ARIZONA SONORAN COPPER COMPANY INC.

ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023

April 1, 2024

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INTRODUCTORY NOTES

Cautionary Statement Regarding Forward-Looking Information

This annual information form (this "**AIF**") of Arizona Sonoran Copper Company Inc. (the "**Company**" or "**ASCU**") contains or incorporates by reference "forward-looking information" within the meaning of applicable Canadian securities laws. 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 the mineral resources and mineral reserves estimates of the Project (as defined herein) (and the assumptions underlying such estimates); the ability of exploration work (including drilling) to accurately predict mineralization; targeting additional mineral resources and expansion of deposits; the capital, operating and sustaining cost estimates and the economic analyses (including cash flow projections) from the Technical Report (as defined herein); the expected outcomes of the Technical Report development plan; the Company's expectations, strategies and plans for the Project (as defined herein), including the Company's planned exploration, drilling, development, construction or other activities of the Company and the results of these activities; the focus of the 2024 work plan at the Project, including the Parks/Salyer Project (as defined herein) and MainSpring Property (as defined herein); results (if any) of further exploration work to define and expand or upgrade mineral resources and reserves at ASCU's properties; the estimated completion dates for certain milestones, including the completion of a preliminary economic assessment in respect of the MainSpring Property and the Nuton PFS (as defined herein) (if at all); the scope of any future technical reports and studies conducted by ASCU; successfully adding or upgrading mineral resources 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 Project (if at all); the impact of the Nuton™ technologies on ASCU's operations, costs and development of the Project; the impact of the relationship with Nuton LLC on ASCU and its operations; the economic and scoping-level parameters of the Project; the proposed mine plan and mining methods; dilution and mining recoveries, processing method and rates and production rates, results of metallurgical test work and metallurgical recovery rates, infrastructure requirements; the projected life of mine and net present value of the Project; conclusions of economic evaluations; future costs of capital and future metal prices; the timing, receipt and maintenance of approvals, licenses and permits from the federal and state government agencies and from any other applicable government, regulator or administrative body; opportunities to expand operations and mineral resources and mineral reserves; the future supply and demand of copper; the impact of technological developments on the demand of copper; the environmental impact of the Company's mining operations; the timing of environmental assessment processes; changes to the Project configuration that may be requested as a result of stakeholder or government input to the environmental assessment process; estimates of reclamation obligations; fees associated with investor relations and ongoing legal and advisory fees; costs associated with being a public issuer; future financial or operating performance and condition of the Company and its business, operations and properties; the ability and timing to complete of the initial development of the Project and commence commercial production (if at all); and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management, in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this AIF including, without limitation, assumptions about: favourable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the development of the Project and pursue planned exploration; future prices of copper and other metal prices; the timing and results of exploration and drilling programs; the compliance by partners to abide by the terms of agreements; there being no significant disruptions affecting the development and operation of the Project; the accuracy of any mineral resource estimates; the geology and geological interpretations of the Project being as described in the Technical Report; the metallurgical characteristics of the Project being suitable for processing; the grades, metallurgical and mining recovery rates, geotechnical and hydrogeological assumptions being as described in the Technical Report; the ability to successfully apply the Nuton™ technologies on ASCU's properties and the impact on same; the successful operation of the processing facility; production costs; the accuracy of budgeted exploration and development costs and expenditures, including to complete development of the infrastructure at the Project; the price of other commodities such as fuel; the availability of certain consumables and services and the prices of power and other key supplies being approximately consistent with the assumptions in the Technical Report; labour and material costs being approximately consistent with the assumptions in the Technical Report; project parameters being approximately consistent with those as described in the Technical Report; future currency exchange rates and interest rates; operating conditions being favourable, including whereby the Company is able to operate in a safe, efficient and effective manner; political and regulatory stability; the receipt of governmental and third party approvals, licences and permits on favourable terms; obtaining required renewals for existing approvals, licences and permits and obtaining all other required approvals, licences and permits on favourable terms; sustained labour stability; stability in financial and capital goods markets; and availability of equipment. While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, operational, social, economic, political, regulatory, competitive, and other risks and uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

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

The Company cautions that the foregoing lists of important 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. Accordingly, prospective investors should not place undue reliance on forward-looking information.

Non-IFRS Financial Performance Measures

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

Currency and Exchange Rate Information

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

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

	Year Ended December 31, 2023[(1)]	**Year Ended December 31, 2022**[(1)]	**Year Ended December 31, 2021**[(1)]
Period End	1.3226	1.3544	1.2678
Average	1.3497	1.3011	1.2535
High	1.3875	1.3856	1.2942
Low	1.3128	1.2451	1.2040

Notes:

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

As at 4:00 P.M. March 28, 2024, the daily average rate of exchange as reported by the Bank of Canada was $1.00 :C$1.3550.

Technical Terms and Abbreviations

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

Abbreviation	Definition
afy	acre foot per year
Ag	silver

Abbreviation	Definition
Au	gold
blbs	billions of pounds
Cu	copper
ft	foot
g	gram
gpL	grams per liter
gpm	gallons per minute
g/t	grams per short ton
ha	hectare
km	kilometre
kW	kilowatt
/lb	per pound
lbs	pounds
m	metre
Mgpd	millions of gallons per day
mi	mile
mm	millimetre
mlbs	millions of pounds
Mo	molybdenum
Moz	millions of Troy ounces
Mt	millions of short tons
MW	megawatt
MWh/yr	megawatt hours per year
oz	ounce
PM	particulate matter
/t	per ton
T	short ton
tpd	short tons per day
µm	micrometre

The mineral resources for the Project (including as used in the Technical Report) have been estimated in accordance with NI 43-101, which incorporates by reference the definitions and categories of mineral resources and mineral reserves set out by the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") in the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014.

CORPORATE STRUCTURE

The Company

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

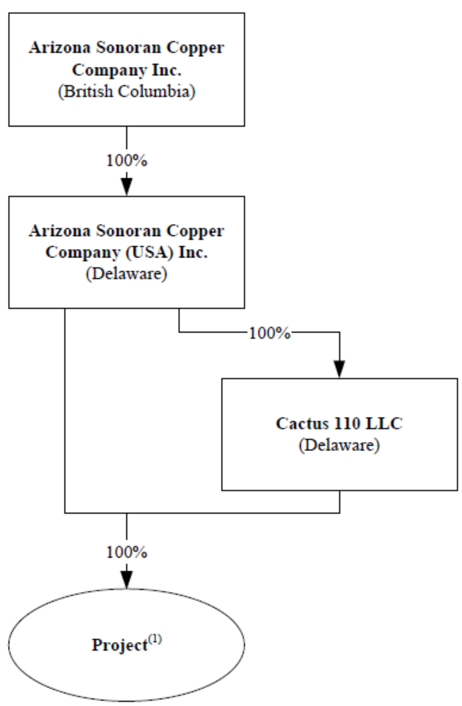
On November 16, 2021, the Company completed the initial public offering and secondary offering of its common shares (the "**Common Shares**"). The Company became a reporting issuer in all provinces and territories of Canada, except for Québec on November 9, 2021. The Common Shares are listed for trading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

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

The Company's corporate office is located at 1545 Industrial Way, Sparks, Nevada, 89431, its main operations office is located at 950 W Elliot Road, Suite 122, Tempe, Arizona, 85284. The Company has its registered office at 666 Burrard Street, 2500 Park Place, Vancouver, British Columbia, V6C 2X8 and its Canadian head office at Simpson Tower, 401 Bay Street, Suite 2704, Box #4, Toronto, Ontario M5H 2Y4.

Intercorporate Relationships

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



Note:

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

DESCRIPTION OF THE BUSINESS

General

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

Business Strategy

The Company's strategy is to explore and develop the project located in Pinal County, Arizona (the "**Cactus Project**") towards a production decision while continuing to broaden exploration activities at the Parks/Salyer deposit (the "**Parks/Salyer Project**", and, collectively with the Cactus Project, the "**Project**") and the wider land package held by the Company. To execute the strategy, ASCU is currently undertaking additional infill and indicated drilling in the Project as well as the MainSpring Property (as defined herein). The Company also intends to continue obtaining the relevant permits for the Project, including amending stormwater pollution prevention plan related permit, aquifer protection permit and industrial air permit. ASCU recently completed an updated Technical Report. See *"The Cactus Project"* for more details. The Company is working towards a preliminary economic assessment which shall include the MainSpring Property as well as the application of Nuton™ technologies and the Nuton PFS (as defined below). See *"2024 Work Plan"* for further details on the Company's work plans for the Project.

Specialized Skills and Knowledge

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

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

Competitive Conditions

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

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

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

Economic Dependence and Components

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

Business Cycles

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

Environmental Protection

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

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

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

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

Employees

As of December 31, 2023, the Company had 20 full-time employees, inclusive of executives, and 35 contractors. The number of employees and contractors of the Company is expected to increase during 2024 and reach approximately 22 full-time employees and 35 contractors.

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

Foreign Operations

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

GENERAL DEVELOPMENT OF THE BUSINESS

The Company was incorporated on April 3, 2019, and completed its initial public offering and secondary offering of its Common Shares on November 16, 2021 (together, the "**Offering**"). The following is a summary of ASCU's business development over the three most recently completed financial years.

Events Subsequent to 2023

Cactus Project 2024 Pre-Feasibility Study

On March 28, 2024, further to the announcement on February 21, 2024 announcing the pre-feasibility study on the Project (the "**2024 PFS**"), ASCU filed a technical report in respect of the 2024 PFS titled *"Cactus Mine Project, NI 43-101 Technical Report and Pre-feasibility Study, Arizona, United States of America"* dated March 28, 2024, with an effective date of February 21, 2024, prepared and approved by Qualified Persons as defined by National Instrument 43-101– Standards of Disclosure for Mineral Projects: Erin L. Patterson, P.E., Scott C. Elfen P.E., R. Douglass Bartlett, RG, CHG, Gordon Zuroski, P.Eng., Nat Burgio, FAusIMM (CP), Todd Carstensen, RM-SME, Allan L. Schappert, CPG, SME-RM, James Sorensen, FAusIMM, Matt Bolling, P.E., PMP, and Paul Cicchini, PE (the "**Technical Report**"). The Technical Report includes the Parks/Salyer Project mineral resource with an effective date of May 19, 2023, the Stockpile resource with an effective date of March 1, 2022, the Cactus Project mineral resource with an effective date of April 29, 2022 and mineral reserves estimates with an effective date of November 10, 2023.The Technical Report is the current report on the Project.

2023

Arizona and Nuton LLC Joint Venture

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

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

The above Trigger Events will be amended if the MainSpring Property becomes material to the Company and is incorporated into a pre-feasibility study in addition to the Cactus Project (the "**Standalone Case with MainSpring**"). The Trigger Events above shall be amended such that the Option will be for a 35.0% to 40.0% interest in the Cactus

Project (including the MainSpring Property) by payment of the Option Exercise Price if the Nuton PFS with the MainSpring Property is at least 1.20 times the NPV of the Standalone Case with MainSpring.

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

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

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

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

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

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

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

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

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

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

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

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

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

Project Updates

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

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

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

MainSpring Property

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

On October 3, 2023, ASCU announced that the City of Casa Grande had approved to rezone the northern parcel of the MainSpring Property to Industrial use. Rezoning allowed ASCU to begin drilling activities and represented an opportunity to prepare an exploration plan for future work programs on the MainSpring Property. The southern parcel of the MainSpring Property remained under consideration for rezoning and a general plan amendment by the City of Casa Grande.

2023 Public Offering and Nuton Private Placement

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

In connection with the 2023 Public Offering as at the date hereof, on April 4, 2023, Nuton exercised its pre-emptive rights under the Nuton Investor Rights Agreement (as defined herein) to maintain its ownership interest percentage in

ASCU of 7.2%. Accordingly, Nuton subscribed for 1,229,140 Common Shares of the Company at a price of C$2.00 per Common Share for aggregate gross proceeds to the Company of C$2,458,280.

Corporate Appointments

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

2022

Project Updates

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

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

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

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

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

In February 2022, ASCU completed the general plan amendment with the City Council of Casa Grande (the "**General Plan Amendment**"). The amendment is related to a 2,159 acre parcel of land, including the LKY, ARCUS and Merrill Properties, newly demarcated for manufacturing/industrial use. With the new amendment, the entire land package is fully zoned for industrial purposes. The Company subsequently received a positive review of the jurisdictional waters on the Company's newly rezoned properties by the United States Army Corps of Engineers ("**USACE**"). As a result, all future permitting processes at the Cactus Project will continue to be driven by State and County levels.

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

2022 Private Placement and Nuton Strategic Partnership

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

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

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

On July 11, 2022, the Company entered into a one-year exclusivity period with Nuton. The exclusivity was initiated to model the Cactus Project and Parks/Salyer Project ore samples and achieve the targeted indicative metallurgical recoveries as outlined in the Nuton Investor Rights Agreement. Please refer to the Nuton Option Agreement above which contains binding commitments in respect of development of the chalcopyrite ore at the Project.

Corporate Appointments

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

2021

Initial Public Offering

On November 16, 2021, the Company completed the Offering of 19,066,518 Common Shares at a price of $2.45 per common share for total gross proceeds of $46,712,969.10. Gross proceeds of $45,000,000.15 and $1,712,968.95 from the offering were received by ASCU and RCF Opportunities Fund L.P. ("**RCF**") , respectively.

Following the receipt of its final long form prospectus on November 9, 2021, the Company became a reporting issuer in all provinces and territories of Canada, except for Québec. The Common Shares commenced trading on the TSX under the symbol "ASCU" upon the closing of the Offering on November 16, 2021.

Haywood Letter Agreement

On September 1, 2021, the Company entered into a binding letter agreement with Haywood ("**Haywood Letter Agreement**"). Pursuant to the terms of the Haywood Letter Agreement, on September 8, 2021, Haywood exercised its post-Consolidation 1,777,777 July Finder's Warrants in accordance with the terms thereof and paid the aggregate exercise price of US$1,066,666.20 to the Company in exchange for 1,777,777 post-Consolidation Common Shares. As consideration for the early exercise of the July Finder's Warrants, the Company issued to Haywood 161,616 post-Consolidation Common Share purchase warrants ("**Haywood Incentive Warrants**"). Each Haywood Incentive Warrant entitles Haywood to purchase one post-Consolidation Common Share at a price of US$2.10 per post-Consolidation Common Share for a period of three years following the issue date of the Haywood Incentive Warrants.

Consolidation

On July 20, 2021, the Company completed a consolidation of the Company's Common Shares on the basis of three (3) pre-Consolidation common shares for one (1) post-Consolidation common share (the "**Consolidation**"). Other than as otherwise stated, all figures set out in this AIF, relating to a number, value or price of Common Shares have been adjusted to reflect the Consolidation. If the application of the Consolidation to an issuance of Common Shares resulted in a fractional Common Share, such Common Share was rounded down to the nearest whole Common Share. As a result, certain post-Consolidation numbers described in this section will vary slightly from a 1:3 ratio from the applicable pre-Consolidation number because the issuance they relate to comprises of individual issuances that were rounded down.

Tembo Letter Agreement and 2021 Loan Agreement

On June 22, 2021, the Company entered into a binding letter agreement with Tembo ("**Tembo Letter Agreement**"). Pursuant to the terms of the Tembo Letter Agreement, Tembo agreed to exercise its 20,000,000 July Warrants (post-Consolidation: 6,666,666 July Warrants) in accordance with the terms thereof and pay the aggregate exercise price of US$4,000,000 to the Company in exchange for 20,000,000 Common Shares (post-Consolidation: 6,666,666 Common Shares). As consideration for the early exercise of the July Warrants, the Company issued to Tembo 6,666,666 Common Share purchase warrants ("**Tembo Incentive Warrants**") (post-Consolidation: 2,222,222 Tembo Incentive Warrants). Each Tembo Incentive Warrant entitles Tembo to purchase one Common Share at a price of US$0.65 per Common Share (post-Consolidation: US$1.95 per Common Share) for a period of three years following the issue date of the Tembo Incentive Warrants.

