ARIZONA SONORAN COPPER COMPANY INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED MARCH 31, 2024

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INTRODUCTION

The following Arizona Sonoran Copper Company Inc. ("ASCU" or the "Company") Management Discussion and Analysis ("MD&A") was prepared as of May 7, 2024 and should be read in conjunction with the unaudited interim condensed consolidated financial statements ("Financial Statements") of the Company as at and for the three months ended March 31, 2024 and 2023, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. All dollar amounts are expressed in United States dollars unless otherwise noted. Additional information relating to the Company is available on the Company's website (www.arizonasonoran.com) and System for Electronic Data Analysis and Retrieval+ ("SEDAR+") – (www.sedarplus.ca). The Company trades on the Toronto Stock Exchange ("TSX") under symbol "ASCU" and the OTCQX under the symbol "ASCUF."

This MD&A should be read in conjunction with the Financial Statements dated March 31, 2024 and annual financial statements dated March 12, 2024 and the Annual Information Form ("AIF") dated April 1, 2024 filed with the Canadian Securities Administrators ("CSA") under the Company's profile on SEDAR+ at www.sedarplus.ca and also available on its website at www.arizonasonoran.com.

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

ASCU's exploration programs and pertinent disclosure of a technical or scientific nature are supported by Qualified Persons as defined by National Instrument 43-101– Standards of Disclosure for Mineral Projects noted in *"The Project – Pre-Feasibility Study - Quality Assurance and Quality Control Procedures."*

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.

DEFINITIONS

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

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

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

"**MainSpring Property"** herein means the mineral rights representing the land immediately south of the Parks/Salyer Property and sometimes referred to by the Company as "Parks/Salyer South".

"**Stockpile Project**" herein means the historic waste dump created through dumping of defined waste material from the mining of the old Sacaton open pit deposit. All oxide copper mineralization, and sulfide

copper mineralization below the working grade cut-off of 0.3% copper (Cu) was deposited to the waste dump.

COMPANY HIGHLIGHTS – YEAR-TO-DATE 2024

Corporate Updates

- The Company continues to progress its corporate initiatives and strategic relationship with Nuton under the Option Agreement as follows:
  - Drilling of MainSpring (phase 1 complete) and Cactus West (to be completed in Q2/2024)
  - Integrated Nuton PEA - A Preliminary Economic Assessment incorporating the Nuton technology as applied to the Cactus/Parks Salyer and potentially MainSpring is expected in H2 2024.
  - Integrated Nuton PFS - The Parties agree to work towards the Integrated Nuton PFS release by the end of 2024, unless extended mutually by both the Parties.
  - Primary material from both MainSpring and Cactus West, will be tested in small columns to evaluate optimum Nuton operating conditions for the material.

Exploration Updates

- On January 10, 2024, the Company announced additional drill assay results from the Cactus West and Cactus East deposits within the Cactus Project, Arizona. A total of 9 drill holes were completed for a total of 18,215 ft (5,552 m) supporting the 125 ft (38 m) infill-to-measured and geotechnical drilling programs.
  - Thick and high-grade total copper ("CuT") and soluble copper ("Cu TSol") intervals within this Cactus East measured drilling program (125 ft | 38 m drill centres) were encountered. The infill to measured drilling supports the updated Mineral Resource Estimate that we released in October 2023.
  - At Cactus West, infill and geotechnical drilling returned wide intervals of primary copper mineralization both below and at the extents of the Cactus West mineral resource shell. The encouraging results support the need for an expanded Cactus West infill and exploration drill program.

- On January 16, 2024, the Company announced additional drill results for 11 holes of the infill drilling to measured program at Parks/Salyer. Additionally, infill and exploration drilling to the south of Parks/Salyer was resumed at MainSpring with three drills, building on the 11- hole program undertaken in late 2023.

- On January 25, 2024, the Company announced the release of drill assay results from an exploration program at the MainSpring property. A total of 7 of 11 ASCU drilled holes completed in 2023 and 22 legacy holes from the previous option holder are reported here and indicate potential mineralization from the Parks/Salyer deposit nears surface as it extends south. Future drilling will test the open pit potential of MainSpring with the intent of updating the Cactus Mineral Resource Estimate following the release of the PFS.

- On February 21, 2024, the Company announced it had completed its NI 43-101 PFS for the Project (see "*The Project – Pre-feasibility Study"*) with highlights as follows:
  - A post-tax net present value ("NPV") of $509 million (CA$687 million) / Pre-tax NPV of $733 million (CA$990 million) using an 8% discount rate and an internal rate of return ("IRR") of 15.3% and using a $3.90/lb flat long-term copper price
  - Total initial capital cost of $515 million, including $75 million of contingencies over a 24-month construction period

- Total revenues of $9.0 billion over 21 years
- Post-tax unlevered Free Cash Flow of $2.4 billion
- C1 Cash Costs of $1.84/lb and All in Sustaining Cost ("AISC") of $2.34/lb
- Average annual production of approximately 55 ktons or 110 million pounds ("lbs") of copper ("Cu"), with a peak of 74 ktons or 149 million pounds of copper
- Initial Life of Mine ("LOM") 21 years, recovering 1,153 ktons or 2.31 billion pounds of Copper LME Grade A cathode onsite via heap leach facility and SXEW
- Maiden Proven & Probable ("P&P") Reserves of 276.3 million tons at 0.48% Soluble Copper ("Cu TSol") or 3.0 Billion lbs Copper

The information outlined above is supported by the new release disseminated by ASCU on February 21, 2024 (entitled *"Arizona Sonoran Announces a Positive Pre-Feasibility Study for the Cactus Mine Project with a US$509M Post-Tax NPV and 55 kstpa Copper Cathode over 21 Years"*). The NI 43-101 technical report in respect of the PFS will be filed on SEDAR+ at www.sedarplus.ca under the Company's issue profile within 45 days from the date of the new release.

- On March 5, 2024, the Company announced an update on land developments, including MainSpring zoning finalization for industrial use, and a new special land use permit ("SLUP") to the southeast east corner of the Cactus Project to accommodate future mine infrastructure.

- On March 19, 2024, the Company announced drilling at MainSpring. A total of 17,650 ft (5,380 m) of drilling or 16 holes were reported, with 10 holes pending. The 2024 MainSpring inferred drill program (500 ft | 152 m drill spacing) is now complete and drilling continues to define indicated drill spacings (250 ft | 76 m drill spacing) with 3 drill rigs. Drilling highlights include:
  - ECM-198: Potentially extends Parks/Salyer High Grade Mine Trend by 650 ft (198 m) to the southwest.
    - 882 ft (269 m) @ 0.44% CuT of continuous mineralization
      - Incl 83 ft (25 m) @ 1.41% CuT, 1.30% Cu TSol, 0.023% Mo (enriched)
  - ECM-209: 256 ft (78 m) @ 0.51% CuT, 0.44% Cu TSol, 0.003% Mo (oxide)
    - Incl 98 ft (30 m) @ 0.95% CuT, 0.87% Cu TSol, 0.004% Mo
  - ECM-197: 367 ft (112 m) @ 0.31% CuT, 0.26% Cu TSol, 0.002% Mo (oxide)
    - 125 ft (38m) @ 0.56% CuT, 0.47% Cu TSol, 0.003% Mo (enriched)

OUTLOOK

As of May 8, 2024 the Company had cash of approximately $15.2 million. The Company will require further financing to achieve all of its planned operational and strategic activities in the form of debt, equity, or a combination thereof. See *"Liquidity and Capital Resources"* below.

The Company continues to progress its planned work programs with key milestones expected for the continued advancement of the Project, through Feasibility studies while concurrently completing Nuton-related work programs.

2024 ASCU Work Plan Highlights

- Technical Studies:
  - Initiate the Amended PEA which will incorporate MainSpring with expected completion in H2/2024.
  - An amended PFS including MainSpring is estimated for completion by late 2024.
  - A standalone DFS is estimated to be completed by June 2025.

- Drilling Programs:
  - Infill to inferred and indicated programs totaling 180,000 ft (54,860 m) at MainSpring and Cactus West required for future technical studies. Drilling will target oxide, enriched and primary mineralization. Phase 1 of this work is completed.

- Metallurgy:
  - Begin evaluating MainSpring and Parks/Salyer heap leach amenability in 20 ft (6m) columns in a commercial laboratory.

- Permitting will include amending permits (SWPP, Aquifer Protection Permit and Industrial Air) related to the Cactus PFS.

