described in this AIF, to the best of the Company's knowledge, there are no existing or potential material conflicts of interest between the Company and any of its directors or officers as of the date hereof. Mark Palmer, a director of the Company, is also a partner of Tembo, a significant shareholder of the Company, and may be considered to have a conflict of interest with matters relating to Tembo and the Company. To the extent required, the Board manages this potential conflict of interest in accordance with its Code, policies and the BCBCA. See *"Risk Factors –Significant Influence of Tembo"*.

Certain of the Company's directors and officers are, or may become, directors or officers of other companies with businesses which may conflict with its business. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible acquisitions or in generally acting on the Company's behalf. In an attempt to mitigate this risk, the Code prohibits conflicts of interest as a matter of policy, except as approved by the Board, and any transaction, relationship or interest that reasonably could give rise to a conflict of interest must be reported to the Chairman of the Board. See also *"Risk Factors – Conflicts of Interest"*.

Pursuant to the BCBCA, directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company. As required under the BCBCA and the Company's articles:

- a director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer of the Company, must promptly disclose the nature and extent of that conflict; and

- a director who holds a disclosable interest (as such term is defined under the BCBCA) in a contract or transaction into which the Company has entered or proposes to enter may generally not vote on any directors' resolution to approve such contract or transaction.

Generally, as a matter of practice, directors who have disclosed a material interest in any contract or transaction that the Board is considering will not take part in any board discussion respecting that contract or transaction. If on occasion such directors do participate in the discussions, they will refrain from voting on any matters relating to matters in which they have disclosed a material interest. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which directors or officers may have a conflict.

AUDIT COMMITTEE

The Audit Committee's Charter

The Board has adopted a Charter for the Audit Committee, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The audit committee charter was approved by the Board on October 27, 2020, as amended and approved by the Board on June 21, 2021 (the "**Audit Committee Charter**"). The full text of the Audit Committee Charter is attached hereto as Schedule "A".

Composition of the Audit Committee

The Audit Committee is composed of Isabella Bertani (Chair), Sarah Strunk and Alan Edwards, all of whom are independent directors and all of whom are financially literate, in each case within the meaning of National Instrument 52-110.

Name of Member	Independent(1)	Financially Literate(2)
Isabella Bertani (Chair)	Yes	Yes
Sarah Strunk	Yes	Yes
Alan Edwards	Yes	Yes

Notes:

(1) To be considered independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment.

(2) To be considered financially literate, a member of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

For the education and experience of each of Isabella Bertani, Sarah Strunk and Alan Edwards that is relevant to his or her performance as a member of the Audit Committee, see *"Directors and Officers".*

Pre-Approval Policies and Procedures

The Audit Committee mandate requires that the Audit Committee pre-approve any retainer of the auditor of the Company to perform any non-audit services to the Company that it deems advisable in accordance with applicable legal and regulatory requirements and policies and procedures of the Board. The Audit Committee is permitted to delegate such pre-approval, as the Committee may determine and as permitted by applicable securities laws.

In the event that the Company wishes to retain the services of the Company's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer (the "**CFO**") shall consult with the Chair of the Audit Committee, who shall have the authority, subject to confirmation that such services will not compromise the independence of the Company's external auditors, to approve or disapprove on behalf of the Audit Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Audit Committee as a whole. The CFO shall maintain a record of non-audit services approved by the Chair of the Audit Committee or the Audit Committee for each fiscal year and provide a report to the Audit Committee no less frequently than on a quarterly basis.

External Auditor Service Fees

The following table discloses the fees charged to the Company by its external auditor during the last two financial years:

Financial Year Ending	Audit Fees(1) (US$)	Audit-Related Fees(2) (US$)	Tax Fees(3) (US$)	All Other Fees(4) (US$)
December 31, 2024	134,640	Nil	Nil	70,135
December 31, 2023	105,890	Nil	Nil	65,709

Notes:

(1) "Audit Fees" are fees necessary to perform quarterly review engagements and the annual audit of the Company's financial statements, including review of tax provisions, accounting consultations on matters reflected in the financial statements, and audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" are fees for services that are traditionally performed by the auditor including employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" are fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees" including tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include all other non-audit services such as work on prospectus offerings.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as described herein, to the Company's knowledge, there are no legal proceedings or regulatory actions material to the Company to which it is a party, or has been a party to, or of which any of its property is the subject matter of, or was the subject matter of, during the financial year ended December 31, 2024 and as of the date hereof, and no such proceedings or actions are known by the Company to be contemplated.