On June 22, 2021, the Company also entered into an unsecured loan agreement by and between the Company, as borrower, and Tembo, as lender, pursuant to which the Company may borrow an aggregate principal amount of up to US$6,000,000 from Tembo (the "**2021 Loan**"). This agreement was amended on July 19, 2021, in connection with the Consolidation (the loan agreement, as amended, "**2021 Loan Agreement**"). The outstanding principal amount of the 2021 Loan bears interest at a rate of 8.0% per annum. The 2021 Loan Agreement contains terms and conditions with respect to the 2021 Loan customary for a transaction of this nature, including but not limited to representations, warranties, borrower covenants, permitted indebtedness, assignment rights and events of default.

As consideration for making the 2021 Loan to the Company, the Company is required to issue up to an aggregate, on a post-Consolidation basis, of 485,711 Common Shares to Tembo ("**Drawdown Shares**") on each date that proceeds of the 2021 Loan are advanced to the Company as follows: (i) 100,952 Drawdown Shares for the first US$1,000,000 advanced; (ii) 92,380 Drawdown Shares for the second US$1,000,000 advanced; (iii) 83,809 Drawdown Shares for the third US$1,000,000 advanced; (iv) 75,238 Drawdown Shares for the fourth US$1,000,000 advanced; and (v) Drawdown Shares will be issued to Tembo at the ratio of 66,666 Drawdown Shares for every US$1,000,000 of the 2021 Loan advanced thereafter. The Drawdown Shares were issued on September 23, 2021, in connection with the drawdown of US$6,000,000 in full on the 2021 Loan.

On November 1, 2021, the Company and Tembo entered into an amending agreement with respect to the 2021 Loan Agreement (the "**2021 Loan Amendment**"). Pursuant to the 2021 Loan Amendment, the maturity date of the 2021 Loan was extended from December 31, 2021, to July 31, 2023. The Company repaid US$5 million of the principal amount of the 2021 Loan from the net proceeds of the Offering at the closing of the Offering. The balance of the principal amount of the 2021 Loan, being US$1 million, together with all accrued interest payable under the 2021

Loan (including interest that had accrued on the US$5 million repaid at the closing of the Offering) was converted into 711,916 common shares as part of the 2022 Private Placement. Following the 2022 Private Placement, the 2021 Loan is fully repaid.

LKY Purchase and Sale Agreement

On May 20, 2021, Cactus 110 entered into a real estate purchase and sale agreement (the "**LKY Agreement**") with LKY/Copper Mountain Investments Limited Partnership L.L.P to purchase approximately 1,000 acres of real property located in Township 5, South Range 5 East in Pinal County, Arizona (the "**LKY Property**") for an aggregate purchase price of US$20 million (the "**LKY Transaction**"). The purchase price will be adjusted if a survey of the land indicated total net acreage of the LKY Property deviates more than 1% from the approximated acreage. An escrow account was established on May 20, 2021, with First American Title Company (the "**LKY Escrow Agent**") for the LKY Transaction ("**LKY Escrow Account**").

Pursuant to the LKY Agreement, Cactus 110 provided an initial deposit of US$100,000 (the "**Initial Deposit**") into the LKY Escrow Account and has delivered an additional deposit of US$400,000 (together with the Initial Deposit, the "**LKY Deposit**") prior to the end of the due diligence period. As at the date of this AIF, Cactus 110 has provided the LKY Deposit, which is non-refundable, except in the event of an uncured event of default by LKY.

The purchase price in connection with the LKY Transaction is payable in three installments and delivered to the LKY Escrow Agent: (i) US$7.5 million less the LKY Deposit (the "**First Installment**") on the closing date of the LKY Transaction, subject to and upon satisfaction of certain conditions precedents to closing, (ii) US$7.5 million plus accrued interest at a rate of 6.0% per annum from the closing date (subject to any prepayments in accordance with the LKY Note and Carryback Loan (as defined below)) (the "**Second Installment**") payable on the first anniversary of the closing date (the "**Second Installment Date**"), and (iii) US$5.0 million (subject to any prepayments in accordance with the LKY Note and Carryback Loan) (the "**Third Installment**", together with the Second Installment, the "**Post-Closing Purchase Price**") payable on the fifth anniversary of the closing date (the "**Third Installment Date**"). A real estate broker fee of 3.0% broker is payable by Cactus 110 to a third-party real estate broker on the closing date pursuant to the LKY Agreement.

The Post-Closing Purchase Price will be secured by a commercial carryback real estate loan in the amount of the Post-Closing Purchase Price (the "**Carryback Loan**") to be evidenced by a secured promissory note (the "**LKY Note**") bearing an interest rate of 6.0% on the Second Installment from the closing date until the Second Installment Date, with no interest applicable on the Third Installment. The LKY Note matures on the Third Installment Date. The Post Closing Purchase Price will be distributed to LKY on execution of a deed of release and full reconveyance by LKY prior to the Third Installment Date.

The closing date of the LKY Transaction would be thirty days after the City of Casa Grande's approval of the General Plan Amendment, rezoning of the LKY Property to industrial use and a development agreement being entered into between the City of Casa Grande and Cactus 110. The completion of the General Plan Amendment and the City of Casa Grande's approval of the development agreement was announced by the Company on January 5, 2022. The First Installment and Second Installments have been paid as at the date of this AIF.

In connection with the LKY Transaction, the LKY Agreement includes certain restrictions on the sale of the LKY Property:

Foreclosure

If within fifteen years from the closing date, the LKY Property becomes subject to a third party foreclosure proceeding due to a default on a third-party loan encumbering the LKY Property and during such process of foreclosure, if the LKY Property is subject to a sale, Cactus 110 must deliver a written notice (the "**LKY Notice**") to LKY appointing an affiliate of LKY as the broker to sell the LKY Property at the highest possible price within the immediately ensuing 12-month period from the date of the LKY Notice in accordance with the terms of the LKY Agreement (the "**Sale Period**"). The net proceeds of such sale will first be applied and paid to Cactus 110 in the amount of US$20 million and all interest paid under the Carryback Loan (together, the "**Buyer Repayment Amount**"). The remaining proceeds will be paid to LKY. The LKY affiliate brokering the sale will receive a success fee of 5.0% of the sale price of the LKY Property. If the sale of the LKY Property is not consummated before the expiration of the Sale Period, Cactus 110 will retain full ownership and control of the LKY Property and the LKY Agreement will terminate; provided, however, that if Cactus 110 is subject to undertake post mine-closure remediation actions as required by law or statute, Cactus 110 will have the right to fully discharge such obligations prior to the close of the acquisition of the LKY Property and in such case exclusively the Sale Period will be extended to accommodate such period.

Sale

If Cactus 110 decides to sell the LKY Property at any time after the fifteenth-year anniversary of the closing date, it is required to exercise one of but not both of the LKY Put Option (as defined below) or the LKY Sale Option (as defined below).

- ***LKY Put Option:*** Cactus 110 has the right to sell the LKY Property to LKY on "as is where is basis" subject to certain conditions, at a purchase price equal to the Buyer Repayment Amount and upon the terms and conditions in the put option purchase and sale agreement (as appended to the LKY Agreement) (the "**LKY Put Option**"). The LKY Put Option is binding on LKY and LKY will have 12 months from the date of exercise of the LKY Put Option (the "**LKY Purchase Period**") to pay Cactus 110, provided that LKY shall have provide proof of committed funds within 180 days of such exercise. If (i) LKY fails to timely provide such proof of committed funds; or (ii) Cactus 110 reasonably determines that the proof of funds provided is unacceptable and thirty days have passed without providing proof of funds reasonably satisfactory to Cactus 110; or (iii) LKY fails to consummate the acquisition of the LKY Property for the Buyer Repayment Amount within the LKY Purchase Period, then the LKY Agreement and the put option purchase and sale agreement will automatically terminate, Cactus 110 will retain full ownership and control of the LKY Property, and neither Cactus 110 nor LKY will have any further rights or obligations under the LKY Agreement; provided, however, to the extent that Cactus 110 needs time beyond the LKY Purchase Period to complete any mine closure and associated cleanup processes as required by applicable environmental regulations or laws (including any reclamation plans, as required under applicable laws) prior to the close of the acquisition of the LKY Property to LKY then, the LKY Purchase Period will be extended to accommodate such period.

- ***LKY Sale Option****:* Cactus 110 may engage an affiliate of LKY as a broker to sell the LKY Property to a third-party purchaser at the highest possible price (the "**Third-Party Purchase Price**"). The Third-Party Purchase Price shall be first applied to pay the success fee (being 5% of the Third-Party Purchase Price) to the LKY affiliate acting as broker and second to the Buyer Repayment Amount and any remaining amount shall be apportioned 80% to LKY and 20% to Cactus 110. Cactus 110 will not be obliged to sell the LKY Property for a Third-Party Purchase Price less than the Buyer Repayment Amount. If the LKY broker affiliate is unable to find and arrange for a third-party purchaser prior to the expiration of the LKY Notice Period then, the LKY Agreement shall automatically terminate and Cactus 110 shall retain full ownership and control of the LKY Property and the parties shall have no further obligations, except as expressly provided for in the LKY Agreement.

2021 Private Placements

On March 9, 2021, the Company (i) completed a non-brokered private placement of 6,355,073 Common Shares (post-Consolidation: 2,118,357 Common Shares) at an issue price of US$0.30 per Common Share (post-Consolidation: US$0.90 per Common Share), for aggregate gross proceeds of US$1,906,521.90 ("**March Financing**"); and (ii) issued 3,261 Common Shares (post-Consolidation: 1,087 Common Shares) to a consultant of the Company ("**Consultant**"), equal to 15% of the Consultant's participation in the March Financing, pursuant to a consulting agreement dated January 4, 2021.

On June 8, 2021, the Company completed a non-brokered private placement financing of units, in respect of previously agreed contractual arrangements with an employee, pursuant to which the Company issued an aggregate of 343,750 units ("**June Units**") (post-Consolidation: 114,583 June Units) for aggregate gross proceeds of US$27,500. Each June

Unit was comprised of (i) one Common Share, and (ii) one Common Share purchase warrant ("**June Warrants**"). Each June Warrant entitles the holder thereof to acquire one Common Share in the capital of the Company at an exercise price equal to US$0.10 per Common Share (post-Consolidation: US$0.30 per Common Share). On January 25, 2021, the Company issued an aggregate 373,333 Common Shares (post-Consolidation: 124,444 Common Shares) to a service provider, in consideration for services performed in favour and for the benefit of the Company.

On July 7, 2021, the Company completed a non-brokered private placement of Common Shares in respect of previously agreed contractual arrangements with an employee, pursuant to which the Company issued an aggregate of 714,286 Common Shares (post-Consolidation: 238,095 Common Shares) for aggregate gross proceeds of US$500,000.20.

Arcus Purchase and Sale Agreement

On February 2, 2021, Cactus 110 entered into a purchase and sale agreement ("**Arcus Agreement**") with Arcus Copper Mountain Holdings, LLC, Arcus Forever 7, LLC, East Pioneer-Arcus Copper Mountain, LLC, and Arcus & Arete Capital Investments, LLC (the "**Sellers**") for the purchase of approximately 750 acres of real property located in Pinal County, Arizona (the "**Arcus Property**") for an aggregate purchase price of US$6.0 million (the "**Arcus Transaction**"). In connection with the Arcus Transaction, Cactus 110 deposited in escrow US$100,000 as an earnest money deposit (the "**Deposit**"). The Arcus Agreement provided for a ninety-day due diligence period which expired on May 5, 2021, at which time and upon Cactus 110's delivery of a notice confirming that the Arcus Property satisfies its criteria (the "**Approval Notice**"), the Deposit would become non-refundable unless Cactus 110 terminated the transaction prior to such time. On May 5, 2021, the Arcus Agreement was terminated as Cactus 110 did not provide the Approval Notice. On May 17, 2021, the parties entered into a reinstatement and amendment agreement (the "**R&A Agreement**"), whereby the Arcus Agreement was reinstated in its entirety and amended. Pursuant to the R&A Agreement, Cactus 110 acknowledged that the Arcus Property satisfied its criteria, waived its right to terminate relating to suitability of the property and the Deposit became non-refundable except in an event of an uncured event of default by the Sellers. On September 29, 2021, the Arcus Transaction successfully closed.

THE CACTUS PROJECT

The Company's strategy is to explore and develop the Project located in Pinal County, Arizona (the "**Cactus Project**") towards a production decision while continuing to broaden exploration activities at the Parks/Salyer deposit (the "**Parks/Salyer Project**", and, collectively with the Cactus Project, the "**Project**"), which is the Company's principal asset as well as the wider land package held by the Company.

Current Technical Report

The scientific and technical information in this section relating to the Project is derived from, and in some instances is a direct extract from, and based on the assumptions, qualifications and procedures set out in, the Technical Report titled *"Cactus Mine Project, NI 43-101 Technical Report and Pre-feasibility Study, Arizona, United States of America"* dated March 28, 2024 and has been reviewed and approved by Qualified Persons as defined by National Instrument 43-101– Standards of Disclosure for Mineral Projects: Erin L. Patterson, PE, Scott C. Elfen, PE, R. Douglas Bartlett, RG, CHG, Gordon Zurowski, P. Eng, Nat Burgio, FAusIMM (CP), Todd Carstensen, RM-SME, Allan L. Schappert, CPG, SME-RM, James L. Sorensen, FAusIMM, Matt Bolling, PE, and Paul F. Cicchini, PE. Such assumptions, qualifications and procedures are not fully described in this AIF and the following summary does not purport to be a complete summary of the Technical Report. Reference should be made to the full text of the Technical Report, which is available for review on SEDAR+ (www.sedarplus.ca) under the Company's profile.

Project Description, Location and Access

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

The following figure shows the general location of the Cactus Project and Parks/Salyer Project:

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

In July 2020, ASCU successfully closed on the property and acquired full title for the Cactus Project. In addition, Cactus 110 closed on the Merrill properties comprising the Parks/Salyer Project. Also in 2020, ASCU acquired a prospecting permit for adjacent land owned by the Arizona State Lands Department ("**ASLD**").

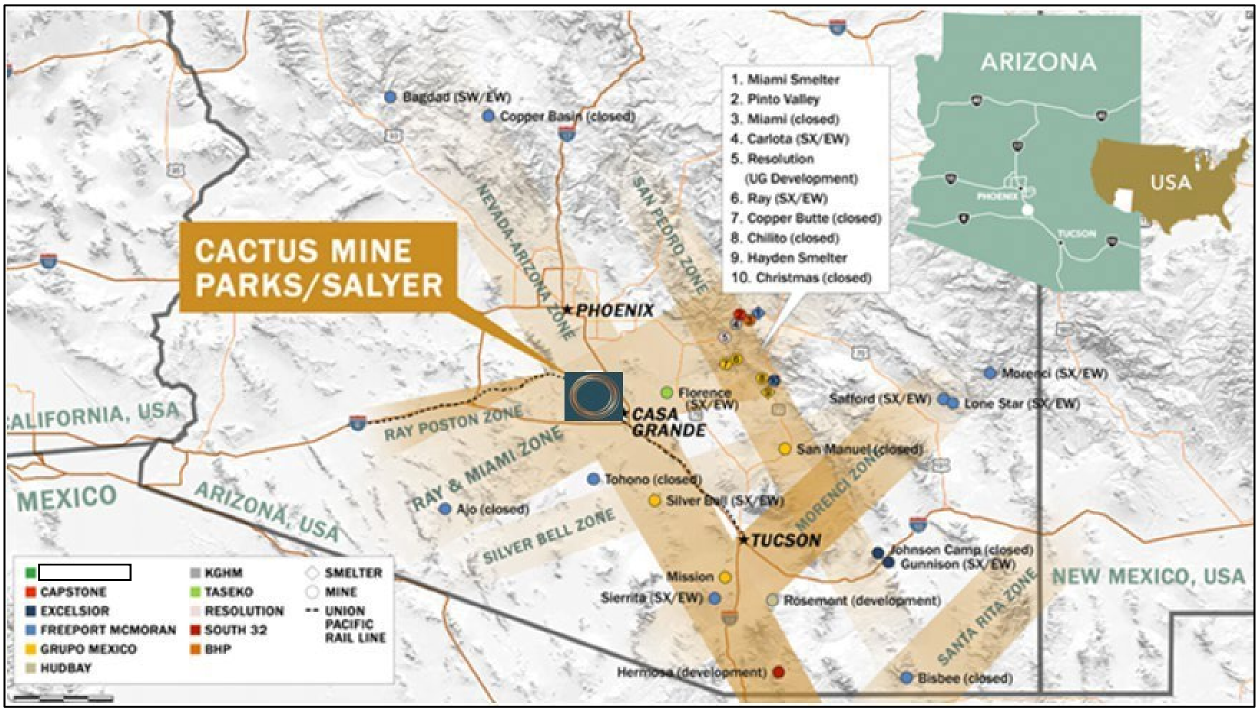
In February 2021, Cactus 110 executed the Arcus Agreement to purchase 750 acres of land also adjacent to the Cactus Project known as the Arcus Property. Further, in May 2021, Cactus 110 entered into the LKY Agreement to purchase 1,000 acres of land adjacent to the Cactus Project referred to as the LKY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

In February 2023, Cactus 110 executed an agreement with MainSpring to purchase 522.78 acres of land adjacent to the Cactus Project, increasing its total landholding to 5,370 acres.

