ARIZONA SONORAN
COPPER COMPANY

Arizona Sonoran Copper Company Inc.

Interim condensed consolidated financial statements - March 31, 2025

(Expressed in thousands of United States dollars, except where otherwise indicated)

Arizona Sonoran Copper Company Inc.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in thousands of United States dollars)

As at	**Notes**		**March 31, 2025**		**December 31, 2024**
ASSETS					
Current assets					
Cash	1	$	31,440	$	31,741
Receivables			147		123
Prepaid expenses and other			626		170
			32,213		32,034
Non-current assets					
Exploration and evaluation assets	5		108,438		99,148
Property and equipment			4,262		4,267
Right-of-use asset			46		16
			112,746		103,431
Total assets		$	144,959	$	135,465
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	6	$	3,134	$	2,591
Other current liabilities			-		5,980
Current portion of lease liability			47		16
			3,181		8,587
Non-current Liabilities					
Other long-term liabilities			-		-
Nuton option deposit			11,545		11,484
Nuton option			10,000		10,000
DSU liability	7		1,375		785
			22,920		22,269
Total liabilities			26,101		30,856
SHAREHOLDERS' EQUITY					
Share capital	7		152,409		137,424
Contributed surplus	7		9,554		8,701
Deficit			(43,105)		(41,516)
Total shareholders' equity			118,858		104,609
Total liabilities and shareholders' equity		$	144,959	$	135,465

Description of business and going concern (Note 1)

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

Arizona Sonoran Copper Company Inc.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in thousands of United States dollars, except for per share amounts)

For the periods ended		**March 31, 2025**		**March 31, 2024**
Expenses				
Salaries and wages	$	290	$	218
Share-based compensation		566		451
Professional fees		26		111
Directors' fees		148		163
Marketing and administration		449		310
Loss before other items		1,479		1,253
Other expenses/(income)				
Accretion		111		301
Finance expenses (income) and foreign exchange		(161)		174
Depreciation and amortization		-		16
Interest income		(292)		(157)
Loss/(gain) on incentive plan		452		(174)
		110		160
Loss and comprehensive loss for the period	$	1,589	$	1,413
Loss per share				
Basic and diluted		0.01		0.01
Weighted average number of common shares outstanding				
Basic and diluted		143,970,888		109,163,213

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

Arizona Sonoran Copper Company Inc.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of United States dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total
		$	$	$	$
Balance at January 1, 2024	109,067,336	111,167	7,456	(34,076)	84,547
Options exercised	75,237	-	-	-	-
RSUs vesting	86,222	109	(109)	-	-
Stock options reserve	-	-	639	-	639
RSU reserve	-	-	22	-	22
Loss for the period	-	-	-	(1,413)	(1,413)
Balance at March 31, 2024	109,228,795	111,276	8,008	(35,489)	83,795
Balance at January 1, 2025	135,523,952	137,424	8,701	(41,516)	104,609
Shares issued for cash, net	12,885,157	14,915	-	-	14,915
Options exercised	107,649	70	(28)	-	42
Stock options reserve	-	-	855	-	855
RSU reserve	-	-	27	-	27
Loss for the period	-	-	-	(1,589)	(1,589)
Balance at March 31, 2025	148,516,758	152,409	9,554	(43,105)	118,858

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

Arizona Sonoran Copper Company Inc.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of United States dollars)

For the periods ended	**March 31, 2025**	**March 31, 2024**
Cash used in:		
Operating activities		
Loss for the period	($1,589)	($1,413)
Adjustments to reconcile loss before tax to net cash flows:		
Share-based compensation	854	661
Accretion	77	301
Depreciation and amortization	5	29
Interest and finance expense, net	-	3
Directors' fees paid in shares	590	171
Unrealized (gain)/loss on foreign exchange	(1,337)	-
Changes in working capital items		
Receivables	-	(13)
Prepaid expenses and other	(456)	(429)
Accounts payable and accrued liabilities	520	(4,910)
Net cash used in operating activities	(1,336)	(5,600)
Investing activities		
Expenditures on exploration and evaluation assets	(15,270)	(5,796)
Expenditures on equipment	-	-
Property payments	-	(794)
Net cash used in investing activities	(15,270)	(6,590)
Financing activities		
Proceeds from private placement, net	14,985	-
Payments received from Nuton	-	13,793
Proceeds from stock options exercise	-	-
Proceeds from warrants exercise	-	-
Lease payments	(16)	(16)
Net cash provided by financing activities	14,969	13,777
Net increase/(decrease) in cash	(1,638)	1,587
Effect of exchange rate changes on cash	1,337	-
Cash at beginning of the period	31,741	10,494
Cash at the end of the period	$31,440	$12,081