During the financial year ended December 31, 2024 and as of the date hereof, there have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or securities regulatory authority, or by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision in the Company, and the Company has not entered into any settlement agreements before any court relating to any securities legislation or with any securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere in this AIF, no (a) director or executive officer, (b) person or company that beneficially owns, controls or directs, directly or indirectly, more than 10% of the Common Shares, nor (c) associate or affiliate of any of the persons or companies referred to in (a) or (b) has, or has had within the three most recently completed financial years before the date hereof, any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is TSX Trust Company, at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, set out below are material contracts entered into since January 1, 2023 and material contracts entered into before January 1, 2023 which still remain in effect and material to the Company, copies of which are available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile.

(a) Tembo Investor Rights Agreement

On July 10, 2020, the Company entered into an investor rights agreement with Tembo and RCF (the "**Tembo Investor Rights Agreement**"). RCF's rights pursuant to the agreement has since lapsed and no longer remain in effect as at the last financial year. Pursuant to the Tembo Investor Rights Agreement, provided that Tembo, together with any of its affiliates, hold or control 9.9% or more of the issued and outstanding Common Shares (calculated on a non-diluted basis), then Tembo has, among other things, the right: (i) to designate one nominee for election or appointment to the Board; (ii) to maintain its *pro rata* shareholdings in the Company (calculated on a fully diluted basis) upon certain equity issuances undertaken by the Company to raise capital ("**Equity Issuance**"); (iii) to maintain its *pro rata* shareholdings in the Company (calculated on a fully diluted basis) upon the completion of any merger, acquisition of all or substantially all of the shares of a third party, tender offer, exchange offer, take-over bid or any other arrangement pursuant to which the Company will issue Common Shares to any third party ("**Business Combination**"); and (iv) to maintain its *pro rata* shareholdings in the Company (calculated on a fully diluted basis) once per year to accommodate for the completion of any issuance of Securities pursuant to (i) any equity incentive plan adopted by the Company for the benefit of employees of the Company or its subsidiaries; (ii) the issuance of Securities in a share dividend, capital reorganization or similar transaction, where all holders of Common Shares are treated in an equivalent manner; or (iii) the issuance of Securities (as defined below) to an Investor (as defined in the Tembo Investor Rights Agreement) pursuant to the terms of the Tembo Investor Rights Agreement.

In particular pursuant to the Tembo Investor Rights Agreement, any time the Company desires to complete an issuance of any (i) Common Shares; (ii) other equity securities; or (iii) any security that is exercisable or convertible into, directly or indirectly, or exchangeable for, or otherwise carries the right of the holder to acquire Common Share or other equity securities ("**Securities**") from the Company's treasury for the purpose of raising capital ("**Equity Financing**") or a transaction whereby the Company (a) acquires all or substantially all of the shares of a third party in exchange for the issuance of Common Shares; (b) merges with or into a third party or a third party will merge with or into the Company to any third party; or (c) any other corporate transaction such as a tender offer, exchange offer, a take-over bid or other arrangement and in connection with such transaction will issue Common Shares to any third party, the Company shall first, or concurrently, offer Tembo a sufficient number of Securities, so as to permit Tembo to maintain, immediately following the closing of any Equity Financing or Business Combination, up to its *pro rata* shareholding in the Company, or of the entity surviving the Business Combination, as applicable, that it had immediately prior to the closing of the Equity Financing or Business Combination (calculated on a fully-diluted basis) (the "**Pre-Emptive Right**").