The Project comprises total landholdings of approximately 5,370 acres. The privately-owned land assets represent, among other things, the mineral rights to the old Sacaton East, Sacaton West and Parks/Salyer deposits. ASCU USA is a subsidiary of ASCU intends to operate the mine under the name Cactus.

Adjacent Properties

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



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

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

Royalties and Encumbrances

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

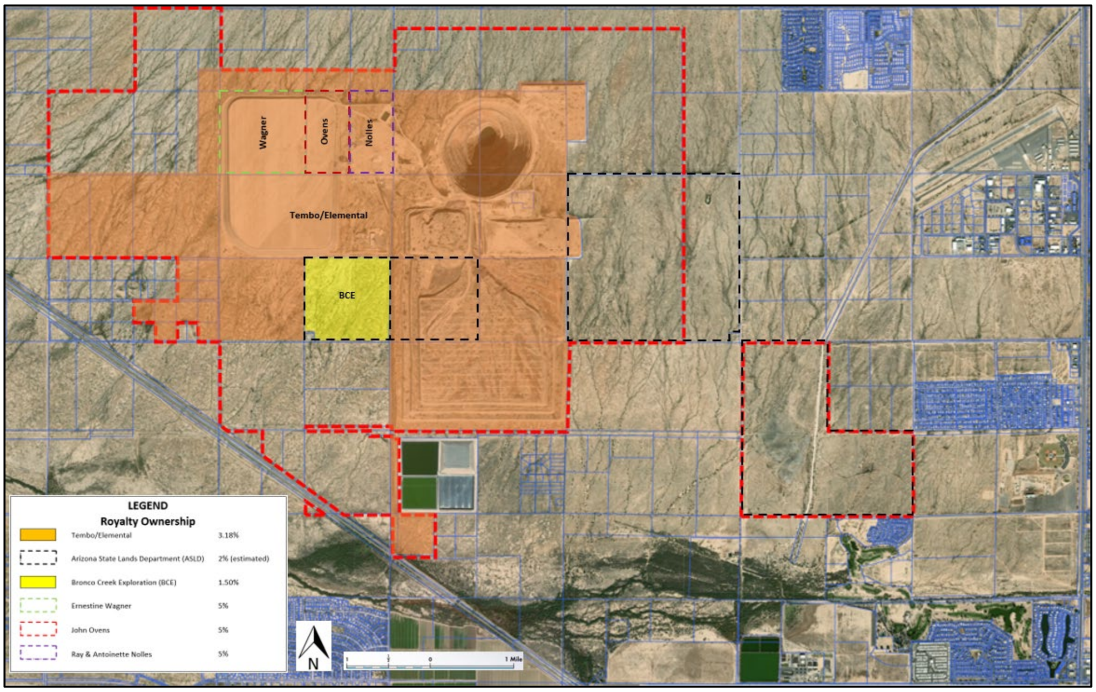
- a 3.18% net smelter return ("**NSR**") royalty payable to Tembo / Elemental Altus Royalties Corp. ("**Elemental**") on a portion of production from the mineral inventory in the 2024 PFS based on the current area of the mineral resource estimate (the "**MRE**");

- a 1.50% NSR royalty payable to BCE on a portion of production from the mineral inventory in the 2024 PFS based on the current area of the MRE for the Parks/Salyer deposit; and

- a sliding net return royalty (2.00% to 8.00%) payable to ASLD and the State Trust on a portion of production in the 2024 PFS based on the current area of the MRE for the Parks/Salyer deposit. The royalty percentages still need to be formalized and ASCU anticipates that this will be formalized once ASCU submits a Mineral Development Report to ASLD to convert the existing MEPs to a mineral lease. For the purposes of the Technical Report, it was assumed that a 2.00% NSR is payable to ASLD.

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

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



Existing Litigation

ASCU is in litigation with Ramm Power Group LLC, which wishes to acquire the project site through imminent domain. This risk is considered low, as the cost to acquire the property, considering the value of the mineral resource, is prohibitive.

History

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

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

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

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

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

Sacaton Mine Historic Production (Fiscal Years Ended December 31)

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

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

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

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

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

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

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

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

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

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

Geological Setting, Mineralization and Deposit Types

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

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

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

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

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

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

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

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

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

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

Exploration and Drilling

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

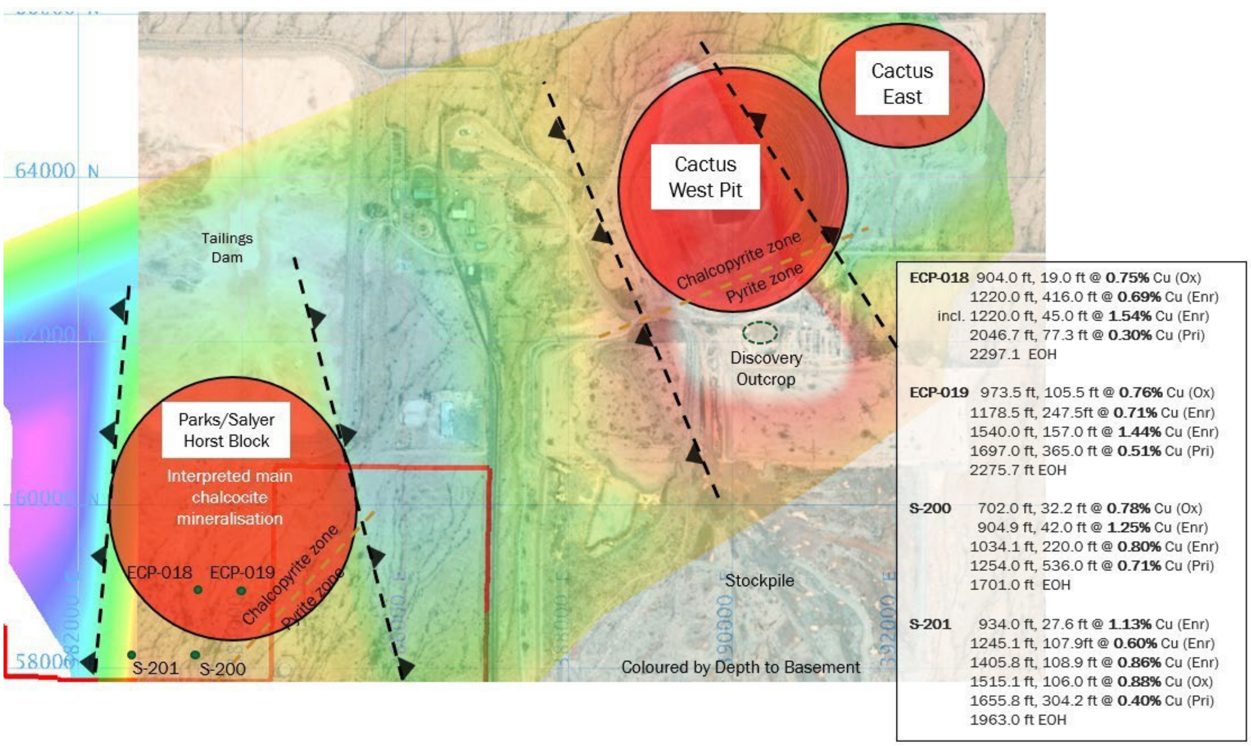
A six-hole drilling program was authorized and initiated in the fall of 1961. The first drill hole was located just north of the discovery outcrop, intersecting approximately 50 ft (15 m) averaging close to 0.5% Cu. The next four holes were drilled south, east and west of the first hole in the geophysical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

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

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

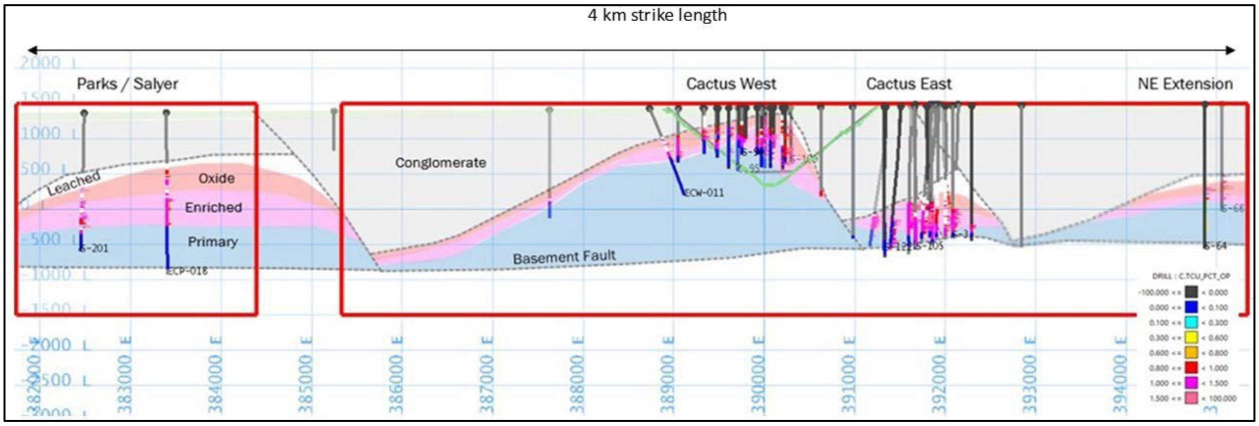
ASCU conducted an ionic leach soil geochemistry program over the Parks/Salyer property in 2019 on 325 ft spacing. This confirmed anomalous soil geochemistry across the property for copper, molybdenum, silver and gold and a general northeast trend of the higher anomalous values. ASCU followed this work with two diamond drill holes in 2020 (ECP-018 and ECP-019). This extended mineralization a further 900 to 1,000 ft to the NE of previously drilled mineralization. Drilling resumed in late 2021 with hole ECP-042, continued throughout 2021 and into 2022 with the completion of ECP-096, resulting in 26 holes totaling 58,481 ft of HQ core. The figure below plots the location and scale of the potential Parks/Salyer deposit with respect to the Cactus Mine deposits and highlights the significant intercepts defined by the four exploration holes drilled into the deposit on the property to date.

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



The figure below is a northeast oriented long section displaying the horst and graben block fault and mineralization interpretation from the Parks/Salyer deposit in the southwest through to the NE Extension mineralization in the northeast. Northeast movement along the Basement fault was accommodated by block rotation and the formation of northwest trending normal faults. The red boxes indicate ASCU controlled property boundaries. The existing Cactus West pit is displayed on the long section.

Northeast Oriented Long Section Displaying Mineralization Interpretation and Property Boundaries



The NE Extension is located 3,000 ft to the northeast of Cactus East. ASARCO defined the mineralized zone with wide spaced exploration drilling (> 1,000 ft) in 1962 and 1963 as part of the initial property-wide exploration program. The table below provides the significant intercepts for the two main holes drilled into the NE Extension mineralization. ASCU has not performed any exploration programs on the NE Extension area to date.

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

Hole ID	From (ft)	To (ft)	Length (ft)	CuT (%)	Mineral Zone
S-68	1,016.5	1,044.5	28.0	1.27	oxide
	1,078.5	1,125.8	47.3	0.95	oxide
	1,161.0	1,208.8	47.8	3.05	oxide
	1,275.0	1,290.1	15.1	1.96	enriched
	1,322.4	1,354.1	31.7	0.97	enriched
	1,354.1	1,526.0	171.9	0.38	primary
S-64	1,093.9	1,104.2	10.3	1.01	oxide
	1,163.0	1,227.3	64.3	1.37	enriched
	1,333.7	1,350.9	17.2	0.89	enriched
	1,350.9	1,776.0	425.1	0.34	primary

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

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

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

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

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

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

Sample Preparation, Analysis and Security

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

The Lab dispatches drivers to pick up samples at the mine site when they are informed there is a full shipment ready. Upon arrival at the Lab, totes were offloaded and stored. When the samples were ready to be processed, the bags were emptied into metal bins and the sample bags with tags placed on top. The bins and bags were placed in an oven at 220°F (105°C) for 24 hours to dry before moving into the Lab for processing.

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

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

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

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

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

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

The QP has visited and reviewed the assay Lab's procedures and QA/QC results in detail and finds that it meets all the expected standards and best practices as defined in CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines 2019 (the "**CIM Best Practice Guidelines 2019**"). The assay results and associated data meets the level of accuracy expected for the Technical Report.

In late 2020, ASCU successfully extended mineralization historically drilled at Parks/Salyer. Initially in 1996, two diamond drillholes totaling 3,753 ft (1,144 m) were drilled by ASARCO into the Parks/Salyer deposit, intercepting high grades of porphyry copper enrichment and primary sulphides. This drilling was a follow-up to previous drilling conducted to the south of ASCU's property in which porphyry copper mineralization had been intersected and the characteristics indicated that the potential higher grades should be located to the north. In late 2020, ASCU undertook two exploration holes totaling 4,573 ft (1,394 m) that continued to hit high grade mineralization 800 ft (244 m) further to the north. In late 2021, ASCU began an exploration diamond drilling ("**DD**") program over Parks/Salyer that through 2022 was expanded to cover the bulk of the interpreted deposit with 500 ft (152 m) spaced drilling. The Infill drilling process that continued through early 2023 and involved 47 DD holes totaling 105,810 ft (32,251 m), brought the defined Parks/Salyer resource to a mostly Indicated and Inferred confidence level. The total Parks/Salyer program covered 74 DDs for 166,685 ft (50,806 m).

Data Verification

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

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

- Verification of the collar locations.
- Reinstatement of downhole survey data drilled into the Cactus East deposit.
- Verification of drill hole locations and geological interpretations against historical cross sections and pit maps.
- Relogging of historical drill hole lithology, copper mineral zones, and alteration.

- Re-assaying of historical pulp samples to compare CuT grades and establish soluble copper contents confirming expected copper mineral zones and leachable copper mineralogies.

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

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

Observation and checks completed by the QP included:

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

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

Mineral Processing and Metallurgical Testing

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

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

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

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

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

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

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

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

Materials with a Tsol grade above the cutoff of 0.095% Tsol but having a CuAS content of less than 80% is classified as sulfide or enriched materials for leaching purposes. Primary mineralization that is not acid or cyanide copper soluble (e.g., chalcopyrite) that reports in the CuT assays is not considered as recoverable metal in the current analysis.

For the current mine plans, the distribution of leachable oxide and enriched material types is provided in the Table below.

Potential Leach Materials Distribution

Mining Source	Material Type	Tons of Leach Material (tons)	Grade % Tsol (% Cu)	Leachable Cu (tons)
Stockpile	Oxide	76,777,446	0.137%	105,100
Cactus Open Pit	Oxide & Enriched	75,520,724	0.259%	195,282
Cactus Underground	Oxide & Enriched	27,739,290	0.886%	245,661
Park Salyer	Oxide & Enriched	96,248,457	0.821%	789,750

Mining Source	Material Type	Tons of Leach Material (tons)	Grade % Tsol (% Cu)	Leachable Cu (tons)
Total	**Oxide & Enriched**	**276,285,916**	**0.483%**	**1,335,794**

Flotation Scoping Metallurgical Testwork

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

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

Deleterious Elements

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

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

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

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

Metallurgical Results & Conclusions

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

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

Copper Recovery by Sequential Assay Fraction

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

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

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

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

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

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

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

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

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

Mineral Resource Estimates

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

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

Cactus Project mineral resources meeting the cutoff grades for Cactus West and East, Parks/Salyer and the stockpile are combined and reported in the table below.

