Arizona Sonoran Copper Company Inc.

Interim condensed consolidated financial statements - June 30, 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**		**June 30, 2025**		**December 31, 2024**
ASSETS					
Current assets					
Cash	1	$	58,681	$	31,741
Receivables			119		123
Prepaid expenses and other			568		170
			59,368		32,034
Non-current assets					
Exploration and evaluation assets	5		127,594		99,148
Property and equipment			4,252		4,267
Right-of-use asset			31		16
			131,877		103,431
Total assets		$	191,245	$	135,465
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	6	$	12,247	$	2,591
Other current liabilities			1,200		5,980
Current portion of lease liability			32		16
			13,479		8,587
Non-current Liabilities					
Nuton option deposit			11,612		11,484
Nuton option			10,000		10,000
DSU liability	7		1,455		785
			23,067		22,269
Total liabilities			36,546		30,856
SHAREHOLDERS' EQUITY					
Share capital	7		188,310		137,424
Contributed surplus	7		9,798		8,701
Deficit			(43,408)		(41,516)
Total shareholders' equity			154,699		104,609
Total liabilities and shareholders' equity		$	191,245	$	135,465

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)

	Three months ended		Six months ended	
For the periods ended	**June 30, 2025**	**June 30, 2024**	**June 30, 2025**	**June 30, 2024**
Expenses				
Salaries and wages	$ 290	$ 267	$ 580	$ 485
Share-based compensation	164	391	730	842
Professional fees	252	180	278	291
Directors' fees	150	144	298	307
Marketing and administration	327	190	776	500
Loss before other items	1,183	1,172	2,662	2,425
Other expenses/(income)				
Accretion	69	298	180	599
Finance expenses (income) and foreign exchange	(831)	59	(992)	233
Depreciation and amortization	28	17	28	33
Interest income	(226)	(150)	(518)	(307)
Incentive plan expense (gain)	80	(73)	532	(247)
	(880)	151	(770)	311
Loss and comprehensive loss for the period	$ 303	$ 1,323	$ 1,892	$ 2,736
Loss per share				
Basic and diluted	0.00	0.01	0.02	0.03
Weighted average number of common shares outstanding				
Basic and diluted	151,531,685	109,397,527	125,938,817	109,280,370

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	191,903	108	(43)	-	65
Warrants exercised	114,583	46	(12)		34
RSUs vesting	86,222	109	(109)	-	-
Stock options reserve	-	-	992	-	992
RSU reserve	-	-	44	-	44
Loss for the period	-	-	-	(2,736)	(2,736)
Balance at June 30, 2024	109,460,044	111,430	8,328	(36,812)	82,946
Balance at January 1, 2025	135,523,952	137,424	8,701	(41,516)	104,609
Shares issued for cash, net	38,760,157	50,663	-	-	50,663
Options exercised	347,613	222	(88)	-	134
Stock options reserve	-	-	1,066	-	1,066
RSU reserve	-	-	120	-	120
Loss for the period	-	-	-	(1,892)	(1,892)
Balance at June 30, 2025	174,631,722	188,310	9,798	(43,408)	154,699

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)

	Six months ended	
For the periods ended	**June 30, 2025**	**June 30, 2024**
Cash used in:		
Operating activities		
Loss for the period	($1,892)	($2,736)
Adjustments to reconcile loss to net cash flows:		
Share-based compensation	1,186	1,144
Accretion	146	599
Depreciation and amortization	48	58
Interest and finance expense, net	-	3
Directors' fees paid in shares	670	98
Unrealized (gain)/loss on foreign exchange	(751)	-
Changes in working capital items		
Receivables	-	49
Prepaid expenses and other	(398)	(308)
Accounts payable and accrued liabilities	(453)	(6,686)
Net cash provided/(used) in operating activities	(1,444)	(7,780)
Investing activities		
Expenditures on exploration and evaluation assets	(23,113)	(10,464)
Expenditures on equipment	(18)	-
Property payments	-	(794)
Net cash used in investing activities	(23,131)	(11,258)
Financing activities		
Proceeds from sale of shares, net of expenses	50,663	-
Payments received from Nuton	-	19,601
Proceeds from stock options exercise	134	(43)
Proceeds from warrants exercise	-	34
Lease payments	(32)	(32)
Net cash provided by financing activities	50,765	19,560
Net increase/(decrease) in cash	26,190	523
Effect of exchange rate changes on cash	751	-
Cash at beginning of the period	31,741	10,494
Cash at the end of the period	$58,681	$11,017

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

1. Description of Business

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 common shares trade on the Toronto Stock Exchange ("TSX") under the symbol ASCU and 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.

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 has incurred significant operating losses (a net loss of $1,892 for the six-month period ended June 30, 2025) and has yet to achieve profitable operations resulting in an accumulated deficit of $43,408 as at June 30, 2025. The Company had $58,681 of cash as at June 30, 2025 (December 31, 2024 - $31,741) and working capital of $45,889 (December 31, 2024 - $23,447). Based on the Company's liquidity position as at June 30, 2025, management has forecasted its cash flow requirements, and believes that it has sufficient cash resources to support its planned committed operations for the next twelve months from June 30, 2025. The Company has further discretionary exploration and development activities which, if undertaken, are expected to result in the Company needing to obtain further financing in the form of debt, equity, or a combination thereof before June 30, 2026. Notwithstanding the Company's recent financings (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.

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 July 28, 2025 by the Audit Committee on behalf of the Company's 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, except as noted below.

Going concern uncertainty

Management's determination regarding the Company's ability to continue as a going concern for the twelve months from the date of the statement of financial position involves significant judgment regarding the Company's estimation of future cashflows.

