



Arizona Metals Corp.

**ARIZONA METALS CORP.**

**ANNUAL INFORMATION FORM**  
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020

**May 11, 2021**

**ARIZONA METALS CORP.**

**Annual Information Form**

CORPORATE STRUCTURE .....	6
GENERAL DEVELOPMENT OF THE BUSINESS .....	8
DESCRIPTION OF THE BUSINESS .....	12
RISKS RELATED TO OUR BUSINESS .....	15
MINERAL PROJECTS .....	24
KAY MINE PROJECT .....	24
SUGARLOAF PEAK PROJECT .....	37
DIVIDENDS .....	49
CAPITAL STRUCTURE .....	49
MARKET FOR SECURITIES .....	49
PRIOR SALES .....	50
ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER .....	51
DIRECTORS AND EXECUTIVE OFFICERS .....	51
PROMOTERS .....	57
LEGAL PROCEEDINGS AND REGULATORY ACTIONS .....	57
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	57
TRANSFER AGENTS AND REGISTRAR .....	58
MATERIAL CONTRACTS .....	58
INTERESTS OF EXPERTS .....	58
ADDITIONAL INFORMATION .....	59
<b>APPENDIX A</b> .....	<b>60</b>

## **ANNUAL INFORMATION FORM FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020**

### **IMPORTANT INFORMATION ABOUT THIS DOCUMENT**

This annual information form (“**AIF**”) provides important information about Arizona Metals Corp. (“**Arizona Metals**” or the “**Company**”). It describes our business, including its history, our operations and development projects, our mineral reserves and mineral resources, sustainability commitments, the regulatory environment that we operate in, the risks we face, and the market for our products and shares, among other things.

#### **Date of Information**

All information in this AIF is provided as at December 31, 2020, unless stated otherwise.

#### **Reporting Currency and Financial Information**

Unless we have otherwise specified, all references to dollar amounts or \$ or CAD are Canadian dollars. Any references to USD mean United States dollars.

All financial information presented in this AIF was prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board.

#### **Cautionary Notes and Forward-Looking Statements**

This document contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation and may include future-oriented financial information. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements or information in this AIF relate to, among other things: future financial or operational performance, including estimated production; the ability of the Company to successfully operate the Kay Mine Project and the Sugarloaf Peak Project as described herein; and the growth potential of the Company. Forward-looking statements or information generally identified by the use of the words “will”, “advancing”, “strategy”, “plans”, “budget”, “anticipated”, “expected”, “estimated” and similar expressions and phrases or statements that certain actions, events or results “may”, “could”, “should”, “will be taken” or “be achieved”, or the negative connotation of such terms, are intended to identify forward-looking statements and information. Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, undue reliance should not be placed on forward-looking statements since the Company can give no assurance that such expectations will prove to be correct. The Company has based these forward-looking statements and information on the Company’s current expectations and projections about future events and these assumptions include: tonnage of ore to be mined and processed; ore grades and recoveries; prices for gold remaining as estimated; development of mines being completed and performed in accordance with current expectations; currency exchange rates remaining as estimated; availability of funds for the Company’s projects and future cash requirements; capital, decommissioning and reclamation estimates; the Company’s mineral reserve and resource estimates and the assumptions on which they are based; prices for energy inputs, labour, materials, supplies and services; no labour-related disruptions and no unplanned delays or interruptions in scheduled development and production; all necessary permits, licences and regulatory approvals are received in a timely manner; and the Company’s ability to comply with environmental, health and safety laws. While the Company considers these assumptions to be reasonable based on information currently available, they may prove to be incorrect. Accordingly, readers are cautioned not to put undue reliance on the forward-looking statements or information contained in this AIF.

The Company cautions that forward-looking statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements or information contained in this AIF and

the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: fluctuations in gold prices; fluctuations in prices for energy inputs, labour, materials, supplies and services; fluctuations in currency markets; operational risks and hazards inherent with the business of mining (including environmental accidents and hazards, industrial accidents, equipment breakdown, usual or unexpected geological or structural formations, cave-ins, flooding and severe weather); inadequate insurance, or inability to obtain insurance to cover these risks and hazards; employee relations; relationships with, and claims by, local communities and indigenous populations; the Company's ability to obtain all necessary permits, licences and regulatory approvals in a timely manner or at all; changes in laws, regulations and government practices, including environmental, export and import laws and regulations; legal restrictions relating to mining; risks relating to expropriation; increased competition in the mining industry; and those factors identified in the Company's management discussion and analysis ("MD&A") dated April 30, 2021 for the period ended December 31, 2020, which is available on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking statements and information are designed to help readers understand management's views as of that time with respect to future events and speak only as of the date they are made. Except as required by applicable law, the Company assumes no obligation and does not intend to update or to publicly announce the results of any change to any forward-looking statement or information contained or incorporated by reference to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements and information. If the Company updates any one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements. All forward-looking statements and information contained in this AIF are expressly qualified in their entirety by this cautionary statement.

### **Cautionary Note to United States Investors Concerning Estimates of Mineral Reserves and Mineral Resources**

This AIF has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of the U.S. Securities and Exchange Commission (the "SEC"). The terms "mineral resources", "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" used in this AIF are in reference to the mining terms defined in the Canadian Institute of Mining, Metallurgy and Petroleum Standards (the "CIM Standards"), which definitions have been adopted by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101"). Accordingly, information contained in this AIF providing descriptions of our mineral deposits in accordance with NI 43-101 may not be comparable to similar information made public by other U.S. companies subject to the United States federal securities laws and the rules and regulations thereunder. Readers are cautioned not to assume that all or any part of mineral resources will ever be converted into reserves. Pursuant to CIM Standards, "inferred mineral resources" are that part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Such geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An inferred mineral resource has a lower level of confidence than that applying to an indicated mineral resource and must not be converted to a mineral reserve. However, it is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures.

Canadian standards, including the CIM Standards and NI 43-101, differ significantly from standards in the SEC Industry Guide 7. Effective February 25, 2019, the SEC adopted new mining disclosure rules under

subpart 1300 of Regulation S-K of the United States Securities Act of 1933, as amended (the “**SEC Modernization Rules**”), with compliance required for the first fiscal year beginning on or after January 1, 2021. The SEC Modernization Rules replace the historical property disclosure requirements included in SEC Industry Guide 7. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”. In addition, the SEC has amended its definitions of “proven mineral reserves” and “probable mineral reserves” to be substantially similar to corresponding definitions under the CIM Standards. During the period leading up to the compliance date of the SEC Modernization Rules, information regarding mineral resources or reserves contained or referenced in this AIF may not be comparable to similar information made public by companies that report according to U.S. standards. While the SEC Modernization Rules are purported to be “substantially similar” to the CIM Standards, readers are cautioned that there are differences between the SEC Modernization Rules and the CIM Standards. Accordingly, there is no assurance any mineral reserves or mineral resources that the Company may report as “proven mineral reserves”, “probable mineral reserves”, “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources” under NI 43-101 would be the same had the Company prepared the reserve or resource estimates under the standards adopted under the SEC Modernization Rules.

### Conversion Table

In this AIF, metric units are used with respect to all our mineral properties, unless otherwise indicated. Conversion rates from imperial measures to metric units and from metric units to imperial measures are provided in the table below.

Imperial Measure = Metric Unit		Metric Unit = Imperial Measure	
2.47 acres	1 hectare	0.4047 hectares	1 acre
3.28 feet	1 metre	0.3048 metres	1 foot
0.62 miles	1 kilometre	1.609 kilometres	1 mile
0.032 ounces (troy)	1 gram	31.1 grams	1 ounce (troy)
1.102 tons (short)	1 tonne	0.907 tonnes	1 ton (short)
0.029 ounces (troy)/ton (short)	1 gram/tonne	34.28 grams/tonne	1 ounce (troy)/ton (short)
2,204.62 pounds	1 tonne	0.00045 tonnes	1 pound

### Scientific and Technical Information

David S. Smith, MS, MBA, CPG, Arizona Metals’ Vice-President of Exploration, is the “qualified person” as that term is defined under NI 43-101 (a “**Qualified Person**”) for Arizona Metals and has approved the technical and scientific disclosure contained in this AIF.

Technical disclosure in this AIF for our mineral properties is based on technical reports prepared for those properties in accordance with NI 43-101 (collectively, the “**Technical Reports**”). Both of the Technical Reports are available for download on the Company’s website at [www.arizonametalscorp.com](http://www.arizonametalscorp.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). The scientific and technical information in this AIF has been updated with current information where applicable.

The scientific and technical information related to the Kay Mine Project (the “**Kay Mine Project**”) is supported by the technical report entitled “43-101 Technical Report, Kay Mine Project, Yavapai County, Arizona, USA”, dated May 29, 2019, (the “**Kay Mine Technical Report**”) prepared by Highlands Geoscience LLC. The Qualified Person responsible for the Kay Mine Technical Report is David S. Smith, MS, MBA, CPG, of Highlands Geoscience LLC and a consultant and Vice-President, Exploration for the

Company. Mr. Smith was independent of the Company at the effective and filing dates of the Kay Mine Technical Report.

The scientific and technical information related to the Sugarloaf Peak Gold Project (“**Sugarloaf Peak Project**”) is based on the technical report entitled “43-101 Technical Report on the Sugarloaf Peak Gold Project La Paz County, Arizona”, dated May 2, 2016 and updated on May 29, 2019, (the “**Sugarloaf Peak Technical Report**”) prepared by Highlands Geoscience LLC. The Qualified Person responsible for the Sugarloaf Peak Technical Report is David S. Smith, MS, MBA, CPG, of Highlands Geoscience LLC and Vice-President, Exploration for the Company. Mr. Smith was independent of the Company at the effective and filing dates of the Sugarloaf Peak Technical Report.

The Kay Mine Technical Report and the Sugarloaf Peak Technical Report are subject to certain assumptions, qualifications and procedures described therein. Reference should be made to the full text of each of the Kay Mine Technical Report and the Sugarloaf Peak Technical Report, which are available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). These technical reports are not and shall not be deemed to be incorporated by reference in this AIF, but the disclosure herein has been prepared with the consent of the author of each of Kay Mine Technical Report and the Sugarloaf Peak Technical Report and is qualified in its entirety by the Kay Mine Technical Report and the Sugarloaf Peak Technical Report.

Where appropriate, certain information contained in this AIF may update information derived from the Kay Mine Technical Report or the Sugarloaf Peak Technical Report. Any updates to the scientific or technical information derived from such technical reports and any other scientific or technical information contained in this AIF has been reviewed and approved by David S. Smith, MS, MBA, CPG, a Qualified Person and currently a consultant and Vice-President, Exploration of the Company.

## CORPORATE STRUCTURE

### *Name, Address and Incorporation*

Arizona Metals was originally incorporated as “Ring the Bell Capital Corp.” (“**RTB**”) under the *Canada Business Corporations Act* (the “**CBCA**”) on June 28, 2017, and was listed on the TSX Venture Exchange (the “**TSX-V**”) as a capital pool company effective March 9, 2018. On August 1, 2019, RTB completed a reverse take-over transaction (the “**RTO Transaction**”) with Croesus Gold Corp. (“**Croesus**”) by way of a three-cornered amalgamation whereby RTB acquired 100% of the issued and outstanding common shares of Croesus, and Croesus amalgamated with 11459040 Canada Inc., a wholly-owned subsidiary of RTB incorporated for the purpose of facilitating the RTO Transaction. In connection with the RTO Transaction, RTB filed Articles of Amendment effective July 31, 2019 changing its name to “Arizona Metals Corp.” and consolidating the common shares of the Company on the basis of one (1) post-consolidation common share for every two and a half (2.5) pre-consolidation common shares. Following completion of the RTO Transaction, Arizona Metals began trading on the TSX-V as a Tier 2 Mining Issuer on August 7, 2019.

Arizona Metals is a reporting issuer under the securities legislation of British Columbia, Alberta and Ontario. Arizona Metals trades on the TSX-V under the symbol “AMC” and on the OTCQX of the OTC Markets Group platform under the symbol “AZMCF”.

The registered and head office of Arizona Metals is located at 66 Wellington Street West, Suite 4100, Toronto, Ontario, M5K 1B7, Canada. Arizona Metals’ fiscal year end is December 31.

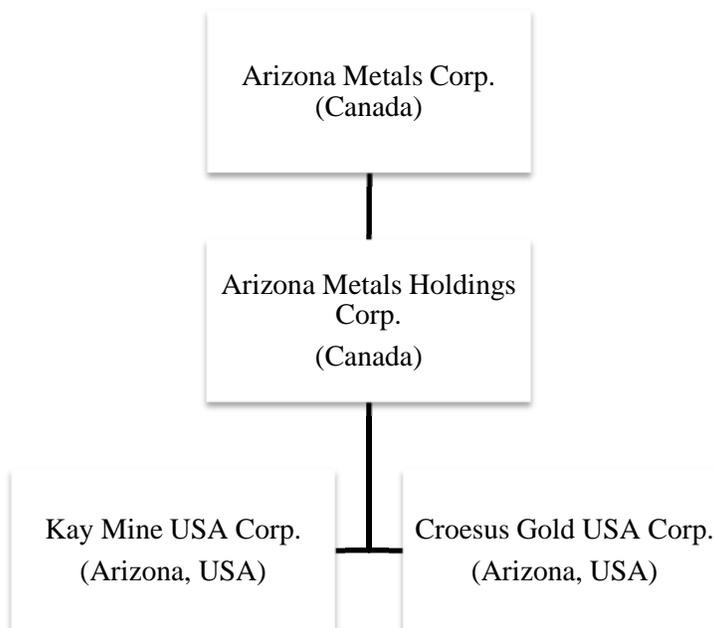
### *Corporate History of Croesus*

Croesus was incorporated under the name “7825480 Canada Inc.” under the laws of the CBCA by Articles of Incorporation dated April 4, 2011. Pursuant to Articles of Amendment dated March 6, 2012, 7825480 Canada Inc.’s name was changed to “Malartic-Midway Acquisition Corp.” and pursuant to Articles of Amendment dated March 23, 2012, Malartic-Midway Acquisition Corp.’s name was further changed to “Winnemucca Gold Corp.”. Pursuant to Articles of Amendment dated October 8, 2014, the name of Winnemucca Gold Corp. was further amended to “Croesus Gold Corp.”. Effective August 1, 2019 Croesus completed the RTO Transaction with RTB.

### *Intercorporate Relationships*

Arizona Metals has three subsidiaries, each of which it owns, directly or indirectly, a 100% interest: Arizona Metals Holdings Corp., formed by the amalgamation of Croesus and 11459040 Canada Inc. as part of the RTO Transaction, Croesus USA Gold Corp. incorporated under the laws of the State of Arizona on April 28, 2016 and Kay Mine USA Corp. incorporated under the laws of the State of Arizona on November 16, 2018.

The following chart illustrates the Company’s principal subsidiaries as at the date of this AIF together with the jurisdiction of incorporation or organization of each subsidiary. Each subsidiary is 100% beneficially owned, or controlled or directed, directly or indirectly, by the Company.



**Note:**

- (1) Marc Pais and Paul Reid are the directors and officers of Arizona Metals Holdings Corp., Kay Mine USA Corp. and Croesus Gold USA Corp.