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

Material Type	ktons (kt)	CuT (%)	Tsol (%)	Contained Cu (k lbs)
Total Resources				
MEASURED				
Total Leachable	9,100		0.230	41,900
Total Primary	1,300	0.315		8,000
Total Measured	**10,400**	**0.241**		**49,800**
INDICATED				
Total Leachable	348,500		0.629	4,387,200
Total Primary	86,800	0.425		737,000
Total Indicated	**435,300**	**0.588**		**5,124,200**
M&I				
Total Leachable	357,600		0.619	4,429,000
Total Primary	88,000	0.423		745,000
Total M&I	**445,700**	**0.580**		**5,174,000**
INFERRED				
Total Leachable	107,700		0.607	1,307,900
Total Primary	126,200	0.357		900,000
Total Inferred	**233,800**	**0.472**		**2,207,900**

Notes:

1. Leachable copper grades are reported using sequential assaying to calculate the soluble copper grade. Primary copper grades are reported as total copper, Total category grades reported as weighted average copper grades of soluble copper grades for leachable material and total copper grades for primary material. Tons are reported as short tons.
2. Stockpile resource estimates have an effective date of 1 March 2022, Cactus resource estimates have an effective date of 29th April 2022, Parks/Salyer resource estimates have an effective date of 19th May 2023. All resources use a copper price of US$3.75/lb.
3. Technical and economic parameters defining resource pit shell: mining cost US$2.43/t; G&A US$0.55/t, 10% dilution, and 44°-46° pit slope angle.
4. Technical and economic parameters defining underground resource: mining cost US$27.62/t, G&A US$0.55/t, and 5% dilution,
5. Technical and economic parameters defining processing: Oxide heap leach (HL) processing cost of US$2.24/t assuming 86.3% recoveries, enriched HL processing cost of US$2.13/t assuming 90.5% recoveries, Primary mill processing cost of US$8.50/t assuming 92% recoveries. HL selling cost of US$0.27/lb; Mill selling cost of US$0.62/lb.
6. Royalties of 3.18% and 2.5% apply to the ASCU properties and state land respectively. No royalties apply to the MainSpring (Parks/Salyer South) property.
7. For Cactus: Variable cutoff grades were reported depending on material type, potential mining method, and potential processing method. Oxide

material within resource pit shell = 0.099% Tsol; enriched material within resource pit shell = 0.092% Tsol; primary material within resource pit shell = 0.226% CuT; oxide underground material outside resource pit shell = 0.549% Tsol; enriched underground material outside resource pit shell = 0.522% Tsol; primary underground material outside resource pit shell = 0.691% CuT.

8. For Parks/Salyer: Variable cut-off grades were reported depending on material type, associated potential processing method, and applicable royalties. For ASCU properties - Oxide underground material = 0.549% Tsol; enriched underground material = 0.522% Tsol; primary underground material = 0.691% CuT. For state land property - Oxide underground material = 0.545% Tsol; enriched underground material = 0.518% Tsol; primary underground material = 0.686% CuT. For MainSpring (Parks/Salyer South) properties - Oxide underground material = 0.532% Tsol; enriched underground material = 0.505% Tsol; primary underground material = 0.669% CuT.
9. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, sociopolitical, marketing, or other relevant factors.
10. The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature and there is insufficient exploration to define these inferred mineral resources as an indicated or measured mineral resource; it is uncertain if further exploration will result in upgrading them to an indicated or measured classification.
11. Totals may not add up due to rounding.

Mineral Reserve Estimates

The mineral reserve estimates for the ASCU Cactus Mine Project were prepared in accordance with the guidelines of NI 43-101 and CIM's Definitions Standards for Mineral Resources and Mineral Reserves. The mineral reserve estimates are based on the conversion of Measured and Indicated mineral resources to Proven and Probable mineral reserves from two surface mining sources (Cactus West and Historic Stockpile) and two underground sublevel caving mines (Cactus East and Parks/Salyer). Mineral reserves are reported from engineered mine designs and the life of mine ("**LOM**") plan.

Inputs to the Open Pit Estimate include:

- Open pit slope recommendations for the Cactus West Pit have been provided by Call & Nicholas Inc. ("**CNI**").

- Ultimate pit designs are based on pit shells generated using the Lerchs-Grossman method in Datamine's Studio NPVS software. The Cactus West ultimate pit design is based on the $2.90/Cu price shell with $3.70/lb Cu used for the base price economics.

- Cutoff grade decisions for Cactus West and Historic Stockpile are based on a block value calculation in the mine schedule, which is effectively a net-smelter return with expected processing, general arrangements ("**G/A**"), and royalty cost removed. The cutoff block value employed was a marginal cutoff grade of $0/t, meaning that any block which would generate a net positive value was either processed on the heap leach or placed into stockpiles.

- No dilution or ore loss is applied to the Cactus West and the Stockpile Mining.

- The Cactus West pit is mined in two phases while the stockpile is mined in a sequence from east to south to west in order to facilitate construction of the heap leach facility while mining the higher value portions.

- The estimates assume conventional open pit mining and equipment.

Inputs to the underground sublevel caving ("**SLC**") estimate include:

- Geotechnical design parameters for the SLC mining of the Cactus East and Parks/Salyer underground deposits has been provided by CNI.

- The underground mineral reserves for the SLC mines take into account the mixing of Indicated mineral resources with dilution from low-grade and barren material originating from within the sublevel cave outline and from overlying material.

- The block value calculation (CFTC1) in the mine schedule, which is effectively a NSR with expected processing, G/A, and royalty cost removed was based on a $3.70/lb Cu price.

SLC level footprints were designed to a shut-off dollar value (CFTC1) of $27.62, however, a minor quantity of subeconomic material was incorporated into the upper levels in Cactus East to establish mineable shapes for SLC mining and to accommodate the shallow plunge of the orebody. Drawpoints were shut-off when the grade value fell below a CFTC1 of $27.62 following the necessary removal of swell material within the footprint regardless of grade.

SLC is a non-selective bulk mining method where subeconomic material (dilution) is mixed into the flow modelling process and accepted to recover the blasted ore rings. Dilution from production activities is quantified through cave flow modelling and is included in the reported Ore Reserves. The overall total dilution (internal and external) for SLC rings valued > $27.62 is estimated to be 11.1% for Parkes Salyer and 11.2% for Cactus East. Inferred mineral resources included in the mixing process have been assigned zero grade.

The total mineral reserves for the Project are shown below.

Cactus Mine Project Reserves Statement

Metal	Unit	Cactus West Open Pit	Stockpile Open Pit	Cactus East Underground	Parks/Salyer Underground	Total
Proven	Tons	3,600,000	-	-	-	3,600,000
	CuT (%)	0.249	-	-	-	0.249
	CuAS (%)	0.052	-	-	-	0.052
	CuCN (%)	0.173	-	-	-	0.173
	Cu (M lbs)	17.9	-	-	-	17.9
Probable	Tons	71,921,000	76,777,000	27,739,000	96,248,000	272,686,000
	CuT (%)	0.310	0.163	0.950	0.930	0.552
	CuAS (%)	0.138	0.112	0.333	0.110	0.141
	CuCN (%)	0.122	0.024	0.552	0.710	0.346
	Cu (M lbs)	445.4	251.0	527.0	1,789.7	3,013.0
Proven + Probable	Tons	75,521,000	76,777,000	27,739,000	96,248,000	276,286,000
	CuT (%)	0.307	0.163	0.950	0.930	0.549
	CuAS (%)	0.134	0.112	0.333	0.110	0.140
	CuCN (%)	0.125	0.024	0.552	0.710	0.344
	Cu (M lbs)	463.3	251.0	527.0	1,789.7	3,031.0

Note:
1. Mineral Reserves have an effective date of November 10, 2023. The Qualified Person for the underground estimates of Cactus East and Parks/Salyer is Nat Burgio of AGP Mining Consultants Inc. The Qualified Person for the open pit estimates of Cactus West and Stockpile is Gordon Zurowski of AGP Mining Consultants Inc.
2. The Mineral Reserves were estimated in accordance with the CIM Definition Standards for Mineral Resources and Reserves.
3. The Mineral Reserves are supported by a combined open pit and underground mine plan, based on open pit and underground designs and schedules, guided by relevant optimization procedures.
   Inputs to that process are:
   - Metal prices of Cu $3.70/lb.
   - Processing costs which are variable and based upon material type, processing destination, copper grade, and copper recovery., Processing costs include a fixed unit cost component, a net acid consumption cost, and a cost for refining and selling copper cathode.
   - General and administration cost of $0.47/ton processed.
   - Royalty cost of 2.54% for the Cactus/Park Salyer/Stockpile Ores and 2.50% for the BCE properties. The assumption in the financial model is that the royalty costs are net of the buyback provisions which are assumed to be exercised by the Company prior to a construction decision.
   - Process recoveries which are variable depending upon mineralization type, sequential copper grades, and comminution size.
   - Open pit geotechnical design criteria from Call and Nicholas, Underground geotechnical design criteria from Call and Nicholas, Open pit mining costs including an escalation factor with pit depth.
   - Underground mining cost of $27.62.
4. The footprint delineations for the Cactus East and Park Slayer mines were based on a resource model block cash flow dollar value (CFTC1) of $27.62 (net of process, G/A and royalties). Drawpoints were shut-off when the grade value fell below a CFTC1 of $27.62 following the necessary removal of swell material within the footprint.

5. Dilution and mining loss adjustments are incorporated into the underground mining inventories by way of cave flow modelling software. Inferred resources included in the mixing process have been assigned zero grade. No allowance for mining dilution or ore loss has been provided in the open pit mining inventories.

Mining Methods

Conventional open pit mining methods have been selected for the extraction of Mineral Resources in the Cactus West pit and Historic Stockpile, while Parks/Salyer and Cactus East will be mined underground using the SLC method.

Open Pit Mining Methods

The Cactus West orebodies lie adjacent to and beneath the historically mined open pit while the Historic Stockpile is located to the south of the existing pit and proposed Cactus West pit expansion. The Stockpile mining area is a historical waste dump which contains significant quantities of oxide copper mineralization. This material was considered waste in the historical operation because the sole processing method on site was a flotation mill which could not recover oxide copper mineralization.

Cactus West consists of two phases that will be mined on 30 ft (6 m) benches. Double benches 60 ft (18 m) high are planned with a catch bench of 27 ft (8 m) in all pit areas. The slope design assumes that controlled blasting will be implemented, and horizontal depressurization drains installed to achieve the recommended slope parameters.

The historic stockpile was divided into three phases for mining: the east phase, south phase, and west phase. Mining starts in the east phase followed by south phase with the west phase mined last. This stockpile mining sequence was chosen due to higher average grades mined upfront and to make room for construction of the heap leach pad. Mining the stockpile in this order is required to ensure space is available for leach pad construction.

Waste from Cactus West and the Stockpile area will be placed into multiple locations, but primarily to the north-east of Cactus West where a view shed berm and waste dump are planned. Waste materials generated from mining Cactus West and the Stockpile areas will be composed of predominantly Gila conglomerate and alluvium overburden (80%) with the remainder being granite and porphyry rock with lower copper grades, or unfavourable metallurgical characteristics (including 4 Mt of waste bearing primary copper mineralization). No waste segregation is required in the mine schedule aside from the stockpiling of primary copper mineralization, and as such different waste types can be placed into any of the available waste facilities as required by scheduling and fleet optimization constraints.

Primary production drilling will be completed with six down the hole hammer drills using 6 ¾ in bits. This will provide the capability to drill patterns for 30 ft (9 m) bench heights. Two smaller drills using 5 ½ in bits will be utilized to perform wall control drilling in the form of buffer patterns. Production mining will be completed with two 30-yd3 hydraulic shovel, five 15-yd3 loaders, and twenty-four 150-ton rigid body trucks. It is expected that the larger hydraulic shovels will be utilized in the Cactus West Pit, while the front-end loaders will support mining in the Stockpile area and supplement in Cactus West. Grade control assaying will be performed using cuttings from production blastholes.

The mine schedule for open pit mining at Cactus West consists of 75.6 Mt of leach ore grading 0.307% CuT over 8 years of mining, including one year of pre-production. The stockpile project has 76.5 Mt of leach ore grading 0.163 % CuT with a mine life of slightly more than 8 years. Initial ore from the Stockpile Project will be placed on the leach pad near the end of pre-production period, Year -1. The Cactus West pit and Stockpile Project will be mined concurrently each providing 12 Mt/a of leach material or 24 Mt/a of leach material combined. An additional 142.4 Mt of waste material is mind in Cactus West, while the stockpile project contains 5.5 Mt of waste.

Underground

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

SLC was selected as the preferred underground mining method for the Cactus East and Parks/Salyer deposits. The mine designs are based on geotechnical recommendations and ore is recovered by blasting rings between sublevels in a staggered retreat direction towards the material handling system.

The initial Cactus East SLC level will commence 1,345 ft (410 m) below the surface and will be comprised of 7 sublevels to a final depth 1,845 ft (562 m) below surface. Access will be via a single decline with a portal located within the existing Cactus West pit. Ore haulage to surface will be via a vertical conveyor which can be supplemented with truck haulage to surface via the open pit if necessary. Production will continue for 11 years and will peak at 3.9 Mtpa.

The initial Parks/Salyer SLC level will commence 1,210 ft (369 m) below surface and include 11 sublevels to a final depth of 1,930 ft (588 m) below surface. Access to the Parks/Salyer deposit will be via a surface portal and twin declines. One will be dedicated to ore haulage using an inclined conveyor and the other providing access for personnel and equipment. Production will continue for 19 years and will peak at 6.9 Mtpa.

SLC production crosscuts have primarily been designed so that each level is horizontally offset from the level above and below. The design parameters for the SLC production drives at Cactus East and Parks/Salyer are in line with other SLC operations. Each production level will be horizontally offset from the level above and below to maximise ore recovery.

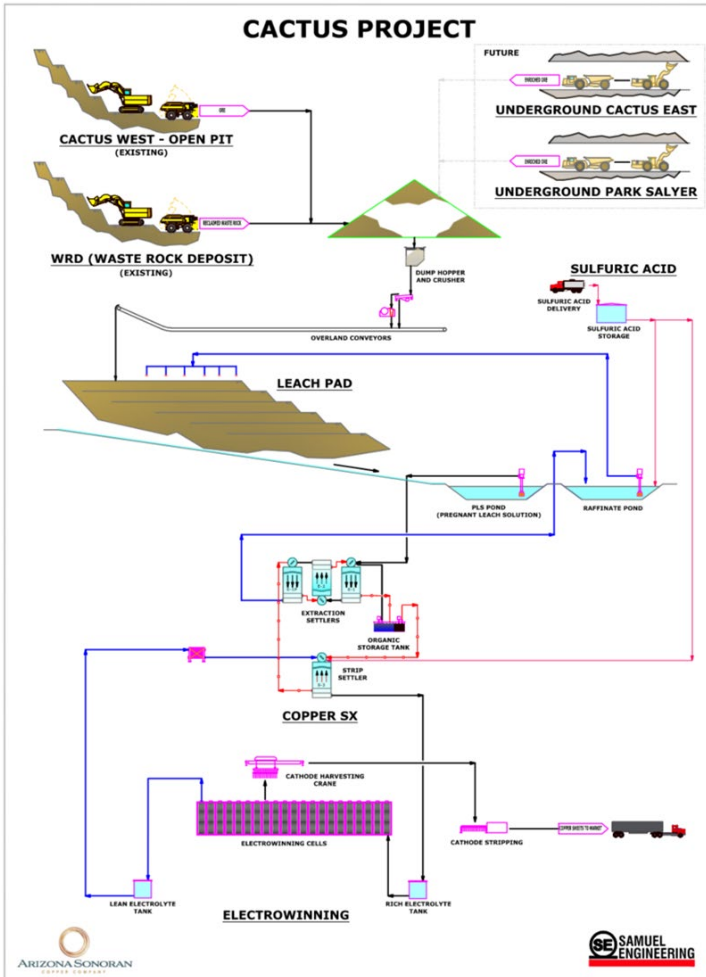
In Cactus East, the mine production stages will involve first the mucking of the SLC rings fired from the ore drive drawpoint with a load haul dump ("**LHD**") loader. The ore will then be trammed to the closest stockpile within the perimeter drive. Trucks will be loaded on the level, through the main decline and to the crusher at the bottom of the vertical conveyor loading pocket or waste to the surface through the main decline.