2024 Nuton Work Plan Highlights

- Drilling of MainSpring and Cactus West (as above)
  - Infill to indicated programs to assess the primary sulfide potential along with core drilling to support the Phase 2 Nuton metallurgical test program.

- Technical Studies:
  - Integrated Nuton PEA - A Preliminary Economic Assessment incorporating the Nuton technology as applied to the Cactus/Parks Salyer and potentially MainSpring is expected in H2 2024.
  - Integrated Nuton PFS - The Parties agree to work towards the Integrated Nuton PFS release by the end of 2024, unless extended mutually by both the Parties.

- Metallurgy:
  - Primary material from both MainSpring and Cactus West, will be tested in small columns to evaluate optimum Nuton operating conditions for the material.
  - Full height, 30 feet (10m) tall column will be operated to confirm scale-up considerations under Nuton leach conditions.

THE PROJECT

The Company released its standalone PFS that ascertains initial project economics of all leachable ores including the Stockpile Project, Cactus West, Parks/Salyer and Cactus East. The scientific and technical information in this section relating to the Project and the pre-feasibility study ("2024 PFS"), including information outlined under the heading *"Pre-Feasibility Study"* below, is supported by the news release disseminated by ASCU on February 21, 2024 (entitled *"Arizona Sonoran Announces a Positive Pre-Feasibility Study for the Cactus Mine Project with a US$509M Post-Tax NPV and 55 kstpa Copper Cathode over 21 Years"*). The key assumptions, parameters, qualifications, procedures and methods underlying the 2024 PFS, certain of which are described in the above-noted news release, will be further described in the full technical report being prepared for the 2024 PFS in accordance with NI 43-101, and will be available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile within 45 days from the date of the above-noted news release.

The Company intends to subsequently update the standalone 2024 PFS and integrate Nuton test work while completing standalone work towards a DFS. See *"The Project – Pre-Feasibility Study"* below for details of the 2024 PFS.

Parks/Salyer Property

The Parks/Salyer Property is an exploration stage asset with a MRE as noted below. In total, 31 drill holes over 66,507 ft (20,271 m) were used to define the Parks/Salyer Property target for its maiden inferred MRE. The Company released its maiden inferred MRE on the Project on September 28, 2022 and released an update to the MRE on October 16, 2023, which is integrated into the 2024 PFS.

The 2024 PFS will include both the Cactus Project and Parks/Salyer Property MRE, based on the expanded leachable inventory, using a heap leaching and SX/EW process methodology of the oxides and enriched material.

At this time the primary sulphides are not being included into the integrated study. The leachability of the primary sulphides is currently being tested (based on the Nuton technology) and may form the basis of further project upside.

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

Pre-Feasibility Study

Ausenco was appointed as the lead engineering firm for the 2024 PFS. In addition to its own technical staff, Ausenco is leading a technical consultant team comprised of Samuel Engineering, AGP Mining Consultants, Stantec, MineFill Services, Clear Creek Associates and Call & Nicholas Inc. (collectively the "PFS Consultants").

PFS Highlights

Scalable, Long-Life Operations

- **Average annual production** of approximately 55 ktons or 110 million pounds ("lbs") of copper ("Cu"), with a peak of 74 ktons or 149 million pounds of copper
- **Initial Life of Mine ("LOM")** 21 years, recovering 1,153 ktons or 2.31 billion pounds of Copper LME Grade A cathode onsite via heap leach facility and SXEW
- Maiden Proven & Probable ("P&P") Reserves of **276.3 million tons at 0.48% Soluble Copper ("Cu TSol") or 3.0 Billion lbs Copper**
- **Favourable metallurgy** with a range of 85%-92% LOM average soluble copper recoveries
- **Private land** property with streamlined permitting process
- **Low carbon footprint** mining project:
    - Powered by an existing 69 KV Transmission line with access to "Green Energy" through the Palo Verde Nuclear Plant West of Phoenix
    - Heap Leach and SXEW Process
    - Conveyors and radial stackers used to move ore to leach pads

Robust Economics

- **First quartile capital intensity** of $10,343/tonne of average annual production
- **Total initial capital cost** of $515 million, including $75 million of contingencies over a 24-month construction period
- **Total revenues of $9.0 billion over 21 years**

- Post-tax unlevered **Free Cash Flow of $2.4 billion**
- **C1 Cash Costs** of $1.84/lb and All in Sustaining Cost ("AISC") of $2.34/lb
- **$509 million (CA$687 million) post-tax net present value** ("NPV") using an 8% discount rate and an IRR of 15.3% and using a $3.90/lb flat long-term copper price
    - Pre-tax NPV $733 million (CA$990 million)
- Payback period of 6.8 years from initial production
- At $4.25/lb Copper the NPV increases to $780 million post-tax (CA$1,054 million) and $1,064 million pre-tax (CA$1,436 million), using an 8% discount rate

World-Class Copper Resource

- Proven & Probable ("P&P") Reserves of **276.3 million tons at 0.48% Soluble Copper ("Cu TSol") or 3.0 Billion lbs Copper**
- Underground Probable Reserve grade of 0.89% and 0.82% Cu TSol from Cactus East and Parks/Salyer, respectively
- Measured & Indicated Resources of 5.2 billion lbs Copper and Inferred Resources of 2.2 billion lbs Copper (as announced October 16, 2023)

Future Opportunities to Significantly Improve Business Case

- Drilling to upgrade inferred resources and bring them into the mine plan potentially increasing the LOM production, reducing underground development costs, reducing operating expenses, capital expenses and strip ratio
- Drilling to prove a maiden resource and define MainSpring as a potential open pit providing operational flexibility and gaining lower cost access to the Parks/Salyer deposit. Bringing MainSpring into the mine plan potentially increases the mine life and reduces the operating and capital expenses

2024 PFS Highlights

The 2024 PFS outlines a lower risk and long-life copper project with low first quartile capital intensity. The heap leach operation will produce on average 55 kstpa of LME Grade A copper cathodes via SXEW. Key metrics are shown in **TABLE 1** below.

Conventional open pit mining methods have been selected for the extraction of Mineral Resources in the lower grade Cactus West pit, while the higher-grade Parks/Salyer and Cactus East deposits will be mined via underground using the Sublevel Caving ("SLC") method. Reserve grades of the Parks/Salyer and Cactus East deposits are high grade, at 0.93% CuT and 0.95% CuT, and 0.82% Cu TSol and 0.89% Cu TSol, respectively. The Stockpile will be a rehandling exercise moving tonnage to a lined pad for leaching. Onsite facilities at the mine site will consist of an open pit and underground mining operations, a fine crushing plant incorporating all crushing, classification, agglomeration and conveying systems and an SXEW process plant. On site supporting infrastructure will include site power distribution, access roads and heap leach facilities.

Table 1: 2024 PFS Highlights

Financial Metrics	Unit	PFS LOM
Copper Price Assumption	$/lb	$3.90
Revenue	$ millions	$8,994
Operating Costs[(2)]	$ millions	$4,029

Financial Metrics	Unit	PFS LOM
Unlevered FCF (pre-tax)	$ millions	$3,099
Unlevered FCF (post-tax)	$ millions	$2,407
Base Case Economics		
Pre-tax $NPV_{(8\%)}$	$ millions	$733
Pre-tax IRR	$ millions	17.7%
NPV / Initial Capital (post-tax)	Ratio	1:1
Post-tax $NPV_{(8\%)}$	$ millions	$509
Post-tax IRR	%	15.3%
Post-tax Payback Period[3]	Years	6.8
Initial Capital	$ millions	$515
Sustaining Capital (primarily UG)	$ millions	$1,221
Effective Tax Rate	%	22.3%
Production		
Construction Period	Months	18-24
Mine Life	Years	21
Total Mineralized Material	Millions tons	276.3
Cu Avg Production (Years 1-5)	Millions lbs/year	100
Cu Avg Production (Years 6-10)	Millions lbs/year	105
Cu Avg Production (Years 11-15)	Millions lbs/year	136
Average Annual LOM Production	Millions lbs / ktons	110 / 55
Total Payable Copper	Million lbs	2,306
Average Head Grade	% Cu TSol	0.48%
Open Pit Strip Ratio	Waste:Ore	1.96
Costs		
LOM C1 Cash Costs[1],[4]	$/Cu lb	$1.84
LOM All-in Sustaining Costs[1],[5]	$/Cu lb	$2.34
Mining		
Open Pit	$/ ton mined	$2.20
Underground	$/ ton mined	$20.21
Leaching & Processing	$/ ton placed	$2.96
General & Administrative	$/ ton placed	$0.12

kt = thousands of short tons; kstpa = thousands of short tons per annum;FOREX conversion = US$1.00 = CA$1.35

(1) Non-IFRS financial performance measure.
(2) Operating cash costs consist of mining costs, processing costs and G&A.
(3) Payback period exclusive of construction.
(4) Total cash costs consist of operating cash costs plus transportation cost, royalties, treatment and refining charges.
(5) AISC consist of total cash costs plus sustaining capital, closure cost and salvage value.

