ARIZONA SONORAN COPPER COMPANY INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2023

INTRODUCTION

The following Arizona Sonoran Copper Company Inc. (“ASCU” or the “Company”) Management Discussion and Analysis (“MD&A”) was prepared as of August 14, 2023 and should be read in conjunction with the unaudited interim condensed consolidated financial statements (“Financial Statements”) of the Company as at and for the three and six months ended June 30, 2023 and 2022, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) including International Standard 34 - Interim Financial Reporting. All dollar amounts are expressed in United States dollars unless otherwise noted. Additional information relating to the Company is available on the Company’s website (www.arizonasonoran.com) and System for Electronic Document Analysis and Retrieval (“SEDAR”) – (www.sedar.com). The Company trades on the Toronto Stock Exchange (“TSX”) under symbol “ASCU” and the OTCQX under the symbol “ASCUF.”

This MD&A should be read in conjunction with the Financial Statements dated August 14, 2023 and the Annual Information Form (“AIF”) dated March 30, 2023 filed with the Canadian Securities Administrators (“CSA”) under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com and also available on its website at www.arizonasonoran.com.

ASCU is an emerging U.S. copper advanced stage exploration company intending to build a scalable, multi-phase, multi-billion-pound copper porphyry project on private land in the infrastructure-rich state of Arizona. The Company holds 100% ownership in both the Cactus Project (comprised of private land and a state land lease) and the Parks/Salyer Property (“P/S” or “P/S Project”, and, collectively with Cactus Project, the “Project”) in Pinal County, Arizona.

Except where otherwise indicated, ASCU’s exploration programs and pertinent disclosure of a technical or scientific nature are supported by Mr. Allan Schappert, Stantec, for the mineral resource and Mr. Russell Alley, MAG, for metallurgy, both of whom are Qualified Persons as defined by National Instrument 43-101– Standards of Disclosure for Mineral Projects.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. A description of significant risks may be found in the Company’s AIF for the year ended December 31, 2022 and summarized in “Risks and Uncertainties” below.

DEFINITIONS

“**Cactus East**” herein means the mineral rights representing the Cactus East development as referred to in the context of the Cactus Project, previously known as the Sacaton East deposit.

“**Cactus West”** herein means the mineral rights representing the Cactus West development as referred to in the context of the Cactus Project, previously known as the Sacaton West deposit.

“**Parks/Salyer Property”** herein means the mineral rights representing the porphyry copper deposit, located immediately southwest of the Cactus Project on contiguous private land in Arizona, USA. The P/S Project is located 1.3 mi (2 km) SW from the Cactus open pit along the mine trend and demonstrates the same geological characteristics.

“**Stockpile Project**” herein means the historic waste dump created through dumping of defined waste material from the mining of the old Sacaton open pit deposit. All oxide copper mineralization, and sulfide copper mineralization below the working grade cut-off of 0.3% copper (Cu) was deposited to the waste dump.

COMPANY HIGHLIGHTS – YEAR-TO-DATE 2023

Corporate Updates

- On February 16, 2023, the Company announced that it had closed its bought deal financing of 15,000,000 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$30.0 million ($22.3 million) (the "February 2023 Offering") initially announced on January 25, 2023. The Offering was underwritten on a "bought deal" basis by a syndicate of underwriters.
  - The net proceeds from the Offering will be used for exploration and development at the Company's Cactus Project located in Arizona, and for general working capital and corporate purposes, as described in the short form prospectus dated February 9, 2023, filed in all provinces of Canada, except Québec (the "Prospectus").
  - The Common Shares were offered to U.S. buyers on a private placement basis pursuant to available exemptions from the registration requirements of the United States Securities Act of 1933, as amended, and other jurisdictions outside of Canada provided that no prospectus filing, or comparable obligation arises.
  - While Tembo acquired 2,833,717 Common Shares, it also decreased its share of the Company from 30,683,633 or approximately 34.5% of the issued and outstanding Common Shares of the Company to 33,517,350 Common Shares or approximately 32.3% of the total issued and outstanding common shares of the Company.

- On April 4, 2023, the Company announced the closing of its private placement with Nuton LLC ("Nuton"). In connection with the February 2023 Offering, Nuton had indicated its intention to exercise its pre-emptive rights under the Nuton Investor Rights Agreement to maintain its ownership interest percentage in ASCU of 7.2%. 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$2.5 million ($1.8 million). The participation by Nuton is in addition to the C$30.0 million from the February 2023 Offering.

- On June 7, 2023, the Company announced that it continued to build the development and production team onsite at the Cactus Mine Project. The Company appointed Harold (Bernie) Loyer as Senior VP Projects, replacing Ian McMullan as Chief Operating Officer and Christopher White as Chief Mine Geologist to support Doug Bowden, VP Exploration.

- On June 22, 2023, the Company announced that Shareholders voted in favour of the business of the annual general meeting ("AGM"), including appointment of a new Board member, Isabella Bertani who replaced Thomas Boehlert.

Exploration Updates

- On January 17, 2023, the Company announced 60% completion of its 105,000 ft (32,000 m) infill to indicated drilling program at P/S, located ~1.3 mi (2 km) southwest of the Company's Cactus Project. A total of 27 holes were drilled out of an anticipated 46 holes, with assays received to date for 15 holes, including the five noted below, and ECP-108 grade thickness surpassing the prior best intercept on the property.
  - **ECP-108**: 872.5 ft (265.9 m) @ 1.64% CuT of continuous mineralization, including:
    - 621.0 ft (189.3 m) @ 2.00% CuT, 1.58% Cu TSol, 0.013% Mo (enriched)
    - Incl. 108.0 ft (32.9 m) @ 2.58% CuT, 2.45% Cu TSol, 0.009% Mo