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

1. Description of Business and Going Concern

Arizona Sonoran Copper Company Inc. ("ASCU" or the "Company") is a company focused on the assessment, consolidation, exploration, development, and eventual mining in the Santa Cruz Copper Mining District in southern Arizona. Its shares began trading on the Toronto Stock Exchange ("TSX") under the symbol ASCU and trades on the Over-the-Counter Markets ("OTCQX") under the symbol "ASCUF".

The Company is incorporated in British Columbia, Canada and is the parent company of its direct and indirect wholly-owned subsidiaries Arizona Sonoran Copper Company USA Inc. ("ASUSA") and Cactus 110, LLC ("Cactus"). ASCU USA is incorporated in the state of Delaware and is the entity with activities in the USA at the Cactus and Parks/Salyer properties. Cactus is a Delaware company and holds titles to the Cactus and Parks/Salyer properties, in addition to public or private land leases, water rights and other real property, as determined.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration and development projects will result in profitable mining operations. The recoverability of amounts shown for mineral resource properties is dependent on several factors. These factors include the discovery of economically recoverable mineral reserves, the ability to complete development of these properties, and future profitable production or proceeds from the disposition of mineral properties.

Ownership interests in mineral properties involve risks due to the difficulties of determining and obtaining clear title to mineral claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mineral properties. The Company has investigated ownership of its mineral properties, and to the best of its knowledge, ownership of its interests is in good standing.

The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The unaudited interim condensed consolidated financial statements were prepared on a going concern basis and do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and the consolidated statement of financial position classifications that would be necessary if the going concern assumption was deemed inappropriate. These adjustments could be material.

The Company had $31,440 of cash as at March 31, 2025 (December 31, 2024 - $31,741). The Company has incurred significant operating losses (a net loss of $1,589 for the period ended March 31, 2025) and has yet to achieve profitable operations resulting in an accumulated deficit of $43,105 as at March 31, 2025. Furthermore, net cash used in operating and investing activities for the period ended March 31, 2025 amounted to $1,336 and $15,270, respectively. Based on the Company's liquidity position as at March 31, 2025, management has forecasted its cash flow requirements, and believes that it doesn't have sufficient cash resources to support its planned operations for the next twelve months from March 31, 2025. As a result, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company will need to obtain further financing in the form of debt, equity, or a combination thereof before the end of the fiscal year to continue with its planned non-discretionary and discretionary operational activities. The Company can adjust its discretionary expenditures to ensure it will continue as a going concern while pursuing additional financing alternatives. Notwithstanding the Company's recent financing (see note 7) and historic funding, there is a risk that sufficient additional financing may not be available to the Company on acceptable terms, or at all. While the Company currently expects to raise additional funds to fund ongoing operations and its commitments in the near-term- to continue exploration and development activities, there can be no assurance of that outcome.

2. Basis of Preparation

a) Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34. These unaudited interim condensed consolidated financial statements do not include all the information and notes required by IFRS for annual financial statements and, therefore, should be read in conjunction with the audited annual consolidated financial statements and notes for the Company's fiscal year ended December 31, 2024, which are available on SEDAR+ at www.sedarplus.ca.

These consolidated financial statements were authorized for issuance on May 5, 2025 by the Audit Committee on behalf of the Board of Directors.

e) Significant accounting judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenditures during the periods reported. Management uses its best estimates for these purposes, based on assumptions that it believes reflect the most probable set of economic conditions and planned courses of action. However, actual results could differ materially from these estimates.