Project Overview

The Cactus Mine Project is a brownfield project located approximately 6 mi (10 km) northwest of the city of Casa Grande and 40 road miles south-southwest of the Greater Phoenix metropolitan area in Arizona. The Cactus Mine Project is accessible on North Bianco Road off of West Maricopa-Casa Grande Highway with

direct access to interstate highway 10. During historic ASARCO operations (1974-1984), a rail spur was connected directly with the United Pacific Railroad to ship concentrates to its El Paso refinery in Texas; while the spur has been removed, the onsite rail line is still in existence. Current onsite infrastructure includes power lines and substation, water wells and a water pond, geological buildings, core sheds and administrative offices, keeping the capital intensity low and demonstrating robust economics.

Since 2019, ASCU has drilled 141 new holes at the Cactus West and East deposits to support verification, metallurgical testing, and resource extension for the Cactus mineral resource estimate. The Parks/Salyer resource database is composed primarily of 74 new holes drilled by ASCU between late 2020 and 2023. The historical ASARCO holes for the district comprised of 171 drillholes. The bulk of these holes were in the Cactus West and Cactus East deposits or comprised regional exploration holes. An extensive verification and re-assay program was undertaken to support the use of historical drilling in resource estimates. Since 2020 ASCU has drilled 514 sonic drillholes to support resource estimates on the stockpile. In addition to verification of historical drilling, for all ASCU holes physical checks on collar, downhole survey, logging, and assay quality assurance and quality control ("QA/QC") have been completed by the qualified person.

The Cactus Mine Project is host to a large porphyry copper system that has been dismembered and displaced by Tertiary extensional faulting. The major host rocks are Precambrian Oracle Granite and Laramide monzonite porphyry and quartz monzonite porphyry. The mine trend features the formation of horst and graben blocks of mineralization where the Cactus deposits are situated, extending from the Cactus East deposit, southwest to the Parks/Salyer deposit. Drilling to the northeast and southwest along the trend indicates that mineralization continues in both directions and at depth at the Cactus West deposit.

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

The Cactus Project, previously known as the Sacaton Mine, was owned and operated by ASARCO from 1974-1984. The mine was shut down due to economic conditions. The property has since undergone a $20 million reclamation program under the guidance of the ASARCO Multi-State Environmental Custodial Trust and the Arizona Department of Environmental Quality. The reclamation program remediated the property, excluding the Stockpile.

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

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

Reserves and Resources

The 2024 PFS is based on the updated 2023 Mineral Resource Estimate ("MRE"), as published on October 16, 2023, showing a 221% increase of leachable Measured and Indicated ("M&I") pounds over the mineral resource base used for in 2021 PEA.

Cactus Project Total Measured, Indicated and Inferred Mineral 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**	**0.589**		**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 March 1, 2022, Cactus resource estimates have an effective date of April 29, 2022, Parks/Salyer resource estimates have an effective date of May 19, 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.

Cactus Mine Project Reserves Statement by Deposit

	Unit	Cactus West Open Pit	Stockpile Open Pit	Cactus East Underground	Parks/ Salyer Underground	Totals
Proven	Tons	3,600,000				3,600,000
	CuT (%)	0.249				0.249
	Cu TSol (%)	0.225				0.225
	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
	Cu TSol (%)	0.260	0.136	0.885	0.820	0.487
	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**
	Cu TSol (%)	**0.259**	**0.136**	**0.885**	**0.820**	**0.484**
	Cu (M lbs)	**463.3**	**251.0**	**527.0**	**1,789.7**	**3,031.0**

Notes to the Mineral Reserves:

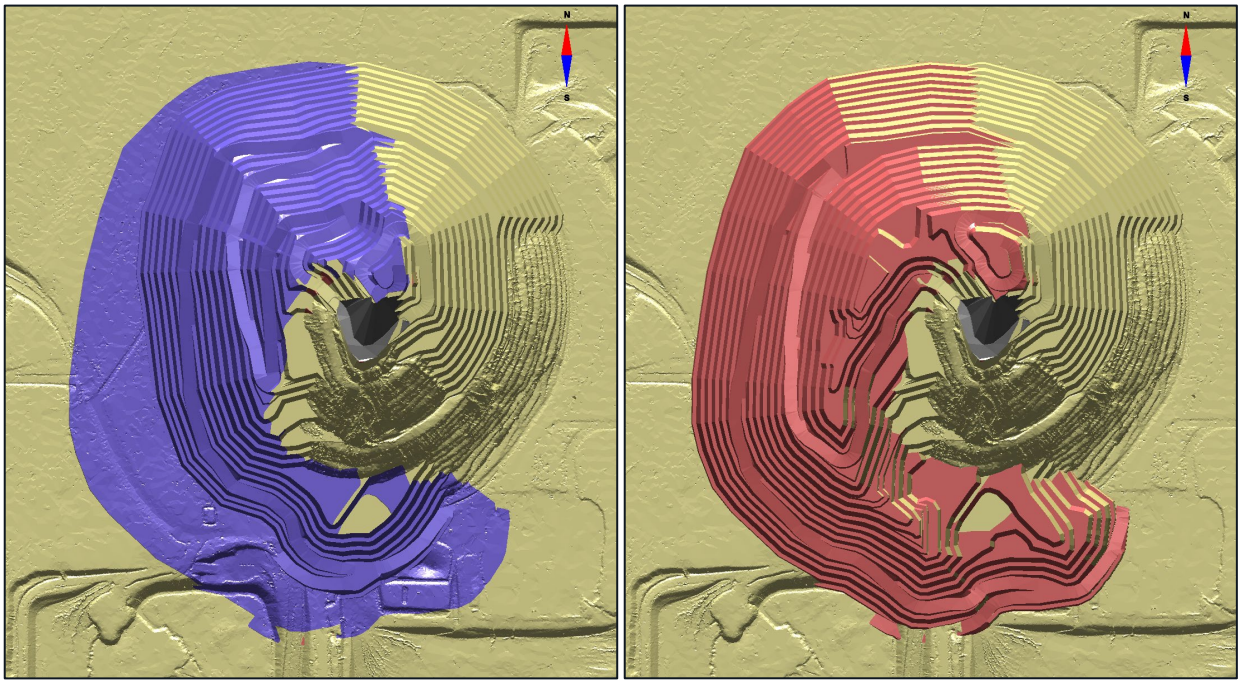
1. Mineral Reserves have an effective date of November 10, 2023. The Qualified Person for the underground estimates of Cactus East and Parks/Salyer is Nat Burgio of AGP Mining Consultants Inc. The Qualified Person for the open pit estimates of Cactus West and Stockpile is Gordon Zurowski of AGP Mining 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 costs of $0.47/ton processed.
    - Royalty cost of 2.5% for BCE land and 2.54% for Parks/Salyer, Cactus and Stockpile Ores, excluding BCE ore.
    - 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 Parks/Salyer 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 Operations

The Cactus Mine plan includes production from four separate mining areas: Cactus West Open Pit, Historical Stockpile, Cactus East Underground, and Parks/Salyer Underground. The mine production schedule is initially focused on the surface sources of ore along with Parks/Salyer underground that starts development in Year 1. The Cactus East deposit is developed later in the mine life, starting in Year 9. The Cactus West and Historic Stockpile ore sources are depleted in Year 7 after which the ore stream becomes exclusively underground. The overall site layout is shown in **FIGURE 8**.

The Cactus West mine life includes one year of pre-stripping and seven years of mining. Phase 1 starts with 24 million tons (“Mt”) of pre-production stripping and is completed in Year 4. Phase 2 mining begins in Year 2 and is mined out in Year 6. Target ore production is 12 Mt per annum with a peak mining rate of 47 Mt in Years 2 and 3. A total of 75.5 Mt of leach ore grading 0.307% total copper is mined at a strip ratio of 1.9 to 1. Bench elevations at Cactus West range from the 1,440-ft level to the 380-ft level.