  - 251.5 ft (76.7 m) @ 0.73% CuT, 0.019% Mo (primary)
- **ECP-107**: 1,188.9 ft (362.4 m) @ 0.68% CuT of continuous mineralization, including:
  - 489.5 ft (149.2 m) @ 1.19% CuT, 1.13% Cu TSol, 0.013% Mo (enriched)
  - Incl. 139.3 ft (42.5 m) @ 2.42% CuT, 2.39% Cu TSol, 0.010% Mo
  - 699.4 ft (213.2 m) @ 0.33% CuT, 0.012% Mo (primary)
- **ECP-110:** 762.2 ft (232.3 m) @ 0.90% CuT of continuous mineralization, including:
  - 419.0 ft (127.7 m) @ 1.15% CuT, 1.01% Cu TSol, 0.005% Mo (enriched)
  - 343.2 ft (104.6 m) @ 0.58 % CuT, 0.011% Mo (primary)
- **ECP-111:** 443.0 ft (135.0 m) @ 0.78% CuT, 0.71% Cu TSol, 0.035% Mo (enriched)

- On February 21, 2023, the Company announced assays from 7 drill holes from the Parks/Salyer infill program Highlights including:
  - **ECP-113**: 438.8 ft (133.7 m) @ 1.17% CuT, 1.13% Cu TSol, 0.008% Mo (enriched)
    - Incl. 58.4 ft (17.8 m) @ 4.0% CuT, 3.82% Cu Tsol, 0.021% Mo
  - **ECP-112:** 528.2 ft (161 m) @ 1.11% CuT, 0.75% Cu Tsol, 0.013% Mo (enriched)
    - Incl**.** 176.8 ft (53.9 m) @ 1.52% CuT, 0.98% Cu Tsol, 0.011% Mo
  - **ECP-105:** 562.7 ft (171.5 m) @ 0.93% CuT, 0.77% Cu Tsol, 0.013% Mo (enriched)
    - Incl. 258.0 ft (78.6 m) @ 1.35% CuT, 1.12% Cu Tsol, 0.017% Mo
    - 556.7 ft (169.7 m) @ 0.63% CuT, 0.028% Mo (primary)
  - **ECP-118:** 291.5 ft (88.8 m) @ 1.05% CuT, 0.91% Cu Tsol, 0.006% Mo (enriched)
  - **ECP-104:** 792.8 ft (241.6 m) @ 0.37% CuT, 0.006% Mo (primary)

- On February 28, 2023, the Company announced ASCU's wholly owned subsidiary, Cactus 110 LLC had entered into a purchase and sale agreement ("PSA") for 523 acres of private land, contiguous to the Company's Parks/Salyer project (the "Mainspring Property"). The new land package provides the Company with significant operational flexibility with respect to site and infrastructure requirements for the re-scoped Pre-Feasibility Study ("PFS") due in Q4 2023 or early 2024. The total land position of the combined Cactus and Parks/Salyer project is expected to be 5,368 acres, providing significant operational flexibility for the Company. The total purchase price for the property is US$14 million to be paid as below:
  - Payment of a $1 million non-refundable deposit put into an escrow account at the time of signing of the agreement (the "Effective Date");
  - Payment of $2 million on or prior to the expiry of the PSA Due Diligence date (such date being 5 months from the Effective Date (subject to one month's extension at the option of ASCU) into escrow;
  - Payment of $5 million one year from the Effective Date (being the signing date of the PSA) ("Closing Date"). Title is then transferred to Cactus 110 LLC; and
  - Payment of $6 million together with accrued interest at 6% per annum, within 1 year from the Closing Date secured by way of a promissory note and deed of trust on the subject property. The promissory note may be repaid at any time prior to maturity with no penalties following which the deed of trust will be released.

- On March 6, 2023, the Company announced it has engaged Ausenco to lead the Cactus and Parks/Salyer Pre-feasibility Study and appointed Victor Moraila as Chief Mine Engineer
    - The PFS will examine the potential of adding significant scale to the heap leach and SXEW flowsheet as envisioned in the 2021 Cactus Project Preliminary Economic Assessment ("PEA").
    - The PFS sourcing and procurement practices will focus on an "Arizona-First" approach, favouring procurement from within the state.

- On March 15, 2023, the Company announced potential mineralization 3,000 ft (915m) north-east of Cactus East, at the North-east Extension ("NE Extension") drill target. Management believes NE Extension exploration drill hole to confirm a potential 990 ft (302 m) of continuous mineralization and a tenor of primary copper grades that, with appropriate enrichment processes, could support copper grades suitable for underground mineral resources (consistent with Parks/Salyer and Cactus East). In addition, ionic leach sampling identified potential large target in the Gap Zone. Cactus East infill drilling to measured drilling shows potential high-grade copper similar to Parks/Salyer. Highlights of the drilling are as follows:
    - **ECE-076 (CE):** 491.0 ft (149.7 m) @ 1.51% CuT, 1.34% Cu TSol, 0.023% Mo
        - Incl 211.7 ft (64.5 m) @ 1.75% CuT, 1.65% Cu Tsol, 0.012% Mo (oxide)
        - And 279.3 ft (85.1 m) @ 1.38% CuT, 1.11% Cu Tsol, 0.031% Mo (enriched)
        - Incl 79.3 ft (24.2 m) @ 2.87% CuT, 2.61% Cu Tsol, 0.028% Mo
    - **ECE-078 (CE):** 377 ft (114.9 m) @ 1.25% CuT, 1.15% Cu Tsol, 0.035% Mo (enriched)
        - Incl. 20 ft (6.1 m) @ 2.10% CuT, 1.98% Cu Tsol, 0.035% Mo
    - **ECN-128:** continuous mineralization of 990.7 ft (302.0 m) @ 0.42% CuT
        - 118.1 ft (36.0 m) @ 0.97% CuT, 0.94% Cu Tsol, 0.004% Mo (oxide)
        - 653.4 ft (199.2 m) @ 0.40% CuT, 0.008% Mo (primary)