## GENERAL DEVELOPMENT OF THE BUSINESS

Arizona Metals is a Canadian exploration company focused on precious metal exploration in the United States. As of the date of this AIF, the Company holds a 100% interest in two exploration projects: The Sugarloaf Peak Project and the Kay Mine Project, both located in Arizona, USA.

### Three Year History

#### 2018

- **Croesus entered into an agreement to acquire 100% ownership of the Kay Mine Project.** On November 15, 2018, Croesus executed a final acquisition agreement (the “**Kay Purchase Agreement**”) with Silver Spruce Resources Inc. (“**Silver Spruce**”) to acquire 100% ownership of certain patented and unpatented claims covering and surrounding the past-producing Kay mine (i.e., the Kay Mine Project) in exchange for: i) a US\$50,000 cash payment from Croesus to Silver Spruce; ii) assumption of Silver Spruce obligations under a loan agreement between Silver Spruce, as borrower, and a lender dated June 19, 2017 for US\$450,000 bearing interest at the rate of 12% per annum secured by mortgage on the Kay Mine Project maturing June 22, 2018 (the “**Loan Agreement**”); iii) payment of \$100,000 in cash by Croesus to Silver Spruce on the earlier of the date of a going-public transaction by Croesus or May 15, 2019; and (iv) \$250,000 of common shares of Croesus if Croesus had completed a going-public transaction by May 15, 2019, or \$250,000 in cash if Croesus had not completed a going-public transaction by May 15, 2019.

#### 2019

- **Croesus completed the acquisition of 100% ownership of the Kay Mine Project.** On January 25, 2019 Croesus completed the acquisition of the Kay Mine Project from Silver Spruce. On May 8, 2019 the parties amended the Kay Purchase Agreement to provide for a payment of \$200,000 to Silver Spruce on May 9, 2019, and a final payment of \$150,000 to Silver Spruce on or before July 15, 2019. Croesus made the final payment to Silver Spruce on June 27, 2019 in full and final satisfaction of all obligations under the Kay Purchase Agreement (as amended). Croesus repaid the full amount owing under the Loan Agreement on March 12, 2019.
- **Croesus completes private placement.** Between January 28, 2019 and March 25, 2019, Croesus completed a private placement of an aggregate of 3,658,400 common shares of Croesus at a price of \$0.30 per share for aggregate gross proceeds of \$1,097,520.
- **Subscription Receipt Offering.** On June 28, 2019 the Company announced that Croesus and RTB had completed concurrent brokered private placements of subscription receipts (“**Subscription Receipts**”) each led by Canaccord Genuity Corp., and each including PI Financial Corp. and Richardson GMP Limited (collectively, the “**Agents**”) for aggregate gross proceeds of approximately \$2,702,000 (the “**Concurrent Financings**”), of which \$1,717,000 of the Concurrent Financing was completed by Croesus and the remaining \$985,000 of the Concurrent Financing was completed by the Company. The Concurrent Financings were completed in connection with the RTO Transaction. Each Subscription Receipt was ultimately exchanged, upon completion of the RTO Transaction, for one (1) common share of Arizona Metals (a “**Common Share**”) and one (1) Common Share purchase warrant of Arizona Metals, with each such warrant entitling the holder thereof to purchase one (1) Common Share of Arizona Metals at a price of \$0.60 until June 27, 2022 pursuant to the terms of a warrant indenture entered into between the Company and TSX Trust Company effective June 27, 2019 (the “**Concurrent Financing Warrant Indenture**”). The

gross proceeds of the Concurrent Financings, less certain fees and expenses of the Agents were placed in escrow and released to Croesus and RTB upon completion of the RTO Transaction.

- **Completion of qualifying transaction.** On August 1, 2019, RTB and Croesus completed the RTO Transaction which constituted the “qualifying transaction” of RTB as defined in the rules and policies of the TSX-V. As a result of the RTO Transaction, among other things RTB changed its name to “Arizona Metals Corp.”
- **Listing on the TSX-V.** On August 7, 2019, the Common Shares of Arizona Metals were listed for trading on the TSX-V under the symbol “AMC”.
- **Kay Mine Drill Program**
  - On August 8, 2019, the Company announced the results of a sample program completed at the Kay Mine Project.
  - On December 2, 2019, Arizona Metals announced that it had received approval from the Department of Interior, Bureau of Land Management (“**BLM**”) to undertake a fully-funded 6,000m surface drilling program at its Kay Mine Project.

## 2020

- **Kay Mine Surface Exploration.**
  - On January 6, 2020, the Company announced the commencement of its fully-funded 6,000m surface drilling program at its Kay Mine Project.
  - From March 27, 2020 to May 21, 2020, the Company suspended exploration at the Kay Mine Project in response to the COVID-19 pandemic. Drilling exploration resumed at the Kay Mine Project after the State of Arizona lifted its statewide stay-at-home public health measures.
  - The Company announced initial assay results on April 15, 2020 of the first seven drill holes completed at the North Zone of the Kay Mine Project.
  - On April 28, 2020 the Company announced additional assay results of the first drill hole completed at the South Zone of the Kay Mine Project.
  - The Company continued to regularly update the market on results of its drill program at the Kay Mine Project between June and December, 2020. On June 29, 2020 the Company announced further drill results at the South Zone of the Kay Mine Project. The Company announced in December 2020 that its Phase 1 drill program at the Kay Mine Project had encountered massive sulphides in 19 of 20 holes (for a total of 6,700m), and that spectral alteration analyses had identified a number of high priority drill targets. The Company also announced in December 2020 that it plans to mobilize the first drill to the Kay Mine Project on January 4<sup>th</sup>, 2021 as part of its Phase 2 program.
- **Non-Brokered Private Placement of Common Shares.** On February 12, 2020, the Company closed a non-brokered private placement offering (the “**February 2020 Financing**”) of 4,741,000 Common Shares at a purchase price of \$0.50 per Common Share. This private placement resulted in aggregate gross proceeds to the Company of \$2,370,500.

- **Repricing of Warrants.** On February 24, 2020, the Company announced that it had completed the repricing of 6,117,999 of the Company’s outstanding warrants issued in the Concurrent Financings from an exercise price of \$0.60 per warrant to an exercise price of \$0.50 per warrant.
- **Bought Deal Private Placement of Units.** On May 29, 2020, the Company closed a bought deal private placement offering (the “**May 2020 Financing**”) of 9,300,000 units at a price of \$0.65 per unit for gross proceeds of \$6,045,000. Each unit consisted of one (1) Common Share and one-half (0.5) of a Common Share purchase warrant. Each whole warrant entitles the holder to purchase one (1) Common Share at an exercise price of \$0.85 until November 29, 2021 pursuant to the terms of a warrant indenture (the “**May 2020 Warrant Indenture**”) dated May 29, 2020 between the Company and TSX Trust Company.
- **Stock Option Grant.** On June 4, 2020, the Company announced the grant of 1,450,000 incentive stock options to certain officers, directors and consultants of the Company under its Arizona Metals’ stock option plan. All options are exercisable at \$0.66 per Common Share and have an expiry date of June 4, 2025.
- **Sugarloaf Peak Project Exploration.** On June 15, 2020, the Company announced that it would commence its 1,700m drill program at its Sugarloaf Peak Project on July 6, 2020.
- **Posting on the OTC Markets.** On August 6, 2020, the Company’s Common Shares began trading on the OTCQB under the ticker “AZMCF”.
- **Preliminary Metallurgical Review.** On November 9, 2020, the Company announced the results of a review of historical information by SRK Consulting (Canada) Inc. (“**SRK**”) on the Kay Mine Project and projects in the area, as well as data from recently completed drilling by Arizona Metals. SRK’s review concluded that there is sufficient evidence from historic records and recent exploration drilling and structural geological mapping by Arizona Metals to conclude that “the Kay Mine has similar metallurgical characteristics and similar grades as Hudbay’s 777 and Lalor Mines, and Glencore’s Kidd Creek Mine.” It is anticipated that metallurgical processing of Kay Mine mineralization would utilize industry standard and well understood beneficiation methods of crushing, milling and differential flotation to produce separate saleable copper and zinc concentrates with recoveries ranging from 80% to 90% for both copper and zinc. Gold and silver are expected to report to both concentrates, with recoveries of up to 60% for each.
- **Strategic Advisor.** On December 2, 2020 the company announced the appointment of Mr. Michael Gentile, CFA, as a strategic advisor to the Company. The Company granted to the strategic advisor an aggregate of 500,000 stock options, exercisable at a price of \$0.68 per share expiring on November 30, 2023. 150,000 stock options vested immediately, 150,000 stock options vested on April 30, 2021 and 200,000 stock options vest on November 30, 2021.

#### Recent Developments

- **Land Parcel Acquisition.** On January 4, 2021 the Company announced that it had entered into a purchase option and sale agreement to acquire 100% of six parcels of patented land totaling 107 acres, located 900m northeast of its Kay Mine Project. The aggregate purchase price of US\$2,250,000 includes: (a) Cash consideration of US\$200,000 which was paid upon entering into the purchase agreement; (b) cash consideration of the greater of US\$500,000 and 20% of any financing done within the due diligence period ending on before March 31, 2021, and (c) the balance of the cash consideration to be paid on or before December 31, 2021. As at the date of this AIF, the Company had paid an aggregate of US\$2,250,000 to the vendor or into escrow pending

closing pursuant to the terms of the purchase option and sale agreement. Closing is tentatively scheduled for late May, 2021.

- **Listing on the OTCQX.** On January 25, 2021, the Company announced that its common shares had moved to the OTCQX Best Market board under the symbol “AZMCF”.
- **Private Placement of Common Shares.** On January 27, 2021, the Company closed a non-brokered private placement of 10,526,315 Common Shares at a price of \$0.95 per Common Share for gross proceeds of \$10,000,000.
- **Kay Mine Drill Program.**
  - On January 27, 2021 and February 8, 2021 the Company announced that it had scheduled a second drill to arrive at the Kay Mine Project during the week of February 8, 2021, which will allow the Company to expand the Phase 2 drill program and accelerate drilling under the fully-funded Phase 2 drill program. The Phase 2 drill program will consist of a minimum of 11,000 m in 29 core drill holes.
  - On April 5, 2021 the Company announced the increase of the Kay Mine Phase 2 drill program from 25,000m to 75,000m.
  - On April 8, 2021 the Company announced the results of a petrographic study of mineralization from the Kay Mine, conducted in March 2021.
- **Stock Option Grant.** On February 8, 2021 the Company granted 200,000 stock options to directors of the Company with an exercise price of \$1.00 per share, expiring five (5) years from the date of issuance.
- **Petrographic Study:** On April 8, 2021, the Company announced the results of a petrographic study of mineralization from the Kay Mine, conducted by I.M. Kjarsgaard (IMK), Consulting Mineralogist, in March 2021, with further interpretation by Arizona Metals’ advisor and volcanogenic massive sulfide (“VMS”) expert Dr. Mark Hannington. The study confirms the strong similarity of the Kay Mine mineralization to other bimodal mafic-felsic-hosted VMS deposits in the Jerome-Prescott area (located one hour north of the Kay Mine) and in other Proterozoic VMS belts (e.g., Flin Flon-Snow Lake, Skellefte). The sulfide assemblage is mineralogically simple and typical of polymetallic ores in this type of deposit. The observations in thin section show uniform granoblastic textures that should be amenable to conventional mineral processing.
- **Private Placement of Special Warrants.** On April 22, 2021, the Company closed a bought deal private placement (the “**Special Warrant Financing**”) of 10,000,000 special warrants (each a “**Special Warrant**”) at a price of \$2.10 per Special Warrants for gross proceeds of \$21,000,000. Each Special Warrant is exercisable for one (1) unit of the Company (each a “**Unit**”) without any required action on the part of the holders (and for no additional consideration) on the date which is the earlier of (i) the second business day following the date on which a final receipt is obtained from the Ontario Securities Commission, as principal regulator, for a (final) short form prospectus qualifying for distribution the Units underlying the Special Warrants (the “**Qualification Date**”); and (ii) 5:00 p.m. (Toronto time) on August 23, 2021. Each Unit consists of one (1) Common Share and one-half (1/2) of a Common Share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant entitles the holder thereof to purchase one Common Share of the Company at an exercise price of \$3.00 (subject to adjustment as set out according to the terms of the Special Warrants) until April 22, 2022. In the event the Qualification Date has not

occurred on or before July 2, 2021, the exercise price of each Warrant shall be reduced to \$2.47 per share.

### *Significant Acquisitions*

The Company did not complete any significant acquisition during its most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

## **DESCRIPTION OF THE BUSINESS**

### *Summary*

Arizona Metals is a Canadian exploration company focused on precious metal exploration in the United States. Arizona Metals' principal assets are its 100% owned projects, the Kay Mine Project and the Sugarloaf Peak Project, both located in the State of Arizona in the United States. Arizona Metals is currently focused on exploration of the Kay Mine Project, and the Sugarloaf Peak Project is not a material property to the Company. Arizona Metals is a reporting issuer with its Common Shares listed on the TSX-V and the OTCQX.

### *Kay Mine Project*

The Kay Mine Project is located in Yavapai County, which is located on a combination of patented and BLM claims totaling 1,300 acres that are not subject to any royalties. A historic estimate by Exxon Minerals Company (“**Exxon**”) in 1982 reported a “proven and probable reserve of 6.4 million short tons at a grade of 2.2% copper, 2.8g/t gold, 3.03% zinc, and 54.9g/t silver”. The historic estimate has not been verified as a current mineral resource. None of the key assumptions, parameters, and methods used to prepare the historic estimate were reported, and no resource categories were used. Significant data compilation, re-drilling and data verification may be required by a Qualified Person before the historic estimate can be verified and upgraded in accordance with current NI 43-101 standards. A Qualified Person has not done sufficient work to classify it as a current mineral resource, and Arizona Metals is not treating the historic estimate as a current mineral resource.

The Kay Mine Project is a steeply dipping VMS deposit that has been defined from a depth of 150m to at least 900m. It is open for expansion on strike and at depth.

### *Sugarloaf Peak Project*

The Sugarloaf Peak Project is located in La Paz County, which is located on 4,412 acres of BLM claims. The Sugarloaf Peak Project is a heap-leach, open-pit target. There are no current gold resource estimates on the Sugarloaf Peak Project however there are two historic conceptual resource opinions of “about 100 million tons containing 1.5 million ounces gold” (Dausinger, 1983, Westworld (as defined below)) and 60 million tons (Dausinger, 1987, Westworld) at a grade of 0.02 ounces per short tonne (“**opt**”).

The historical conceptual resource opinions at the Sugarloaf Peak Project were reported by what is now Westworld Inc. (“**Westworld**”) in 1983 (Dausinger, N.E., 1983, Phase I Drill Program and Evaluation of Gold-Silver Potential, Sugarloaf Peak Project, Quartzsite, Arizona: Report for Westworld, Inc.) and 1987 (Dausinger, N.E., 1987, Sugarloaf Peak Project, La Paz County, Arizona: Report for Westworld, Inc.), respectively. The historic conceptual resource opinions have not been verified as a current mineral resource.