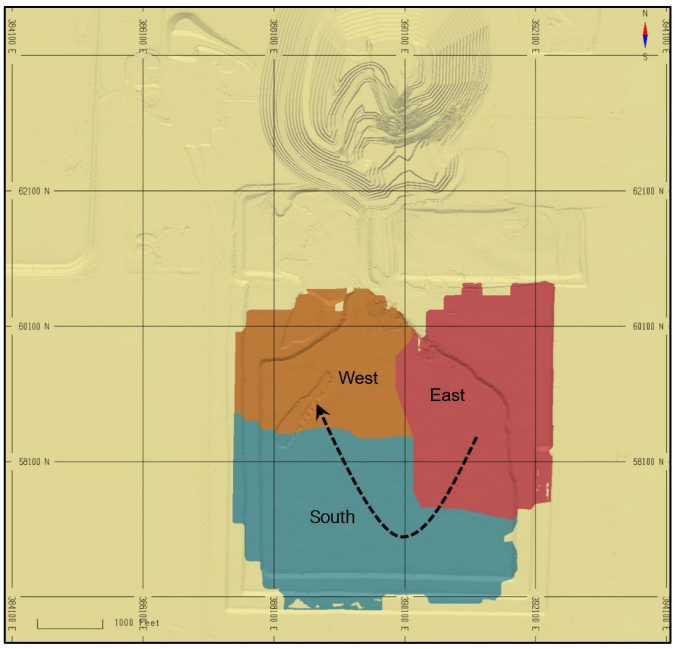
FIGURE 4: Cactus West After Phase 1 and Phase 2



Over the course of the open pit mine schedule, approximately 13.1 Mt of low-grade ore is stockpiled and reclaimed in order to smooth the ore release from the open pits. This amount includes approximately 3.0 Mt of material stockpiled in the first three years of mining, and then processed in Year 3 and 4, and another 10 Mt stockpiled later in the mine schedule before being reclaimed in Years 7 and 8.

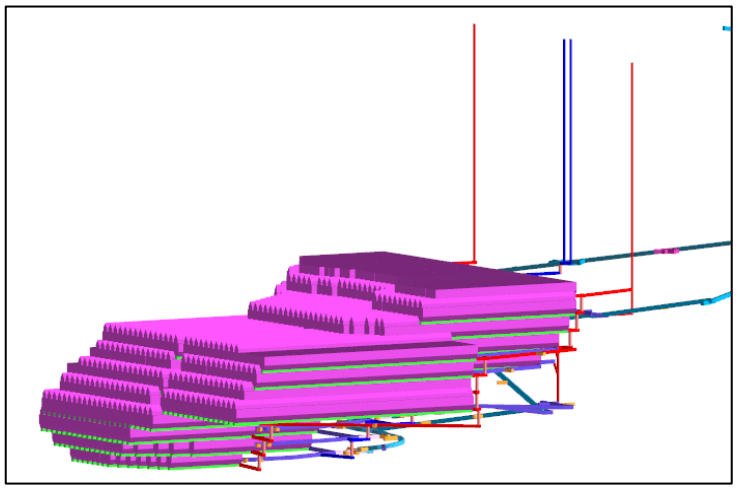
Historic Stockpile (**FIGURE 5**) mining begins near the end of the pre-production year with approximately 3.0 Mt of ore sent to the leach pad. Mining continues concurrently with the Cactus West pit into Year 7 at an annual ore production rate of 12 Mt. A total of 76.8 Mt of leach ore at 0.163% total copper is mined. A small amount, 5.5 Mt of waste is mined from the historic stockpile and sent to the waste storage areas.

Figure 5: Stockpile Mining



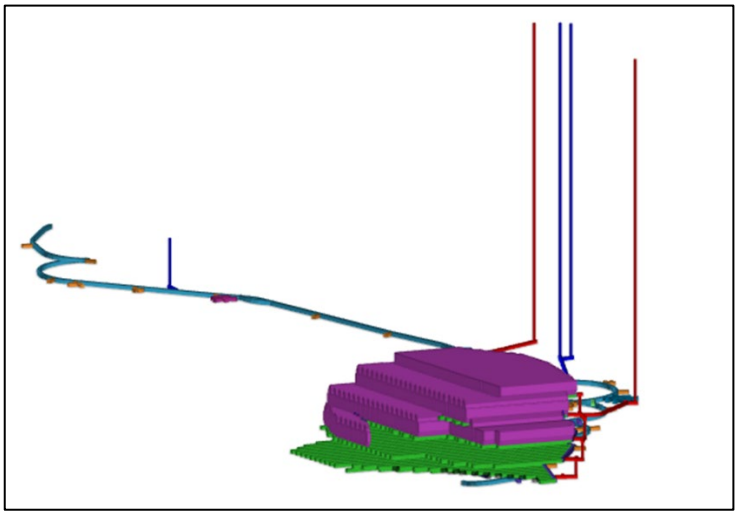
The initial Parks/Salyer SLC (**FIGURE 6**) level will commence at 1,120 ft (341 m) below surface and include 11 sublevels to a final depth of 1,930 ft (588 m) below surface. Access to the Parks/Salyer deposit will be via a surface portal and twin declines. One will be dedicated to ore haulage using an inclined conveyor and the other providing access for personnel and equipment. Production extends from year 1 to 20, with steady state production beginning in year 7 to year 20, peaking at 6.9 Mtpa in year 13. A total of 96 Mt of leach ore @ 0.82% Cu TSol will be processed.

FIGURE 6: Parks Salyer Mine Sub-level Cave



The initial Cactus East SLC (**FIGURE 7**) level will commence in year 9 at 1,325 ft (404 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 extends from year 9 to 19, with steady state production beginning in year 12, peaking at 3.9 Mtpa in year 15. A total of 28 Mt of leach ore @ 0.89% Cu TSol will be processed.

FIGURE 7: Cactus East Mine Sub-level Cave



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.

The amount of ore to be extracted will be limited in the upper three production levels to the following proportions:

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

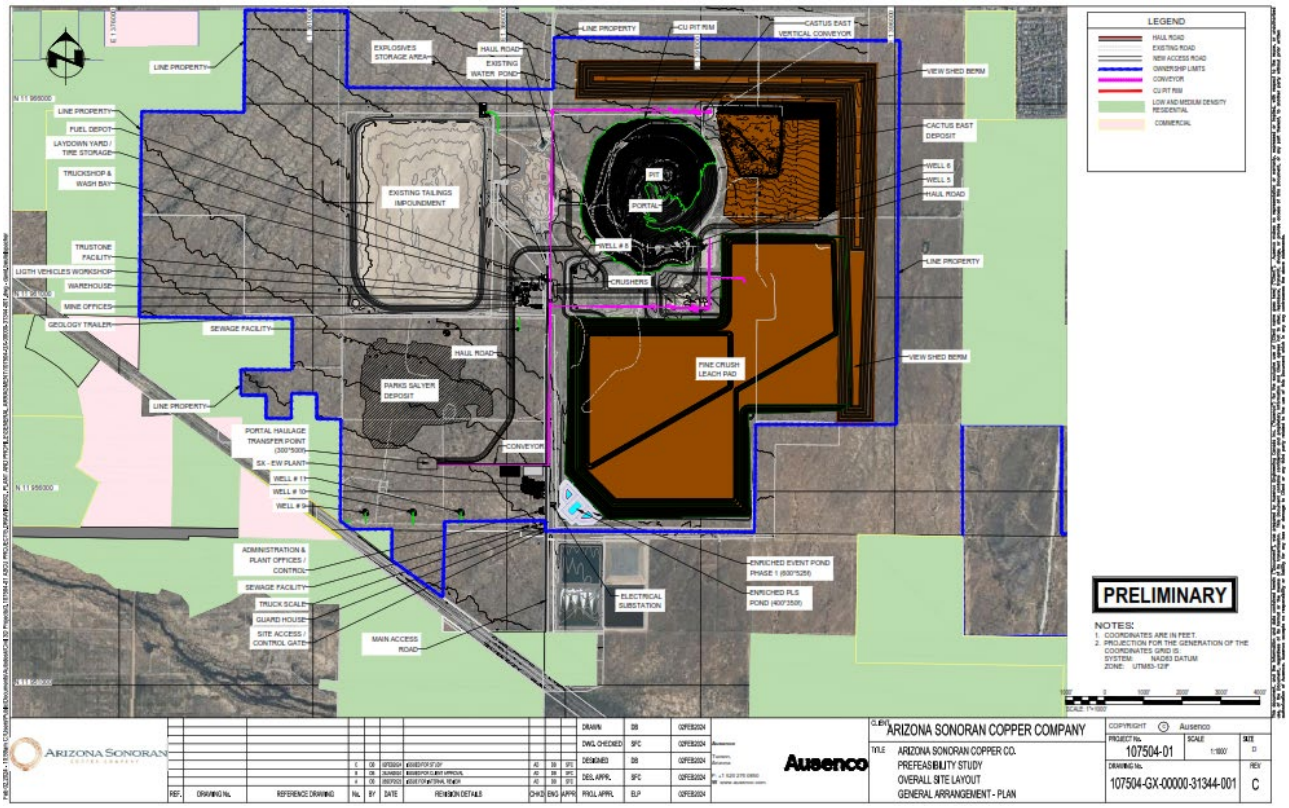
The production strategy will help control caveability, minimise the formation of air gaps and create a blasted ore blanket above the production levels to minimise early dilution entry from the overburden rocks. These restricted draw rates also apply to areas where large step-outs distances are required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