The Securities issuable pursuant to the Pre-Emptive Right for the purposes of an Equity Issuance shall be issued on the same terms as the Securities issued under the Equity Issuance and the Securities issuable pursuant to the Pre-Emptive Right for the purposes of a Business Combination shall be issued at a price not less than fair-market value. The Company shall provide Tembo written notice of any Equity Financing or Business Combination as soon as possible, but in any event at least fifteen Business Days prior to the expected closing of the Equity Financing or Business Combination (the "**Offer**"). However, if the fifteen Business Days prior written notice requirements of the Offer are not practicable in certain instances, the Company may proceed with the Equity Financing or Business Combination, provided that the Company takes all steps necessary to enable Tembo to exercise their respective Pre-Emptive Right as soon as practicable following closing. Upon receipt of the Offer, Tembo shall provide an irrevocable and unconditional written notice to the Company that it intends to exercise its Pre-Emptive Right within fifteen Business Days. In addition to the Pre-Emptive Right, Tembo have the right, once per calendar year during any day during the month of June, to subscribe for additional Common Shares up to such number as necessary to maintain its respective *pro rata* shareholding in the Company (calculated on a fully diluted basis) as at the later of: (i) the earlier of: (a) the last trading day of the Common Shares in the month of June of the immediately preceding calendar year; and (b) the closing date of Tembo's exercise of the Top Up Right (as defined herein), as applicable, if any, during the month of June in the immediately preceding calendar year; and (ii) the closing date of Tembo's latest exercise of Pre-Emptive Right, if any, since the last trading day of the Common Shares in the month of June of the immediately preceding calendar year (the "**Top Up Right**"). Tembo may assign its Pre-Emptive Right and Top Up Right to an Affiliate (as defined in National Instrument 45-106).

(b) LKY Agreement referred to under *"General Development of the Business – 2021 – LKY Purchase and Sale Agreement";*

(c) Nuton Investor Rights Agreement referred to under *"General Development of the Business – 2022 – 2022 Private Placement and Nuton Strategic Partnership"*;

(d) Underwriting Agreement dated January 31, 2023 among the Company, Haywood Securities Inc., Canaccord Genuity Corp., Stifel Nicolaus Canada Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Cormark Securities Inc., iA Private Wealth Inc., Raymond James Ltd., RBC Dominion Securities Inc., Scotia Capital Inc., and TD Securities Inc. in connection with the 2023 Public Offering as further detailed under *"General Development of the Business – 2023 – 2023 Public Offering and Nuton Private Placement"*;

(e) Nuton Option Agreement referred to under *"General Development of the Business – 2023 – Arizona and Nuton LLC Option to Joint Venture"*;

(f) Underwriting Agreement dated September 27, 2024 among the Company, Raymond James Ltd., Paradigm Capital Inc., Canaccord Genuity Corp., Eight Capital, Haywood Securities Inc., Stifel Nicolaus Canada Inc., Scotia Capital Inc., and TD Securities Inc, in connection with the 2024 Public Offering as further detailed under *"General Development of the Business – 2024 – 2024 Public Offering and Nuton Private Placement"*;

(g) Investor Rights Agreement dated January 31, 2025 between the Company and Hudbay, referred to under *"General Development of the Business – Events Subsequent to 2024 – Hudbay Private Placement"*; and,

(h) Shareholder Rights Plan Agreement dated January 31, 2025 between the Company and TSX Trust Company, as rights agent, under the Rights Plan referred to under *"General Development of the Business – Events Subsequent to 2024 – Rights Plan"*.