- On March 27, 2023, the Company announced an update to the infill drilling with 9 additional holes at the P/S Property demonstrating estimated grades and thicknesses supportive of an underground operation within the planned PFS. Highlights include:
    - **ECP-122:** 546.5 ft (166.6 m) @ 1.14% CuT, 1.00% Cu Tsol, 0.007% Mo (enriched)
        - Incl 176.5 ft (53.8 m) @ 2.03% CuT, 1.88% Cu Tsol, 0.005% Mo
    - **ECP-125:** 545.2 ft (166.2 m) @ 1.09% CuT, 0.99% Cu Tsol, 0.020% Mo (enriched)
        - Incl. 217.0 ft (66.1 m) @ 1.75% CuT, 1.66% Cu Tsol, 0.009% Mo
        - 635.5 ft (193.7 m) @ 0.46% CuT, 0.018% Mo (primary)
    - **ECP-114: 463.5 ft (141.3 m) @ 1.14% CuT, 0.98% Cu Tsol, 0.028% Mo (enriched)**
    - **ECP-116: 570.0 ft (173.7 m) @ 0.86% CuT, 0.64% Cu Tsol, 0.015% Mo (enriched)**
    - **ECP-124:** 361.8 ft (110.3 m) @ 1.14% CuT, 1.06% Cu Tsol, 0.007% Mo (enriched)
        - Incl. 179.8 ft (54.8 m) @ 1.87% CuT, 1.79% Cu Tsol, 0.010% Mo
    - **ECP-119:** 89.9 ft (27.4 m) @ 2.31% CuT, 2.21% Cu Tsol, 0.011% Mo (enriched)
        - 66.2 ft (20.2 m) @ 2.07% CuT, 2.02% Cu Tsol, 0.012% Mo (oxide)
        - Incl. 14.1 ft (4.3 m) @ 4.07% CuT, 4.05% Cu Tsol, 0.017% Mo

- On April 3, 2023, the Company announced the receipt of the Mined Land Reclamation Permit ("MLRP") from the Arizona State Mine Inspector's Office for the Cactus Project following the Company's application in December of 2022. The MLRP is the primary financial assurance document requiring the operator to bond for the full reclamation of the property after mining operations have concluded. The MLRP is a state-level permitting process that governs mine sites and ensures measures will be taken to achieve stability and safety, consistent with post-mining land use objectives specified in the reclamation plan. Changes to site operations plans, such as those defined in the operation's Prefeasibility Study may require an amendment to the MLRP. A surety bond for $5.0 million was posted with the Arizona State Mine Inspector on June 1, 2023.

- On May 2, 2023, the Company announced that it continues to improve metallurgical recoveries through ongoing column testing onsite and provided an update on its TruStone facility as follows:

  - The 90-day Stockpile oxide cycle is now complete with 90% recoveries of each column's head grade.
  - Preliminary results from the Parks/Salyer enriched columns after 160 days are tracking to a recovery of approximately 80%.
  - Samples for each of the TruStone columns were sent to HydroGeoSense Inc. ("HGS") and Skyline Lab for sequential copper and total copper analysis.
  - The TruStone Facility now hosts a sample prep lab, 12 metallurgical columns and a core storage facility.

- On May 15, 2023, the Company announced that Pinal County Air Quality Department approved and issued the Company its Industrial Air Permit for the Project. The issuance of this permit is a key milestone in the re-development of the Project, as it is the final major permit needed, ahead of developing and mining the Project. Pinal County's Air Quality Department is in charge of the Clean Air Act, and delegated authority to regulate stationary industrial developments within the County. The Industrial Air Permit issued to Cactus governs air quality compliance in accordance with federal, state, and county standards.

- On June 5, 2023, the Company provided positive Nuton technology extraction rates on the Cactus Project primary sulphides summarized as follows:
  - Initial testing with Nuton demonstrating optionality to continue scaling the asset beyond the base case Pre-feasibility Study ("PFS") parameters:
    - Primary sulphides, currently excluded from the PEA and pending PFS, comprise 25% of total mineral resource (total: 4.9 billion lbs. of inferred and 1.6 billion lbs. of indicated copper resources)
  - Copper extraction for columns range from 61% to 82% on primary sulphides with an optimized targeted copper extraction for a life of asset blend of 80%
    - Extraction rates improve when blending both primary and secondary sulphides
  - Excellent results from unoptimized preliminary leach conditions with further optimization planned in a potential second phase of the test work program
  - The next phase of the metallurgical test work program in conjunction with a draft commercial framework with Nuton, will further define potential value impact for ASCU shareholders.

- On June 14, 2023, the Company announced that it released 8 infill holes at Parks/Salyer within 2.5 years (beginning Nov 2020), completing the infill to indicated drilling on the inferred resource of 2.9B lbs. of copper @ 1.015% TCu* infill drilling has now begun to the measured category
  - Drilling better defines the east and west margins of the inferred mineral resource area at Parks/Salyer
  - A total of 48 infill drill holes are now drilled and assayed to generate an updated resource model used in the PFS.

- In 2023, after six months, the Company has completed 100,000 ft of drilling at the Cactus and Parks/Salyer deposits.

- On July 28, 2023, the Company made a payment of $2.0 million on completion of the PSA due diligence period of the Mainspring purchase process and commitment.

OUTLOOK

As of August 14, 2023 the Company had cash of approximately $17.5 million. The Company believes it has sufficient financial resources to carry out the Company's non-discretionary activities through Q2/2024. The Company may require further financing to achieve all of its planned operational and strategic activities in the form of debt, equity, or a combination thereof.

The Company continues to progress its planned work programs with key milestones expected to be as follows:

- The PFS is ongoing with expected completion in Q1/2024 following the completion of metallurgical, hydrological and geotechnical drilling as well as engineering, trade-off and gap analyses. Critical technical work ahead of detailed mine planning continued in June. See *"The Cactus Project – Pre-feasibility Study"* for updates.