The mine production stages for the Parks/Salyer deposit will involve first the mucking of the SLC rings fired from the ore drive drawpoint with an LHD. The ore will then be trammed to the closest orepass within the perimeter drive, in which the ore will drop down to the transfer level. Another loader in the transfer level will then tram the material to the loading pocket in the inclined conveyor belt system. Each production level within the mine will have direct access to a northern and southern orepass system. The conveyor belt system will then transport all the ore material up to surface for processing.

Processing and Recovery Operations

The below figure provides a conceptual overview of the operation.

Process Flowsheet



Material mined from the existing stockpile will be placed in 20 ft lifts and material from all other sources will be stacked in 30 ft lifts. Material will be reclaimed and transferred by haul truck to the crushing circuit where it will be crushed down to P80 minus ¾-in. From the crushing circuit, the material will transfer by overland conveyor to the agglomeration drums, mobile transfer conveyors, and mobile radial stacker to be placed on the lined heap leach pad.

Leaching solutions, containing dilute sulfuric acid will be pumped and applied to the top of each lift and allowed to percolate though the copper leach material. Copper will then be dissolved into the solution while acid is consumed at approximately 13.6 lb/ton of material leached. Acid consumption is net of regenerated acid in the SX/EW process. The height of the leach material on the pad will eventually reach approximately 200 ft in overall height.

The pregnant leach solution from the heap leach ponds will be pumped for processing in a copper SX/EW plant capable of producing initially up to 30,000 ton/y of copper cathodes with a design PLS flow of up to 12,000 gpm and grade at approximately 3.0 gpL Cu based on an overall 71% CuT recovery from the heap leaching methods. The electrowinning circuit capacity will be expanded in Year 3, doubling in size to the overall plant capacity required to a nominal 60,000 ton/y of copper cathodes.

The solvent extraction plant is designed to be operated in a series, parallel, or series-parallel configurations with a single stage of stripping. The optionality of the solvent extraction plant will allow the plant to operate at 4,000 gpm, 8,000 gpm, or 12,000 gpm based on the copper grade seen in the mine plan. Two minutes mixing time per mixersettler unit is anticipated. No wash stages or after-settlers are anticipated or included in the design. A loaded organic tank and diluent storage tank are collocated with the solvent extraction mixer settlers.

Copper electrowinning is expected to initially require 52 cells, then expanding to 104 cells, constructed of polymer concrete, and containing 81 cathodes and 82 anodes each, operating in series and connected to two parallel rectifier transformer units. Two additional rectifier transformer units will be added during the electrowinning expansion. Expected current efficiency is 92% operating at a nominal 28 amps per square foot current density. Cathode stripping from the permanent stainless-steel blanks will be done by a stripping machine that is of a semi-automatic, robotic design.

Copper cathode bundles of up to 5,000 lbs each will be sampled, weighed, labeled, and strapped then placed in a secure area for pick up by a copper broker for transport and sale.

The electrowinning operation will be housed in a pre-engineered steel building fitted with an overhead crane for copper production material handling. Siding will be fiberglass or protected steel.

An Administration/Control Building will consist of a new pre-fabricated double-wide prefabricated structure. The process control room will be located in this building as well as a small wet laboratory for process control assays and mine grade control stockpile sample assays.

The facilities also include a tank farm area comprised of electrolyte solution tanks, electrolyte filters, crud handling system and a solution management holding tank.

The resulting production plan for the Cactus Stockpile mineral resources considered for heap leaching is presented in the following table.

CACTUS PROJECT COPPER PRODUCTION PLAN

Material/Product		Unit	Total	Year -1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
Oxide HL Placed Material	Crushed	ktons	76,777	2,970	12,000	12,000	12,000	12,000	12,000	12,000	1,807	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Placed	ktons	76,777	2,970	12,000	12,000	12,000	12,000	12,000	12,000	1,807	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enriched HL Placed Material	Crushed	ktons	199,508	517	12,055	12,324	12,593	14,763	14,508	16,163	9,594	6,511	6,634	6,720	8,397	9,528	9,992	9,982	10,700	10,565	10,261	10,151	7,408	143	0
	Placed	ktons	199,508	517	12,055	12,324	12,593	14,763	14,508	16,163	9,594	6,511	6,634	6,720	8,397	9,528	9,992	9,982	10,700	10,565	10,261	10,151	7,408	143	0
Copper Recovered to Cathode - Oxide		ton	92,768	0	19,408	14,977	14,941	12,967	12,738	12,789	4,508	440	0	0	0	0	0	0	0	0	0	0	0	0	0
		klb	185,537	0	38,815	29,954	29,883	25,934	25,476	25,578	9,016	881	0	0	0	0	0	0	0	0	0	0	0	0	0
Copper Recovered to Cathode - Enriched		ton	1,061,647	0	17,090	27,115	36,159	46,608	47,721	51,188	51,960	49,366	47,470	45,831	59,896	69,126	68,431	71,510	71,913	73,654	74,314	69,971	58,393	19,796	2,895
		klb	2,123,293	0	34,180	54,230	72,317	93,216	95,442	102,375	103,921	98,733	94,939	91,661	119,792	138,253	136,862	143,021	143,826	147,308	148,628	139,942	116,786	39,592	5,791

Project Infrastructure

The project consists of the necessary infrastructure to support the mining and processing operations. All infrastructure buildings and structures will be built and constructed to all applicable codes and regulations. The existing TruStone facility will be used for maintenance and a warehouse. The project site will also include an administration building, plant maintenance shop and warehouse, truck shop, fuel storage, explosive storage, and other buildings.

The Project will require the following facilities, which is also shown in the infrastructure layout plan figure below:

- Mining facilities including administration offices, change house, truck shop, explosives storage, fuel storage and distribution, ore stockpiles, waste stockpiles, and truck wash.

- Process facilities including the SX/EW process plant, crushing facilities, process plant workshop, change house, assay laboratory, and freshwater infrastructure.

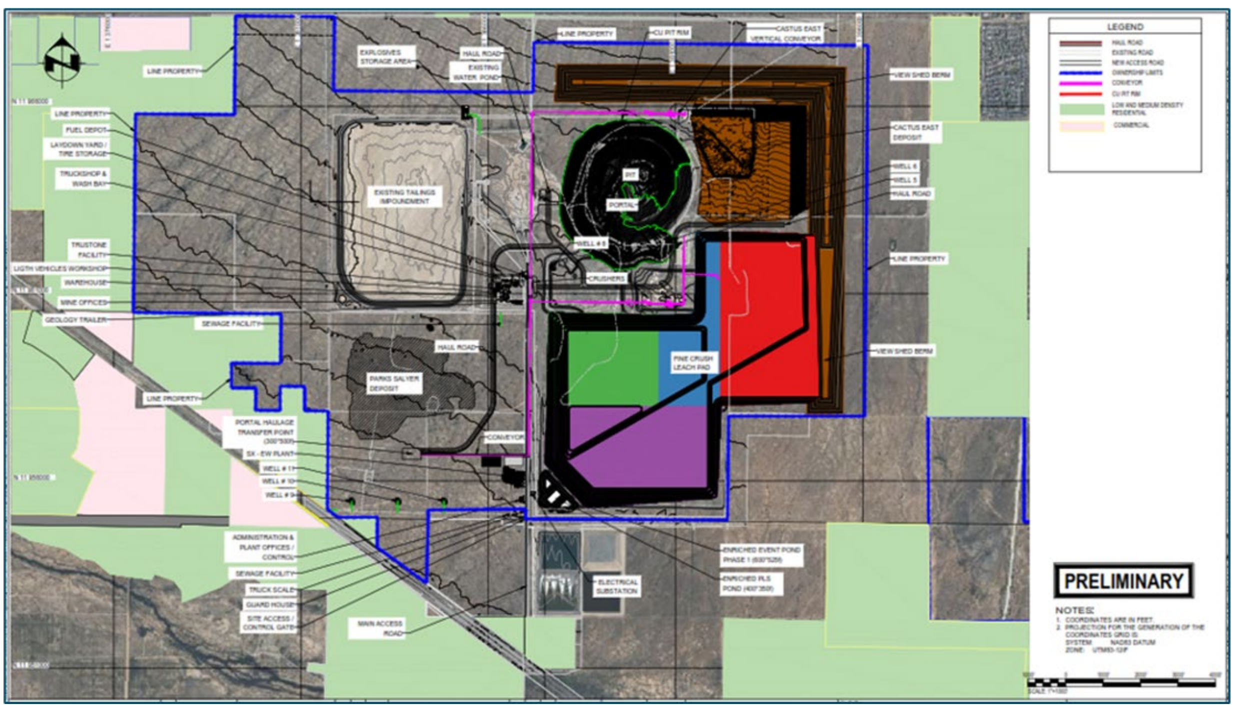
- Heap leach pads and ponds.

- Power supply and distribution.

- General facilities include a gatehouse, administration building, and weighing scale.

- Catchments, ponds, water wells, drainage, and other site water management infrastructure.

Infrastructure Layout Plan



Roads and Logistics

The property is accessed from W Maricopa Casa Grande Highway that links Casa Grande and Maricopa, Arizona. Bianco road (the primary access road) currently extends North to an existing building known as the TruStone facility, other offices, a water storage pond, and a small substation From the Highway, the primary access road is a paved road of 28.9 ft width and 9,946.9 ft length. It will be repaired and upgraded with an additional asphalt layer to ensure suitability for daily operational traffic. Existing unpaved maintenance roads originating from primary access road will be repaired to ensure suitable light vehicle traffic. Additional maintenance roads to connect explosive storage and water wells to existing unpaved roads will be constructed.

Access to the processing plant, mining areas, workshops, administrative buildings and other process facilities will be controlled by a control gate and guard post at the entrance of the site. A view shed berm with width of 80 ft and height of 120 ft, for a length of 1,375 ft in the east and northeast sides of the project will be constructed to mitigate the visual impacts and noise from mining activities. Due to the close proximity to the town of Casa Grande and the city of Phoenix, personnel will be housed offsite. Vehicles will be provided to personnel for on-site transportation.

Due to the site's proximity to the existing Casa Grande Municipal Airport that is owned and operated by the City of Casa Grande, the maximum height of all site facilities will be in accordance with the Federal Aviation Act of 1958, as amended and Part 77, Section 77.9 of the Federal Aviation Regulations.

There is an existing isolated rain spur that dead ends in front of the remaining processing plant building from historic Sacaton mining operations. It is not connected to the main line that runs parallel to the W Maricopa Casa Grande Highway. There are no current plans to reconnect or use the rail line.

Stockpiles

Up to 12 Mt of Cactus West low grade and pre-production ore over the life of the mine will be cycled through a low grade stockpile to help manage feed grade and work around availability of the crushing units. This material will be sent to the crusher throughout the open pit mine life and at the end of mining. The low-grade stockpile is located north of the mining truck shop facilities west of the open pit. The peak stockpile size in the mine schedule is 9 Mt.

Waste Rock and Storage Facilities

Waste materials generated from mining Cactus West and the Stockpile areas will be composed of predominantly Gila Conglomerate and Alluvium overburden (80%) with the remainder being granite and porphyry rock with lower copper grades. No segregation of waste material is required.

In general, design considerations assumed an overall reclaimed slope of 3.5:1 for the viewshed berms and 2.5:1 slope for the North-East Waste Rock Facility. A swell factor of 30% was applied to all waste material. The North and East viewshed berms have a capacity of 32 Mt and 28 Mt respectively. The North-East Waste Rock Facility capacity is 90 Mt.

Built Infrastructure

Haul roads will be constructed for heavy vehicle movement to the underground mine portals, truck shop, fuel storage, crushing facility, mine pit, and rock storage facilities. The mine will also require several support buildings, including an administrative building, change house, mine truck shop, assay laboratory, fuel storage and distribution, mine dry and mining office, truck wash and explosive and magazine storage.

Power Supply

The HV transmission from the grid will be connected by distribution overhead power line to a 69 kV/13.8 kV new substation on site, to cover the electrical requirements needed for the process design. The advantage of the 69 kV line is that it runs very close to the main substation and does not require a lot of infrastructure for connection. The connection from the existing 69 kV line to the main substation will be through a short section of overhead power line with a single circuit structure.

The main substation consists of a small 69 kV switchyard to feed a 50/62.5 MVA transformer and feed with medium voltage cables to a 13.8 kV MV Switchgear. The transformer would feed roughly 80% of the total plant load under normal operation with bus tie open. The main substation is considered to be installed in a central area of the project to facilitate the distribution of the 13.8 kV overhead distribution power lines.

Electrical Distribution

The substation will distribute power in 13.8 kV to all areas of the project including the process plant, administration building, the crushing/conveying facilities, and the underground portal areas. Six distribution lines will be constructed at the project site to provide stepped-down power to the site administration, process facilities, underground mines, and wells water distribution system. Individual E-house/MCC buildings and MV to LV transformers are located strategically around the site to provide power and control to individual areas and processes, and to minimize distance of LV power runs.

Fuel

Three 80,000-L tanks of diesel will be used to fuel equipment onsite during operations. This is approximately three days of fuel consumption for mining and site equipment. These tanks will be located south-east of the Truck Shop area, out of any main vehicle travel path, and on a concrete pad.

Water Supply and Management

Potable water will be supplied by Arizona Water Company from an existing 12-inch pipeline, which currently terminates approximately a mile south-east of the planned site operations. Existing valves are available to facilitate a future connection. Current needs are estimated based on a total of 480 employees occupying multiple facilities to include a guardhouse, administration building, a mining office with a geology laboratory, and separate areas for mining employees from both Park/Salyer and Cactus East.

A demand of 20 gallons per employee per day, equivalent to an average of 6.67 gpm, was implemented per EPA guidelines to size a site reservoir. A 10,000 gallon tank will satisfy the potable needs of the mining operations. The tank will be filled using a centrifugal booster pump and will provide 24 hours of retention.

Plant (non-potable) water will be supplied by several sources, both active and planned. The sources first considered will provide water appropriate for utility and sewage use. Another critical purpose is to dewater the underground region in the immediate vicinity of the mines to avoid operational complications. Removing and best utilizing the recovered water thus is a priority; utilization will depend on chemical analyses. Rainfall is not considered in this analysis.

An existing 16-inch pipeline currently supplies up to 600 gpm water to an existing onsite pond from offsite well sources. An abandoned and flooded production shaft likewise was determined to be able to provide 600 gpm from a performance analysis. Treated effluent from the existing wastewater treatment facility (WWTF) in Casa Grande, is available to provide up to 5 Mgpd (equivalent to 3,472.2 gpm) depending on need. Four dewatering wells pending development and construction will also contribute to this system. The water sources will either supply directly to a distribution manifold or discharge to the existing onsite Plant Water Pond (PWP) depending on location, application and demand.

Heap Leach Facility

The HLP will be constructed in four phases, has an approximate final footprint area of 37.9 M ft^2 and will support approximately 276.3 Mt of leach material. It is designed to be operated as a fully drained system with no leachate solution storage within the pad. The leach pad has a composite liner system to prevent seepage to the environment. Above the liner is a series of solution collection pipes encapsulated in an overliner to rapidly collect pregnant solution and transport it to the double lined pregnant leach solution pond. In addition, there is also a double lined raffinate pond and a single lined event pond. Crushed ore materials will be stacked in 30 ft lifts to a maximum height of 200 ft with exterior slopes of 2.5:1. The collected pregnant solution will be pumped to the SX/EW circuit.