INTERESTS OF EXPERTS

Information of a scientific or technical nature in respect of the Cactus Project is included in this AIF based upon the 2024 PEA Technical Report, prepared by John Woodson, P.E., SME-RM, Laurie Tahija, QP-MMSA, Gordon Zurowski, P. Eng., Allan L. Schappert, CPGG, SME-RM, R. Douglas Bartlett, CPG, PG, and James L. Sorensen, FAusIMM., all of whom are independent QPs. To the best of the Company's knowledge, after reasonable inquiry, as of the date hereof, the aforementioned individuals and, as applicable, their firms, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

Ernest & Young LLP, the auditors of the Company, prepared an auditors' report to the shareholders of the Company on the statement of financial position of the Company for the year ended December 31, 2024, and the statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the year ended December 31, 2024. Ernest & Young LLP has advised that it is independent with respect to the Company within the meaning of the rules of Professional Conduct of Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, as applicable, will be contained in the Company's management information circular dated July 29, 2024, which is available on SEDAR+ (www.sedarplus.ca) under ASCU's issuer profile. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the Company's most recently completed financial year. Additional information relating to the Company may also be found on SEDAR+ (www.sedarplus.ca) under ASCU's issuer profile.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

ARIZONA SONORAN COPPER COMPANY INC.
AUDIT COMMITTEE CHARTER

Adopted by the Board of Directors on June 21, 2021.

1. PURPOSE

The Audit Committee (the "**Committee**") of Arizona Sonoran Copper Company Inc. (the "Company") shall have the responsibility of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company. The Committee shall also be responsible for oversight of the Company's risk management and complaint processes.

2. COMPOSITION

2.1 Members

The Committee shall be composed of at least three and not more than five directors (collectively, the "Members"). The Board of Directors of the Company (the "**Board**") shall appoint the Members annually, at the Board's first meeting held following the annual general meeting of shareholders of the Company, to hold office for the ensuing year until their successor is appointed, or until they resign, cease to be a director or are removed or replaced by the Board.

2.2 Qualifications

Each Member of the Committee shall be "independent" (as defined in NI 52-110) and "financially literate" except to the extent permitted by National Instrument 52-110 – Audit Committees, as it may be amended or replaced from time to time ("NI 52-110"), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment. Attached hereto as Schedule "A" of this Charter sets forth the definitions of both "independent" and "financially literate" under NI 52-110 as in effect on the date of the adoption of this Audit Committee Charter.

2.3 Chair

The Members shall elect the chair of the Committee (the "Committee Chair") to hold office for the ensuing year until their successor is elected, or until they resign, cease to be a director or are removed or replaced by the Board or the Committee.

The position description and responsibilities of the Committee Chair are set out in Schedule "B" attached hereto.

2.4 Removal and Replacement

Any Member of the Committee may be removed or replaced at any time by the Board and shall cease to be a Member of the Committee on ceasing to be a director of the Company. The Board may fill vacancies by appointment from among the Board. If, and whenever, a vacancy shall exist on the Committee, the remaining Members may exercise all of their powers so long as a quorum remains.

3. MEETINGS AND PROCEDURES

3.1 Meetings

The Audit Committee shall meet as frequently as required, but at least once per quarter.

3.2 Independent Meetings

The Members may meet in-camera, independently and with only members of the Committee in attendance, following most meetings of the Committee, or as necessary.

3.3 Quorum

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of Members.

3.4 Notice

Committee meetings shall be held from time to time and at such place as any member of the Committee shall determine with not be less than twenty-four (24) hours advanced notice. The notice period may be waived by all members of the Committee. Any member of the Committee or the independent auditors of the Company may call a meeting.

3.5 Participation

Members may participate in a meeting of the Committee in person or by means of telephone, web conference or other communication equipment. The Committee may invite such other directors, officers and employees of the Company and such other advisors and persons as is considered advisable to attend any meeting of the Committee. For greater certainty, the Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.

3.6 Agenda and Minutes

The Chair of the Committee, with the assistance of the Corporate Secretary, shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall be, to the extent practical, communicated to members of the Committee sufficiently in advance of each meeting to permit meaningful review. The Committee will keep minutes of its meetings which shall be available for review by the Board.

3.7 Voting

Any matter to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Any action of the Committee may also be taken by written resolution signed by all of the members of the Committee and any such action shall be as effective as if it had been decided by a majority of the votes cast at a Committee meeting. In case of an equality of votes, the matter will be referred to the Board for decision. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation, other than any sole discretion and authority provided under this Charter and as allowed under applicable laws and regulations.