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

The mine plan for Parks/Salyer consists of two ramps with one dedicated for material handling. The ore/waste handling system consists of a series of initially four, extending to five switchback conveyors and two crushing sizers on -270 L, one of which will subsequently be relocated at the -470 L. that will deliver material from the mine working levels to the surface portal, from where materials will then be transported on surface via an overland conveyor.

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

Figure 8: Overall Site Layout



Processing Operations

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 facility.

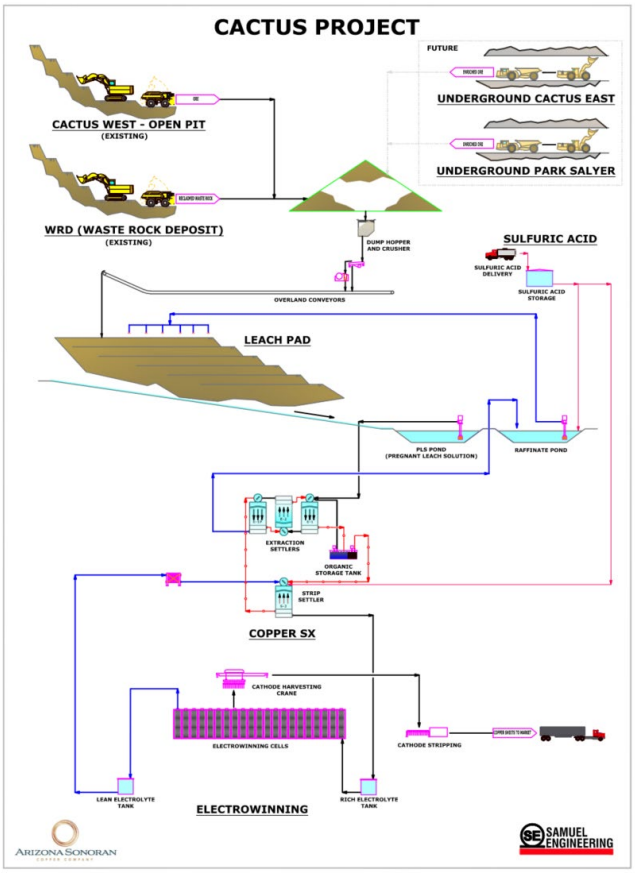
Leaching solutions, containing dilute sulfuric acid will be pumped and applied to the top of each lift and allowed to percolate though the copper leach material. Copper is dissolved into the solution while acid is consumed at approximately 13.6 lb/ton of material leached. Acid consumption is net of regenerated acid in the SX/EW process. The height of the leach material on the pad will eventually reach approximately 180 ft (55 m) in overall height.

The pregnant leach solution from the heap leach ponds will be pumped for processing into 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 g/pL Cu based on an overall 71% total copper (85-92% soluble copper) recovery from the heap leaching methods for the resources considered. 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 PLS flowrates based on the variability in copper grades and tonnages in the mine plan.

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 principal objective of the HLF design is to efficiently extract copper by leaching metals within a geotechnically stable facility. The anticipated ore production will be approximately 65,000 tons/d for the first seven years and reduced to 24,500 tons/d after that for the life-of-mine (LOM) for an average of 55,000 tons of cathode production annually. The pad will be loaded with conveyor belts coming in from the west along the northern side of the pad to discharge to the eastern area of the pad (Phase 1). This area provides a relatively flat area that facilitates the construction of the first phase of the pad and allows for mining of the existing stockpile to liberate space for the consecutive phases of construction. A visual representation of the flow sheet is depicted below, in **FIGURE 9.**

FIGURE 9: Process Flowsheet (Conceptual Flow Diagram)



Cost Estimates

The capital cost estimates for the 2024 PFS were developed with a -15% to +20% accuracy and an estimated contingency of approximately 17% according to the Association of the Advancement of Cost Engineering International Class 4 estimate requirements. The estimates include the cost to complete the design, engineering, procurement, construction and commissioning of all process plant facilities.

The project capital cost estimate was compiled by Ausenco with input from AGP and Samuel Engineering for the open pit, underground mining operation, SX/EW process plant, conveying, crushing and screening equipment, site sub-station, site power distribution, access roads, heap leach facilities and associated infrastructure. All direct costs, growth allowances, project indirect costs, and associated contingency are within their scope of work, but separately identified. An 18–24-month construction period is projected with the initial capital costs and sustaining development costs summarized in the table below.

Table 5: Initial and Sustaining Capital Costs (18% LOM contingency included)

Capitalized Costs	Initial Capital	Sustaining
Mining	**$173 million**	**$905 million**
Processing	$4 million	n/a
Mining (Pre-Stripping)	$78 million	n/a
MINING - Open Pit - Cactus West	$24 million	$20 million
MINING - Underground - Cactus East	n/a	$341 million
MINING - Underground - Parks/Salyer	$57 million	$544 million
MINING - Underground - Combined/Shared	$11 million	n/a
Other	**$342 million**	**$315 million**
Infrastructure	$56 million	$0.3 million
Crushing and Conveying	$29 million	$6 million
Leaching and Waste Rock Storage	$66 million	$126 million
Solvent extraction (SX)	$30 million	n/a
Electrowinning (EW)	$26 million	$14 million
Reagents	$1 million	n/a
Process Plant Services and Utilities	$4 million	n/a
Project Execution	$54 million	$8 million
Provisions	$75 million	$160 million
Total	**$515 million**	**$1,221 million**

Local Resources and Infrastructure

The Cactus Mine Project is located approximately 3 miles northwest of the City of Casa Grande, Pinal County, Arizona. It is 40 road miles south-southeast of the Greater Phoenix metropolitan area and approximately 70 road miles northwest of Tucson. It is easily accessible from the Interstate 10 (I-10) freeway, which is approximately 10 mi east of the historic Sacaton Mine. The Greater Phoenix area is a major population centre (approximately 4.8M persons) with a major airport and transportation hub and well-developed infrastructure and services that support the mining industry. Location benefits include:

- Electric power is available from Arizona Public Service's (APS) 69 kV transmission line which passes on the South side of the site and connects to an existing substation owned by ASCU.
- Paved road and easy access to the interstate networks for transport and two major Interstates Highways (I-10 & I-8) less than 10 miles away from the Cactus Mine Project.
- Well established road network existing from either ADOT, Pinal County or the City of Casa Grande surrounding the property.
- Union Pacific railroad line and rail spur adjacent to the property.
- Five miles distance to Casa Grande and allowing the ability of the town to supply materials/consumables in addition to just labor.
- Kinder Morgan/El Paso Natural Gas two high pressure natural gas pipelines adjacent to the property should natural gas be needed.
- The City of Casa Grande Water Treatment Facility is located within 3 miles of the Cactus Mine Project that can supply effluent water for the operation and possibly treat waste.
- An existing Arizona Water Company potable water line is adjacent to the property.