In preparing the interim financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended December 31, 2024.

3. Material Accounting Policy Information

The Company's accounting policies applied to all periods presented in these interim financial statements are consistent with the Company's annual consolidated financial statements as at and for the year ended December 31, 2024. The Company has considered any new accounting pronouncements as relevant.

(Expressed in thousands of United States dollars except for share and per share amounts)

4. Accounting standard recently adopted or effective

There were no material new or amended accounting standards that are effective for reporting periods beginning on or after January 1, 2025 affecting these consolidated financial statements.

5. Exploration and evaluation assets

The following is the detail of the total Exploration and evaluation assets of the Company:

	Capitalized Exploration Costs Assets ($)
Balance at December 31, 2024	99,148
Additions	9,290
Balance at March 31, 2025	108,438

The Company's mineral properties consist of capitalized exploration expenditures on the lands mentioned below as well as the acquisition costs of real property that make up the Cactus Project.

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities comprise the following:

		March 31, 2025		December 31, 2024
Trade payables	$	845	$	467
Accrued liabilities		2,201		2,018
Other payables		88		106
	$	3,134	$	2,591

7. Equity

a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value. As at March 31, 2025, there were 148,516,758 common shares outstanding (December 31, 2024 – 135,523,952 common shares outstanding).

b) Issued Shares

The following is a continuity of equity transactions in the period ended March 31, 2025:

- In the period ended March 31, 2025, the Company issued 107,649 common shares related to an option exercise.

- 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$21,647 ($14,945). Additionally, 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$1,562 ($1,078).

(Expressed in thousands of United States dollars except for share and per share amounts)

c) Stock Options

On July 7, 2020 (amended July 21, 2021), the Board of Directors implemented an equity incentive plan under which the Company is authorized to grant a combination of stock options and restricted shares up to 10% of the total number of common shares issued and outstanding at any given time.

The following is a continuity of the Company's stock options outstanding as at March 31, 2025:

For the period and year ended	**March 31, 2025**		**December 31, 2024**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning of period	7,201,739	$ 1.25	6,128,305	$ 1.28
Granted	2,649,968	1.32	1,900,257	1.15
Forfeited	(326,070)	1.23	-	-
Expired	(651,389)	1.34	(602,508)	1.48
Exercised	(107,649)	0.45	(224,315)	0.45
Options outstanding, end of period	8,766,599	$ 1.27	7,201,739	$ 1.25
Options exercisable, end of period	6,723,322	$ 1.23	5,296,781	$ 1.26

Details of stock options outstanding as at March 31, 2025 are as follows:

Range	**Outstanding**	**Weighted Average Contractual Life**	**Weighted Average Exercise Price**	**Exercisable**
$0.45-$0.75	649,192	0.37	$0.39	649,192
$0.75-$1.11	1,678,895	4.04	$1.08	1,189,507
$1.12-$1.48	6,188,512	4.35	$1.34	4,634,623
$1.48-$1.84	250,000	1.26	$1.84	250,000
Totals	8,766,599	3.91	$1.23	6,723,322

As at March 31, 2025, outstanding stock options had a weighted average remaining life of 3.91 years.

(Expressed in thousands of United States dollars except for share and per share amounts)

The following Black Scholes assumptions were used in the valuation of stock options granted during the period ended March 31, 2025:

For the period and year ended	**March 31, 2025**
Volatility	52%
Expected life in periods	5 periods
Weighted average grant date share price	$1.32
Weighted average exercise price	$1.32
Dividend rate	0%
Risk-free rate	4.22%
Forfeiture rate	0%

Total stock-based compensation recognized related to stock options during the period ended March 31, 2025 was $855 (March 31, 2024: $429).

d) Restricted Share Units ("RSUs")

RSUs can be settled in either cash, shares, or a combination thereof at the sole discretion of the Company. Such a decision is to be made on each vesting date. The Company considers these RSUs as equity-settled share-based payments and has no history of settling in cash to-date.