3.8 Report to Board

The Committee shall report regularly to the entire Board. The Chair of the Committee shall report any decisions or significant matters to the Board at a duly called Board meeting.

3.9 Assessment of Charter

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

4. PRIMARY DUTIES, POWERS AND RESPONSIBILITIES

The Committee shall provide assistance to the Board in fulfilling its oversight responsibilities under applicable laws with respect to (i) the overall integrity of the Company's financial reporting processes, (ii) financial reporting and disclosure requirements; (ii) the system of internal control over financial reporting that management has established; (iii) the internal (if applicable) and external audit process; (iv) compliance with legal and regulatory requirements; (v) the processes for identifying, evaluating and managing the Company's principal risks impacting financial reporting, and (vi) the independent auditors' qualifications and independence.

4.1 **Primary Duties and Responsibilities**

The Committee's primary duties and responsibilities are to:

4.1.1 conduct such reviews and discussions with management and the external auditors relating to audit and financial reporting as are deemed appropriate by the Committee;

4.1.2 assess the integrity of internal controls and financial reporting procedures of the Company and ensure implementation of such controls and procedures;

4.1.3 as applicable, review the quarterly and annual financial statements and management's discussion and analysis ("MD&A") of the Company's financial position and operating results and in the case of the annual financial statements and related MD&A, report thereon to the Board for approval of same;

4.1.4 select and monitor the independence and performance of the Company's external auditors, including attending private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and

4.1.5 provide oversight of all disclosure relating to, and information derived from, financial statements, MD&A and information.

4.2 **Scope of Authority and Responsibility**

4.2.1 The Committee shall have the power to conduct or authorize investigations appropriate to its responsibilities, and it may request the external auditors, as well as any officer or employee of the Company, its external legal counsel or external auditor to attend a meeting of the Committee or to meet with any member(s) or advisors of the Committee.

4.2.2 Whilst the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies used. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

4.2.3 The Committee shall have unrestricted access to the books and records of the Company and has the authority to retain, at the expense of the Company, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

4.2.4 The Committee shall be accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Committee shall maintain an open communication between the Company's external auditor and the Board. The responsibilities of a member of the Committee shall be in addition to such member's duties as a member of the Board.

4.2.5 The Committee should, where it deems appropriate, resolve disagreements, if any, between management and the external auditor, and review compliance with laws and regulations and the Company's own policies.

4.2.6 The Committee will provide the Board with such recommendations and reports with respect to the financial disclosures of the Company, as it deems advisable.

4.2.7 In fulfilling its responsibilities, the Committee will carry out the specific duties set out in this Charter.

5. SPECIFIC DUTIES, POWERS AND RESPONSIBILITIES

For the purposes of this Charter, specific accounting, financial and treasury related duties delegated to the Committee by the Board include:

5.1 Financial Accounting and Reporting Processes

5.1.1 Prior to such time as the Company publicly discloses the following information, the Committee shall review along with related reports and presentations, discuss with management and auditors as needed, and recommend for approval to the Board the following information:

(a) annual audited and interim financial statements and related MD&A to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and in the case of the annual audited financial statements and related MD&A, report thereon and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities;

(b) accounting policies that affect the financial statements; and

(c) annual and interim earnings press releases.

5.1.2 With respect to the annual audited financial statements, the Committee shall discuss with management and external auditors as it deems appropriate, significant issues regarding accounting principles, practices, and judgments. The Committee shall consider whether the Company's financial disclosures are complete, accurate, prepared in accordance with International Financial Reporting Standards and fairly present the financial position of the Company. The Committee shall also satisfy itself that, in the case of the annual financial statements, the audit function has been effectively carried out by the auditors and, in the case of the interim financial statements that the review function has been effectively carried out.

5.1.3 Review the annual report (see "External Audit", below) for consistency with the financial disclosure referenced in the annual financial statements.

5.1.4 Be satisfied as to the adequacy of procedures in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's annual and interim financial statements, MD&As, and annual and interim earnings press releases, and periodically assess the adequacy of such procedures.