Phase 1 is located east of the existing stockpile due to the relatively flat area that facilitates construction and allows for mining of the existing stockpile to liberate space for the consecutive phases of construction. Phase 1 will have an area of 11 M ft^2. and hold 61.7 Mt of ore. Phase 1 will support two types of material, oxide ore and fine crushed ore. To support early copper production the stacked material on the first cell will be oxide from the existing stockpile and it will hold approximately 2.67 Mt stacked on a single 20 ft lift with 30 ft lifts after that. Construction of the first phase will start in year -2 with a total time of 3.2 years to reach its capacity. Consecutive phases will be constructed west of Phase 1 on top of the existing stockpile area.

Raffinate, PLS, and Event ponds have been designed to handle the solution and stormwater involved in the leaching cycle. PLS and raffinate ponds are designed to provide storage for solution to be pumped to and from the SW/EW plant. The PLS pond is situated immediately down-gradient in the southwest corner of the HLP and solution is conveyed to this pond through the collection system pipes by gravity. Excess solution flows that may occur during major storm events, will be diverted to the Event ponds via spillways. A starter Event pond will be built during the first phase of the project, and it will be able to hold solution flows from Phases 1, 2, and 3. A second event pond will be constructed when leaching on phase 4 begins.

Environmental Studies, Permitting and Social or Community Impact

Environmental Considerations

Due to historic mining operations, the project site is considered a Brownfields Project. ADEQ entered into the Cactus Prospective Purchaser Agreement (PPA) with Elim, ASCU's predecessor, because of the substantial public benefit to the remedial work conducted at the site. The Cactus Purchase Agreement releases ASCU from potential liabilities related to existing, known contamination under the Comprehensive Environmental Response, Compensation and Liability Act, Water Quality Assurance Revolving Fund, and the Resource Conservation and Recovery Act, but does not cover unidentified environmental conditions or contamination. No environmental fatal flaws that would materially impede the advancement of the project have been identified.

Permitting Considerations

The Project includes exploration and mining on private land and on five ASLD leases. There is no federal nexus for permitting of the Project.

The primary permit with the longest permitting timeframe is anticipated to be the APP. ASCU currently has an APP (no. P-513324) for the following facilities: oxide leach pad, enriched leach pad, oxide PLS pond, enriched PLS pond, raffinate pond, oxide events pond, enriched events pond, site runoff pond 1, site runoff pond 2, and the waste rock stockpile runoff pond. ASCU will apply for amendments to the APP for additional discharging facilities, as needed. An APP Significant Amendment (without a public hearing) has a licensing timeframe of 221 business days.

Other permits/authorizations/notifications for which ASCU has applied for or currently holds include:

- Mineral Leases on Arizona State Land: ASCU has five mineral leases on State land.

- Permit for exploration on Arizona State Land: ASCU currently has five prospecting Permits with the ASLD for exploration operations on State land.

- Dust Permit: ASCU has been issued dust permit # DUSTW-24-0029 by Pinal County.

- Industrial Permit from Pinal County: ASCU has been issued the Industrial Air Permit on May 12, 2023 Permit #C31407.000. This applies to any industrial operation that has the potential to emit 5.5 pounds per day or 1 ton per year of any regulated air pollutant. Generators, stationary fuel burning equipment, and petroleum storage tanks are regulated under Industrial Permits.

- MLRP: An MLRP is required for surface disturbances on private land greater than 5 acres. Financial assurance requirements such as bonding apply. An MLRP was issued on March 27, 2023 by the Arizona

State Mine Inspector. The bond has been submitted and the bond amount was $4,797,829. ASCU plans to update the MLRP as necessary to reflect changes to the mine plan.

- Type 2 Grandfathered Water Right: ASCU currently has a right for 136 afy.
- Groundwater Withdrawal Permit: ASCU currently has Permit 59-233782.0000 for 3,600 afy.
- Special Land Use Permit for use of State Surface to construct facilities for mining operations has been granted by ASLD (permit no. 23-123266-03).
- Stormwater Pollution Prevention Plan (SWPPP) – LTF/ID 95924.
- Permits/ authorizations that ASCU may need to apply for include the following:
    - Notice of Intent to Clear Land: ASCU will notify the Arizona Department of Agriculture regarding potential destruction of protected native plants.
    - Notice of Startup: ASCU will submit a notice to the Arizona State Mine Inspector prior to commencing mining. ASMI issues permits for underground diesel equipment, inspects and permits elevators, enforces fuel storage rules.
    - EPA Hazardous Waste Generator: ASCU will apply for an EPA ID number as required by RCRA when needed.
    - Cultural Resources: ASCU must notify Arizona State Museum if cultural artifacts are found on private property. Arizona State Land Department will consult with the State Historic Preservation officer regarding potential impacts to resources on State Land. ASLD has provided a "letter of no survey" for Section 34, Township 5 South, Range 5 East.

ADWR requires that industrial facilities including mines submit a Conservation Plan for water use if the water demand is greater than 500 afy. ASCU has prepared a plan and will submit it to ADWR when and if water use reaches the 500 afy threshold.

ASCU does not anticipate having to apply for an Arizona Pollution Discharge Elimination System permit. The US Army Corps of Engineers conducted a Jurisdictional Determination and found that there are no "waters of the US" on the project site.

Social Considerations

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

Closure and Reclamation Planning

A MLRP was issued by the state in 2023 and will be modified to reflect the changes in the mine plan since that time.

Capital and Operating Costs

The objective of the 2024 PFS is to develop capital cost estimates with a -15% to +20% accuracy with a level of total contingency from 15% to 25% according to AACE's Class 4 estimate requirements. The cost estimates for the study include costs to complete the design, engineering, procurement, construction and commissioning of all the identified facilities.

These capital cost estimates are broken out by direct and indirect costs and further defined by initial and sustaining costs. Direct costs are generally quantity based and include equipment and materials associated with the physical construction of the facility. Construction contractors' costs are contained within each discipline's all-in rates and considered as direct costs. Project indirect costs include all costs associated with the implementation of the plant and incurred by the owner, engineer, or consultants in the design, procurement, construction, and commissioning of the project.

Initial capital is the capital expenditure required to start up a business or in this case, complete the construction of a facility to a standard where it is ready for initial production. Sustaining capital is the capital cost associated with the periodic addition of new plant equipment or services that are required to maintain production and operations.

Capital Cost Estimate

The total estimated capital cost for the Project is US$1,737 million inclusive of US$515 million of initial development capital and US$1,221 million of sustaining capital. The capital costs are summarized as indicated in the tables below. The data is stated in U.S. dollar wit a base date of fourth quarter 2023 with no provision for forward escalation.

TOTAL PROJECT COSTS

WBS Level 1	WBS Description	Initial ($M)	Sustaining ($M)	Total Cost ($M)
1000	Infrastructure	56.2	0.3	56.5
2000	Mining	169.8	905.4	1,075.2
3000	Crushing And Conveying	29.1	6.5	35.6
4000	Leaching & Waste Rock Storage	65.8	126.7	192.5
5000	Solvent Extraction (SX)	30.5	0	30.5
6000	Electrowinning (EW)	26.3	14.4	40.7
7000	Reagents	1.2	0	1.2
8000	Process Plant Services and Utilities	3.5	0	3.5
	Subtotal Direct Costs	**382.4**	**1,053.3**	**1,435.8**
9000	Project Execution – Project Indirect	43.7	5.7	49.5
9000	Project Execution – Owner's Costs	10.4	1.9	12.3
9000	Project Execution – Provision	75.3	160.2	235.5
	Subtotal Indirect Costs	**129.4**	**167.8**	**297.2**
	Capitalized Process Cost	3.6	0	3.6
	PROJECT TOTAL	**515.4**	**1,221.1**	**1,736.5**

Operating Costs

The project OPEX estimate encompasses mine operating costs, process plant operating costs, and general and administrative (G&A) costs. Cash costs are expressed in dollars per short ton ($/t) of heap feed or dollars per pound of ($/lb) cathode produced. Total cash costs encompass royalties, refining charges, and transportation charges. Additionally, the All-In Sustaining Costs (AISC) and the All-In Costs (AIC) incorporate non-sustaining Capex, closure, and reclamation CAPEX, respectively.

The operating cost estimate summary is outlined in the table below.

OPERATING COST, AISC AND AIC SUMMARY

Total Production Cost Item	LOM	
	($/t Placed)	($/lb Cathode Produced)
Mining	11.51	1.38
Processing	2.93	0.35
Infrastructure	0.03	0.00
G&A	0.12	0.01
Cash Cost	14.58	1.75
Royalties	0.79	0.09
Refining and Transportation	0.00	0.00
Total Cash Cost	15.37	1.84
Sustaining CAPEX	4.42	0.53
Reclamation and Closure	0.08	0.01
Salvage Value	(0.35)	(0.04)
All-In Sustaining Costs	19.52	2.34
Property Taxes	0.69	0.08
Initial (non-sustaining) CAPEX	1.86	0.22
All-In Costs	22.08	2.64

Economic Analysis

Methodologies and Financial Parameters

The Project has been evaluated using a discounted cash flow analysis based on an 8% discount rate. Cash inflows consist of annual revenue projections. Cash outflows consist of capital expenditures, including pre-production costs, operating costs, taxes, and royalties. These are subtracted from the inflows to arrive at the annual cash flow projections.

Cash flows are taken to occur at the mid-point of each period. It must be noted that tax calculations involve complex variables that can only be accurately determined during operations and, as such, the actual post-tax results may differ from those estimated. A sensitivity analysis was performed to assess the impact of variations in Cu price, discount rate, head grade, recovery, total operating cost, and total capital costs.

The capital and operating cost estimates developed specifically for this project are presented in Q4 2023 in U.S. dollars. The economic analysis has been run on a constant dollar basis with no inflation.

The economic analysis was performed assuming the copper price of US$3.90/lb, which price was based on consensus analyst estimates and recently published economic studies. The forecasts used are meant to reflect the average metals price expectation over the life of the Project. No price inflation or escalation factors were taken into account. Commodity prices can be volatile, and there is the potential for deviation from the forecast.

The economic analysis also used the following assumptions:

- Construction period of two years
- Total mine life of 21.0 years
- Cost estimates in constant Q4 2023 US$ with no inflation or escalation factors considered.

- Results based on 100% ownership with a series of NSR royalties applicable to distinct portions of the mineralized material.
- Capital cost funded with 100% equity (no financing cost assumed)
- All cash flows discounted to start of construction period using mid-period discounting convention.
- All metal products are sold in the same year they are produced.
- Project revenue is derived from the sale of copper cathode with no other metal credits payable.
- No contractual arrangements for refining currently exist.

Economic Analysis Details

The economic analysis was performed assuming an 8% discount rate. The pre-tax NPV discounted at 8% is US$733 million; the internal rate of return ("**IRR**") is 17.7%, and payback period is 6.3 years. On a post-tax basis, the NPV discounted at 8% is US$509 million; the IRR is 15.3%, and the payback period is 6.8 years.

A summary of project economics is tabulated in the table below.

Economic Analysis Summary Table

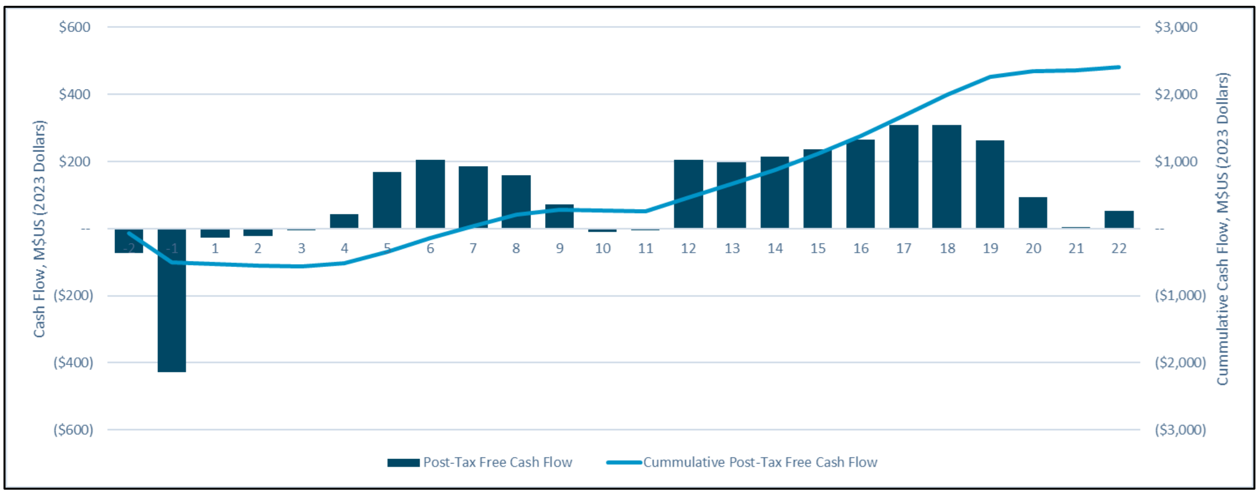
Assumption	Units	LOM Total / Avg.
General		
Copper Price	US$/lb	3.90
Mine Life	Years	21.0
Total Mineralized Material Processed	Kt	276,286
Total Waste	Kt	147,841
Avg. CuAS Head Grade	%	0.14
Avg. CuCN Head Grade	%	0.34
Avg. Acid Consumption	lb/t	18.99
Production		
Total Payable Copper	M lbs	2,306
Operating Costs		
Operating Cash Costs*	US$/lb Cu	1.75
C1 Cash Costs**	US$/lb Cu	1.84
C3 Cash Costs (AISC)***	US$/lb Cu	2.34
Capital Costs		
Initial Capital	US$M	515
Sustaining Capital	US$M	1,221
Closure Costs	US$M	23
Salvage Value	US$M	97
Financials		
Pre-Tax NPV (8%)	US$M	733

Assumption	Units	LOM Total / Avg.
Pre-Tax Internal Rate of Return ("IRR")	%	17.7
Pre-Tax Payback	Years	6.3
Post-Tax NPV (8%)	US$M	509
Post-Tax Internal Rate of Return ("IRR")	%	15.3
Post-Tax Payback	Years	6.8

*Operating cash costs consist of mining costs, processing costs, and G&A.
**Total cash coasts consist of operating cash costs plus transportation cost, royalties, treatment, and refinancing.
***AISC consist of total cash costs pls sustaining capital, closure cost, and salvage value.

The analysis was done on an annual cashflow basis. The cashflow is represented graphically in the below figure on a post-tax basis.