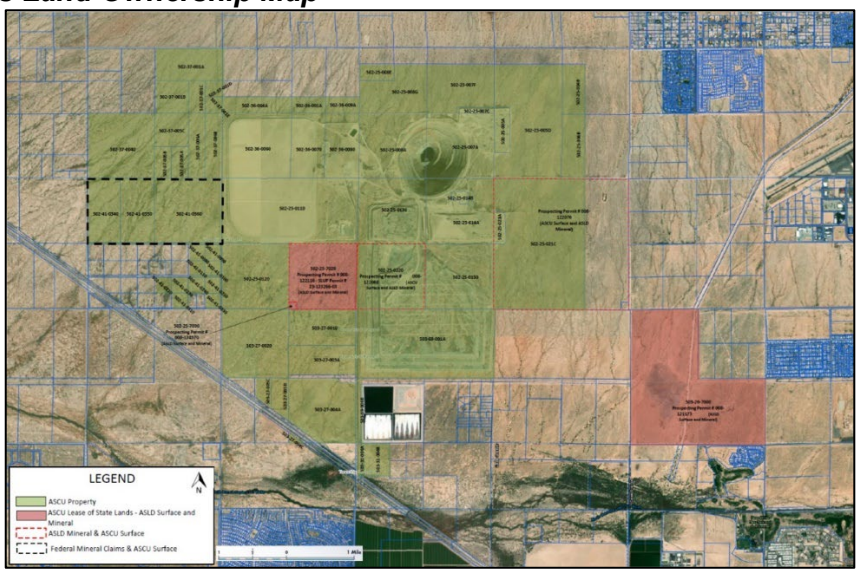
- Water supply is already available via buried pipeline to the property boundary as a result of prior mining and commercial operations.
- The cities of Casa Grande and Maricopa are nearby and, combined with Phoenix, can supply sufficient skilled labor for the Cactus Mine Project. In addition, the State of Arizona has a significant presence of copper mining in the state that can specifically provide skilled labor to the Cactus Mine Project.

Ownership, Social License, Permitting, Taxes and Royalties

The Cactus Mine Project is 100% controlled by ASCU through its wholly owned subsidiary Cactus 110 LLC and encompasses an area of approximately 5,381 acres, as shown in **FIGURE 10**. The Cactus Mine Project includes exploration and mining on private land and on two Arizona State Land Department ("ASLD") leases. There is no federal nexus for permitting the project.

Of the 5,381 acres, 4,731.92 acres is fee simple land, three ASLD prospecting permits that the State has surface and minerals (649.12 acres), two ASLD prospecting permits that the State has minerals only with ASCU owning the surface (797.5 acres) and 18 BLM unpatented mining claims, this is for mineral only as ASCU owns the surface rights (320 acres). The BLM unpatented mining claims are outside of the known mineralization and there are currently no plans for mining at this area.

FIGURE 10: Cactus Land Ownership Map



ASCU has a well-developed community engagement plan that it has implemented through numerous public meetings and outreach. With the presence of legacy mining in the Casa Grande area and the determination of Cactus as a "brownfield" and disturbed site, the local community is supportive of the Cactus Mine Project. There is no significant opposition to the Cactus and Parks/Salyer Project.

Permitting is limited to State of Arizona-required permits including the Aquifer Protection Permit, Industrial Air permits and the Mined Land Reclamation Permit which ASCU has received from state regulators. Modifications of each will be required to address changes in the mine plan presented in the 2024 PFS.

A Mined Land Reclamation Plan was completed and submitted to the Arizona State Mine Inspector's office in January 2023. The submitted plan does not include the Parks/Salyer mine plan and will therefore need to be modified to reflect the addition of new facilities described in the 2024 PFS.

In 2009, approximately 15 years after the Cactus Mine ceased operation, the mine was conveyed to the ASARCO Multi-State Environmental Custodial Trust as part of ASARCO bankruptcy proceedings, who helped lead a subsequent remediation program. Structures were demolished and reclaimed, and site characterization studies were conducted. Based on the results of the characterization studies and reclamation work, the ADEQ released ASCU from potential legacy liabilities, under the terms of the Prospective Purchaser Agreement ("PPA") signed in 2019. The PPA does not cover unidentified environmental conditions or contamination.

A corporate tax rate of 25.9% combined federal and state taxes has been applied to taxable income in the 2024 PFS. A royalty of 2.5% was applied to all sales from the Cactus deposits and the Parks/Salyer deposit. A royalty of 0.5% was applied to all sales from the Bronco Creek Exploration ("BCE") land (west of the Parks/Salyer deposit). As cathodes will be produced onsite, no transport or refining fees have been added.

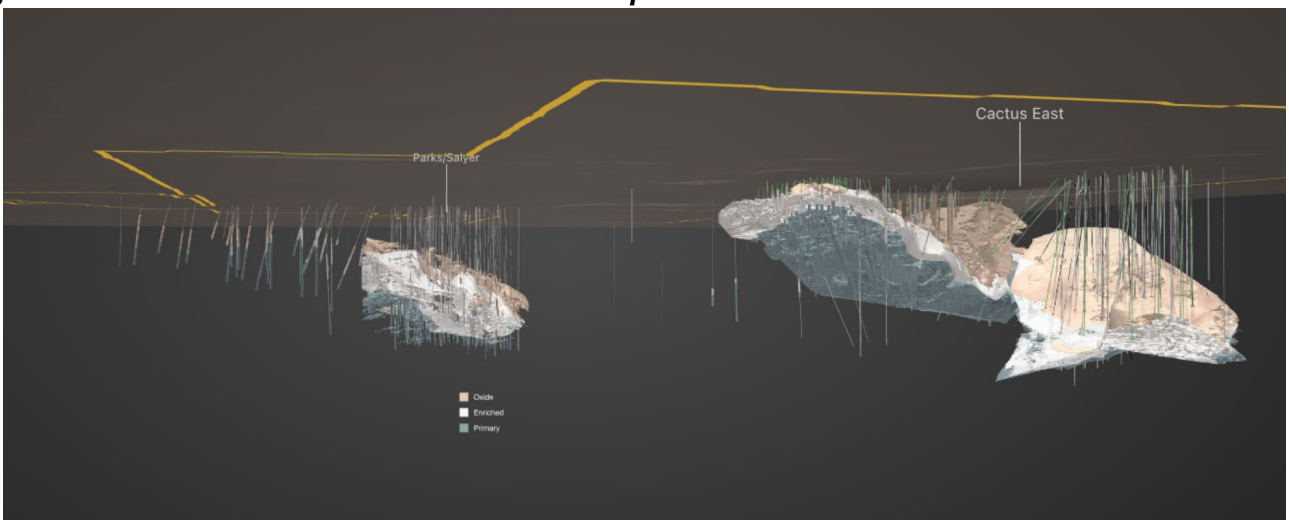
The Cactus Mine Project is subject to three royalties based on potential mining production. Tembo/Elemental Altus holds a 3.18% net smelter return ("NSR") royalty, with a buy back of 0.64% possible for payment of $9 million. BCE holds a 1.50% NSR royalty based on a portion of the Parks/Salyer Deposit, with a buy back of 1% possible for payment of $500,000. ASLD owns a sliding net return royalty (2.00% to 8.00% and estimated at 2%) is payable ASLD and the State Trust on a portion of production from the Parks/Salyer Deposit, overlapping with BCE land. ASCU still needs to formalize the royalty percentages. Formalization will be done once ACSU submits a Mineral Development Report to ASLD to convert the existing MEP to a Mineral Lease.

Exploration Upside

The Cactus Mine Project mineral resource estimate includes three deposits along a 4 km mine trend. The mineralization is present within horst blocks developed as part of regional extensional faulting. High grade mineralization was emplaced within brecciated host granite at the margin of the intruding monzonite porphyry zone and locally forms a linear NE trend called the mine trend.

Drilling has demonstrated potential for extending mineralization south of Parks/Salyer onto MainSpring as shown in **FIGURE 11**. At the Cactus West deposit, potential to extend resources exists towards the SW adjacent to the PFS pit and also on the NE edge. These are zones where higher-grade primary mineralization as part of the mine trend have been intercepted previously. The NE Extension zone represents a further horst block of mineralization to the NE of Cactus East that to date has been explored by wide spaced historical drilling. ASCU drilled one exploration hole into the target in 2023. The Gap Zone represents a deeper target between Parks/Salyer and Cactus West. There is potential to explore for a down dropped extension of Parks/Salyer within this zone with analogies to Cactus East.

Figure 11: Mineral Resources and Near-Term Exploration



Next Steps

Future opportunities to build value may include a potential MainSpring starter pit, and the successful application of the Nuton technology for leaching of primary sulphides. A Preliminary Economic Assessment ("PEA") will define the impact of those two opportunities.