5.1.5 The Committee shall review any press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws or otherwise pursuant to the policies of the Company (including before the Company publicly discloses this information).

5.1.6 Review and approve quarterly financial statements, accounting policies that affect the statements, the quarterly MD&A, and associated press releases.

5.1.7 Review significant issues affecting financial reports.

5.1.8 Review emerging GAAP developments that could affect the Company.

5.1.9 Understand how management develops interim financial information and the nature and extent of external audit involvement.

5.1.10 In its review of the annual and quarterly financial statements, discuss the quality of the Company's accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.

5.1.11 Review and approve any earnings guidance to be provided by the Company.

5.2 **Internal Controls over Financial Reporting and Disclosure Controls and Procedures**

5.2.1 Review reports from management and auditors and consider the effectiveness of the Company's internal controls over financial reporting and related information technology, security, and control at least twice annually.

5.2.2 Review and approve corporate signing authorities and modifications thereto.

5.2.3 Review with the Company's auditors any issues or concerns related to any internal control systems in the process of the audit.

5.2.4 Review the plan and scope of the annual audit with respect to planned reliance and testing of controls and major points contained in the auditor's management letter resulting from control evaluation and testing.

5.2.5 Establish and maintain complaint procedures regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Such procedures are appended hereto as Schedule "C".

5.2.6 Review with management, external auditors and legal counsel any material litigation claims or other contingencies, including tax assessments and the adequacy of financial provisions, that could materially affect financial reporting.

5.2.7 The Committee shall meet no less than annually with the Chief Financial Officer (the "CFO") or, in the absence of a CFO, with the officer of the Company in charge of financial matters, and the Chief Executive Officer, to review accounting practices, the Company's internal controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures, and such other matters as the Committee deems appropriate.

5.2.8 The Committee shall inquire of management and the external auditors about significant financial and internal control risks or exposures and assess the steps management has taken to minimize such risks.

5.2.9 Approve all material related party transactions in advance.

5.2.10 The Committee shall ensure that management establishes and maintains an appropriate budget process, which shall include the preparation and delivery of periodic reports from the CFO to the Committee comparing actual spending to the budget. The budget shall include assumptions regarding economic parameters that are well supported and shall take into account the risks facing the Company.

5.3 **External Audit**

5.3.1 Have the authority to communicate directly with the external auditor and the CFO and arrange for the external auditor to be available to the Committee and the Board as needed.

5.3.2 Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing any other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

5.3.3 Review and approve the audit plans, scope and proposed audit fees.

5.3.4 Annually review the independence of the external auditors by receiving a report from the independent auditor detailing all relationships between them and the Company.

5.3.5 Monitor the relationship between management and the external auditor, including reviewing any management letters or other reports of the external auditor, discussing any material differences of opinion between management and the external auditor, any audit problems or difficulties experienced by the external auditor in performing the audit, and resolving disagreements between the external auditor and management.

5.3.6 Discuss with the auditors the results of the audit, any changes in accounting policies or practices and their impact on the financials, as well as any items that might significantly impact financial results.

5.3.7 Receive a report from the auditors on critical accounting policies and practices to be used, all alternative treatments of financial information within Canadian GAAP and applicable rules and regulations that have been discussed with management, including the ramifications of the use of such alternative treatments, and the treatment preferred by the auditor.

5.3.8 Review and discuss with the external auditor all critical accounting policies and practices to be used in the Company's financial statements, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the external auditor.

5.3.9 Review any major issues regarding accounting principles and financial statement presentation with the external auditor and management, including any significant changes in the Company's selection or application of accounting principles and any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements.

5.3.10 Receive an annual report (the "Annual Report") from the auditors describing the audit firm's internal quality-control procedures, and material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out the firm, and any steps taken to deal with any such issues.

5.3.11 Ensure regular rotation of the lead partner and reviewing partner.

5.3.12 Evaluate the performance of the external auditor and the lead partner annually.

5.3.13 Recommend to the Board:

(a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and

(b) the compensation of the external auditor.