None of the key assumptions, parameters, and methods used to prepare the historic estimate were reported, and no resource categories were used. Significant data compilation, re-drilling and data verification may be required by a Qualified Person before the historic conceptual resource opinions can be verified and upgraded in accordance with current NI 43-101 standards. A Qualified Person has not done sufficient work to classify it as a current mineral resource, and Arizona Metals is not treating the historical conceptual resource opinions as a current mineral resource.

### ***Specialized Skill and Knowledge***

The Company's business requires people with specialized skills and knowledge in the areas of geology, drilling, logistical planning, geophysics, metallurgy and mineral processing, implementation of exploration programs, mining, engineering, accounting, and compliance. To date, the Corporation has been able to locate and retain such professionals, employees and consultants and believes it will continue to be able to do so.

### ***Competitive Conditions***

Companies operating in the mining industry must manage risks that may be beyond the direct control of company personnel. Among these risks are those associated with operations, exploration, environmental damage, commodity prices, foreign exchange rates and interest rates.

The mineral exploration industry is very competitive and Arizona Metals will be required to compete for the acquisition of mineral permits, claims, leases and other mineral interests for operations and exploration projects, as well as for the recruitment and retention of qualified employees and consultants. As a result of this competition Arizona Metals may not be able to acquire or retain attractive properties in the future on terms it considers acceptable. The ability of Arizona Metals to acquire and retain mineral properties in the future will depend on its ability to explore its existing properties and also on its ability to obtain additional financing to fund further exploration activities. Arizona Metals also competes with other mining companies for investment capital with which to fund such projects, and for the recruitment and retention of qualified employees. Exploration in copper and gold has increased in recent years due to price increases in these commodities. Recently, these increase in commodity prices have led to increased investment activity in exploration and there is accordingly increased competition for mining services, plant and machinery in the jurisdiction in which the Company operates. There can be no assurance that the Company will be able to successfully compete against such companies. Further information regarding risks associated with the competitive conditions can be found under the heading "*Risk Factors*" below.

### ***Business Cycles***

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. If the global economy stalls and commodity prices decline as a consequence, a continuing period of lower prices could significantly affect the economic potential of many of the Company's current properties and result in the Company determining to cease work on, or drop its interest in, some or all of such properties.

In addition to commodity price cycles and recessionary periods, exploration activity may also be affected by seasonal and irregular weather conditions in the areas where the Company operates.

### ***Environmental Protection***

Environmental stewardship is a key aspect for any mining company including Arizona Metals. The Company aims to minimize the potential impacts on regional biodiversity in all of the areas in which it

operates. All aspects of Arizona Metals' operations and exploration programs are subject to environmental regulations and generally require approval by appropriate regulatory authorities prior to commencement. Arizona Metals' operations are presently focused in Arizona, United States. The sites are subject to national and local laws and regulations. Specific statutory and regulatory requirements and standards must be met throughout the mine cycle. These items may include air quality, water quality, wildlife protection, chemical use, waste disposal, noise, geotechnical stability, geochemistry and land use.

The Company has no restoration, rehabilitation and environment costs as of the date of this AIF.

### ***Employees and Contractors***

At the end of the most recently completed financial year, Arizona Metals had two employees and approximately eight contractors. Messrs. Marc Pais and Paul Reid, are, respectively employed as President and Chief Executive Officer, and Executive Chairman of the Company. Messrs. Sung Min (Eric) Myung and David Smith are retained as the Company's Chief Financial Officer and Vice President of Exploration, respectively pursuant to the terms of consulting and services agreements between the Company and each of Messrs. Myung and Smith. Messrs. Pais, Reid and Myung are based in Canada. No management functions of Arizona Metals are performed to any substantial degree by a person other than the directors or executive officers of Arizona Metals.

### ***Health & Safety***

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time.

On March 27, 2020, the Company suspended its Kay Mine Project drill program in order to protect the safety of employees, contractors, and the local community in response to the COVID-19 pandemic. Exploration work at the Kay Mine Project resumed on May 21, 2020 after the State of Arizona lifted its "stay-at-home" public health orders. Employees and contractors currently working at the Company's properties follow strict COVID-19 safety health and safety protocols. The Company continues to monitor developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

### ***Foreign Operations***

Arizona Metals faces certain risks as a Canadian company operating in the United States. Any changes in regulations or shifts in political attitudes are beyond the control of Arizona Metals and may adversely affect its business. Arizona Metals may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, tariffs, land use, water use, land claims of local people, mine safety regulations, corruption, political unrest and timely reimbursement by the government of refundable value added taxes and refundable income taxes, uncertainty with respect to the rule of law and the integrity of court systems, and security issues. The recent COVID-19 pandemic may also result in further changes to international and domestic travel to and within the United States due to travel restrictions and related public health policies in response to the pandemic. The effect of these factors cannot be accurately predicted.

## **RISKS RELATED TO OUR BUSINESS**

The Company is engaged in the exploration, development and acquisition of mining properties and projects. Due to the high-risk nature of the Company's business, the Company's operations are speculative. The Company's operations, properties and projects are subject to various risks and uncertainties, including but not limited to, those listed below. The risks described herein are not the only risk factors facing the Company and should not be considered exhaustive. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially and adversely affect the business, operations and condition, financial or otherwise, of the Company.

These risk factors, together with all other information included in the AIF, including, without limitation, information contained in the section "*Cautionary Note Regarding Forward-Looking Information and Statements*" as well as the risk factors set out below, should be carefully reviewed by readers.

Some of the factors described herein, in the documents incorporated are interrelated and, consequently readers should treat such risk factors as a whole. If any of the adverse effects set out in the risk factors described herein or in another document incorporated occur, it could have a material adverse effect on the business, financial condition and results of operations of the Company. The Company cannot assure you that it will successfully address any or all of these risks. There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of the adverse effects set out in the risk factors herein, in other documents incorporated or deemed incorporated by reference herein or other unforeseen risks. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in the Company's forward-looking statements. Unless the context indicates or implies otherwise, references in this section to the "Company" include the Company and its subsidiaries.

### ***Capital Risk Management***

The Company's primary objective when managing capital is to ensure that it will be able to continue as a going concern and that it has sufficient ability to satisfy its capital obligations and ongoing operational expenses, as well as have sufficient liquidity to fund suitable business opportunities as they arise. The capital of the Company includes the components of equity and loans and borrowings net of cash and cash equivalents.

The Company manages its capital structure and makes adjustments to it as necessary. In order to maintain the capital structure the Company may, from time to time, issue or buy back equity, repay debt, or sell assets. The Company manages and adjusts its capital structure in light of economic conditions. The Company, upon approval from its Board of Directors, intends to balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

### ***Other Risk Factors***

Arizona Metals' business activities are subject to significant risks, including, but not limited to, those described in previous disclosure documents. Any of the following risks could have a material adverse effect on Arizona Metals, its business and prospects, and could cause actual events to differ materially from those described in forward-looking statements relating to Arizona Metals. These risks are in addition to those discussed in technical reports and other documents filed by Arizona Metals from time to time on SEDAR. In addition, other risks and uncertainties not presently known by management of Arizona Metals or that management currently believes are immaterial could affect Arizona Metals, its business and prospects.

Arizona Metals may be subject to significant capital requirements and operating risks associated with its operations and its portfolio of growth projects.

Arizona Metals must generate sufficient internal cash flows and/or be able to utilize available financing sources to finance its growth and sustain capital requirements. If Arizona Metals does not realize satisfactory prices for the gold from its gold mining operations, it could be required to raise significant additional capital through the capital markets and/or incur significant borrowings to meet its capital requirements. These financing requirements will result in dilution to existing Arizona Metals' shareholders and could adversely affect Arizona Metals' credit ratings and its ability to access the capital markets in the future to meet any external financing requirements Arizona Metals might have. If there are significant delays in when these projects are completed and are producing on a commercial and consistent scale, and/or their capital costs were to be significantly higher than estimated, these events could have a significant adverse effect on Arizona Metals' results of operation, cash flow from operations and financial condition.

In addition, Arizona Metals' mining operations and processing and related infrastructure facilities are subject to risks normally encountered in the mining and metals industry. Such risks include, without limitation, environmental hazards, tailings risks, industrial accidents, labour disputes, changes in laws, technical difficulties or failures, late delivery of supplies or equipment, unusual or unexpected geological formations or pressures, cave-ins, pit-wall failures, rock falls, unanticipated ground, grade or water conditions, flooding, periodic or extended interruptions due to the unavailability of materials and force majeure events. Such risks could result in reduced production, damage to, or destruction of, mineral properties or producing facilities, damage to or loss of life or property, environmental damage, delays in mining or processing, losses and possible legal liability. Arizona Metals' business, production, results of operations, financial condition and liquidity may be adversely impacted by operational problems such as a failure of production equipment, any prolonged downtime or shutdowns at Arizona Metals' mining or processing operations, or industrial accidents, as well as other potential issues such as actual ore mined varying from estimates of grade or tonnage, metallurgical or other characteristics, interruptions in or shortages of electrical power or water, shortages of required inputs, labour shortages or strikes, restrictions or regulations imposed by government agencies or changes in the regulatory environment.

### ***Financing and share price fluctuation***

Arizona Metals has limited operating cash flow. Further activities may depend on Arizona Metals' ability to obtain financing through equity or debt financing and failure to obtain this financing may result in delay or indefinite postponement of its activities.

Securities markets have experienced a high degree of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations which have not necessarily been related to their operating performance, underlying asset values or prospects. Additionally, companies like Arizona Metals that are listed on the TSX-V often experience periods where their shares are thinly traded. There can be no assurance that these kinds of share price fluctuations or lack of liquidity will not occur in the future, and if they do occur, the Company does not know how severe the impact may be on Arizona Metals' ability to raise additional funds through equity issues. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be materially diminished in value or lost.

### ***Commodity price risk***

The price of Arizona Metals' shares, financial results and exploration, and development and mining activities in the future may be materially adversely affected by declines in the price of gold. Gold prices fluctuate widely and are affected by numerous factors beyond Arizona Metals' control, such as the sale or

purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metals-producing and metals-consuming countries throughout the world. The price of gold has fluctuated widely in recent years, and future price declines could cause continuous development of and commercial production from Arizona Metals' properties to be uneconomic. Future production from Arizona Metals' mining properties is dependent on gold prices that are adequate to make these properties economically viable.

### ***Industry risk***

Arizona Metals is a relatively new mineral exploration company. Arizona Metals is subject to risks normally encountered in exploration, development, production of gold including flooding, fire, metal losses, periodic interruption due to inclement or hazardous weather conditions and other conditions that would impact processing. Other risks include, but are not limited to:

- the timing and cost, which can be considerable, of construction and maintenance activities at the processing facilities;
- the availability and costs of skilled labour and specialized equipment;
- the availability and cost of appropriate desorption and refining arrangements;
- compliance with environmental and other governmental approval and permit requirements;
- the availability of funds to finance additional operating, construction and development activities;
- potential opposition from non-governmental organizations, environmental groups, local groups or local inhabitants which may delay or prevent operating or development activities; and
- potential increases in operating costs due to changes in the cost of fuel, power, materials and supplies

It is common in new exploration companies to experience unexpected problems and delays during development and start-up. Arizona Metals cannot assure investors that its activities will result in profitable exploration operations.

### ***Mining and processing risks***

Arizona Metals' principal operation will be the mining of, and exploration for, precious metals. Its operations will be subject to all of the hazards and risks normally encountered in the mining and processing of minerals. These include unusual and unexpected geological formations, rock falls, flooding and other conditions involved in the extraction of material, any of which could result in reduced production, damage to, or destruction of, mines and other producing facilities, tailings risks, damage to or loss of life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, operations are subject to such hazards, which could have a material adverse effect on the business, operations and financial performance of Arizona Metals. As is common with all mining operations, there is uncertainty and therefore risk associated with Arizona Metals' operating parameters and costs. These can be difficult to predict and are often affected by factors outside Arizona Metals' control. Arizona Metals' business, production, results of operations, financial condition and liquidity may be adversely impacted by operational problems such as equipment failure, any prolonged downtime or shutdowns at Arizona Metals' mining or processing operations, or industrial accidents, as well as other potential issues such as actual ore mined varying from estimates of grade or tonnage, metallurgical or other characteristics, interruptions in or shortages of electrical power or water, shortages of required inputs, labour shortages or strikes, restrictions or regulations imposed by government agencies or changes in the regulatory environment.

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. All of the claims to which the Company has a right to acquire an interest, or the claims which the Company has an interest in, are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favorable exploration results are obtained.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

#### ***Uncertainty of Mineral Reserve and Mineral Resource estimates***

The figures for mineral reserves and mineral resources published by Arizona Metals are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Reserves could be mined or processed profitably. There are numerous uncertainties inherent in estimating Mineral Reserves and Mineral Resources, including many factors beyond Arizona Metals' control. Such estimation is a subjective process, and the accuracy of any Mineral Reserve or 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. Short-term operating factors relating to the Mineral Reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that metals recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuation in commodities prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of Mineral Reserves and Mineral Resources, or of Arizona Metals' ability to extract these Mineral Reserves, could have a material adverse effect on Arizona Metals' results of operations and financial condition. Inferred Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. A significant amount of exploration work must be completed in order to determine whether an Inferred Mineral Resource may be upgraded to a higher category.

#### ***Permitting***

Arizona Metals' operating, processing, development and exploration activities are subject to receiving and maintaining licences, permits and approvals (collectively, "**permits**") from appropriate governmental authorities. Before any development on any of its properties, Arizona Metals must receive numerous permits. Arizona Metals may be unable to obtain on a timely basis or maintain in the future all necessary permits to explore and develop its properties, commence construction or operation of mining facilities and

properties or maintain continued operations. Delays may occur in connection with obtaining necessary renewals of permits for Arizona Metals' existing operations and activities, additional permits for existing or future operations or activities, or additional permits associated with new legislation. It is possible that previously issued permits may become suspended or revoked for a variety of reasons, including through government or court action. Arizona Metals can provide no assurance that it will continue to hold or obtain, if required to, all permits necessary to develop or continue operating at any particular site, which could adversely affect its operations. Development and operations of Arizona Metals' Sugarloaf Peak Project and Kay Mine Project require permits from various governmental authorities in the United States. There can be no assurance that all future permits that Arizona Metals requires for its operations will be obtainable or renewable on reasonable terms, or at all. Delays or a failure to obtain required permits, or the expiry, revocation or failure to comply with the terms of any such permits that Arizona Metals has already obtained, would adversely affect its business.

### ***Government regulation risk***

The exploration activities of Arizona Metals are subject to various laws governing prospecting, development, production, exports, imports, taxes, labour standards and occupational health and safety, mine safety, toxic substances, waste disposal, environmental protection and remediation, protection of endangered and protected species, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could have an adverse effect on Arizona Metals' financial position. Amendments to current laws, regulations and permits governing development activities and activities of mining and exploration companies, or more stringent or different implementation, could have a material adverse impact on Arizona Metals' financial position, or could require abandonment or delays in the development of new mining properties. Failure to comply with any applicable laws, regulations or permitting requirements may result in enforcement actions against Arizona Metals, including orders issued by regulatory or judicial authorities causing process, development or exploration activities to cease or be curtailed or suspended, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Arizona Metals could be forced to compensate those suffering loss or damage by reason of its processing, development or exploration activities and could face civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Any such regulatory or judicial action could materially increase Arizona Metals' operating costs and delay or curtail or otherwise negatively impact Arizona Metals' activities.