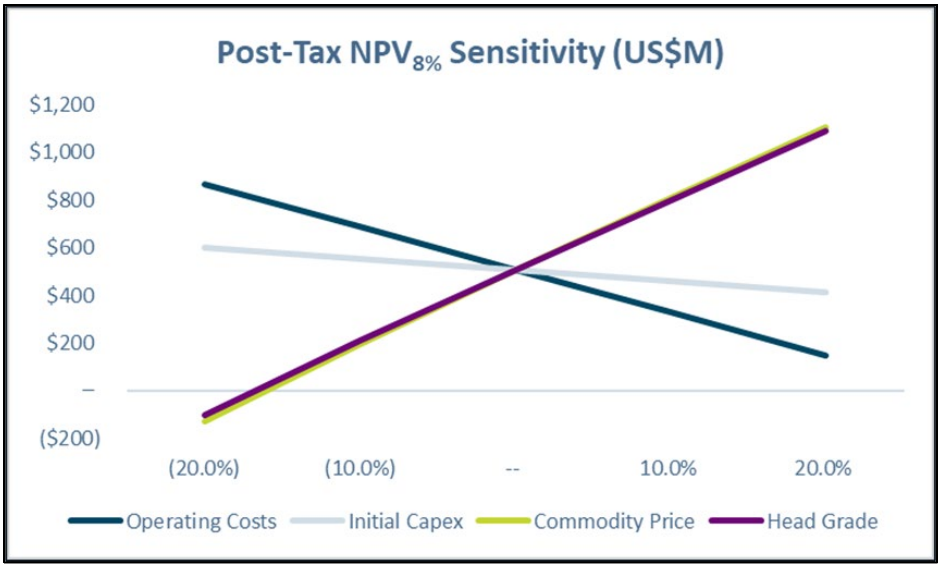
Free Cash Flow – Post-Tax

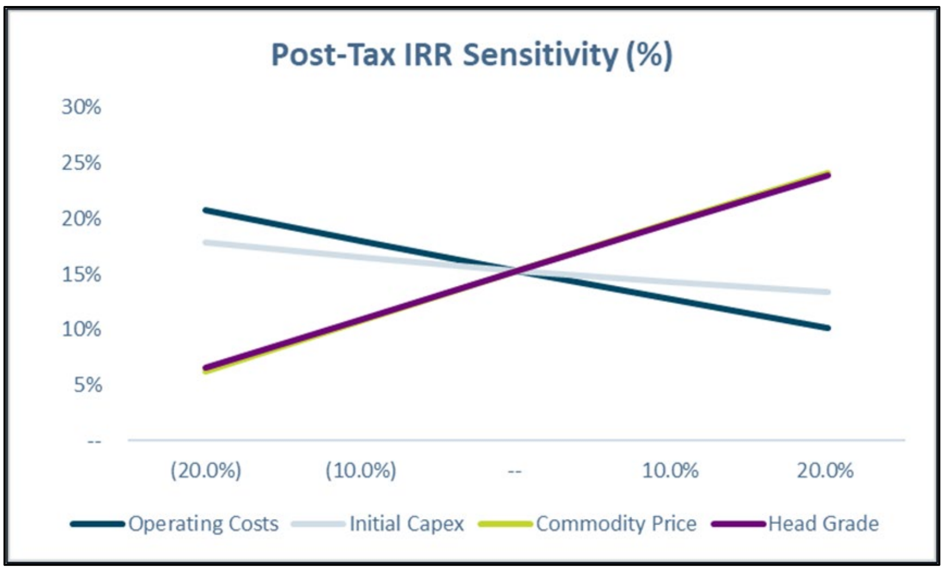


A detailed cash flow table for the Project can be found under section 22.4 in the Technical Report.

Sensitivity Analysis

The below figures outline the post-tax NPV and IRR sensitivity results.


Post-Tax NPV8% Sensitivity (US$M)
$1,200
$1,000
$800
$600
$400
$200
–
($200)
(20.0%)
(10.0%)
--
10.0%
20.0%
Operating Costs
Initial Capex
Commodity Price
Head Grade


Post-Tax IRR Sensitivity (%)
30%
25%
20%
15%
10%
5%
--
(20.0%)
(10.0%)
--
10.0%
20.0%
Operating Costs
Initial Capex
Commodity Price
Head Grade

Recommendations

The QPs note the following recommendations for their respective areas of expertise, based on the review of data available for this report. The recommended budget totals $26.32M and the scope for all work listed in the table below is summarized in Section 26 of the Technical Report.

Budget Item	($M)
Exploration and Drilling (step out drilling and infill drilling programs)	20.0
Metallurgy and Process Design	0.1
Metallurgical Testwork (additional column testing)	0.9
Mineral Resource Estimates (improve grade distribution estimates)	0.05
Mineral Reserve Estimates(opportunities to increase near surface reserves)	0.1
Open Pit Mine Design and Scheduling (impact of MainSpring deposit on the future of underground exploitation)	0.3
Underground Mine Design and Scheduling (geotechnical investigations for decline ground characterization and major fault definition)	0.8
Mine Capital and Operating Cost Estimation	0.1
Geotechnical (data collection for more comprehensive ground characterization and insitu stress testing for numerical modelling)	1.5
Recovery Methods (crushing, screening and conveying)	1.0
Roads and Logistics (transportation studies)	0.07
Heap Leach Facility (geotechnical investigations and seismic hazard analysis)	0.4
Environmental, Permitting, and Social Recommendations (aquifer permits and monitoring)	1.0
Total	**26.32**

Note: Numbers may not add due to rounding.

RISK FACTORS

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

Volatility of Copper Prices

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

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

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

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

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

Demand for Copper and Industry Conditions

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

Uncertainty of Mineral Resource and Mineral Reserve Estimates

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

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

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

Nature of mineral exploration, development and mining

The Company's future is dependent on its exploration, development and successful results from technical study programs. The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which may not be eliminated even through a combination of careful evaluation, experience and knowledge. Few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures on the Company's properties may be required to construct or repair mining and processing facilities at a site, and it is possible that further detailed studies may show uneconomic results, leading to the abandonment of projects. It is impossible to ensure that economic studies, including full feasibility studies, on the Company's projects, or the current or proposed exploration programs on any of the properties in which the Company has exploration rights, will result in any profitable commercial mining operations. The Company cannot give any assurance that its current and future exploration activities will result in a discovery of mineral deposits containing mineral reserves. Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: the particular attributes of the deposit, such as its size and grade; unusual or unexpected geological formations and metallurgy; proximity to infrastructure; financing costs; copper and by-product metal prices, which are highly volatile; and governmental regulations, including those relating to prices, taxes, royalties, infrastructure, land use and acquisition, importing and exporting of metal, exchange controls and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of any or all of these factors may result in the Company not receiving an adequate return on its invested capital or suffering material adverse effects to its business and financial condition. Exploration and development projects also face significant operational risks including but not limited to an inability to obtain access rights to properties, accidents, equipment breakdowns, labour disputes (including work stoppages and strikes), and other unanticipated interruptions.

Dependent on the success of the Project

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

Financing Risks and Additional Financing

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

Option and Joint Venture Agreements

The Project, which is the Company's cornerstone and only material property, is subject to Nuton Option Agreement. Pursuant to the Nuton Option Agreement, among other things, the Company had granted Nuton an exclusive right and option to acquire between 35% to 40% interest in the Project. See *"General Development of the Business – 2023 – Arizona and Nuton LLC Joint Venture"* for more details. In connection with the Nuton Option Agreement, the Company agreed to a work program for the Cactus Project (after applying the Nuton™ technologies) and to generate and deliver the Nuton PFS. In addition, while the Company continues to act as the operator of the Cactus Project, a steering committee (with equal membership between Nuton LLC and the Company) will provide oversight and determine the detailed execution scope of the Nuton PFS. Nuton LLC also has the right to nominate an individual to the Company's technical & sustainability committee. As a result of the Nuton Option Agreement, the Company has less control over decisions made with respect to the work plan and the studies advanced on the Cactus Project and Parks / Salyer Project. The Company may also face risks associated the reduced control over its material property as Nuton LLC may at any time have economic, business or legal interests, priorities or goals that are inconsistent with the Company's, including in respect of the work program and budget priorities in respect of the Cactus Project (and the impact associated application of the Nuton™ technologies on the Cactus Project and the pursuit of the Nuton PFS). Additionally, Nuton LLC had agreed to provide certain funding to ASCU USA by way of a draw of up to US$11 million as well as up to US$12 million for funding costs associated with continued Nuton test work required to produce the Nuton PFS. As such, the failure of by Nuton LLC to provide such funding may negatively impact the development of the Cactus Project and Parks/Salyer Project and adversely affect the Company's business.

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

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

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

Permits, Licenses and Approvals

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

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

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

Estimates of Costs and Cost Overruns

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

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

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

Geological, Hydrological and Climatic Events

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

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

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

Title matters

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

Impact of Social and Environmental Activism

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

Local Communities, Stakeholders and Labour Force

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

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

Dependence on Management and Key Personnel

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

Operations during mining cycle peaks are more expensive

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

Risks of Mining Operations

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

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

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

Infrastructure and Supplies

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

Environmental Risks and Hazards

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

Climate Change

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

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

Regulatory Matters

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

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

Regulations relating to Emissions and Climate Change

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

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

Risks relating to Changing Environmental Legislation and Regulations

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

Anti-Bribery Laws

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

Third Party Approvals

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

Competition

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

No Earnings and History of Losses

For the financial year ended December 31, 2023, the Company had a loss and comprehensive loss of approximately US$7.0 million (US$7.1 million in 2022) and at December 31, 2023, had a deficit of approximately US$34.1 million (US$27.1 million in 2022). The Company has incurred various expenses in recent periods and plans to incur further expenses as cash flows allow. The planned increases in expenses may result in larger losses in future periods.

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

Negative Operating Cash Flow

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

Lack of Insurance Coverage

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

Foreign Exchange Risk

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

Enforcing Judgements and Foreign Operation Risks

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

Conflicts of Interest

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

Significant Influence of Tembo

As of the date hereof, Tembo holds approximately 30.7 % of issued and outstanding Common Shares on a non-diluted basis. The Tembo Investor Rights Agreement provides Tembo with, among other things: (i) the right to maintain its percentage interest in the Company upon certain equity issuances undertaken by the Company so long as its ownership of the outstanding Common Shares is at least 9.9%; and (ii) the right to nominate one Company director so long as its ownership of the outstanding Common Shares is at least 9.9%. In some cases, the interests of Tembo may not be the same as those of the Company's other shareholders, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to the Company or its minority shareholders. See "*Material Contracts – Tembo Investor Rights Agreement*".

Current and future debt ranks senior to Common Shares

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

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

Risks relating to Future Acquisitions

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

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

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

Cybersecurity Threats and Information Technology Systems

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

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

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

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

Investigations, Legal Proceedings and Litigation

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

ASCU is in litigation with RAMM Power Group LLC, which wishes to acquire the project site through imminent domain. See "*The Cactus Project – Existing Litigation*".

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

Dilution

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

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

Volatility of Equity Securities and Fluctuations in Market Value

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

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

Sales by Existing Shareholders

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

Dividend Policy

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

Analyst Coverage and Public Sentiment

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

Global Financial Conditions

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

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

Inflation

The Company is affected by rising inflationary pressures. A significant portion of the upward pressure on prices has been attributed to the rising costs of labour and energy, as well as continuing global supply-chain disruptions. These inflationary pressures have affected the Company's labour, commodity and other input costs and such pressures may or may not be transitory. Any continued upward trajectory in the inflation rate for the Company's inputs may have a material adverse effect on the Company's capital expenditures for the development of its projects as well as its financial condition and results of operations.

Outbreaks of Diseases and Public Health Crises

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

Although the Company's current operations are not being materially impacted by any public health crises (including the Coronavirus disease), the Company continues to monitor the developments and impact of any health crises and pandemic diseases as they may arise. The Company cannot estimate whether, or to what extent, any future outbreak of epidemics or pandemics or other health crises may have an impact on the business, operations and financial condition of the Company. The outbreak of epidemics, pandemics or other public health crises, such as the

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

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

International Conflict, Geopolitical Instability and War

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

DIVIDENDS OR DISTRIBUTIONS

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

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

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

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Company's authorized share capital consists of an unlimited number of Common Shares without par value, of which 109,228,795 Common Shares are issued and outstanding as at April 1, 2024.

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

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

As at April 1, 2024, there were (i) 7,778,562 stock options to acquire Common Shares ("**Options**"), (ii) 768,321 deferred share units ("**DSUs**"), (iii) 894,054 restricted share units, and (iv) 2,498,421 Common Share purchase warrants outstanding.

MARKET FOR SECURITIES

Trading Price and Volume

Common Shares

The Common Shares trade on the TSX under the symbol "ASCU". The following table sets out the high and low trading prices, as well as the trading volume, for the Common Shares on the TSX for each month of the financial year ended December 31, 2023.

Date	High ($)	Low ($)	Trading Volume
January 2023	2.25	1.91	3,454,700
February 2023	2.02	1.78	1,516,037
March 2023	2.01	1.74	3,112,754
April 2023	2.00	1.67	1,728,247
May 2023	1.80	1.66	2,039,650
June 2023	1.77	1.62	764,010
July 2023	1.79	1.55	710,576
August 2023	1.71	1.52	774,064
September 2023	1.76	1.52	679,245
October 2023	1.61	1.45	702,074
November 2023	1.49	1.33	1,352,301
December 2023	1.83	1.46	1,323,112

Prior Sales - Securities Not Listed or Quoted on a Marketplace

During the financial year ended December 31, 2023, other than the issuance of Common Shares, the Company issued Options and DSUs.

Options

During the financial year ended December 31, 2023, the Company issued the following Options:

Date of Grant	Number of options	Exercise Price (US$)	Expiry Date
February 28, 2023	2,617,751	2.00	February 28, 2028
June 22, 2023	564,471	1.75	June 22, 2028
July 5, 2023	42,763	1.67	July 5, 2028
September 19, 2023	65,693	1.66	September 19, 2028

DSUs

During the financial year ended December 31, 2023, the Company issued the following DSUs:

Date of Grant	Number of DSUs[(1)]
February 28, 2023	167,677
July 5, 2023	23,173

Notes:

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

DIRECTORS AND OFFICERS

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

Name, Province or State and Country of Residence	Position(s) with Company	Date of Appointment as Director	Principal Occupation(s) for Five Preceding Years
George Ogilvie, Ontario, Canada	President, Chief Executive Officer and Director	July 6, 2021	President & Chief Executive Officer of ASCU since July 2021 and Director of Rupert Resources Ltd.; previously, President & Chief Executive Officer of Battle North Corporation from December 2016 to May 2021 and President & Chief Executive Officer of Kirkland Lake Gold from November 2013 to June 2016.
David Laing[(2)] British Columbia, Canada	Director (Chairman)	May 27, 2021	Chairman of Fortuna Silver Mines Inc.; Director of Blackrock Silver Corp.; Consultant since November 2018; previously, Chief Operating Officer of Equinox Gold Corp. from August 2016 to November 2018.
Mark Palmer[(2)(3)(4)] London, United Kingdom	Director	August 1, 2020	Partner of Tembo Capital LLC since September 2015.
Isabella Bertani[(1)(3)] Ontario, Canada	Director	June 22, 2023	Founder and Chief Client Strategist at Bertani since 2019; previously, Partner at RSM from 2014 to 2019.
Alan Edwards[(1)(2)(4)]	Director	May 7, 2021	President of AE Resources Corp. since January 2017 and Director of Entrée Resources Ltd. and Americas

Name, Province or State and Country of Residence	Position(s) with Company	Date of Appointment as Director	Principal Occupation(s) for Five Preceding Years
Arizona, USA			Gold & Silver; Director of Elevation Gold since July 2023; previously Interim CEO of ASCU from May 2021 to July 2021.
Sarah Strunk(1)(3)(4) California, USA	Director	January 1, 2022	Immediate Past Chair of the Board of Fennemore from 2015 to 2023, current Director and Shareholder of Fennemore; Director of Teck Resources Limited since February 2022 to present and chair of the Corporate Governance and Nominating Committee, former Chair of Brio Gold (now part of Equinox Gold Corp.) and a member of the Audit, Compensation and Governance Committee.
Nicholas Nikolakakis Ontario, Canada	Chief Financial Officer and Vice President of Finance	January 10, 2022	Chief Financial Officer of ASCU since January 10, 2022; previously, Chief Financial Officer of Battle North Corporation from October 2013 until its acquisition by Evolution Mining in May 2021.
Rita Adiani Arizona, USA	Senior Vice President, Strategy & Corporate Development	July 22, 2021	Senior Advisor to ASCU USA since January 2021; previously, Head of Business Development at Xiana Mining Inc. from June 2019 to June 2020 and Managing Director at NRG Capital Partners from April 2015 to May 2019.
Bernie Loyer Arizona, USA	Senior Vice President, Projects	June 7, 2023	Vice President of Projects at SolGold Ecuador from July 2022 to June 2023; previously, Vice President Projects at Torex Gold from November 2017 to November 2021.
Thomas Boehlert(1)(3)(4) New York, USA	Director	October 5, 2020	Director of ASCU from October 20, 2020 to June 21, 2023; Executive Vice President and Chief Financial Officer of Bunge Limited from January 2017 to September 2019. Executive Director and Chief Financial Officer of RCF Acquisition Corp from November 2021 to present.
Ian McMullan Arizona, USA	Chief Operating Officer	July 1, 2019	Chief Operating Officer of ASCU from July 1, 2019 to June 7, 2023; previously, Project Manager of Nyrstar NV from August 2018 to July 2019 and Vice President, Mining of Klondex Mines Ltd. from June 2016 to July 2018.