As at March 31, 2025, the Company had the following RSUs outstanding:

For the period and year ended	**March 31, 2025**	
	Number of RSUs	**Weighted average price**
RSUs outstanding, beginning of period	894,054	$ 1.18
Granted	274,743	1.31
Forfeited	(144,624)	1.15
Vested	-	-
RSUs outstanding, end of period	1,024,173	$ 1.21

Total stock-based compensation recognized related to RSUs during the period ended March 31, 2025 was $28 (March 31, 2024: $22).

e) Warrants

As at March 31, 2025 the Company had no warrants outstanding.

f) Deferred Share Units ("DSUs")

DSUs can be settled in either cash, shares, or a combination thereof at the discretion of the participant. 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. The Company considers these DSUs as cash-settled share-based payments based on a history of settling in cash to-date. The DSU liability was revalued at March 31, 2025, with a resulting loss of $38 (March

(Expressed in thousands of United States dollars except for share and per share amounts)

31, 2024: $174 gain) recognized in the consolidated statements of loss and comprehensive loss under gain on incentive plan for the period.

As at March 31, 2025, details of DSUs outstanding are as follows:

For the period and year ended	**March 31, 2025**	
	Number of DSUs	**Weighted average price**
DSUs outstanding, beginning of period	768,321	$ 1.55
Granted	106,382	1.31
DSUs outstanding, end of period	874,703	$ 1.38

The fair value of each DSU granted was estimated to be $1.31, which was based on the value of the director's compensation on the date of the grants.

The Company recognized a total of $139 (March 31, 2024: $346) as prepaid share-based payment for the award of the DSUs during period ended March 31, 2025.

8. Related Party Transactions

Other than the Nuton transactions disclosed note 6, the following are the related party transactions:

As at March 31, 2025, no material amounts were owed to or from the Company by key management personnel and directors.

The remuneration of the key executive management and directors was as follows:

	March 31, 2025	**March 31, 2024**
Salaries and wages	$ 522	$ 732
Salaries and wages capitalized as exploration	152	351
Share-based compensation*	292	297
Directors' fees	148	146
	$ 1,114	$ 1,526

*Share-based compensation includes shares issued for services, stock options, RSUs and DSUs.

9. Operating Segments

As of March 31, 2025, the Company is operating its business in one operating and reportable segment: mineral exploration and development in the United States of America. All of the Company's non-current assets are situated in North America.

10. Financial Instruments and Risk Management

Currency risk

The Company is exposed to financial risk due to changes in foreign exchange rates. The Company operates in the United States and Canada, and a portion of its expenses are incurred in Canadian dollars. A significant change in the exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. At March 31, 2025, the Company is exposed to currency risk mainly through its cash denominated in Canadian dollars totaling C$18,441 (December 31, 2024 – C$31,681).

Based on the exposure as at March 31, 2025, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US dollar against the Canadian dollar would result in an increase/decrease of approximately $1,283 in the Company's reported loss for the period.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit risk the Company is exposed to is 100% of cash and receivables.

The Company's cash is held in large Canadian or US financial institutions. As a result, the Company concludes that there are negligible expected losses because the holdings are in cash.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements by taking into account anticipated cash expenditures for its exploration and operational activities.

The Company will pursue additional equity or debt financing as required to meet its long-term commitments. There is no assurance that such financing will be available or that it will be available on favorable terms.

As at March 31, 2025, the contractual undiscounted future cash flows of the Company's significant financial liabilities are as follows:

(Expressed in thousands of United States dollars except for share and per share amounts)

	< 6 months	6 – 12 months	1 - 2 years	Total cash flows at March 31, 2025
Financial liabilities at fair value:				
DSU liability	-	-	1,375	1,375
Financial liabilities at amortized cost:				
Accounts payable	845	-	-	845
Accruals	2,201	-	-	2,201
Nuton deposit	-	-	11,545	11,545
Other current liabilities	88	-	-	88
	3,134	-	12,920	16,054

As at March 31, 2025, the carrying values of all financial assets and financial liabilities approximate their fair value. The DSU Liability is considered a level 1 instrument in the fair value hierarchy as its inputs use quoted share prices and exchange rates for remeasurement.