### ***Dependence on Sugarloaf Peak and Kay Mine***

Arizona Metals' operations at the Sugarloaf Peak Project and the Kay Mine Project accounted for 100% of the mineral exploration in 2020. Any adverse conditions affecting the exploration at these sites could have a material adverse effect on Arizona Metals' share price performance and its ability to finance further work. Unless Arizona Metals acquires or develops significant producing assets, Arizona Metals will continue to be dependent on its operations at these sites for its cash flow provided by financing activities.

### ***Risks related to the Kay Mine Project***

Aside from the usual risks and uncertainties that accompany minerals exploration projects, there are three potential sources of risk and uncertainty on the Kay Mine Project. First is the proximity to Black Canyon City; this may require additional permitting efforts to mitigate noise, traffic, dust, and visual effects of exploration drilling and any eventual mining operations. Second is the proximity to the Agua Fria River; this may require additional mitigation measures during exploration and mine design to protect the quality of surface and ground waters. Third, there is a small risk that owners of the patented claims to the east of the property could assert their extralateral mineral rights to mineralization that crops out on their claims

and dips to the west under the Kay Mine Project. This applies particularly to the Southeast Extension of Marietta claim, where the No. 4 Shaft is located. However, according to the 2017 legal title opinion (Snell & Wilmer, 2017), these owners successfully asserting their extralateral rights is unlikely because of the lensoid nature and minimal outcrop of the known mineralization, rights transferred in past ownership changes, and segmentation of the patented claims. Snell & Wilmer recommend “compiling sufficient geological information to successfully address any assertion of extralateral rights originating outside the subject property.” This risk is easily mitigated by acquiring at least one of these adjacent properties.

### ***Risks related to the Sugarloaf Peak Project***

The risks of the Sugarloaf Peak Project are those that accompany all exploration projects: the challenge of defining a geologically continuous, economically viable metal resource. The Sugarloaf Peak Project presents no other unique, significant risks.

The Sugarloaf Peak Project has two uncertainties. First, the historical drill data has not been thoroughly verified with modern drilling. A subset of historical holes may need to be twinned in order to verify the data for inclusion in a NI 43-101-compliant resource estimate. Nearby infill drill holes may suffice for verifying historical drilling. If necessary, verification twin holes should be distributed to duplicate some holes from Westworld, Cominco, and Amselco. Certain of Riverside Resources’ 2009 and Choice Gold’s 2011-2012 drill holes may be close enough to historical drill holes to allow data verification.

Second, the Sugarloaf Peak Project straddles a major infrastructure corridor. The presence of Interstate 10, the natural gas pipeline, and other utilities present permitting and engineering issues that will have to be addressed as the Sugarloaf Peak Project proceeds. It is conceivable that this infrastructure could limit the extent of mining. Alternatively, it is possible that engineering solutions could be devised; these could require legal, political, and permitting work and expense. This uncertainty is offset somewhat by the presence of utilities and infrastructure on the Sugarloaf Peak Project, which will generally reduce infrastructure costs during project development.

### ***Tailings risks***

Arizona Metals’ operations are subject to hazards such as equipment failure or slope failure of historic tailings or stockpile disposal areas, which may result in environmental pollution and consequent liability. The extraction process for copper and other metals can produce tailings, which are the sand like materials which remain from the extraction process.

Arizona Metals’ historical operations have generated chemical and metals depositions in the form of rock waste dumps. The Company’s ability to obtain, maintain and renew permits and approvals and to successfully develop and operate mines may be adversely affected by real or perceived impacts associated with the Company’s activities or of other mining companies that affect the environment, human health and safety.

### ***Lack of Availability of Resources***

Mining exploration requires ready access to mining equipment such as drills, and crews to operate that equipment. There can be no assurance that such resources will be available to the Company on a timely basis or at a reasonable cost. Failure to obtain these resources when needed may result in delays in the Company’s exploration programs.

### ***Potential Lack of Adequate Infrastructure***

Mineral exploration and development activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important requirements, which affect capital and operating costs. Arizona Metals' properties are presently accessible by a network of roads. Unusual or infrequent weather phenomena or other interference in the maintenance or provision of such infrastructure could adversely affect Arizona Metals' operations, financial condition and results of operations. The present infrastructure may not be adequate for Arizona Metals' planned exploration and development activities. If Arizona Metals is required to improve or develop the current infrastructure, its planned operations may be delayed and its capital and operating costs will be affected.

### ***Future acquisitions, business arrangements or transactions***

Arizona Metals will continue to seek new mining and development opportunities in the mining industry as well as business arrangements or transactions. In pursuit of such opportunities, Arizona Metals may fail to select appropriate acquisition targets or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their workforce into Arizona Metals. Ultimately, any acquisitions would be accompanied by risks, which could include change in commodity prices, difficulty with integration, failure to realize anticipated synergies, significant unknown liabilities, delays in regulatory approvals and exposure to litigation. Any material issues that Arizona Metals encounters in connection with an acquisition, business arrangement or transactions could have a material adverse effect on its business, results or operations and financial position.

### ***Title risks***

Although the Company has exercised the usual due diligence with respect to determining title to its projects, there is no guarantee that the Company's title to the projects will not be challenged or impugned; that licences will be renewed upon their expiry; and that the Company will be able to explore the projects as permitted or to enforce its rights with respect to the projects.

Although the Company holds the surface rights to those concessions, it requires work permits and local community approvals to realize further exploration work such as surveying, geophysical, geochemical, geological and sample surveys and drilling. There can be no assurance that the appropriate permits and approvals will be obtainable on reasonable terms or on a timely basis.

The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands. Accordingly, the projects may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects.

### ***Limited operating history and uncertainty of future revenues***

Arizona Metals has a limited operating history and trading record and it is, therefore, difficult to evaluate Arizona Metals' business and future prospects. The future success of Arizona Metals is dependent on the Board of Directors' ability to implement its strategy. While the Board of Directors is optimistic about Arizona Metals' prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved. Arizona Metals faces risks regarding its future growth and prospects will depend on its ability to manage growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, while at the same time maintaining effective cost

controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with Arizona Metals' growth could have a material adverse effect on Arizona Metals' business, financial condition and results of operations.

### ***History of losses***

Prior to the RTO Transaction, Croesus had incurred operating losses in prior periods. Arizona Metals may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, Arizona Metals expects to continue to increase its operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset its expected increases in costs and operating expenses, the Company will not be profitable.

### ***Cost estimates***

Arizona Metals prepares estimates of exploration costs for each project. Arizona Metals' actual costs may vary from estimates.

### ***Exchange rate fluctuations***

Arizona Metals reports its results in Canadian dollars, while many of Arizona Metals' investments and costs may be denominated in other currencies. This may result in additions to Arizona Metals' reported costs or reductions in Arizona Metals' reported revenues. Fluctuations in exchange rates between currencies in which Arizona Metals invests, reports, or derives income may cause fluctuations in its financial results that are not necessarily related to Arizona Metals' underlying operations.

### ***International interests***

Changing political situations may affect the manner in which Arizona Metals operates. The operations of Arizona Metals are conducted in the United States and Canada and are exposed to various levels of political, economic, currency and other risks and uncertainties. These risks and uncertainties include, but are not limited to: crime, political instability, currency controls, extreme fluctuations in currency exchange rates, high rates of inflation, uncertainty of the rule of law and legal system, corruption of public officials and/or courts of law, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits, approvals and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, border closures, and changing political conditions and governmental regulations relating to foreign investment and the mining business. The occurrence of mining regime changes in both the developed and developing countries adds uncertainties that cannot be accurately predicted and any future material adverse changes in government policies or legislation in the jurisdictions in which the Company operates that affect foreign ownership, mineral exploration, development of mining activities and may affect our viability and profitability.

### ***Uninsurable Risks***

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums.

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 and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### ***Management***

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of senior management and key employees. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

### ***Competition***

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire additional suitable properties or prospects in the future.

### ***Political and regulatory risks***

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, royalty rates, rates of exchange, environmental regulations, labour relations and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

### ***Public company obligations***

The Company's business is subject to evolving corporate governance and public disclosure regulations that have increased both the Company's compliance costs and the risk of non-compliance, which could adversely impact the Company's share price.

The Company is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSX-V, and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements. For example, the Canadian government proclaimed into force the *Extractive Sector Transparency Measures Act* on June 1, 2015, which mandates the public disclosure of payments made by mining companies to all levels of domestic and foreign governments starting in 2017

for the year ended December 31, 2016. The Company's efforts to comply with such legislation could result in increased general and administration expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

### ***Change in climate conditions***

Governments are moving to introduce climate change legislation and treaties at the international, national, state/province and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. If the current regulatory trend continues, the Company expects that this will result in increased costs. In addition, physical risk of climate change may also have an adverse effect on the Company's operations. These risks include: sea level rise, extreme weather events, especially fire, and resource shortages due to delivery disruptions. The Company can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on its operations.

### ***Effects of the COVID-19 Pandemic***

The outbreak and spread of COVID-19, declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. COVID-19 is still evolving, and its full impact remains to be determined. However, its effects include financial market volatility, interest rate cuts, disrupted movement of people and diminished consumer confidence. The effects of the COVID-19 pandemic may be difficult to assess or predict with meaningful precision both generally and as an industry-or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control of the Company.

## **MINERAL PROJECTS**

### **KAY MINE PROJECT**

The Kay Mine Project is a polymetallic property bearing copper, lead, zinc, silver, and gold, located near Black Canyon City, Yavapai County, in central Arizona, United States.

### ***Current Technical Report***

The scientific and technical information in this AIF relating to the Kay Mine Project is supported by the Kay Mine Technical Report entitled "43-101 Technical Report, Kay Mine Project, Yavapai County, Arizona, USA", dated May 29, 2019, prepared by Highlands Geoscience LLC. The Qualified Person responsible for the Sugarloaf Peak Report is David S. Smith, MS, MBA, CPG, of Highlands Geoscience LLC who, at the effective date and filing date of the Kay Mine Technical Report, was considered an independent Qualified Person as such term is defined in NI 43-101. The Kay Mine Technical Report has been filed with Canadian securities regulatory authorities under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Kay Mine Technical Report contains more detailed information and is subject to certain assumption, qualifications and procedures described therein. Readers are encouraged to review the Kay Mine Technical Report in its entirety including the figures and tables contained therein. Any references cited within this excerpted information are provided in the Kay Mine Technical Report Reference should be made to the full text of the Kay Mine Technical Report. The Kay Mine Technical Report is not and shall not be deemed to be incorporated by reference in this AIF, but the disclosure herein has been prepared with the consent of

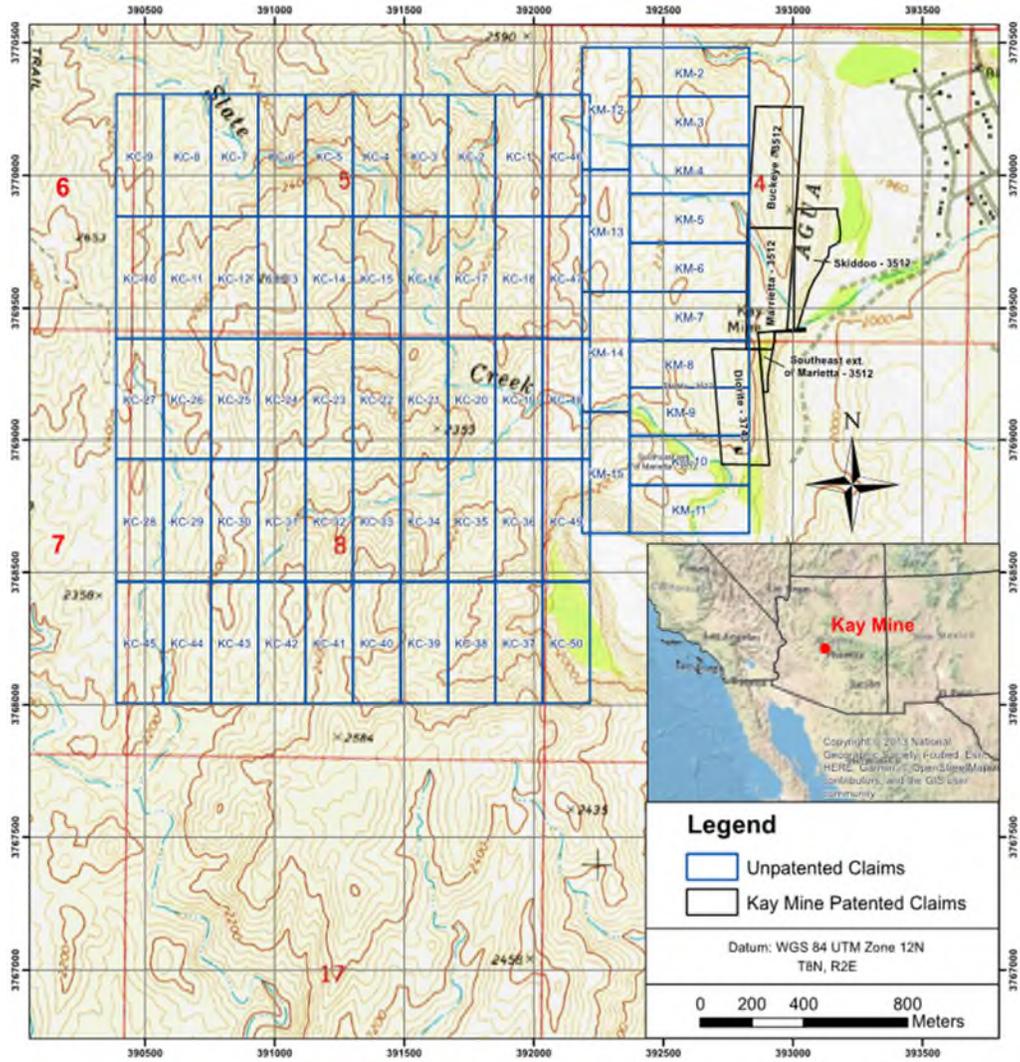
the author of the Kay Mine Technical Report and is qualified in its entirety by the Kay Mine Technical Report.

Where appropriate, certain information contained in this section may update information derived from the Kay Mine Technical Report. Any updates to the scientific or technical information derived from the Kay Mine Technical Report and any other scientific or technical information contained in this section has been reviewed and approved by David S. Smith., MS, MBA, CPG., a Qualified Person under NI 43-101 and Vice-President, Exploration of the Company.