- A PEA inclusive of an inferred MainSpring mineral resource and the application of the Nuton technologies to the primary sulphides using the same PFS assumptions is underway with M3 Engineering as lead consultant. The study is expected in the summer of H2/2024
- Continued metallurgical testing
- Infill drilling at MainSpring and around the Cactus West Pit
- An updated PFS to include the MainSpring opportunity is expected in 2H 2024
- A DFS is expected to begin post MainSpring PFS and expected to be completed by in June 2025
- The Nuton-case Pre-Feasibility Study – ASCU and Nuton agree to work towards the Integrated Nuton PFS release by the end of 2024, unless extended mutually by the parties
- Nuton phase 2 metallurgy
- Infill drilling at MainSpring and Cactus West at depth and southwest and west of the deposit

Metallurgical Testwork

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

Quality Assurance and Quality Control Procedures

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 (SOP) 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 qualified persons.

Qualified Persons

The authors of the technical report in respect of the 2024 PFS, each of whom is an independent qualified person within the meaning of NI 43-101 are listed below. The responsibilities of the engineering consultants are as follows:

- Ausenco was commissioned by ASCU to manage and coordinate the work related to the PFS and the technical report. Ausenco was also retained to complete the infrastructure design, leach pad design, and to compile the overall cost estimate and financial model.
- AGP and Call & Nicholas (CNI) were commissioned to provide the mining methods for the underground and open pit. AGP provided designs for view berms, waste piles, and the stockpile relocation. Capital and operating costs were included in their scope.
- Samuel Engineering was commissioned to provide the mineral processing and metallurgical testing basis and plant design. Samuel's scope included the metallurgical test work supervision and analysis, SX/EW plant, leaching process, conveyor systems, crushing and stacking system designs. Capital and operating costs for these areas were included as part of their scope.
- Clear Creek managed the drilling programs, hydrogeologic evaluations and environmental field work for the study.
- ALS Geo Resources LLC was retained to provide drilling and resource modelling components of the project.
- Minefill was involved in paste backfill evaluations and trade-off studies. However, this process is not being utilized in the current project scope.

The Qualified Person's listed below for the technical report have reviewed and approve the contents of this MD&A as it relates to their responsibilities. By virtue of their education, experience and professional association membership, they are considered Qualified Person as defined by NI 43-101.

Qualified Person	Professional Designation	Position	Employer
R. Douglas Bartlett	RG, CHG,	Principal	Clear Creek Associates, a subsidiary of Geo-Logic Associates
Gordon Zurowski	P.Eng.	Principal Mine Engineer	AGP Mining Consultants Inc.
Nat Burgio	FAusIMM (CP)	Principal Geologist	AGP Mining Consultants Inc.
Todd Carstensen	RM-SME	Principal Mine Engineer	AGP Mining Consultants Inc.
Allan L. Schappert	CPG, SME-RM	Principal	ALS Geo Resources LLC

James L. Sorensen	FAusIMM	Director	Samuel Engineering, Inc.
Paul F. Cicchini	P.E.	President	North Star Geotech LLC

Permitting

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

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

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

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

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

5. Pinal County's Industrial Air Quality Control Permit: This permit is required for operations that have the potential to generate particulate matter PM10 and/or PM2.5 that can affect air quality. This permit is renewed yearly and was received in May 2023. Pending the 2024 PFS mine plan, an amendment will be required. See "Company Highlights – Year to date 2024 – Exploration Updates" and news release dated May 15, 2023, for details on the permit received.

6. Arizona State Mine Inspector, Mined Lands Reclamation Permit: This permit relates to all metalliferous mining units and exploration operations with surface disturbances on private lands greater than five acres and has been received by the Company. Based on the pending 2024 PFS mine plan, an amendment may be required. The Company received this permit in March 2023. See "Company Highlights – Year to date 2024 – Exploration Updates" and news release dated April 3, 2023, for details on the MLRP permit received.

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

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

RESULTS OF OPERATIONS

Operating Results

	March 31, 2024	March 31, 2023
Expenses		
Salaries and wages	$ 218	$ 188
Share based compensation	451	809
Professional fees	111	90
Directors fees	163	161
Marketing and administration	310	302
Loss before other items	1,253	1,550
Other expenses/(income)		
Accretion	301	-
Finance expenses and FX	174	146
Depreciation, depletion and amortization	16	28
Loss on marketable securities	-	6
Interest income	(157)	(191)
Other expense/(income)	-	4
(Gain)/loss on incentive plan	(174)	(1,143)
Loss/(Income) from other expenses	160	(1,150)
Loss and comprehensive loss for the period	$ 1,413	$ 400

For the three months ended March 31, 2024, as compared to the quarter ended March 31, 2023

During the quarter ended March 31, 2024, the Company had a loss of $1.4 million compared to a loss of $0.4 million for the quarter ended March 31, 2024, increasing primarily due to a gain on incentive plans in Q1/2023.

The Company's operational costs totaled $1.3 million during the quarter ended March 31, 2024, compared to $1.6 million quarter the three months ended March 31, 2023, a decrease of $0.3 million due to lower share-based compensation offset by higher legal fees.

During the quarter ended March 31, 2024, the total other loss was $0.2 million, compared to a gain of $1.2 million during the same period in the prior year primarily due gains on incentive plans in Q1/2023, offset by increases in accretion costs on the provisions for the MainSpring PSA and Nuton deposit.

Summary of Quarterly Results

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

Period	Revenues $ (000's)	Loss for the period $ (000's)	Loss per share (basic and diluted) $
1st Quarter 2024	Nil	1,413	0.01
4th Quarter 2023	Nil	2,383	0.02
3rd Quarter 2023	Nil	1,428	0.01
2nd Quarter 2023	Nil	2,778	0.03
1st Quarter 2023	Nil	400	0.00
4th Quarter 2022	Nil	1,125	0.01
3rd Quarter 2022	Nil	1,256	0.01
2nd Quarter 2022	Nil	2,093	0.03

The Company is at an advanced exploration stage of the Project and advancing technical studies and improving mineral resources and reserves, and its quarterly information is expected to vary based on the overall general and administrative expenditures, and to a lesser extent, exploration activities as expenditures on mineral properties are generally capitalized. The principal cause of fluctuations in the Company's quarterly results is the expenditure level on exploration and development projects, which directly impacts the Company's general and administrative costs. Factors generally causing significant variations in results between quarters include salary and wages costs, share-based compensation, accounting gains and foreign exchange gains/losses. See operating results, above, for discussion of movement in net income (loss) and comprehensive income (loss) for the quarter ended March 31, 2024, as compared to the same period in 2023.

RISKS AND UNCERTAINTIES

Like all mineral exploration and development companies, Arizona Sonoran also continues to be subject to ongoing risks and uncertainties and other factors, which among others, include: dependence on the success of the Project as the principal operation of the Company; 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; reliance on the availability of funding from third parties or partners; climate change; impact of obtaining access to water; estimates of capital cost and operating costs may be lower than actual costs; errors in geological modelling or changes in any of the assumptions underlying the 2024 PFS; obtaining further financing to fund anticipated exploration and development work; international conflict in the Ukraine and the Middle East and their effects on global financial markets and supply chains; and other liquidity risks (see also "*Financial Accounting and Reporting Processes*") and "*Risk Factors*" in the Company's AIF.

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

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

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2024, the Company's cash balance was $12.1 million (December 31, 2023 - $10.5 million) and working capital of $2.7 million (December 31, 2023 - $12.3 million).

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

The Financial Statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. They do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. These adjustments could be material.

The Company has incurred significant operating losses and negative cash flows from operations and has limited working capital due to its commitments falling due within the next twelve months. The Company can adjust its discretionary expenditures to ensure it will continue as a going concern while pursuing additional financing alternatives. As outlined herein, the Company has, in the past, financed the majority of its activities by raising capital through equity issuances.

The Company will need to obtain financing in the form of debt, equity, or a combination thereof to continue with its planned non-discretionary and discretionary operational activities. In the absence of any additional financing, management projects that the Company will need to obtain additional funds before the end of the fiscal year. While the Company currently expects to raise additional funds to fund ongoing operations and its Commitments, the outcome remains unknown, and these material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. While management believes that the Company will be able to meet its funding requirements in the ordinary course, there is no guarantee that the Company will be able to maintain sufficient working capital in the future or continue its operations and development of its properties as currently contemplated due to market, economic and commodity price fluctuations.