- Drilling Programs targeting oxide and enriched copper mineralization (see *"Company Highlights – Year-to-date 2023 – Exploration Updates"* for details):
  - Infill drilling program on Parks/Salyer was completed in Q2/2023 with the goal of upgrading mineral resources to the indicated category from the inferred category. The Company intends to complete a 90,000 ft (27,000 m) infill drilling program at the Cactus East and Parks/Salyer projects (Q2-Q4 2023) which is to be part of the Definitive Feasibility Study ("DFS") in 2024 following release of the PFS.
  - The Company has begun a small exploration program along the 4 km mine trend and is assessing the results.

- Metallurgy:
  - Testing programs for the PFS and DFS level studies is being completed in the TruStone Facility within 12 columns at a time, each measuring 20 ft (6 m) in height and composed of material from the Stockpile, Parks/Salyer and Cactus deposits, separated into different rock types, copper grades and mineralogy. Based on QP requirements, the columns may be increased to 30 ft (10 m) in height within the same facility.
  - With two years of metallurgical data in hand, the column testing program is ongoing at the Cactus Project. The program is collecting critical leaching information for both oxidized and secondary enriched ores with different rock types, ore grades, and mineralogy from both the Cactus and Parks/Salyer deposits (see *"Company Highlights – Year-to-date 2023 – Exploration Updates"* for details).

- Permitting:
  - Completed major permits for Cactus, based on the 2021 Cactus PEA. See *"Company Highlights – Year- to-date 2023 - Exploration Updates"* for details on MLRP and Industrial Air Permit permits received.

- Primary Sulphide Potential:
  - Column cell testing conducted by Nuton appears to be demonstrating the leachability of the primary sulphide material from at Cactus and Parks/Salyer continues.
  - The full impact of the success of the Nuton's technologies in relation to Cactus and Parks/Salyer

and/or its integration within a technical study remains under consideration and will be determined by the output of the technical work and commercial arrangements to be reached.

THE CACTUS PROJECT

The 100%-owned Project is a porphyry copper project located on private land, near the city of Casa Grande, Arizona, USA. The city of Phoenix and Sky Harbor International Airport are situated approximately 55 miles to the north and Tucson is approximately 75 miles to the southeast. The property location provides easy access to infrastructure and amenities such as power, water, rail, roads and a skilled workforce. The Project itself covers approximately 5,000 acres (with the remainder of the land package covering additional exploration properties).

The Cactus Project, previously known as the Sacaton Mine, was owned and operated by ASARCO from 1972-1984. The mine was shut down due to economic conditions. The property has since undergone a $20 million reclamation program under the guidance of the ASARCO Trust and the Arizona Department of Environmental Quality. The reclamation program cleaned the property, excluding the Stockpile.

The core shack, return water impoundment and water wells, rail spur, power lines and roads are in good condition and have undergone some renovation since the acquisition. The vent raise and shaft are still in place but have not been accessed since the initial shut down of Sacaton Mine. An environmental baseline study has been completed for the Cactus Project and work is steadily progressing through project permitting.

Immediately southwest of the Cactus Project on contiguous private land in Arizona, USA is the P/S Project is located 1.3 mi (2 km) SW from the Cactus open pit along the mine trend and demonstrates the same geological characteristics.

Expenditures at the Cactus Project in the six months ended June 30, 2023 and 2022

The following table sets forth a breakdown of material components of expenditures incurred at the Cactus Project in the six months ended June 30, 2023 and 2022.

	6-Months	
	June 30, 2023	**June 30, 2022**
Exploration	$ 10,879	$ 10,727
Drilling	6,627	6,643
Salaries and wages	990	551
Operational	595	153
Sample and assay	-	16
	$ 19,091	$ 18,090

In the six months ended June 30, 2023, total expenditures at Cactus Project increased slightly to $19.1 million, compared to $18.1 million during the same period in 2022. The H1/2023 expenditures were $0.4 million higher in salary and wages as well as operational support costs. This is due to strategic personnel hires the Company has made to support the PFS and further Project development.

Cactus East, Cactus West and Stockpile

The Company completed a PEA in Q3/2021 that ascertains initial project economics of all leachable ores including the Stockpile Project, Cactus West, and Cactus East. The scientific and technical information in this section relating to the Project is partially derived from, and in some instances is a direct extract from, and is based on the assumptions, qualifications and procedures set out in the technical report titled "Mineral Resource Estimate and Technical Report – Arizona Sonoran Copper Company Inc. (Parks / Salyer)" dated November 10, 2022 (the "Technical Report"). Such assumptions, qualifications and procedures are not fully described below, and the following summary does not purport to be a complete summary of the Technical Report. Reference should be made to the full text of the Technical Report, which is available for review under the Company's profile on the System for Electronic Document Analysis and Retrieval, which may be accessed at www.sedar.com ("SEDAR").

The Company is currently advancing the Cactus Project with a PFS and plans to subsequently complete a DFS, subject to a positive outcome from the PFS.

As at June 30, 2023, the Company has completed the Cactus PFS infill drilling program. The PFS infill drilling program tightened the drill spacing with the intent of upgrading the Inferred mineral resources to an Indicated category within the Parks/Salyer Project and integrated PEA mine plan, including Cactus East, Cactus West and the Stockpile. As a result of tighter drill spacing, data shows an improved resolution of lithological, structural, and mineral zonation controls. Additionally, drilling to support further metallurgical and geotechnical test work was undertaken.

Drilling improved the definition of various host lithologies that potentially affect acid consumption in the heap leaching process. The majority of mineralization is hosted in granite which to date has indicated low acid consumption characteristics within the oxides and acid generating characteristics within the enriched material (secondary sulphides), with a minority of mineralization in monzonite porphyry, which has higher acid consumption characteristics. Infill drilling was performed with the expectation of no significant changes to the global interpretations which support the previously reported resource model.

Parks/Salyer

The Parks/Salyer Project is an exploration stage asset with a Mineral Resource Estimate (“MRE”) as noted below. In total, 31 drill holes over 66,507 ft (20,271 m) were used to define the P/S target for its maiden inferred MRE. The Company released its maiden inferred MRE on the project on September 28, 2022 consisting of 143.6 million tons at 1.015% Cu containing 2.92 billion pounds Cu.