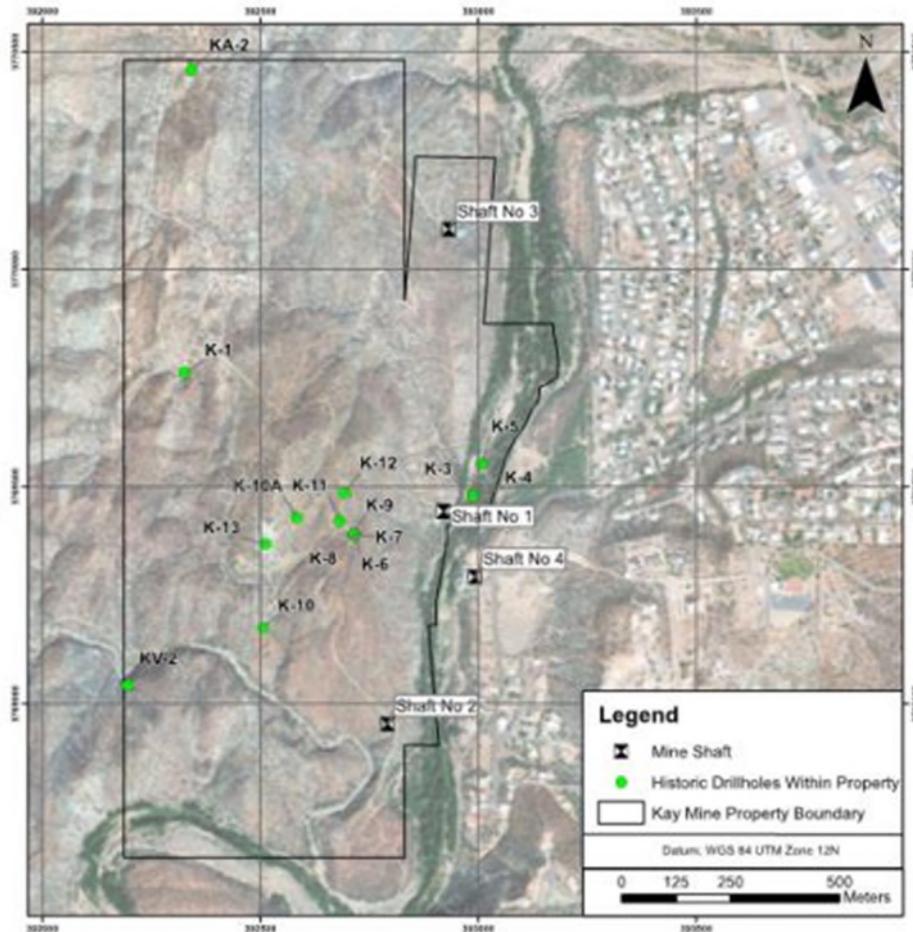
## **Project Description, Location and Access**

### ***Location***

The Kay Mine Project is located immediately adjacent to the town of Black Canyon City, approximately 69 km (43 miles) north of the city of Phoenix, in central Arizona, in the United States (see the figures below). The property is located in Sections 4 through 9, Township 8 North, Range 2 East (Gila and Salt River meridian), in the Tip Top mining district in Yavapai County, Arizona. The UTM coordinates of Shaft 1 on the eastern portion of the property are 392910E, 3769540N (WGS84 datum, Zone 12S). The property falls on the Black Canyon City 7.5-minute topographic map published by the United States Geological Survey.



Kay Mine Project mining claims



Kay Mine Project map

### ***Access***

The Kay Mine Project lies in an area of moderate topography, reaching elevations of 683 m with relief of approximately 100 m from the streambed of the Agua Fria River to the summits of hills on the Kay Mine Project. The terrain is accommodating to exploration activities, as evidenced by previous mine shafts and access roads. Vegetation is generally sparse, consisting of many varieties of cactus and low brush, although the Agua Fria River channel is bordered by thicker underbrush and numerous trees.

Access to the project is excellent by road on Interstate Highway 17, then by paved city streets in Black Canyon City to the banks of the Agua Fria River. Historic gravel drill and mine roads give access to several of the historic mine shafts on the project. Vehicle access onto the project may require crossing the Agua Fria River, or its northern tributary Black Rock Creek, both small streams that typically have year-round flow highest in the winter months (January – March) and lowest in the spring and summer (May – July), with occasional storm-related high and turbulent flow.

The project is immediately adjacent to population in the town of Black Canyon City, population about 5,600. Kay Mine Project offers basic services such as fuel, food, and housing. Many private homes have views of the property, so care should be taken before and during exploration and mining operations to consult with and accommodate nearby residents.

Surface rights for mining on the unpatented claims are held by the United States government and are governed by the *Federal Land Policy and Management Act of 1976* and *General Mining Act of 1872* as described above, and administered by the federal Bureau of Land Management. Surface rights for mining on the patented claims reside with the patented claim owners as private land.

### ***Mineral Claims and Nature of Interest***

The Kay Mine Project consists of 64 unpatented mining claims covering approximately 509.6 ha (1,259 acres) and five patented mining claims covering approximately 28.7 ha (70.84 acres). The total area of the property is approximately 538.3 ha (1,330 acres).

On January 30, 2019, Croesus acquired 100% of the Kay Mine Project from Silver Spruce for a total cash consideration of \$400,000. Croesus also agreed to assume a USD\$450,000 loan between Silver Spruce and a third-party lender, which matured on June 22, 2018.

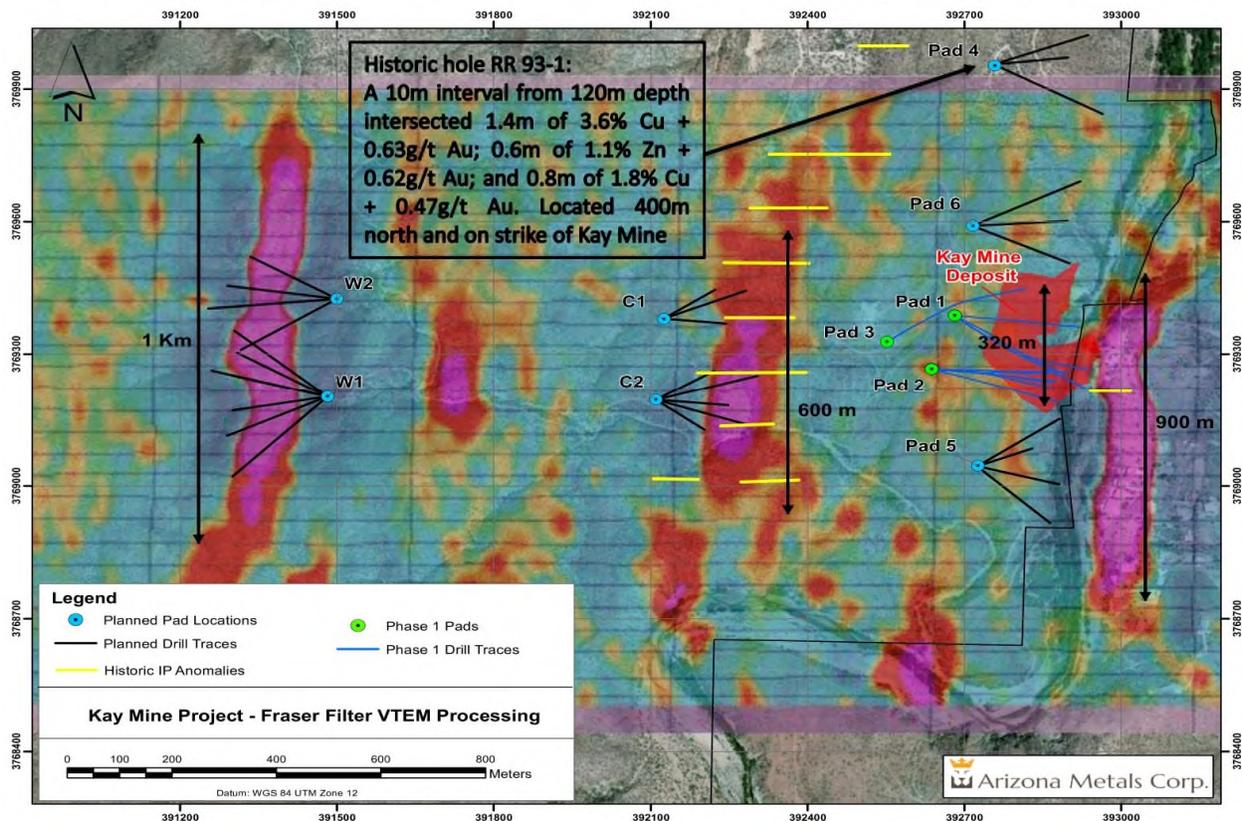
Annual payments for the unpatented claims are due on or before August 31 to BLM and Yavapai County. The Kay Mine Technical Report Author is not aware of any other underlying agreements or royalties on the Kay Mine Project

### ***Permitting and Environmental***

No permitting is necessary for surface exploration work on the property such as geologic mapping, surface sampling, and geophysics. Permitting will be required for the drill program recommended in this report. On the unpatented claims, permitting will be administered by the BLM through Notices of Intent to Operate, which are relatively simple documents to prepare and are routinely approved by BLM. Permitting for drilling on patented mining claims appears to be minimal, consisting of routine permitting through the Arizona Department of Water Resources. Crossing the Agua Fria River or its tributary to the north, Black Canyon Creek, may require consultation with the United States Army Corps of Engineers.

As at the date of this AIF, for the Phase 2 Drill Program the Company has permits and bonds in place for pads 1, 2, 3, 4, 5 and 6 and is currently in the process of permitting pads C1, C2 and W1 and W2. See the figure below.

## Upcoming Kay Mine Phase 2 Drill Program: Testing for Size and Scale



Because of the project’s proximity to Black Canyon City, the Company should take extra care with community consultation during permitting and operation of drill programs, and may consider the services of a community relations specialist.

The Kay Mine Technical Report Author is not aware of, and the Kay Mine Project history to which he has access does not mention, any significant environmental liabilities. Small historical mine dumps exist on the Kay Mine Project at the No. 1, No. 2, and No. 3 Shafts and these are likely to contain sulfide minerals, particularly pyrite, which have the potential for producing acidic surface waters as they oxidize. Four samples that the Kay Mine Technical Report author collected on surface at Shaft 1 contained >1% As. Given the proximity of these mine dumps to the active Agua Fria River, the Company should consult with a local environmental consultant to evaluate whether any environmental risk exists from these historic mine dumps. To the extent known, there are no other significant factors and risks that may affect access, title, or the right or ability to perform the recommended exploration program on the property.

### History

#### *Prior Ownership and Exploration*

Mineralization at the Kay Mine Project was first discovered before 1900, and activity has continued intermittently since then. The summary of the Kay Mine Project history below is derived from Conklin, 1956; Fellows, 1982; Karr, 2017a; and Mattinen, 1984.

### ***Initial Discovery and Early Works***

The Kay Mine Project was discovered sometime before 1900 and mined on a small scale from the inclined No. 1 shaft, producing approximately 635 tonnes (700 short tons) of ore prior to 1916 or 1918.

### ***Kay Copper Company***

Between 1918 and the late 1920s, the Kay Mine Project was owned by an “eastern mining interest” that became the Kay Copper Company in 1922. During this period, the owners deepened the No. 1 Shaft to 457 m (1,500 ft), sunk the No. 4 shaft to 366 m (1,200 ft), installed the No. 3 Shaft, and developed several thousand feet of under-ground workings on 11 levels, discovering the ore bodies above the 600 Level but apparently producing no ore. Judging by mine maps, the company drilled at least 89 underground drill holes (according to mine plan maps); assay data are plotted on mine plan maps, but no drill logs nor assay certificates are available. The Kay Copper Company failed in the late 1920s and the Kay Mine Project was dormant until 1949, apparently from a combination of low metals prices and litigation.

### ***Various Mid-Century Operators***

In the late 1940s, the Kay Mine Project was acquired by an unnamed owner for back taxes, and in 1949 leased to Black Canyon Copper Corporation, which opened the underground workings to the 500 Level and shipped about 907 tonnes (1,000 short tons) of ore.

In 1949 or 1950, Black Canyon Copper Corporation sub-leased the Kay Mine Project to Shattuck-Denn Mining Company and New Jersey Zinc Company until 1952. These companies dewatered and rehabilitated the No. 4 Shaft at least to the 1000 Level, and performed surface and underground exploration, including resampling and underground diamond drilling of at least 14 holes (according to mine plan maps). They shipped an uncertain amount of ore, reported to be 1,425 tonnes (1,571 short tons) by Fellows.

In 1955-1956, the Kay Mine Project was leased to Republic Metals Company, which shipped 414 tonnes (456 short tons) of ore from above the 350 Level. A cave-in destroyed pumping operations, and the mine was allowed to flood. Following this, the Kay Mine Project saw several unsuccessful attempts to revive operations until 1972.

### ***Exxon Minerals***

The Kay Mine Project was acquired by Exxon in 1972, which invested about \$1.5M in exploration. This work included geologic mapping; “mine mapping” (suggesting that Exxon re-opened the underground workings); relogging drill core and cuttings; petrographic studies; assaying 610 m (2,000 ft) of unassayed drill core; stream sediment and soil geochemistry surveys; reviewing historical assay data and incorporating into mine maps and cross sections; and geophysical surveys. Exxon drilled 23 core/rotary exploration holes totaling 8,094 m (26,554 ft), 14 of which were in the immediate vicinity of the Kay Mine Project and which total 6,807 m (22,333 ft). Fellows also mentions “10 shallow air-track claim validation drill holes on various parts of the property,” but gives no specific locations. Exxon’s last reported work on the Kay Mine Project was 1984.

### ***Post-Exxon Multiple Owners***

The five patented claims changed hands a number of times between 1990 and 2015, apparently without exploration work. In 1990 Exxon sold the five patented claims to Rayrock Mines, which in turn sold them to American Copper and Nickel Company in 1995. Ownership was then conveyed to Shangri-La Development in 2000, to five private individuals in 2002, and to Jodon Development in 2003. In 2015,

Cedar Forest Inc. acquired the five patented claims through foreclosure on Jodon Development. Cedar Forest Inc. did not exploration work on the Kay Mine Project.

### ***Silver Spruce***

In March, 2017, Silver Spruce acquired the five patented mining claims from Cedar Forest Inc. and then staked 14 unpatented “KM” mining claims in April, 2017. Together, these 19 claims comprise the property purchased by Croesus. Silver Spruce took 39 samples on the Kay Mine Project but did no other exploration work.

### ***Croesus***

On September 26, 2018, Croesus signed a letter of intent to acquire the five patented and 14 unpatented “KM” claims from Silver Spruce. To the date of the Kay Mine Technical Report, Croesus had performed initial geologic and geophysical exploration on the Kay Mine Project and staked 50 additional unpatented mining claims, as described below under the heading “*Kay Mine Project - Exploration*”.

### ***Historical Resources and Reserves***

A number of historical estimates of resources and reserves have been made over the years on the Kay Mine Project, as summarized by Westra. The most recent historical resource estimate was by Fellows in an internal report prepared for Exxon in 1982, who stated total estimated tonnage of 5.8M tonnes (6.4M short tons) at an estimated grade of 2.2% Cu, 3.03% Zn, 54.9 g/t Ag, and 2.8 g/t Au (1.6 opt Ag and 0.082 opt Au) above the 3,000 Level, using a cutoff grade of 2% Cu equivalent.