5.3.14 Meet with the auditors, separately and apart from management, at least once a year.

5.3.15 Require, in accordance with applicable law, that the external auditors report directly to the Committee and not to management.

5.3.16 Review and discuss on an annual basis with the external auditor all significant relationships they have with the Company, management, the external asset manager or employees that might interfere with the independence of the external auditor.

5.3.17 Pre-approve all non-audit services (or delegate such pre-approval, as the Committee may determine and as permitted by applicable securities laws) to be provided by the external auditor.

5.3.18 Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.

5.3.19 Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Company.

5.4 **Non-Audit Services**

5.4.1 Pre-approve all allowable non-audit services, as further set out in Schedule "1-D" to be provided by the external auditor.

5.4.2 Review the fees paid by the Company to the external auditors in respect of non-audit services on an annual basis.

5.5 **Risk Management**

5.5.1 The Committee shall inquire of management and external auditors about the processes in place to identify and manage the principal risks or exposures that could impact the financial reporting of the Company.

5.5.2 Review and report on any directors and officers insurance policy put in place by the Company.

5.5.3 Review and approve corporate investment policies.

5.5.4 Assess, as part of its internal controls responsibility, the effectiveness of the overall process for identifying principal business risks and report to the Board on such assessments.

5.6 **Other Responsibilities and Matters**

5.6.1 Following meetings of the Committee, report through the Committee Chair to the Board.

5.6.2 Review annually the adequacy of the Committee Charter and confirm that all responsibilities have been carried out.

5.6.3 Evaluate the Committee's and individual Member's performance on a regular basis and report annually to the Board the results of such annual self-assessment.

5.6.4 Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

5.6.5 Discuss the Company's compliance with tax and financial reporting laws and regulation, if and when any such issues arise.

5.6.6 Perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

6. ADVISORS

Based on its sole judgment and discretion, and without obtaining prior approval of the Board, the Committee has the authority to engage independent counsel and other advisors as it deems necessary in order to carry out its duties and to set and pay compensation for any advisors employed by the Committee at the cost of the Company. The Committee has the authority to communicate directly with the external auditors of the Company.

SCHEDULE 1-A

ARIZONA SONORAN COPPER COMPANY INC.
NATIONAL INSTRUMENT 52-110 AUDIT COMMITTEES ("NI 52-110")

"1.4 MEANING OF INDEPENDENCE

1. An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

2. For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

3. Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

(a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

(c) an individual who:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12-month period within the last three years.

4. Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because

(a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or

(b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.

5. For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

6. For the purposes of clause (3)(f), direct compensation does not include:

(a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

7. Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

8. For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer."

1.5 ADDITIONAL INDEPENDENCE REQUIREMENTS

1. Despite any determination made under section 1.4, an individual who:

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.

2. For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

3. For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

1.6 MEANING OF FINANCIAL LITERACY

For the purposes of this Instrument, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements."

SCHEDULE 1-B

ARIZONA SONORAN COPPER COMPANY INC.
POSITION DESCRIPTION FOR THE CHAIR OF THE AUDIT COMMITTEE

1. PURPOSE

The chair (the "Chair") of the Audit Committee (the "Committee") shall be an independent director who is elected by the board of directors (the "Board") or designated by majority vote of the Committee to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of Arizona Sonoran Copper Company Inc. (the "Company").

2. WHO MAY BE CHAIR

The Chair will be elected from amongst the independent directors of the Company who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee.

The Chair will be elected annually at the first meeting of the Board following the annual general meeting of shareholders or designated by majority vote of the Committee.