Due to the significant increase in the Company-wide Mineral Resources, the oxide and enriched material at Parks/Salyer will be considered for inclusion in a future technical study integrating both the Cactus and Parks/Salyer deposits. Future studies will be based on the expanded leachable inventory, heap leaching and SX/EW process methodology of the oxides and enriched material. The integrated technical study is expected to be completed in the next 6-9 months.

The primary sulphides are currently being tested for leachability (based on the Nuton technology) and may form the basis of further project upside.

- Parks/Salyer inferred underground MRE is summarized as follows (values may not add due to rounding):

Inferred Resource	Tons (kt)	CuT (%)	Cu TSol (%)	Contained Cu (k lbs)	Contained Cu (k Tons)
Oxide	14,100	-	0.827	233,700	117
Enriched	101,200	-	1.100	2,227,200	1,113
Leachable	**115,400**	**-**	**1.066**	**2,460,900**	**1,230**
Primary	28,300	0.804	-	454,400	228
Total Inferred	**143,600**	**1.015**	**-**	**2,915,400**	**1,458**

Management estimates that the high-grade nature of Parks/Salyer's mineral resources offer significant potential to increase the scale within an integrated operation at conservative copper price estimates. The Company will continue advancing work study programs, specifically, engineering, metallurgical and geotechnical test work, hydrology, permitting, infill drilling and associated projects to advance the combined Cactus and P/S Project through the technical study phases.

The MRE was prepared by Stantec in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards and National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). Due to the proximity of Parks/Salyer to the Cactus Project, and associated future shared infrastructure, the Parks/Salyer MRE is stated as an inferred mineral resource in a new technical report in conjunction with the Cactus MRE effective August 31, 2021. The Cactus Project economics are as of the date as contained in the technical report titled "Arizona Sonoran Copper Company, Inc. Cactus Project, Arizona, USA Preliminary Economic Assessment" with an effective date of August 31, 2021 (the "2021 Technical Report"). The new technical report covering the Cactus Project and Parks/Salyer, was filed on November 10, 2022.

Pre-Feasibility Study

Ausenco has been appointed as lead engineering firm for the Cactus & Parks/Salyer Integrated PFS. In addition to its own technical staff, Ausenco is leading a technical consultant team comprised of Samuel Engineering, AGP Mining Consultants, Stantec, MineFill Services, Clear Creek Associates and Call & Nicholas Inc. (collectively the "PFS Consultants").

The PFS Consultants are reviewing a Cactus draft PFS, which began prior to the declaration of Parks/Salyer maiden resources and will be integrating the two projects into a new re-scoped and step-up PFS. The study will explore a simple heap leach operation, targeting a potential of up to 50,000 tons per annum of LME Grade A Copper Cathode from an onsite Solvent Extraction/ Electrowinning (SX/EW) plant. Mineralized material will be sourced from four deposits initially, including the Stockpile, Cactus East, Parks/Salyer and Cactus West.

As part of the PFS work for the project, ASCU and its PFS Consultants will complete trade-off and optimization studies and detailed mine production scenario analysis in the following areas:

- Mineralized material sources from an open pit expansion (Cactus West), underground development (Cactus East and Parks/Salyer), and the existing Stockpile
- Ore handling, storage, and agglomeration
- Leach pad design and operation
- Acid storage, consumption and handling
- Solvent extraction and electro-winning
- Existing and new infrastructure (as required)
- Preliminary design of access roads in coordination with mine access roads
- Preliminary design and location of mine support facilities
- Mine and geotechnical design

Critical technical work ahead of detailed mine planning continued in Q2/2023. The PFS Consultants continued reviewing past process studies to confirm those inputs remain valid, and also reviewed the previous mining trade-offs to determine expansion, as needed. Mining method studies are ongoing for the different options for Cactus East and Parks/Salyer. The results of these technical works are being reviewed internally with anticipated mining method and costing to be determined in Q3/2023. The PFS remains on schedule to be completed in Q1/2024.

Permitting

The Cactus Project is situated on private land and will require the following major permits and certifications:

1. Arizona Department of Water Resources ("ADWR")'s Withdrawal of Ground Water for Mineral Extraction & Mineral Processing Permit: This permit is required for ground water withdrawal for mining operations. This permit was obtained in April 2021 and extends for 50 years, which is beyond the life of the project.

2. The ADEQ's Aquifer Protection Permit ("APP"): This permit is required for owners or operators of facilities that could discharge a pollutant directly to an aquifer or to a land surface or vadose zone where there is a reasonable probability that the pollutant will reach an aquifer. The permit is valid for the life of the facility. This permit was obtained by ASCU for the Stockpile Project in July 2021 and becomes effective upon demonstration of financial capability submitted along with an amendment application in respect of the full project. Following development of the PEA mine plan in 2021, an amendment for full project coverage including expanded leach facilities, waste dumps and both open pit and underground infrastructure was obtained on March 28, 2022. Upon completion of the PFS in Q1/2024, the Company will require a second amendment based on the re-scoped operations.

3. Pinal County's Air Quality Control Permit: This permit is required for operations that have the potential to generate fugitive dust. This permit was obtained by the Company in January 2020 and is renewed yearly based on operational need.

4. ADEQ's Arizona Pollutant Discharge Elimination System ("AZPDES") Permits (construction and Multi-Sector General Permit): This permit is for stormwater discharges that enter Arizona surface waters or a Municipal Separate Storm Sewer System. This permit was obtained for both the mine facility and the nearby TruStone facility which is situated on Company property.

5. Pinal County's Industrial Air Quality Control Permit: This permit is required for operations that have the potential to generate particulate matter PM10 and/or PM2.5 that can affect air quality. This permit is renewed yearly and was received in May 2023, based on the Cactus PEA mine plan. Pending the PFS mine plan, an amendment will be required. See "Company Highlights – Year to date 2023 – Exploration Updates" and press release dated May 15, 2023, for details on the permit received.