Note that this historical resource estimate includes material in what Exxon termed the South Zone, part of which lies off the current Kay Mine Project claims. Georeferencing of historic figures and the current property boundary indicates that 17 of the 18 massive sulfide bodies and all but the uppermost portion of the South Zone is included within the subject property. Given that most of the outcropping mineralization lies on the current Kay Mine Project claims, the dip of the mineralization is toward the current Kay Mine Project claims, and a large part of the known mineralization is at depth in this dip direction, it is likely that the current Kay Mine Project retains much of the historical resource estimate. Detailed georeferencing of historical figures, re-examination of historical records, validation of historical data through modern drilling, and a current resource calculation will be needed to determine any current mineral resource on the Kay Mine Project.

The historical resource estimate described above is not compliant with NI 43-101 standards, is conceptual in nature, and has not been verified as a current mineral resources. None of the key assumptions, parameters, and methods used to prepare this historical resource estimate were reported, and no resource categories were used. The author of the Kay Mine Technical Report has not done sufficient work to classify it as current mineral resources, reports it for reference only, and does not infer or assert that it was performed under current NI 43-101 guidelines nor that it is reliable or accurate. Arizona Metals does not represent that this historical resource estimate is a current mineral resource and does not rely on it as a current mineral resources.

### ***Historical Production***

The historical production record of the mine is scattered and almost certainly incomplete. Keith et al reported that the Kay Mine Project produced 2,600 short tons of ore containing 296,000 pounds Cu, 13,000 pounds Pb, 2,700 ounces Ag, and 150 ounces Au. The following production was reported in the more detailed project-specific reports currently available.

- 635 tonnes (700 short tons) grading 9.1% Cu, 36.3 g/t Ag, and 2.5 g/t Au (1.06 opt Ag and 0.072 opt Au) mined prior to 1916.
- 907 tonnes (1,000 short tons), no grade reported, shipped in 1949 by Black Canyon Copper Corp.
- 1,410 tonnes (1,554 short tons) with a weighted average grade of 5.62% Cu shipped between 1950 and 1953 by New Jersey Zinc/Shattuck-Denn Mining Company, Drake Mining Corp., and Republic Metals Company. This is likely the 1,425 tonnes (1,571 short tons) reported by Fellows grading 5.67% Cu, 33.6 g/t Ag, and 2.0 g/t Au (0.98 opt Ag and 0.059 opt Au), and includes the 414 tonnes (456 short tons) grading 4.64% Cu, 17.1 g/t Ag, and 1.4 g/t Au (0.5 opt Ag and 0.04 opt Au) reported by Mattinen as shipped by Republic Metals Company in 1955-1956.
- 64 tonnes (70 tons) grading 5.7% Cu selected from surface dumps and shipped by a private owner in 1966.

The total documented production from the Kay Mine Project is thus approximately 3,016 tonnes (3,325 short tons).

### **Geological Setting, Mineralization and Deposit Types**

***Geological Setting And Mineralization*** The Kay Mine project is located in basement rocks of Proterozoic age (1.8-1.6 Ga) consisting dominantly of metamorphosed bimodal volcanic and sedimentary rocks and large granitoid intrusive complexes. The Kay Mine is one 70 Early Proterozoic volcanogenic massive sulfide (“VMS”) deposits in the region that produced 50.2M tonnes (55.3 short tons) of ore with an average grade of 3.6% Cu containing 3.99B pounds Cu.

The Kay Mine Project lies in a NNE-trending belt of greenschist-metamorphosed volcanic, volcanoclastic, and sedimentary rocks of the Townsend Butte facies of the Black Canyon Creek Group of the Yavapai Supergroup aged 1800-1740 Ma. The immediate host rocks to mineralization comprise a highly variable sequence dominated by gritty sericite phyllite (a fine-grained meta-rhyolite with <1 mm quartz phenocrysts); coarse-grained meta-rhyolite tuffs with quartz clasts; and highly silicic meta-rhyolites. The host rocks on the project are intensely deformed, characterized by steeply dipping bedding, foliation, lineations, and folds occurring during three phases of deformation, including isoclinal S1 folds with pervasive axial planar foliation.

Mineralization on the Kay Mine Project consists of 18 stratabound stacked lensoid bodies of massive sulfide. The sulfide bodies occur within a stratigraphic horizon 137-183 m thick (450-600 feet) that strikes north-northeast and dips steeply to the west, lying along a strike length of 350 m and a down-dip extent of 700 m below surface. Individual sulfide bodies are about 20-175 m long and up to 25 m thick, with steeply dipping, generally cigar to tabular shapes that pinch and swell. Mineralization consists of fine- to medium-grained massive pyrite with variable amounts of pyrrhotite, chalcopyrite, and sphalerite, with local galena, tetrahedrite-tennantite, and arsenopyrite. Gangue minerals include chlorite, quartz, sericite, and dolomite. Reported historic grades of this mineralization are up to 16.6% Cu, and recent assays by Croesus returned 16.35% Cu. Zones of lower-grade yet potentially important disseminated and stringer mineralization are present, generally within the footwall of mineralization. The age of mineralization at Kay appears to be 1780-1760 Ma.

Hydrothermal alteration in the footwall of mineralization occurs as widespread layers of black, Mg-rich chlorite; as silicification accompanied by minor pyrite and crosscutting dolomite-chalcopyrite veins; and

as chlorite and dolomite alteration. Footwall alteration shows strongly anomalous Cu. Hangingwall alteration above the sulfide horizons consists of silver-gray sericite phyllites and a massive coarsely crystalline dolomite layer. Hangingwall alteration does not show anomalous base metals.

### ***Deposit Types***

The Kay Mine Project hosts volcanogenic massive sulfide (VMS) deposits, defined as “strata-bound accumulations of sulfide minerals that precipitated at or near the sea floor in spatial, temporal, and genetic association with contemporaneous volcanism.” They typically occur as lenses of polymetallic massive sulfide that form in submarine volcanic environments ranging in age from 3.4 Ga to currently forming seafloor deposits. VMS deposits are characterized by tabular to bulbous orebodies of Cu, Zn, and Pb sulfide minerals formed by direct exhalation of metal-bearing fluids onto the seafloor, or by replacement of or infiltration into permeable shallow sub-seafloor sediments or volcanoclastic rocks, both forms of mineralization being syngenetic with their enclosing strata.

### **Exploration**

Exploration work on the Kay Mine Project included drilling, sampling, and underground development by the Kay Copper Company and New Jersey Zinc (four shafts, 11 levels of workings,  $\geq 103$  drill holes, hundreds of samples). Exxon conducted geologic mapping; relogging drill core and cuttings; petrography; assaying previously untested drill core; stream sediment sampling; geophysical surveys; soil sampling; and compiling underground geology and assay data. This exploration work discovered the 18 massive sulfide bodies currently known on the property. Arizona Metals has performed a geophysical VTEM survey, digitized all historic project data into a modern 3D geological model, conducted geologic reconnaissance in the area, and commissioned a topographic survey of the area surrounding the historical mine workings on the Kay Mine Project.

Exploration work on the Kay Mine Project has exposed three exploration targets: 1) expansion of the existing mineralized body in the South Zone of mineralization, which is open at depth; 2) areas of “marginal mineralization” below historical cutoff grades of 2.5% Cu equivalent, which could provide considerable expansion upside by using lower cutoff grades more appropriate for current economic conditions; and 3) a prominent VTEM anomaly in the western portion of the Kay Mine Project. Several vectoring pathfinders emerged from previous exploration: 1) Zn/Cu ratios decrease as one moves inward toward the center of the massive sulfide bodies; 2) Mg in chlorite increases toward mineralization; 3) Hg in soil increases toward mineralization; and 4) footwall alteration shows strongly anomalous Cu in the 60-90 meters below the mineralized horizon, but hanging-wall alteration does not show anomalous base metals.

### **Drilling**

Drilling on the Kay Mine Project was done by at least three companies and totals at least 128 underground and surface drill holes. In the late 1910s and early 1920s, the Kay Copper Company drilled 89 or more underground holes as shown on mine level maps. In the early 1950s, New Jersey Zinc explored the property and drilled at least 14 underground drill holes. The bulk of the documented surface drilling on the Kay Mine Project was done by Exxon between 1972 and 1984. Exxon drilled 28 core/rotary exploration holes totaling 9,565 m (31,380 ft). Eighteen of these holes were in the immediate vicinity of the Kay Mine Project and totaled 7,525 m (23,793 ft). The best of Exxon’s drill results was 3.91% Cu over a true width of 10.3 m (K-8, 2218.2-2270.8 ft).

For additional information regarding drilling by Arizona Metals since the date of the Kay Mine Technical Report, see below under the heading “*Kay Mine Project - Exploration Work Subsequent to Completion of the Kay Mine Technical Report*”.

## **Sampling, Analysis and Data Verification**

### ***Sampling***

#### ***Kay Copper Company and New Jersey Zinc***

Historical underground sampling shown on Kay Copper Company mine maps was done between 1918 and the late 1920s. Similar work is shown on maps by New Jersey Zinc from the early 1950s. Locations and assay results are known for many of these samples, but information related to sample preparation, analysis, security, quality control, sample splitting and reduction methods before shipment to labs, and security measures are unknown. The author of the Kay Mine Technical Report cannot verify proper sample preparation, analysis, and security for these samples, and before any of this data could be used with confidence it would be necessary to verify these results with new drill samples and/or underground samples processed with current best practices for sample preparation, analysis, security, and QAQC.

#### ***Exxon Minerals***

Historical drill samples for which data still exist were taken between 1972 and 1984 by Exxon Minerals Company. Locations and assay results are known for these samples, but information related to sample preparation, analysis, security, quality control, sample splitting and reduction methods before shipment to labs, and security measures are unknown. At the time of the analyses, Croesus (and therefore Arizona Metals) had no relationship with the laboratories known to have been used for historical samples.

Assay certificates from Skyline Labs of Tucson, Arizona; Jacobs Assay Office of Tucson, Arizona; and Southwestern Assayers & Chemists of Tucson, Arizona show that these labs conducted Au assays and analyses of various other elements for the earlier drill holes, through hole K-18. For these drill holes, the majority of Cu analyses are listed on what appear to be Exxon diamond drill assay logs or Exxon “analytical reports”; it is not clear in what lab these analyses were conducted. Drill holes K-19 and K-21 have assay certificates from Skyline Labs of Tucson, Arizona, reporting Cu, Pb, Zn, Ag, and Au; these holes lie off the current subject property.

Because Exxon Minerals was at the time a reputable and reliable company, and a division of a major oil company, it can be assumed that sampling and analytical procedures were done to industry norms at the time and the results generally reliable, and the author of the Kay Mine Technical Report does not suspect that results are other than recorded. However, the author cannot verify proper sample preparation, analysis, and security for the historical Exxon samples, and before any of this data could be used with confidence it would be necessary to verify these results with new drill samples processed with current best practices for sample preparation, analysis, security, and QAQC.

#### ***Croesus (now Arizona Metals) and Silver Spruce***

Recent samples taken by Silver Spruce and Croesus received no sample preparation before shipment. Assay certificates are available for samples from both companies. Silver Spruce’s samples were processed and analyzed by ALS Minerals in Vancouver B.C., for multi-element analyses (ME-MS61 4-acid digestion, IPC-MS analysis), Au fire assay (Au-AA23 30-g fire assay with AA finish; Au-GRA21 30-g fire assay with gravimetric finish), and ore-grade analyses for Cu, Pb, Zn, and Ag as necessary. Croesus’s samples were processed and analyzed by ALS Minerals in Tucson, Arizona and Reno, Nevada for multi-element analyses (ME-MS41 aqua regia digestion, IPC-MS analysis), Au fire assay (Au-AA23 30-g fire assay with AA

finish), and ore-grade analyses for Cu, Pb, Zn, and Ag as necessary. ALS's available internal QAQC certificates for these analyses indicate acceptable results.

ALS Minerals is a widely used commercial minerals industry laboratory independent of Croesus and Silver Spruce. All of the ALS Minerals facilities used for Croesus and Silver Spruce analyses are accredited by the Standards Council of Canada and are ISO 17025-2005 certified. The author of the Kay Mine Technical Report is of the opinion that sample preparation, security, and analysis for these samples are adequate for the purposes of the Kay Mine Technical Report.

### ***Data Verification***

During the most recent personal inspection of the subject property, the author of the Kay Mine Technical Report collected four samples from the dumps at Shaft No. 1. Assays of these samples confirm the presence of multiple percent grades of Cu, Zn, and Pb; and multi-gram-per-tonne grades in Ag and Au consistent with grades reported in historic data and reports. In addition, recent samples by Croesus are also consistent with historically reported metal grades.

The samples the author collected were delivered under chain of custody to ALS Minerals in Reno, Nevada, where they were prepared for analysis. Samples were analyzed at ALS Minerals' Reno and Vancouver, B.C. labs for multi-element analyses (ME-MS61 4-acid digestion, IPC-MS analysis), Au fire assay (Au-AA23 30-g fire assay with AA finish), and ore-grade analyses for Cu, Pb, Zn, and Au as necessary. ALS's available internal QAQC data for these analyses indicate acceptable results.

Additional verification measures for the drill data included confirming drill-hole collars against scans of original drill logs and the historical collar table in Fellows; cross-referencing mapped drill-hole locations among different generations of maps; and cross-checking drill assay data against assay reports and summary tables. No historical drill core is available for re-sampling.

The author of the Kay Mine Technical Report believes that the data currently available are adequate for the purposes of the Kay Mine Technical Report. As stated above, before any of the historical project data could be used with confidence it would be necessary to verify the data with new drill samples processed with current best practices for sample preparation, analysis, security, and QAQC.

### **Mineral Processing and Metallurgical Testing**

As of May 2019, there had been no modern mineral processing or metallurgical testing work done on the Kay Mine Project.

### **Mineral Reserve and Mineral Resource Estimates**

There are no current mineral resource estimates performed to NI 43-101 standards. Historical resource estimates are discussed above under the heading "*Kay Mine Project - History*".

### **Mining Operations**

The Kay Mine Project is not an advanced property, and this section does not apply to an early stage exploration project.

## **Processing and Recovery Operations**

There are currently no mineral resource estimates for the Kay Mine Project. The Kay Mine Project is not an advanced property, and this section does not apply to an early stage exploration project.

## **Infrastructure, Permitting and Compliance Activities**

Infrastructure on the Kay Mine Project is outstanding, with ready access to power and water in adjacent Black Canyon City, and excellent road access along Interstate Highway 17 and paved city streets. Arizona has a long and rich mining history, and skilled miners and mining professionals reside throughout the state and are available for employment. Potential locations for tailings, waste disposal, and processing plants are numerous, particularly out of sight of town on the western portion of the Kay Mine Project.

No permitting is necessary for surface exploration work on the property such as geologic mapping, surface sampling, and geophysics. On the unpatented claims, permitting will be administered by the BLM through 'notices of intent to operate', which are relatively simple documents to prepare and are routinely approved by the BLM. Permitting for drilling on patented mining claims appears to be minimal, consisting of routine permitting through the Arizona Department of Water Resources. Crossing the Agua Fria River or its tributary to the north, Black Canyon Creek, may require consultation with the United States Army Corps of Engineers.