The Company has $58,681 of cash as at June 30, 2025. The Company has certain commitments and contractually required payments based on events in 2025 and potentially required based on future events, if they arise. Such payments would have an impact on the future cash requirements of the company to meet its obligations as they arise based on the operating plans currently in place.

These planned expenditures include payments that are discretionary, which the Company can adjust to ensure it will have cash to continue its operations for the foreseeable future, absent any future financing activities the Company may undertake. The Company's objectives are to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, pursuit of accretive opportunities, and to maximize shareholder return through enhancing the share value. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investment and financing activities. There is no assurance that these initiatives will be successful.

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

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.

4. Accounting standards recently adopted or effective

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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	28,357
Balance at June 30, 2025	127,505

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:

		June 30, 2025		**December 31, 2024**
Trade payables	$	1,259	$	467
Accrued liabilities a)		10,914		2,018
Other payables		74		106
	$	12,247	$	2,591

a) Royalty Buyback

On June 24, 2025, the Company exercised its rights to buy-down 0.64% of certain net smelter returns royalties on the Cactus Project (collectively, the "NSRs"), ahead of the applicable July 10, 2025 exercise notice expiry dates. Total cash payments of $8,913 will be made to RG Royalties LLC, a subsidiary of Royal Gold Inc. and Elemental Altus Royalties Corp., to reduce the aggregate percentage of their collective NSRs from 3.18% to a remaining 2.54% (collectively, the "Buy-downs"). The Buy-downs are expected to close on or about August 12, 2025 and are included in accrued liabilities.

7. Equity

a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value. As at June 30, 2025, there were 174,631,722 common shares outstanding (December 31, 2024 – 135,523,952 common shares outstanding).

b) Issued Shares

The following are the equity transactions that occurred in the period ended June 30, 2025:

- The Company issued 347,613 common shares related to option exercises.
- 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$20,085 ($13,837). 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).
- On June 20, 2025, the Company closed a bought deal financing of 25,875,000 common shares in the capital of the Company at a price of C$2.00 per Common Share, for gross proceeds to the Company of C$51,750 ($37,697) (the "June 2025 Offering") less C$2,672 ($1,949) of transaction costs.
- On July 10, 2025, the Company closed a non-brokered private placement financing in respect of the exercise by Hudbay of its pre-emptive rights under its Investor Rights Agreement relating to the June 2025 Offering. Hudbay subscribed for 2,907,612 common shares of the Company at a price of C$2.00 per Common Share for aggregate gross proceeds to the Company of C$5,815 ($4,250).

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 and for the six-month period ended June 30, 2025:

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

For the period ended	**June 30, 2025**	
	Number of options	**Weighted average exercise price**
Options outstanding, beginning of period	7,201,739	$ 1.25
Granted	2,649,968	1.32
Forfeited	(326,070)	1.23
Expired	(651,389)	1.34
Exercised	(347,613)	0.45
Options outstanding, end of period	8,526,635	$ 1.29
Options exercisable, end of period	6,483,358	$ 1.28

Details of stock options outstanding as at June 30, 2025 are as follows:

Range	Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price	Exercisable
$0.25-$0.75	409,228	0.02	$0.40	409,228
$0.75-$1.15	1,678,895	3.66	$1.12	1,189,507
$1.15-$1.48	6,188,512	3.98	$1.39	4,634,623
$1.48-$2.00	250,000	1.02	$1.91	250,000
Totals	8,526,635	3.65	$1.28	6,483,358

The following Black Scholes assumptions were used in the valuation of stock options granted during the period ended June 30, 2025:

For the period and year ended	**June 30, 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 six-month period ended June 30, 2025 was $1,066 (June 30, 2024: $842).

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.

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

The Company had the following RSUs outstanding as at and for the six-month period ended June 30, 2025:

For the period ended	**June 30, 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
RSUs outstanding, end of period	1,024,173	$ 1.21

Total stock-based compensation recognized related to RSUs during the six-month period ended June 30, 2025 was $120 (June 30, 2024: $44).

e) Warrants

As at June 30, 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 Board of Directors. 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 June 30, 2025, with a resulting loss of $532 (June 30, 2024: $247 gain) recognized in the consolidated statements of loss and comprehensive loss under gain on incentive plan for the period.

The Company had the following DSUs outstanding as at and for the six-month period ended June 30, 2025:

For the period ended	**June 30, 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.

8. Related Party Transactions

The following are the related party transactions:

As at June 30, 2025, no material amounts were owed to or from the Company by key management personnel and directors.

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

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

		June 30, 2025		June 30, 2024
Salaries and wages	$	689	$	922
Salaries and wages capitalized as exploration		231		403
Share-based compensation*		530		523
Directors' fees		298		307
	$	1,748	$	2,155

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

9. 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 June 30, 2025, the Company is exposed to currency risk mainly through its cash denominated in Canadian dollars totaling C$6,864 (December 31, 2024 – C$31,681).

Based on the exposure as at June 30, 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 $503 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.

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

As at June 30, 2025, the contractual undiscounted future cash flows of the Company's significant financial liabilities are as follows:

	< 6 months	6 – 12 months	1 - 2 years	Total cash flows at June 30, 2025
Financial liabilities at fair value:				
DSU liability	-	-	1,455	1,455
Financial liabilities at amortized cost:				
Accounts payable	1,259	-	-	1,259
Accruals	10,914	-	-	10,914
Nuton deposit	-	-	11,612	11,612
Other current liabilities	74	1,200	-	1,274
	12,247	1,200	13,067	26,514

As at June 30, 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.