3. RESPONSIBILITIES

The following are the primary responsibilities of the Chair:

(a) chair all meetings of the Committee in a manner that promotes meaningful discussion;

(b) ensure adherence to the Committee's Charter and that the adequacy of the Committee's Charter is reviewed annually;

(c) provide leadership to the Committee to enhance the Committee's effectiveness, including:

(i) act as liaison and maintain communication with the Board to optimize and co- ordinate input from directors, and to optimize the effectiveness of the Committee. This includes ensuring that Committee materials are available to any director upon request and reporting to the Board on all decisions of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;

(ii) ensure that the Committee works as a cohesive team with open communication, as well as to ensure open lines of communication among the independent auditors, financial and senior management and the Board for financial and control matters;

(iii) ensure that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;

(iv) ensure that the Committee serves as an independent and objective party to monitor the Company's financial reporting process and internal control systems, as well as to monitor the relationship between the Company and the independent auditors to ensure independence;

(v) ensure that procedures as determined by the Committee are in place to assess the audit activities of the independent auditor t functions; and

(vi) ensure that procedures as determined by the Committee are in place to review the Company's public disclosure of financial information and assess the adequacy of such procedures periodically;

(d) ensure that procedures as determined by the Committee are in place for dealing with complaints received by the Company regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns;

(e) manage the Committee, including:

(i) adopt procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;

(ii) prepare the agenda of the Committee meetings and ensure pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;

(iii) ensure meetings are appropriate in terms of frequency, length and content;

(iv) obtain a report from the independent auditors on an annual basis, review the report with the Committee and arrange meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;

(v) oversee the Committee's participation in the Company's accounting and financial reporting process and the audits of its financial statements;

(vi) ensure that the auditor's report directly to the Committee, as representatives of the Company's shareholders;

(vii) vii) annually review with the Committee its own performance, report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board;

(viii) viii) together with the Board, oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time; and

(f) perform such other duties as may be delegated from time to time to the Chair by the Board.

SCHEDULE 1-C

ARIZONA SONORAN COPPER COMPANY INC.
PROCEDURE FOR THE SUBMISSION OF COMPLAINTS OR CONCERNS REGARDING ACCOUNTING, INTERNAL ACCOUNTING CONTROLS, OR AUDITING MATTERS

1. The Company shall forward to the Audit Committee any complaints that it has received regarding accounting, internal accounting controls, or auditing matters.

2. any employee of the Company so desires, he or she may submit any concerns or complaints, on a confidential and anonymous basis, by sending any concerns or complaints in a sealed envelope to:

   Attention: Chair of the Audit Committee
   950 W, Elliot Rd., Suite 122
   Tempe, Arizona 85284

   The email is to be clearly marked, "To be reviewed by the Audit Committee only."

3. Contact information including a phone number and e-mail address shall be published for the Chair of the Audit Committee on the Company's website for any individuals wishing to contact the Chair directly.

4. At each of its meetings following the receipt of any information pursuant to this Schedule "C", the Audit Committee shall review and consider any such complaints or concerns and take any action it deems appropriate in the circumstances.

5. The Audit Committee shall retain any such complaints or concerns along with the material gathered to support its actions for a period of no less than seven (7) years. Such records will be held on behalf of the Audit Committee by the Chair of the Audit Committee.

6. This Schedule "C" shall appear on the Company's website as part of its Audit Committee Charter.

SCHEDULE 1-D

ARIZONA SONORAN COPPER COMPANY INC.
PROCEDURES FOR APPROVAL OF NON-AUDIT SERVICES

1. The Company's external auditors shall be prohibited from performing for the Company the following categories of non-audit services:

   (a) bookkeeping or other services related to the Company's accounting records or financial statements;

   (b) appraisal or valuation services, fairness opinion or contributions-in-kind reports;

   (c) actuarial services;

   (d) internal audit outsourcing services;

   (e) management functions;

   (f) human resources;

   (g) broker or dealer, investment adviser or investment banking services;

   (h) legal services; and,

   (i) any other service that the Canadian Public Accountability Board or International Accounting Standards Board or other analogous board which may govern the Company's accounting standards, from time to time determines is impermissible.

2. In the event that the Company wishes to retain the services of the Company's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Company shall consult with the Chair of the Committee, who shall have the authority, subject to confirmation that such services will not compromise the independence of the Company's external auditors, to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.

   The Chief Financial Officer of the Company shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.