As of the date of this AIF, permitting has been completed for a Phase 2 drill program at the Kay Mine of 11,000m in 29 diamond drill holes and is underway for the expanded Phase 2 drill program. See under the heading "*Mineral Projects – Kay Mine Project - Project Description, Location and Access – Permitting and Environmental*" above.

## **Exploration Work Subsequent to Completion of the Kay Mine Technical Report**

On January 6, 2020, the Company commenced its fully-funded 6,000m surface drilling program at its Kay Mine Project. From March 27, 2020 to May 21, 2020, the Company suspended exploration at the Kay Mine Project in response to the COVID-19 pandemic. Drilling exploration resumed at the Kay Mine Project after the State of Arizona lifted its statewide stay-at-home public health measures. The Company announced preliminary drill findings in June 2020.

In November 2020, the Company announced that SRK had reviewed historical information on the Kay Mine Project and projects in the vicinity, as well as data from recently completed drilling, and concluded that there is sufficient evidence from historic records and recent exploration drilling and structural geological mapping by Arizona Metals to conclude that "the Kay Mine Project has similar metallurgical characteristics and similar grades to the likes of Hudbay's 777 and Lalor Mines, and Glencore's Kidd Creek Mine". It is anticipated that metallurgical processing of Kay Mine Project mineralization would utilize industry standard and well understood beneficiation methods of crushing, milling and differential flotation to produce separate saleable copper and zinc concentrates with recoveries ranging from 80% to 90% for both copper and zinc. Gold and silver are expected to report to both concentrates, with recoveries of approximately 60% for each.

Arizona Metals has contracted Boart Longyear to mobilize the first drill to the Kay Mine Project on January 4th, 2021 for its Phase 2 drill program, originally planned for 11,000m in 29 core drill holes. A second drill was mobilized to Kay in February 2021, and the Phase 2 drill program was increased from 11,000m to 25,000m. The drill program was subsequently increased to 75,000m in April 2021.

## **SUGARLOAF PEAK PROJECT**

The Company owns 100% of the Sugarloaf Peak Project, in La Paz County, which is located on 4,400 acres of BLM claims. The Sugarloaf Peak Project is a heap-leach, open-pit target. The Sugarloaf Peak Project is not a material property to the Company.

### **Current Technical Report**

The scientific and technical information in this AIF relating to the Sugarloaf Peak Project is supported by the Sugarloaf Peak Technical Report entitled “43-101 Technical Report on the Sugarloaf Peak Gold Project La Paz County, Arizona”, originally dated May 2, 2016 and updated on May 29, 2019, prepared by Highlands Geoscience LLC. The Qualified Person responsible for the Sugarloaf Peak Report is David S. Smith, MS, MBA, CPG, of Highlands Geoscience LLC who, at the effective date and filing date of the Sugarloaf Peak Technical Report, was considered an independent Qualified Person as such term is defined in NI 43-101. The Sugarloaf Peak Technical Report has been filed with Canadian securities regulatory authorities under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Sugarloaf Peak Technical Report contains more detailed information and is subject to certain assumption, qualifications and procedures described therein. Readers are encouraged to review the Sugarloaf Peak Technical Report in its entirety including the figures and tables contained therein. Any references cited within this excerpted information are provided in the Sugarloaf Peak Technical Report Reference should be made to the full text of the Sugarloaf Peak Technical Report. The Sugarloaf Peak Technical Report is not and shall not be deemed to be incorporated by reference in this AIF, but the disclosure herein has been prepared with the consent of the author of the Sugarloaf Peak Technical Report and is qualified in its entirety by the Sugarloaf Peak Technical Report.

Where appropriate, certain information contained in this section may update information derived from the Sugarloaf Peak Technical Report. Any updates to the scientific or technical information derived from the Kay Mine Technical Report and any other scientific or technical information contained in this section has been reviewed and approved by David S. Smith., MS, MBA, CPG., a Qualified Person under NI 43-101 and Vice-President, Exploration of the Company.

### **Project Description, Location and Access**

The Sugarloaf Peak Project is located in La Paz County, Arizona, approximately 10 km west-southwest of Quartzsite, Arizona, on the eastern side of the Dome Rock Mountains in southwestern Arizona. The property is located in Sections 3, 4 and 5, T3N, R20W, and Sections 28 through 34, T4N, R20W, Meridian 14 (Gila and Salt River Meridian). The location of the Sugarloaf Peak Project is shown in the figure below.



The property comprises 222 unpatented mineral claims (221 lode claims and 1 placer claims) covering approximately 1,785 hectares (4,412 acres). All claims are owned 100% by Arizona Metals. Several senior third-party claims fall within or adjacent to the Sugarloaf Peak Project's claims. At present Arizona Metals does not view these third-party claims as material to the proposed exploration program. All claims are on federal public land administered by the BLM. According to the BLM all claims are in good standing. Annual claim payments are due on or before August 31.

The Sugarloaf Peak Project is easily accessible by road on Interstate Highway 10. Sporadically maintained dirt roads enter the claims from the Dome Rock exit from Interstate 10, and from the community of Quartzsite on roads that parallel the south margin of I-10.

The terrain in the Dome Rock Mountains is moderately rugged and serrated, reaching an elevation of 536 meters in elevation at Sugarloaf Peak. Topography on the Sugarloaf Peak Project is varied: the lower-lying areas in the central portion of the Sugarloaf Peak Project have sufficiently gentle topography to accommodate the interstate highway and other roads; Sugarloaf Peak and the flanks of the Dome Rock Mountains in the northern and southwestern parts of the project are moderately rugged but generally accommodating to drill roads. Outcrop exposure is good: ridges and many slopes show abundant bedrock exposures and other slopes and valleys are typically covered by varieties of weathered bedrock and alluvium. The gullies and stream beds are dry and gravel-filled. Vegetation is sparse, consisting of varieties of cactus and low brush.

### ***Royalties***

The mineral reserves planned for future mining at Sugarloaf Peak will be subject to a 2% net smelter royalty return due to Riverside Resources as a result of the December 17, 2014 option agreement between Croesus and Riverside Resources with Riverside Resources retaining a 2% net smelter royalty. Arizona Metals' interest in the Sugarloaf Peak Project is also subject to a 1.5% net smelter return royalty to Arizona Gold Holdings, LLC, which was entered into by Riverside Resources on April 11, 2008. Pursuant to the terms of these royalty agreements, Arizona Metals had the right to repurchase 1% of the 2% royalty held by Riverside Resources until 6 years from the original date of the option agreement, which right has since

expired. Currently Arizona Metals continues to have the right to repurchase 0.5% of the royalty currently held by Riverside Resources for \$2,000,000 until the commencement of production on the Sugarloaf Peak Project. In addition, in accordance with the terms of the royalty agreement between Arizona Metals and Riverside Resources, Arizona Metals retains the right to require Riverside Resources to repurchase 1% of the 1.5% royalty held by Arizona Gold Holdings, LLC for US\$1,000,000, which repurchase amount would be funded by Arizona Metals. This section updates certain prior disclosure of the Company, including the Sugarloaf Peak Technical Report which inadvertently omitted the Arizona Gold Holdings, LLC royalty, which misstated the existing royalties on the Sugarloaf Peak Project. The royalties were disclosed in full in the TSX-V filing statement filed by the Company in connection with the RTO Transaction.

## **History**

The Dome Rock Mountains were one of the first sites where gold was discovered in Arizona in 1862. Numerous prospect pits, old shafts, adits, and rare arrastras (primitive gold-processing structures) are scattered throughout the mountain range both to the north and south of Sugarloaf Peak. Total estimated placer production from the 1860s to 1974 in the district was approximately 12,000 ounces gold and 1,500 ounces silver (MagmaChem, unpublished data). A number of small hard-rock mining activities from 1907 to 1971 (mainly 1934 to 1939) produced a reported 866 tons of ore containing about 320 ounces gold, 250 ounces silver, 61 tons lead, 9 tons zinc, and a small amount of copper (MagmaChem, unpublished data). Sugarloaf Peak is the site of a former surface and underground natroalunite (Al)-Pb-Mo-Bi-W-Sn mine that was discovered in 1929 (Heineman, 1935; Arizona Department of Mineral Resources historic data).

The modern history of the Sugarloaf Peak Project since 1962 includes ownership and exploration by a number of companies, as outlined below. Beginning with Westworld in 1981, numerous companies and geologists have encountered anomalous gold mineralization on the Sugarloaf Peak Project. Details of exploration work and drilling since 2008 are presented in Exploration and Drilling, below. Although several generations of project claims have been staked during the Sugarloaf Peak Project's history, all the exploration described below occurred within or a short distance from the current project boundary.

### ***Congdon & Carey, 1962-1971***

Denver-based consulting company Congdon & Carey controlled the Sugarloaf Peak Project from 1962 to 1971, in search of porphyry copper mineralization. During this time the company performed geologic mapping, geochemical sampling, and geophysics consisting of IP and air magnetics. Congdon & Carey reportedly drilled >4,420 m in 19 core holes with some rotary drilling to depths of 241-1,113 m in 1963-1965. Complete information remains for 12 of these holes and partial information for two holes. Original logs for the drill holes do not exist; the logs are labeled Kerr-McGee Corporation (“**Kerr-McGee**”) but based on information in Dausinger (1983) and Ahern (1971), it appears that Kerr-McGee re-logged the Congdon & Carey holes in the early 1970s. The work by Congdon & Carey delineated a large copper-molybdenum anomaly about 2.6 square km in extent.

### ***Kerr-McGee, 1971-1973***

Also seeking copper mineralization, Kerr-McGee worked on the Sugarloaf Peak Project for two years during 1971-1973. The company re-logged and re-sampled Congdon & Carey core and performed geologic mapping and sampling. Kerr-McGee drilling involved 11 shallow reverse circulation or rotary holes in 1972 to depths of 21-30 m, totaling 302 m of drilling.

### ***Project Idle, 1974-1980***

### ***Westworld, 1981-1983***

Westworld held the Sugarloaf Peak Project from 1981-1983 and conducted the first exploration for gold on the Sugarloaf Peak Project. Work included geologic mapping, collection of rock and soil samples, and reverse circulation drilling. Drilling, conducted in 1983, included 764 m in 10 holes to maximum depth of 78 m. As noted below in Drilling, several holes bottomed in mineralization. Dausinger summarizes the general results of about 700 rock-sample gold assays taken on the Sugarloaf Peak Project by Westworld and seven other companies, including Felmont Oil, Newmont Mining, Amax Exploration, Utah International, Atlas Minerals, Amoco, and Amselco. Samples from all companies returned anomalous gold results, with high values in the range of 3.33-10 ppm Au. Results from Atlas Minerals are included in the current project assay database. Goldsmith in 2008 reports that geologist Norman Dausinger maintained the Sugarloaf Peak Project claims until his death in 2004 or 2005.

Westworld's work resulted in finding "widespread disseminated gold mineralization" in a broad surface anomaly 600-1,200 m wide and 2,100 m long, with drilling suggesting a non-NI 43-101 compliant, conceptual potential resource of "about 100 million tons containing 1.5 million ounces gold and 25 million ounces silver". This historical resource estimate is not compliant with NI 43-101 standards, is conceptual in nature, and has not been verified as a current mineral resource. None of the key assumptions, parameters, and methods used to prepare this historical resource estimate were reported, and no resource categories were used. Upgrading and verifying this historical resource estimate would require thorough verification of all previous drill data including verification drilling; additional drilling to define the limits of mineralization; and a thorough NI 43-101-compliant resource calculation. The author of the Sugarloaf Peak Technical Report has not done sufficient work to classify it as a current mineral resource, reports it for reference only, and does not infer or assert that it was performed under current NI 43-101 guidelines nor that it is reliable or accurate. The Company does not represent that this historical resource estimate is a current mineral resource and does not rely on it as a current mineral resource.

### ***Amselco, 1984***

No reports were available from Amselco's work, but drill logs are compiled in Riverside Resources and Dausinger reports that that the company drilled 18 holes in 1984 (2,004 m of drilling), apparently in a joint venture with Westworld. Goldsmith in 2008 reports that the drilling method was reverse circulation. Based on Amselco's work, Dausinger revised his non-NI 43-101 compliant, conceptual potential resource to 60 million tons at a grade of 0.02 opt Au and 0.30-0.50 opt Ag. This historical resource estimate is not compliant with NI 43-101 standards, is conceptual in nature, and has not been verified as a current mineral resource. None of the key assumptions, parameters, and methods used to prepare this historical resource estimate were reported, and no resource categories were used. Upgrading and verifying this historical resource estimate would require thorough verification of all previous drill data including verification drilling; additional drilling to define the limits of mineralization; and a thorough NI 43-101-compliant resource calculation. The author of the Sugarloaf Peak Technical Report has not done sufficient work to classify it as a current mineral resource, report it for reference only, and does not infer or assert that it was performed under current NI 43-101 guidelines nor that it is reliable or accurate. The Company does not represent that this historical resource estimate is a current mineral resource and does not rely on it as a current mineral resource.

### ***Project Idle, 1985-1988***

### ***Cominco, 1989-1990***

Cousins and Wahl report on the work done by Cominco in 1989-1990, which consisted of geologic mapping, 163 rock-chip samples, and drilling of 12 reverse circulation holes totaling 924 m in 1990.

Cousins in 1990 reports on mapping of individual volcanic units that helped in understanding faulting and structure, and postulates a post-deformation timing for gold mineralization.

***Project Idle, 1996-2005***

***Arizona Gold Holdings, 2006-2008***

In 2006, prospector Merrill Palmer staked claims on the Sugarloaf Peak Project. In 2007-2008, Palmer partnered with Penny Godfrey, geologist Stan Keith, Rick Russell, and Monte Swan to form Arizona Gold Holdings LLC, which subsequently enlarged the land holdings in 2008. Arizona Gold Holdings LLC performed initial geologic investigations and surface sampling prior to its option agreement with Riverside Resources in April, 2008. From 2008 to 2011, Stan Keith's company MagmaChem Exploration performed exploration and geologic work on Sugarloaf Peak Project on behalf of Arizona Gold Holdings LLC, Riverside Resources, and Choice Gold.

***Riverside Resources, 2008-2011***

Beginning in 2008, Riverside Resources conducted a work program consisting of compiling data and historical information, geologic mapping, collecting approximately 370 surface rock samples, drilling, and producing an NI 43-101 report. Drilling consisted of 1,125 m of core in five holes to depths of 147-244 m. Riverside Resources produced several internal reports, scanned and digitized historical drill data, and commissioned a geologic and structural evaluation of the Sugarloaf Peak Project.

***Choice Gold, 2011-2012***

Choice Gold optioned the Sugarloaf Peak Project from Riverside Resources in March 2011, and retroactively funded a geologic mapping and rock-chip sampling program by Stan Keith/MagmaChem, a structural review by Telluris, a Titan-24 induced-polarization geophysical survey, and an air magnetics geophysical survey. Following this, Choice Gold conducted a diamond drill program from July to October 2011 consisting of six core drill holes totaling 2,012 m. Choice Gold returned in the spring of 2012 with a reverse-circulation drilling program consisting of 13 holes totaling 1,262 m. Choice Gold also did rock-chip sampling and mapping in the north, west, central and southeast portions of the property. A total of 149 rock samples were collected and analyzed. Mapping and prospecting in the north of the property focused on identifying copper-gold bearing structures and units with the potential for porphyry copper mineralization. Field work in the southeast portion of the Sugarloaf Peak Project focused on a small outcrop of skarn mineralization in sediments that may indicate additional mineralization to the southeast. Choice Gold dropped its option in June 2012, and 100% of the Sugarloaf Peak Project was returned to Riverside Resources.