6. Arizona State Mine Inspector, Mined Lands Reclamation Permit: This permit relates to all metalliferous mining units and exploration operations with surface disturbances on private lands greater than five acres and has been received by the Company. Based on the pending PFS mine plan, an amendment may be required. The Company received this permit in March 2023. See "Company Highlights – Year to date 2023 – Exploration Updates" and press release dated April 3, 2023, for details on the MLRP permit received.

In addition, the United State Army Corp. Of Engineers ("USACE") Jurisdictional Determination 404 was received in February 2022. This is a determination as to whether Waters of the U.S. ("WOTUS") are onsite or if the water on site contributes to a WOTUS waterway. ASCU received a determination that the Cactus project does not impact WOTUS, and therefore no Federal Permitting will be required.

The Company continues to make good progress in relation to the permitting process and will continue to advance required applications as required as per the development plans.

RESULTS OF OPERATIONS

Operating Results

	Three months ended		Six months ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Salaries and wages	$ 282	715	$ 470	1,988
Share based compensation	419	222	1,228	932
Professional fees	103	409	193	574
Directors fees	171	223	332	271
Marketing and administration	198	389	500	694
Loss from operations	1,173	1,958	2,723	4,459
Other (income) expenses				
Accretion	-	13	-	204
Finance expenses and FX	(444)	16	(298)	59
Depreciation, depletion and amortization	3	24	31	44
(Gain)/loss on extinguishment and modification of debt	-	52	-	(39)
Loss on marketable securities	12	52	18	52
Interest income	(288)	(22)	(479)	(38)
Other expense/(income)	(4)	-	-	(1)
Loss on transaction	2,326	-	2,326	-
(Gain)/loss on incentive plan	-	-	(1,143)	-
Loss and comprehensive loss for the period	$ 2,778	2,093	3,178	4,740

For the three and six-months ended June 30, 2023, as compared to the three and six-months ended June 30, 2022

During the three months ended June 30, 2023, the Company had a loss of $2.8 million compared to a loss of $2.1 million for the three months ended June 30, 2022, increasing primarily due to a transaction loss accrued due to a cyber security incident, offset by less salary and wage costs, less professional and directors' fees, less marketing and administration fees, offset by higher share-based compensation from options granted in H1/2023. The Company had a loss of $3.2 million in H1/2023 compared to $4.7 million for the same period in 2022, due to a transaction loss accrued due to a cyber security incident, offset by lower salaries and wage costs in H1/2023 from gains on reversal of incentive plan accruals, lower professional fees, absence of costs due to standby loan accretion charges, higher interest income on surplus cash and unrealized foreign exchange gains, offset by higher share-based compensation costs.

The Company's operational costs totaled $1.2 million and $2.7 million during the three and six-month periods, respectively, ended June 30, 2023. This compares to $2.0 million and $4.5 million during the three and six-months ended June 30, 2022, respectively, a decrease of $1.8 million in H1/2023. A significant portion of the decrease is due to a decrease of $1.1 million salaries and wage costs due to reversal of short-term incentive plan accruals in Q1/2023.

During the three and six-months ended June 30, 2023, the total other loss was $1.6 million and $0.5 million, respectively, compared to losses in H1/2022. The increase in the quarter is due to a transaction loss accrued due to a cyber security incident, and the decrease year-to-date was due to a reversal of incentive plan accruals upon issuance of stock options to personnel in Q1/2023 and higher interest income in H1/2023, offset by the transaction loss noted above.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company and is derived from, and should be read in conjunction with, the respective unaudited interim condensed financial statements.

Period	Revenues $ (000's)	Loss for the period $ (000's)	Loss per share (basic and diluted) $
2nd Quarter 2023	Nil	2,778	0.03
1st Quarter 2023	Nil	400	0.00
4th Quarter 2022	Nil	1,125	0.01
3rd Quarter 2022	Nil	1,256	0.01
2nd Quarter 2022	Nil	2,093	0.03
1st Quarter 2022	Nil	2,647	0.04
4th Quarter 2021	Nil	3,709	0.06
3rd Quarter 2021	Nil	2,964	0.06

The Company is at an early stage of restarting the Cactus Project and advancing exploration at its P/S Project, and its quarterly information is expected to vary based on the overall exploration and administrative activities. The principal cause of fluctuations in the Company's quarterly results is the expenditure levels on exploration and development projects, which directly impact the Company's administrative costs.

Factors generally causing significant variations in results between quarters include share-based compensation, exploration and evaluation expenditures, accounting gains and foreign exchange gains and losses. See operating results, above, for discussion of movement in net income (loss) and comprehensive income (loss) for the quarter ended June 30, 2023, as compared to the same period in 2022.

RISKS AND UNCERTAINTIES

Like all mineral exploration and development companies, Arizona Sonoran also continues to be subject to ongoing risks and uncertainties and other factors, which among others, include: dependence on the success of the Cactus Project as the principal operation of the Company; climate change; impact of water; obtaining further financing to fund anticipated exploration and development work; international conflict in the Ukraine and its effects on global financial markets and supply chains; and other liquidity risks (see also "Financial Accounting and *Reporting Processes)* and "*Risk Factors*" in the Company's AIF.

The following *Risks and Uncertainties* pertain to the outlook and conditions currently known to Arizona Sonoran that could have a material impact on the financial condition of the Company. A discussion of these and other factors that may affect the Company's actual results, performance, achievements, or financial position is contained under the heading "*Risk Factors*" and elsewhere in the Company's AIF. Such factors include, but are not limited to political risks, title risks, commodity prices, exchange rate risks, permitting risks, operating and environmental hazards encountered in the exploration, development and mining business and changing laws and public policies.

Current and prospective security holders of Arizona Sonoran should carefully consider these risk factors. Should the development of the Cactus Property not be possible or practicable for any reason, the business and financial position of the Company would be materially adversely affected.