Notes:

(1) Member of the Audit Committee of the directors of the Company of which Thomas Boehlert was the Chair until June 21, 2023, when Mr. Boehlert resigned from the Board and as of June 21, 2023, Isabella Bertani is Chair of the Audit Committee.
(2) Member of the Technical & Sustainability Committee of the directors of the Company of which Alan Edwards is Chair.
(3) Member of the Governance and Nominating Committee of the directors of the Company of which Sarah Strunk is Chair.
(4) Member of the Compensation Committee of the directors of the Company of which Sarah Strunk is Chair.

Based on the disclosure available on the System for Electronic Disclosure by Insiders, as of April 1, 2024 the directors and executive officers of the Company (as listed in this AIF), as a group, beneficially owned, or controlled or directed, directly or indirectly, a total of 1,622,691 Common Shares, representing approximately 1.5% of the total number of Common Shares outstanding.

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

David Laing, Chair of the Board of Directors

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

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

Mark Palmer, Director

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

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

Isabella Bertani, Director

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

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

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

Alan Edwards, Director

Alan Edwards has more than 40 years of operations and executive mining industry experience. During the course of his career, he has overseen the development and operations of world class base and precious metals deposits in the Americas. Mr. Edwards is currently the President of AE Resources Corp., an Arizona based company. He formerly led Oracle Mining Corporation (CEO), Copper One Inc. (President and CEO), Frontera Copper Corporation (President

& CEO) and Apex Silver Corporation (COO). Currently, Mr. Edwards serves as a Non-Executive Director for Americas Gold, Elevation Gold Mining Corporation and Silver Corporation and Entrée Resources Ltd. Mr. Edwards has previously held the positions of Non-Executive Chairman of the Boards for Tonogold Resources Inc., Mason Resources Corp. (until its acquisition by Hudbay Minerals Inc.), Rise Gold Corp., AQM Copper Inc. (until its acquisition by Teck Resources Ltd.) and AuRico Gold Inc. Mr. Edwards began his career at Phelps Dodge Mining Company in Ajo, Arizona.

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

Sarah Strunk, Director

Sarah Strunk practices in business and finance law, with an emphasis on mineral transactions, including mergers and acquisitions, finance transactions, corporate governance, international sales contracts and exploration projects. Throughout her 38-year law career, she has represented numerous clients in the mining and natural resource industry. She was the Chair of the Board of Directors of Fennemore from 2015 to 2023. Prior to joining Fennemore in 2000, Ms. Strunk was Chief Corporate Counsel to the copper/molybdenum division of Cyprus Amax Minerals Company (1992-2000). She has served on the Board of the Arizona Mining Association and was a past trustee of the Foundation for Natural Resource and Energy Law (Rocky Mountain Mineral Law Foundation). Ms. Strunk currently serves as a Director of Teck Resources Limited, where she chairs the Corporate Governance and Nominating Committee and serves on the Safety and Sustainability Committee. Ms. Strunk was the Chair of the Board of Brio Gold (2016-2018), now part of Equinox Gold Corp. and a member of their Audit, Compensation and Governance Committees. She was a recipient of the 2021 Medal of Merit for her work in the mining industry at the American Mining Hall of Fame.

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

George Ogilvie, President & Chief Executive Officer

George Ogilvie, has over 30 years of management, operating and technical experience in the mining industry. Mr. Ogilvie currently sits on the board of Rupert Resources Ltd. Mr. Ogilvie was until most recently the President & CEO of Battle North, a position he was appointed to, in 2016 whilst the company was under financial insolvency & restructuring proceedings. During his 5 year tenure at Battle North, Mr. Ogilvie and his team successfully completed a turnaround of the company resulting in an increase in the resource base from 400,000 oz Au to approximately 1.3 million oz Au, completion of a positive bulk mining reconciliation program resulting in de-risking of the project, delivery of a preliminary economic assessment and follow on feasibility study in relation to the project with a post-tax IRR of 50% and completion debt and equity financing of over C$100 million associated with project construction. Battle North was acquired by Evolution Mining Limited in May 2021 at a 45% premium to the prevailing spot price. Prior to this, Mr. Ogilvie was the CEO of Kirkland Lake Gold Inc. where he and his team implemented a turnaround strategy which included, amongst other items, improving operations at the Macassa Mine and the acquisition of St. Andrew Goldfields, resulting in significant returns for shareholders. Previously, Mr. Ogilvie was the CEO of Rambler Metals and Mining PLC, where he and his team guided the evolution of the company from grassroots exploration to a profitable junior producer. Mr. Ogilvie began his mining career in 1989 with AngloGold in South Africa and he subsequently held other roles at the Ruttan Mine in Northern Manitoba for HudBay Minerals Inc., the McCreedy West Mine and also as Area Manager for Dynatec Corporation. Currently, Mr. Ogilvie also serves on the board of Rupert Resources Ltd.

Mr. Ogilvie received his B.Sc. (Hons.) in Mining and Petroleum Engineering from Strathclyde University in Glasgow, Scotland. He is a Professional Engineer and also holds his Mine Managers Certificate (South Africa). Currently, Mr. Ogilvie also serves on the board of Rupert Resources Ltd.

Nicholas Nikolakakis, Chief Financial Officer and Vice President, Finance

Nicholas Nikolakakis has over 29 years of corporate finance, accounting and senior management experience within the mining sector. Over his career, he has raised over US$2 billion in numerous mining transactions. Most recently he was the Chief Financial Officer for Battle North Corporation (acquired by Evolution Mining in 2021). He was also the former Chief Financial Officer of Rainy River Resources. Prior to Rainy River, Mr. Nikolakakis was the Vice President of Corporate Finance at Barrick Gold Corporation, where he led a US$1 billion project financing for Barrick's Pueblo Viejo mine in the Dominican Republic and successfully negotiated a US$1.5 billion corporate revolving credit facility. Other previously held positions by Mr. Nikolakakis include, Vice President and Chief Financial Officer of Placer Dome Canada, and Treasurer at North American Palladium Ltd. Mr. Nikolakakis serves as a Director of Maritime Gold Corp. and Imperial Mining Group Ltd.

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

Rita Adiani, Senior Vice President, Strategy

Rita Adiani has over 18 years of experience in the mining industry spanning executive industry roles, investment banking and corporate law. Ms. Adiani was Senior Adviser to ASCU USA since January 2021 and was responsible for leading execution of the initial public offering and other corporate finance and development activities. Previously, she was Executive Vice President of Xiana Mining Inc., a copper producer and developer in Chile where she was Head of Business Development responsible for group finance & corporate finance matters. Prior to that, she was Managing Director in the mining team at NRG Capital Partners in London and also served as Vice President within the Mining M&A Team at Societe Generale. Ms. Adiani has advised on and been involved in transactions in excess of US$10 billion during the course of her career, including landmark industry transactions. She was Senior Corporate Finance Manager for La Mancha Resources (reporting to the CFO), which remains one of the largest private investors in the gold sector with over US$1 billion of assets under management. She is also admitted to practice as a solicitor of the Supreme Court of England & Wales (currently non-practicing) and practiced corporate law at Linklaters LLP in London and Dubai from 2006-2011.

Ms. Adiani is a law graduate from the University of Oxford and University of Sheffield. She has a CFA in ESG Investing from the CFA Institute and also has a Certificate in Mining Studies — Mining & Minerals Engineering from the University of British Columbia (Norman B. Keevil Institute of Mining Engineering). Currently, Ms. Adiani also serves as an Advisory Board member on the International Battery Metals board.

Bernie Loyer, Senior Vice President, Projects

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

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

Mr. David Laing has been a director of Fortuna Silver Mines Inc. ("**Fortuna**") since September 2016. On April 3, 2017, a management cease trade order ("**MCTO**") was issued by the British Columbia Securities Commission and other Canadian provincial securities regulatory authorities pursuant to National Policy 12-203 Management Cease Trade Orders in connection with the late filing of the Fortunas' annual audited financial statements and related management's discussion and analyses for the years ended December 31, 2016 and 2015 and the annual information form for the year ended December 31, 2016 (the "**Fortuna Annual Documents**"). The MCTO prohibited the Chief Executive Officer and the Chief Financial Officer of Fortuna from trading in securities of Fortuna until Fortuna completed the required filing of the Fortuna Annual Documents as well as its Interim Financial Documents (as defined below) for the first quarter of 2017. The Fortuna Annual Documents were filed on May 15, 2017. Due to the delay in finalizing the Annual Documents, Fortuna was delayed in filing its interim financial statements and related management discussion and analysis for the three months ended March 31, 2017, and 2016 (together, the "**Fortuna Interim Financial Documents**"). Fortuna filed the Fortuna Interim Financial Documents on May 24, 2017, and the MCTO was revoked by the British Columbia Securities Commission on May 25, 2017.

Other than as disclosed below, to the knowledge of the Company, no other director, executive officer, proposed nominee for election as director, nor, to its knowledge, any shareholder holding a sufficient number of its securities to affect materially the control of the Company (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

Mr. Thomas Boehlert was a director and President and Chief Executive Officer of First Nickel Inc. from September 12, 2011, to August 20, 2015. On August 19, 2015, the Ontario Superior Court granted an application made by First Nickel Inc.'s creditors to appoint a receiver under the *Bankruptcy and Insolvency Act* (Canada). On January 21, 2016, the liquidation of First Nickel Inc.'s assets was substantially complete.

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

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

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

Conflicts of Interest

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

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

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

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

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

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

AUDIT COMMITTEE

The Audit Committee's Charter

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

Composition of the Audit Committee

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

Name of Member	Independent(1)	Financially Literate(2)
Isabella Bertani (Chair)(3)	Yes	Yes
Sarah Strunk	Yes	Yes
Alan Edwards	Yes	Yes

Notes:

(1) To be considered independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment.
(2) To be considered financially literate, a member of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.
(3) Isabella Bertani became a member and Chair of the Audit Committee effective on June 22, 2023, subsequent to her appointment to the Board. Thomas Boehlert was a member and Chair of the Audit Committee until June 22, 2023, when he resigned from the Board.

Relevant Education and Experience

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

Pre-Approval Policies and Procedures

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

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

External Auditor Service Fees

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

Financial Year Ending	Audit Fees(1) (US$)	Audit-Related Fees(2) (US$)	Tax Fees(3) (US$)	All Other Fees(4) (US$)
December 31, 2023	105,890	Nil	Nil	65,709
December 31, 2022	103,487	Nil	Nil	Nil

Notes:

(1) "Audit Fees" are fees necessary to perform quarterly review engagements and the annual audit of the Company's financial statements, including review of tax provisions, accounting consultations on matters reflected in the financial statements, and audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
(2) "Audit-Related Fees" are fees for services that are traditionally performed by the auditor including employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
(3) "Tax Fees" are fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees" including tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
(4) "All Other Fees" include all other non-audit services such as work on prospectus offerings.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as described herein, to the Company's knowledge, there are no legal proceedings or regulatory actions material to the Company to which it is a party, or has been a party to, or of which any of its property is the subject matter of, or was the subject matter of, during the financial year ended December 31, 2023 and as of the date hereof, and no such proceedings or actions are known by the Company to be contemplated.

During the financial year ended December 31, 2023 and as of the date hereof, there have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or securities regulatory authority, or by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision in the Company, and the Company has not entered into any settlement agreements before any court relating to any securities legislation or with any securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

TRANSFER AGENT AND REGISTRAR

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

MATERIAL CONTRACTS

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

(a) Tembo Investor Rights Agreement

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

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

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

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

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

(d) the underwriting agreement dated January 31, 2023 among the Company, Haywood Securities Inc., Canaccord Genuity Corp., Stifel Nicolaus Canada Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Cormark Securities Inc., iA Private Wealth Inc., Raymond James Ltd., RBC Dominion Securities Inc., Scotia Capital Inc., and TD Securities Inc. in connection with the 2023 Public

Offering as further detailed under *"General Development of the Business – 2023 – 2023 Public Offering and Nuton Private Placement"*; and,

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

INTERESTS OF EXPERTS

Information of a scientific or technical nature in respect of the Project is included in this AIF based upon the Technical Report, prepared by Erin L. Patterson, P.E., Scott C. Elfen P.E., R. Douglass Bartlett, RG, CHG, Gordon Zuroski, P.Eng., Nat Burgio, FAusIMM (CP), Todd Carstensen, RM-SME, Allan L. Schappert, CPG, SME-RM, James Sorensen, FAusIMM, Matt Bolling, P.E., PMP, and Paul Cicchini, PE, all of whom are independent "qualified persons" under NI 43-101. To the best of the Company's knowledge, after reasonable inquiry, as of the date hereof, the aforementioned individuals and, as applicable, their firms, beneficially owns, directly or indirectly, less than 1% of the outstanding Common Shares.

PricewaterhouseCoopers LLP, the auditors of the Company, prepared an auditors' report to the shareholders of the Company on the statement of financial position of the Company for the year ended December 31, 2023, and the statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the year ended December 31, 2023. PricewaterhouseCoopers LLP has advised that it is independent with respect to the Company within the meaning of the rules of Professional Conduct of Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, as applicable, will be contained in the Company's management information circular dated May 23, 2023, which is available on SEDAR+ (www.sedarplus.ca) under ASCU's issuer profile. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the Company's most recently completed financial year. Additional information relating to the Company may also be found on SEDAR+ (www.sedarplus.ca) under ASCU's issuer profile.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

ARIZONA SONORAN COPPER COMPANY INC.
AUDIT COMMITTEE CHARTER

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

1. PURPOSE

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

2. COMPOSITION

2.1 Members

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

2.2 Qualifications

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

2.3 Chair

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

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

2.4 Removal and Replacement

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

3. MEETINGS AND PROCEDURES

3.1 Meetings

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

3.2 Independent Meetings

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

3.3 Quorum

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

3.4 Notice

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

3.5 Participation

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

3.6 Agenda and Minutes

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

3.7 Voting

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

3.8 Report to Board

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

3.9 Assessment of Charter

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

4. PRIMARY DUTIES, POWERS AND RESPONSIBILITIES

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

4.1 **Primary Duties and Responsibilities**

The Committee's primary duties and responsibilities are to:

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

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

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

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

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

4.2 **Scope of Authority and Responsibility**

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

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

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

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

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

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

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

5. SPECIFIC DUTIES, POWERS AND RESPONSIBILITIES

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

5.1 Financial Accounting and Reporting Processes

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

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

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

(c) annual and interim earnings press releases.

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

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

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

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

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

5.1.7 Review significant issues affecting financial reports.

5.1.8 Review emerging GAAP developments that could affect the Company.

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

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

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

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

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

5.2.2 Review and approve corporate signing authorities and modifications thereto.

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

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

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

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

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

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

5.2.9 Approve all material related party transactions in advance.

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

5.3 **External Audit**

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

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

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

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

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

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

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

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

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

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

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

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

5.3.13 Recommend to the Board:

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

(b) the compensation of the external auditor.

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

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

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

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

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

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

5.4 **Non-Audit Services**

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

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

5.5 **Risk Management**

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

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

5.5.3 Review and approve corporate investment policies.

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

5.6 **Other Responsibilities and Matters**

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

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

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

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

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

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

6. ADVISORS

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

SCHEDULE 1-A

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

"1.4 MEANING OF INDEPENDENCE

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

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

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

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

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

   (c) an individual who:

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

      (ii) is an employee of that firm, or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.5 ADDITIONAL INDEPENDENCE REQUIREMENTS

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

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

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

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

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

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

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

1.6 MEANING OF FINANCIAL LITERACY

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

SCHEDULE 1-B

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

1. PURPOSE

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

2. WHO MAY BE CHAIR

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

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

3. RESPONSIBILITIES

The following are the primary responsibilities of the Chair:

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

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

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

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

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

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

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

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

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

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

(e) manage the Committee, including:

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

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

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

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

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

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

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

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

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

SCHEDULE 1-C

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

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

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

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

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

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

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

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

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

SCHEDULE 1-D

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

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

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

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

   (c) actuarial services;

   (d) internal audit outsourcing services;

   (e) management functions;

   (f) human resources;

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

   (h) legal services; and,

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

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

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