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

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

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

Operating Activities

As at March 31, 2024, the Company's cash balance was $12.1 million (December 31, 2023 - $10.5 million). During the three months ended March 31, 2024, the cash used in operating activities was a total of $5.6 million (March 31, 2023 - $2.1 million).

Investing Activities

The Company's cash used in investing activities for the three months ended March 31, 2024 was $6.6 million (March 31, 2023 - $13.3 million) primarily spent in connection with exploration and evaluation expenditures on mineral properties and property option and land payments.

Financing Activities

In the three months ended March 31, 2024, the Company's cash provided by financing activities was $13.8 million (March 31, 2023 - $23.2 million) primarily consisting of deposits received from Nuton for phase 2 work and preliminary economic assessment ("PEA") work under the Option Agreement.

RELATED PARTY TRANSACTIONS

As at March 31, 2024, no material amounts were owed to or from the Company by key management personnel (March 31, 2023 – Nil).

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

	March 31, 2024	March 31, 2023
Salaries and wages	$ 732	$ 639
Salaries and wages capitalized as exploration	351	309
Share-based compensation*	297	100
Directors' fees	146	144
	$ 1,526	$ 1,192

*Share-based compensation includes shares issued for services, stock options and restricted share units ("RSUs").

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing the interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended December 31, 2023.

FINANCIAL INSTRUMENTS

Fair Value

The Company's financial instruments as at March 31, 2024 consist of cash, marketable securities, accounts payable, accruals, other short and long term liabilities. The carrying values of all other financial assets and financial liabilities approximate their fair value with the exception of the MainSpring PSA provisions at amortized cost.

Management of Financial Risk

Currency risk

The Company is exposed to financial risk due to changes in foreign exchange rates. The Company operates in the United States and Canada, and a portion of its expenses are incurred in Canadian dollars. A significant change in the exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. At March 31, 2024, the Company is exposed to currency risk through its cash and cash equivalents denominated in Canadian dollars totaling $7.7 million.

Based on the exposure as at March 31, 2024, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US dollar against the Canadian dollar would result in an increase/decrease of approximately $0.6 million in the Company's loss for the quarter.

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements by taking into account anticipated cash expenditures for its exploration and operational activities. The Company will pursue additional equity or debt financing as required to meet its long-term commitments. There is no assurance that such financing will be available or that it will be available on favorable terms. See Description of the Business and Going Concern (Note 1).

As at March 31, 2024, the contractual undiscounted future cash flows of the Company's significant financial liabilities are as follows:

	< 6 months	**6 – 12 months**	**1 - 2 years**	**Total cash flows at March 31, 2024**
Financial liabilities at fair value:				
Nuton Deposit	-	755	5,488	6,243
DSU liability	-	-	791	791
Financial liabilities at amortized cost:				
Accounts payable	1,126	-	-	1,126
Accruals	2,071	5,811	-	7,882
Lease liabilities	32	20	-	52
Other current liabilities	218	-	-	218
	3,447	6,586	6,279	16,312

As at March 31, 2024, the carrying values of all financial assets and financial liabilities approximate their fair value with the exception of the current Mainspring PSA promissory note detailed in Note 5 of the Financial Statements at amortized cost. In the event that change of control occurs, such that the Option Agreement is terminated, the Company will have to repay the $10 million Option Exclusivity Payment.

The Option Exclusivity payment is considered a level 3 instrument in the fair value hierarchy as one or more of the significant inputs is not based on observable market data. This is the case for unlisted instruments where risk could give rise to a significant unobservable adjustment. See Note 6 of the Financial Statements for details.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no material amendments that are effective for reporting periods beginning on or after January 1, 2024 affecting the Financial Statements.

COMMITMENTS AND CONTINGENCIES

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

Trust Lands

- Based on the achievement of certain development milestones, the Company is obligated to make future payments to TAGC Ventures LLC of up to $750 in connection with the purchase of Trust lands.

LKY

- The final $5.0 million is due for the LKY Purchase on the fifth anniversary of the closing date on February 10, 2027.

Nuton

- Up to $12.0 million payable to ASCU for funding costs associated with continued Nuton Phase 2 test work required to produce the Integrated Nuton Case PFS. As at March 31, 2024, an amount of $3.8 million has been received for Phase 2 work that will have to be repaid if not spent on Nuton Phase 2 test work.
- In the event that change of control occurs, such that the Option Agreement is terminated, the Company will have to repay the $10,000 Option Exclusivity Payment.

OFF-BALANCE SHEET ARRANGEMENTS

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

AUTHORIZED AND ISSUED SHARE CAPITAL

As at May 7, 2024, the Company had 109,286,795 outstanding common shares. The Company also had 7,661,896 share purchase options, 894,054 restricted share units, 768,321 deferred share units and 2,498,421 warrants outstanding.

NON-IFRS PERFORMANCE MEASURES

This MD&A contains certain non-IFRS measures, including sustaining capital, sustaining costs, C1 cash costs and AISC. This performance measure has no standardized meaning within generally accepted accounting principles under IFRS Accounting Standards and, therefore, amounts presented may not be

comparable to similar data presented by other companies. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards.

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

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

FORWARD-LOOKING INFORMATION

This document contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. This information and these statements, referred to herein as "forward-looking statements" are made as of the date of this MD&A or as of the date of the effective date of information described in this MD&A, as applicable. Forward-looking information includes statements that use forward-looking terminology such as "may", "could", "would", "will", "intend", "plan", "expect", "budget", "estimate", "forecast", "schedule", "anticipate", "believe", "continue", "potential" or the negative or grammatical variation thereof or other variations thereof or comparable terminology. Such forward-looking information includes, without limitation, statements with respect to mineral resource estimates and mineral reserves estimates of the Project (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 and operating cost estimates and the economic analyses (including cashflow projections) from 2024 PFS; the Company's expectations, strategies and plans for the Project, 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 and MainSpring Property; the ability of ASCU to complete its exploration objectives in 2024 in the timing contemplated (if at all); the completion and timing for the filing of the technical report in respect of the 2024 PFS; the 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 (if at all); the scope of any future technical reports and studies conducted by ASCU; successfully adding or upgrading mineral resources or reserves and successfully developing new deposits; the impact of bringing the MainSpring Property into the mine plan; the robust economics and opportunity represented by the Cactus Project; the impact of the Nuton™ technologies on ASCU's operations, costs and the development of the Project; the impact of the relationship with Nuton on ASCU and its operations; the costs and timing of future exploration and development, including the timing for completion and commencement of production; the timing and amount of future production at the Company's projects; the timing, receipt and maintenance of approvals, licenses and permits from the federal and state government agencies and from any other applicable government, regulator or administrative body; the acquisition of the landholdings; future financial or operating performance and condition of the Company and its business, operations and properties; the intended use of the net proceeds for any offerings; the adequacy of funds from any offerings to support completion of the continued development of the Company's projects and commence commercial production; the Company's plans to remediate the material weakness in its internal control over financial reporting; and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management, in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, at the date of publication of the information including, without limitation, assumptions about: favorable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the development of the Company's projects and pursue planned exploration; future prices of copper and other metal prices; the timing and results of exploration and drilling programs; the compliance by partners to abide by the terms of agreements; the accuracy of any mineral resource and reserve estimates; the geology of the Company's projects being as described in relevant technical documents; the ability to successfully apply the Nuton™ technologies on ASCU's properties and the impact on same; the metallurgical characteristics of the Company's projects being suitable for processing; the successful operation of the processing facility; production costs; the accuracy of budgeted exploration and development costs and expenditures, including to complete development of the infrastructure at the Company's projects; the acquisition of land for project advancement; the price of other commodities such as fuel; future currency exchange rates and interest rates; operating conditions being favorable, including whereby the Company is able to operate in a safe, efficient and effective manner; political and regulatory stability; the receipt of governmental and third party approvals, licenses and permits on favorable terms; obtaining required renewals for existing approvals, licenses and permits and obtaining all other required approvals, licenses and permits on favorable terms; sustained labor stability; stability in financial and capital goods markets; availability of equipment; and the ability of the Company to remediate material weaknesses in its internal control over financial reporting. Whilst the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. 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 2024 PFS (including the assumptions underlying such 2024 PFS as will be determined in the technical report to be filed in support of the 2024 PFS); 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; 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; 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. A discussion of certain factors, which is included in the AIF, should be carefully considered 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.

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

APPROVAL

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