LIQUIDITY AND CAPITAL RESOURCES

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations in the future. The Company currently has no source of revenue and has significant cash requirements to fund its development project capital requirements, exploration programs, administrative overhead, and to maintain its mineral properties in good standing.

The consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months.

The Company has no source of revenue and has significant cash requirements to meet its strategic exploration and development plans, administrative overhead, maintenance of its mineral interests, and its commitments, which includes fulfilling its option payments for purchase of land from LKY/Copper Mountain Investments Limited Partnership LLP (“LKY”), its commitments related to the agreement with Bronco Creek Exploration Inc. and payments related to the purchase of the Mainspring Property. The Company will need to obtain financing in the form of debt, equity, or a combination thereof to continue with its development and operation plans. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms.

The Company’s capital consists of debt and equity, which includes share capital, reserves and deficit. The Company’s objectives are to maximize shareholder returns and share value by ensuring sufficient financial flexibility to achieve its ongoing business objectives including funding of future growth opportunities and future potential accretive opportunities.

The Company manages its capital through its budgeting and forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investment and financing activities.

To achieve its objectives, the Company may issue new shares, adjust capital and operating expenditures and acquire additional property. There is no assurance that these initiatives will be successful.

Operating Activities

As at June 30, 2023, the Company’s cash balance was $23.6 million (December 31, 2022 - $19.9 million). During the six months ended June 30, 2023, the cash used in operating activities was a total of $1.4 million (H1/2022 - $2.8 million).

Investing Activities

The Company’s cash used in investing activities for the six months ended June 30, 2023 was $19.7 million (H1/2022 - $18.8 million) primarily spent in connection with exploration and evaluation expenditures on mineral properties and property option and land payments.

Financing Activities

In the six months ended June 30, 2023, the Company’s cash provided by financing activities was $24.9 million (H1/2022 - $26.1 million) primarily consisting of the February 2023 Offering detailed below.

On February 16, 2023, the Company closed the February 2023 Offering for 15,000,000 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$30,000,000. The Offering was underwritten on a “bought deal” basis by a syndicate of underwriters. Tembo acquired 2,833,717 Common Shares increasing its holding of the Company from 30,683,633 or approximately 34.5% of the issued and outstanding Common Shares of the Company to 33,517,350 Common Shares or approximately 30.7% of the total issued and outstanding common shares of the Company as at August 2, 2023.

In addition to the February 2023 Offering detailed above, the Company closed a private placement with Nuton on March 31, 2023. In connection with the February 2023 Offering, Nuton LLC had indicated its intention to exercise its pre-emptive rights under the Nuton Investor Rights Agreement to maintain its ownership interest percentage in ASCU of 7.2%. 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$2.5 million ($1.8 million).

As at June 30, 2023, the Company issued 3,856,757 common shares related to warrant exercises with expiries ranging from May 8, 2023 to July 10, 2023 for proceeds of $1.9 million and a weighted average exercise price of $0.48 per unit.

RELATED PARTY TRANSACTIONS

As at June 30, 2023, no amounts were owed to or from the Company by key management personnel (December 31, 2022 – Nil).

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

		June 30, 2023 ($)		June 30, 2022 ($)
Salaries and wages	$	639	$	1,087
Severance		-		495
Salaries and wages capitalized as exploration		334		347
Share-based compensation*		932		1,094
Directors' fees		288		271
	$	2,193	$	3,294

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

In preparing the interim condensed consolidated 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, 2022 except as noted in note 2b of the Financial Statements.

FINANCIAL INSTRUMENTS

Fair Value

The Company's financial instruments as at June 30, 2023 consist of cash, marketable securities, accounts payable, accruals, other short and long term liabilities. The carrying values of all other financial assets and financial liabilities approximate their fair value.

Management of Financial Risk

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, 2023, the Company is exposed to currency risk through its cash and cash equivalents denominated in Canadian dollars totaling $15.2 million.

Based on the exposure as at June 30, 2023, 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 $1.5 million in the Company's 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 cash equivalents and receivables.

The Company's cash is held in large Canadian and U.S. financial institutions. The Company does not deem that it has significant credit risk exposure.

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 June 30, 2023, the contractual undiscounted future cash flows of the Company's significant financial liabilities are as follows:

	Less than 6 months	6 – 12 Months	Between 1 – 2 years	Total contractual cash flows June 30, 2023
Financial liabilities at amortized cost:				
Accounts payable	1,569			1,569
Accruals	3,149			3,149
Lease liabilities	32	32	28	92
Other current liabilities	9			9
	4,759	32	28	4,819

As at June 30, 2023, the carrying values of all financial assets and financial liabilities approximate their fair value.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

This amendment clarifies how companies account for deferred taxes on transactions such as leases and decommissioning obligations, with a focus on reducing diversity in practice. They narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

This amendment is effective for reporting periods beginning on or after January 1, 2023 and the Company has determined there to be no material impact to the Financial Statements.

COMMITMENTS AND CONTINGENCIES

The Company has future exploration and evaluation expenditure obligations which are at the option of the Company with respect to its land agreements:

Trust Lands

- Based on the achievement of certain development milestones, the Company is obligated to make future payments to TAGC Ventures LLC of up to $1.05 million in connection with the purchase from ASARCO Trust.

Bronco Creek

- In the two years following the registration date of February 9, 2022, the Company will make yearly exploration expenditures totaling $2.0 million prior to the first anniversary and a cumulative total of $4.0 million prior to the second anniversary.

LKY

- The final $5.0 million is due for the LKY Purchase on the fifth anniversary of the closing date of February 10, 2022.

<u>Mainspring</u>

- Payments completed year to date include:
    - The Company has future exploration and evaluation expenditure obligations which are committed as follows subject to successful PSA Due Diligence on the Mainspring Property (*see also "Company Highlights – Year-to-Date 2023 – Exploration Highlights*"); and
    - Payment of $2.0 million was paid on July 28, 2023 on expiry of the PSA due diligence.

- Future payments include:
    - Payment of $5.0 million one year from Effective Date. Title is then transferred to Cactus 110 LLC; and
    - Payment of $6.0 million together with accrued interest at 6% per annum, within 1 year from the Closing Date secured by way of a promissory note and deed of trust on the subject property. The promissory note may be repaid at any time prior to maturity with no penalties following which the deed of trust will be released.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

AUTHORIZED AND ISSUED SHARE CAPITAL

As at August 13, 2023, the Company had 109,026,260 outstanding common shares. The Company also had 6,217,801 share purchase options, 203,111 restricted share units, 534,413 deferred share units and 2,498,421 warrants outstanding.

NON-IFRS PERFORMANCE MEASURES

The Company uses the working capital performance measure in its analysis. This performance measure has no standardized meaning within generally accepted accounting principles under IFRS and, therefore, amounts presented may not be comparable to similar data presented by other companies. This 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.

Management believes working capital is a valuable indicator of liquidity. Working capital is calculated by deducting current liabilities from current assets. Current Liabilities and current assets are the two most directly comparable measures prepared in accordance with IFRS.

INTERNAL CONTROL OVER FINANCIAL REPORTING

On July 26, 2023, the Company learned of a liability resulting from a cyber security incident which led to the diversion of payments in June and July 2023 for costs incurred in May and June 2023 to an unintended recipient in the aggregate amount of $2.3 million. A material weakness in the Company's internal controls may have contributed to the security incident in question.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The Company has determined that fraud prevention protocols were not adhered to by an employee and as a result $2.3 million was fraudulently diverted to an unintended recipient. The Company's fraud prevention protocols are designed to effectively mitigate the risk of fraud events (known as business email compromise) from occurring or not being detected in a timely manner to an acceptable level.

The Company has taken immediate action to address the issue and is reviewing the matter to determine if all or a portion of such payments can be recovered.

As a result of this operating control deficiency, management concluded that internal controls over financial reporting was not effective as of June 30, 2023. In particular, for the period ended June 30, 2023, the Company identified a material weakness in the Company's anti-fraud protocols.

Status of Remediation Plan

The Company believes that immediate improvements made to date have effectively addressed the issue that led to the payments. However, the Company will be conducting a full review of internal controls over financial reporting with the assistance of external parties to address any material weaknesses as at August 14, 2023. Management is committed to implementing changes to our internal control over financial reporting to ensure that any control deficiencies that may have contributed to the material weakness are remediated. The following remedial activities are in progress:

- The Company has made adjustments to its anti-fraud program as it relates to cyber security including multi-level approvals and third-party verification.
- The Company will be continuing to implement additional ongoing oversight, training and communication programs for management and personnel to reinforce the Company’s standard of conduct, enhance understanding of assessed risks, and clarify individual responsibility for control activities at various levels within the Company.
- The Company will be engaging external specialists to assist management with the testing of internal controls and provide advisory services for the remediation efforts.

While the Company believes these actions will contribute to the remediation of any material weakness, it has not completed all of the corrective processes, procedures and related evaluation or remediation that are believed to be necessary. Until the remediation steps set forth above, including the efforts to implement any additional control activities identified through our remediation processes, are fully implemented and concluded to be operating effectively, the material weaknesses described above will not be considered fully remediated.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Other than as noted above, there have been no changes in the Company’s internal control over financial reporting during the three months ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

FORWARD-LOOKING INFORMATION

This document contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. This information and these statements, referred to herein as "forward-looking statements" are made as of the date of this MD&A or as of the date of the effective date of information described in this MD&A, as applicable. Forward-looking information includes statements that use forward-looking terminology such as "may", "could", "would", "will", "intend", "plan", "expect", "budget", "estimate", "forecast", "schedule", "anticipate", "believe", "continue", "potential" or the negative or grammatical variation thereof or other variations thereof or comparable terminology. Such forward-looking information includes, without limitation, statements with respect to mineral resource estimates; targeting additional mineral resources and expansion of deposits; the capital and operating cost estimates and the economic analyses (including cashflow projections) from technical studies; the Company's expectations, strategies and plans for the Cactus Project, including the Company's planned exploration and development activities; the results of future exploration and drilling and estimated completion dates for certain milestones; successfully adding or upgrading mineral resources or reserves and successfully developing new deposits; the costs and timing of future exploration and development, including the timing for completion and commencement of production; the timing and amount of future production at the Company's projects; 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; the acquisition of the landholdings; future financial or operating performance and condition of the Company and its business, operations and properties; the intended use of the net proceeds for any Offerings; the adequacy of funds from any Offerings to support completion of initial development of the Company's projects and commence commercial production; the Company's plans to remediate the material weakness in its internal control over financial reporting; 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, at the date of publication of the information including, without limitation, assumptions about: favorable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the development of the Company's projects and pursue planned exploration; future prices of copper and other metal prices; the timing and results of exploration and drilling programs; the accuracy of any mineral resource and reserve estimates; the geology of the Company's projects being as described in relevant technical documents; the metallurgical characteristics of the Company's projects being suitable for processing; 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 Company's projects; the acquisition of land for project advancement; the price of other commodities such as fuel; future currency exchange rates and interest rates; operating conditions being favorable, 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, licenses and permits on favorable terms; obtaining required renewals for existing approvals, licenses and permits and obtaining all other required approvals, licenses and permits on favorable terms; sustained labor stability; stability in financial and capital goods markets; availability of equipment; and the ability of the Company to remediate material weaknesses in its internal control over financial reporting. Whilst the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, 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.

The Company cautions that the foregoing lists of important assumptions and factors are not exhaustive. 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 information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information.

When relying on forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on behalf of the Company, except as required by law.

APPROVAL

The Audit Committee on behalf of the Board of Directors of Arizona Sonoran Copper Company Inc has approved the disclosure contained in this MD&A.