***Riverside Resources, 2013***

After Choice Gold dropped its option, Riverside Resources held the Sugarloaf Peak Project and marketed it to various companies, while doing no work on the Sugarloaf Peak Project.

***Croesus, 2014-2019***

In December 2014, Croesus signed an option agreement to purchase 100% of the Sugarloaf Peak Project from Riverside Resources, which was completed in March 2016.

## *Arizona Metals, 2019-Present*

Through the RTO Transaction between Croesus and RTB, Arizona Metals acquired a 100% interest in the Sugarloaf Peak Project in June 2019.

### **Geological Setting, Mineralization and Deposit Types**

The Sugarloaf Peak Project is located in the Jurassic magmatic arc complex of west-central Arizona, an extensive belt of Lower- to Middle-Jurassic metavolcanics and related plutons. Host rocks in the project area are known as the Dome Rock igneous suite, a sequence of 158-200 Ma metavolcanics, their volcanoclastic equivalents, coeval intrusions, and minor metasediments. Regional structure and tectonics include the Precambrian Goodman Fault zone, which shows a pronounced bifurcation into six strands on the project, four Mesozoic deformational events of both compressional and extensional nature, as well as Tertiary Basin-Range faulting. The project occurs in a region of large gold deposits (Mesquite, California, and Copperstone, Arizona) and a number of smaller mineral occurrences in the Dome Rock Mountains.

The main rock type at the Sugarloaf Peak Project is altered rhyolite. This typically has a fine ash matrix with variable amounts of quartz and feldspar phenocrysts, lithic fragments, and lapilli. Rhyolite shows compositional layering, flame structures, and welding; this compositional layering has often been named “foliation” on the project, although it can easily be confused for true parallel alignment of metamorphic minerals. Thin sections reveal that very fine-grained sericite does display mineral-parallel foliation. Other host rocks to gold mineralization include dacite and andesite flows, and two intrusive units, the Middle Camp quartz monzonite and the Diablo alkali granite. All host rocks on the project appear to have been deformed and show variable amounts of foliation.

Located in the Central Zone of the Sugarloaf Peak Project, gold mineralization consists of sheeted veins/veinlets and stockworks of quartz-pyrite±accessory vein minerals including specularite, tourmaline, and molybdenite in quartz-sericite-pyrite and argillic-altered host rocks. Pyrite is broadly disseminated in altered wall rocks adjacent to quartz-pyrite bearing veinlets, veins, and faults or shear zones. The main gold-mineralized zones identified both in drilling and on surface occur within zones of quartz-sericite-pyrite alteration, and argillic to advanced argillic alteration on surface. Historic and modern surface rock-chip samples have outlined a gold anomaly >200 ppb Au measuring approximately 2.5 km long accompanied by anomalous zinc, molybdenum, and lead. Statistical evaluations of Riverside Resources drill data revealed a strong correlation between Au and Te (correlation coefficient of 0.78), and a weak Au correlation with As (R=0.47). Downhole multi-element plots from the Choice Gold drilling support these associations, and show a strong correlation between Au and Ag, Cu, Pb, Zn, Mo, Bi, Te, As, Sb, and Se in the gold mineralization.

Many past and current geologists consider the gold mineralization to be Jurassic in age, roughly 160-164 Ma, but I have seen no conclusive evidence for this, nor for the relative timing of mineralization and the numerous deformation events. Thin sections reveal that alteration sericite is generally moderately foliated, indicating that alteration and mineralization occurred before or during one of the four deformation events that have taken place in the host rocks.

The principal large-scale structural control on gold mineralization is considered to be the Goodman Fault system. On a smaller scale, quartz-pyrite veins appear to be the principal structural control on mineralization. Understanding more fully the structural controls on mineralization should be a goal for the project. Thrust faulting, foliation, and dikes may have played roles in localizing mineralization. Structural preparation in the area of gold mineralization is impressive. The Sugarloaf Peak Project overlies a pronounced bifurcation of the Goodman Fault zone into six strands. In the same area, a left step in the fault system would create dilation receptive to mineralizing fluids during left-lateral motion. The presence of

abundant veins of multiple generations, pervasive foliation, and several episodes of shearing and thrust faulting all contribute to an exceptionally complex structural setting and pervasive pathways for mineralizing fluids. Post-mineralization faulting may have partially dissected the mineralized system, and identifying these structures and their offsets may be important in outlining a resource.

The Sugarloaf Peak Project also holds potential for alkaline porphyry copper-gold deposits in the west, north, and southeast parts of the project. Porphyry copper-gold style mineralization is prospective on the north and west targets at the Sugarloaf Peak Project. The highest copper grades on the project—up to 0.67% Cu—occur on the north target north of Interstate 10, where rock-chip sampling by Choice Gold returned widespread copper mineralization with up to 1.95 g/t Au. These samples occur in variably sheared and altered porphyritic granitoids with K-feldspar phenocrysts; monzonite porphyry; and latite porphyry intrusives. In the central mineralized zone south of Interstate 10, Cu forms a low-level anomaly (>100 ppm) that trends irregularly to the northwest, and which sits distinctly offset to the west-southwest of the main gold-lead-zinc-molybdenum anomaly. This offset, along with higher bismuth-tellurium-arsenic-antimony to the west-southwest coincident with the Cu anomaly suggests that this portion of the project may be the deeper levels of a porphyry system.

The exploration model for the project is based on structural geology, rock-chip geochemistry, and geophysics, along with knowledge of metal zonation in orogenic gold, high-sulfidation epithermal systems, and porphyry copper-gold systems. The coincidence of Goodman Fault shears and other high-angle faults; gold, zinc, and molybdenum rock-chip anomalies; and geophysical IP chargeability high and magnetic low anomalies present the highest-quality exploration targets for gold. Porphyry copper-gold targets will be defined by a combination of exposed alteration and mineralization, anomalous pathfinder elements, and induced polarization and magnetic anomalies.

## **Exploration**

Exploration on the Sugarloaf Peak Project has occurred in numerous phases from 1962 to the present. Exploration conducted includes geologic mapping; collection of at least 1,916 rock samples; structural reviews; an airborne magnetic survey; and an induced-polarization-resistivity survey. These samples and geophysical surveys outline the large gold-mineralized system that has been verified with drilling, and show several promising targets for additional exploration. Historical exploration work conducted on the Sugarloaf Peak Project is outlined under the heading “*Sugarloaf Peak Project - History*”, above. Recent exploration conducted between 2008 and present is described below.

### ***Riverside Resources Exploration, 2008-2011***

Beginning in 2008, Riverside Resources conducted a work program consisting of compiling data and historical information, geologic mapping, collecting approximately 370 surface rock samples, drilling, and producing a NI 43-101 report. Drilling consisted of 1,125 m of core in five holes to depths of 147-24 m, as discussed in “*Sugarloaf Peak Gold Project - Drilling*”, below. Riverside Resources produced several internal reports, scanned and digitized historical drill data, and commissioned a geologic and structural evaluation of the Sugarloaf Peak Project.

### ***Choice Gold Exploration, 2011-2012***

Work performed or funded by Choice Gold included: 1) geologic mapping and rock-chip sampling by Stan Keith/MagmaChem; 2) a structural review by Telluris; 3) a Titan-24 induced-polarization geophysical survey; 4) an airborne magnetic geophysical survey; 5) a 6-hole 2,012 m diamond drill program; 6) a 13-hole 1262 m reverse-circulation drill program; 7) re-logging of the drill core from the 2009 Riverside Resources drilling program, and 8) a 149 rock-chip sample and mapping program.

### ***Exploration, 2012-Present***

Between Choice Gold's final work in 2012 and present, minimal exploration work has been conducted on the Sugarloaf Peak Project: Riverside Resources conducted no exploration during this period, and Croesus collected a combined total of 15 rock and stream-sediment samples on the Sugarloaf Peak Project.

On July 6, 2020, the Company commenced its 1,300m drill program at the Sugarloaf Peak Project.

### **Drilling**

One hundred drill holes totaling approximately 14,074 m (46,175 ft) of core, rotary, and reverse circulation drilling have been completed on the property between 1963 and 2012 by operators in search of both gold and copper. Drilling has identified a large, relatively low-grade gold deposit exposed at surface over an area of approximately 1 km east-west and 500 m north-south. The deposit shows excellent expansion potential: the currently drilled area is open to the south, west, east, north, and at depth. Five target areas within and adjacent to the deposit are ready for fill-in and extension drilling. The drilled area is surrounded laterally by a strong surface gold anomaly and argillic/sericitic alteration, and underlain by deeper gold-bearing drill intercepts and many holes that ended in mineralization. Recent drill holes contain >300 ppb Au intercepts as deep as 200 meters, but many IP high chargeability anomalies at depth remain undrilled. Given the extent and grade of the currently drilled area and the lateral and depth indications, the potential for expanding the gold deposit is excellent. In particular, the prominent magnetic low that underlies gold mineralization continues to the west under alluvial cover, where it coincides with the western portion of the IP chargeability high anomaly. This presents a prime, untested exploration target.

For additional information regarding drilling by Arizona Metals since the date of the Sugarloaf Peak Technical Report, see below under the heading "*Sugarloaf Peak Project - Exploration Work Subsequent to Completion of the Sugarloaf Peak Technical Report*".

### **Sampling, Analysis and Data Verification**

#### ***Sample Preparation***

Sample preparation, analysis, and security for historical samples cannot be determined but, in the opinion of the author of the Sugarloaf Peak Technical Report, were suitable and results are generally reliable. With the exception of surface assays (data verification samples were considerably lower than the originals), data verification and quality-control results were acceptable.

#### ***Data Verification***

Exploration since 2008 has generally been carried out under exploration best practices and, subject to the data-verification issues with surface rock-chip sampling, in the opinion of the author of the Sugarloaf Peak Technical Report, exploration results are acceptable.

The author of the Sugarloaf Peak Technical Report took six data verification samples of Riverside drill core and five verification samples from Choice Gold surface sample sites. These samples are not sufficient for thorough data verification or statistical analysis and are only intended to verify the presence of gold on the

project. Additional data verification was done by examining Riverside drill core and cross-checking assay certificates with the project database; no errors were found.

Verification samples of drill core agree reasonably well with the original assay values and demonstrate the presence of gold on the Sugarloaf Peak project. This data has been verified and is suitable for the purposes of this report.

Verification samples of outcrop did not agree well with the original values, and are systematically lower by factors of 2 to 15. This is likely attributable to variations in sampling. First, although original sample tags were found in the field, no precise markings of sample extents were made by Stan Keith's samplers, and neither Mr. Keith nor his samplers were present during verification sampling to advise on exact sample locations and extents. As a result, verification samples attempted to duplicate written descriptions of the samples but likely varied somewhat from the original rock sampled. Second, these results may show a bias in the original sampling toward vein or higher-grade material and therefore may not be representative of the overall bulk gold grade at the sampled locations. At three sample sites (19951, 19952, 19955) the author removed high-grade bias by taking channel samples. These discrepancies may also be the result of analyses done at different labs but this is not likely, as all labs used are reputable and all quality control samples gave appropriate results. Five samples are insufficient to provide thorough verification of the several hundred surface rock-chip samples taken on the project. In spite of the discrepancies, the author's verification samples contain anomalous gold and demonstrate the presence of gold mineralization on the project. In the author's opinion, the difference between verification and original assay values are not a cause for concern, given the good agreement between verification and drill samples, the long history of favorable gold assays by numerous workers over many years in the same ranges as the recent rock-chip samples, and the sampling variations mentioned above. Surface rock-chip data generated by Choice Gold appear to be adequate for the purposes of this report. Nevertheless, these results indicate that care should be taken in interpreting the results of past surface bedrock assays, and they should not be relied upon in mineral resource calculations without statistically valid verification.

### ***Recent Developments***

For information regarding sampling, analysis and data verification since the date of the Sugarloaf Peak Technical Report, see below under the heading "*Sugarloaf Peak Project - Exploration Work Subsequent to Completion of the Sugarloaf Peak Technical Report*".

### **Mineral Processing and Metallurgical Testing**

#### ***Kinross Gold, 2009***

Limited metallurgical test work was done by Kinross Gold Corp. in 2009 during the company's evaluation of the Sugarloaf Peak Project for possible acquisition. Kinross took 16 samples spread across the central gold zone of the Sugarloaf Peak Project, with one sample falling north of highway I-70. Florin Analytical of Reno, Nevada, performed 24-hour cold cyanide bottle roll tests with AAS finish, supported by fire assay with AAS finish to determine head grades.

Gold recoveries ranged from 0-73%, with an overall average of 51%. However, these samples are not all representative of potentially ore-grade mineralization: if one assumes a mining cut-off grade of 200 ppb, 11 of the 16 samples tested would be waste. Nine of these "waste" samples fall outside the core of the deposit, and one consisted of white "bull" quartz vein material, which generally carries little Au on the Sugarloaf Peak Project.

The five samples grading >200 ppb Au averaged 418 ppb Au head grade and 64% Au recovery. This is within the range of potentially economic recovery for an open-pit, heap-leach mining operation.

These samples do not constitute a representative metallurgical sampling program, and, in the opinion of the Qualified Person, do not accurately represent the style and types of mineralization on the project: 16 samples are too few to fully reflect the deposit's mineralization; sample sizes are not known, but likely were not representative bulk samples; QAQC practices and results are not known, and samples were taken from surface outcrops only and do not include drill core. As a result, this testing is of limited use in predicting the project's eventual metallurgical recoveries. Any future metallurgical testing work should be comprehensive, and representative of the Sugarloaf Peak Project's mineralization.

### ***Agnico Eagle Mines, 2013***

In 2013, Agnico Eagle Mines (“**Agnico Eagle**”) collected five samples from drill core and cuttings and submitted them for metallurgical testing. Three samples were duplicates of Choice Gold reverse-circulation drill samples; these were split onsite with a riffle splitter. Two samples were one-quarter splits of HQ drill core cut by diamond saw from the remaining half core.

Agnico Eagle submitted the samples to American Assay Labs in Reno, Nevada for BLEG (bulk-leach extractable gold) testing. The Agnico Eagle data indicate BLEG recoveries between 33% and 146% of the fire assay results. Agnico Eagle's assays ranged from 23% to 111% of the original fire assays. The wide variability of the assays and BLEG results is likely a combination of the relatively small sample size and the occurrence of coarse free gold on the Sugarloaf Peak Project.

As with Kinross' metallurgical sampling, the Agnico Eagle samples do not constitute a representative metallurgical sampling program, and my opinion do not fully represent the style and types of mineralization on the Sugarloaf Peak Project: samples were too few to fully reflect the deposit's mineralization; and sample sizes were small. As a result, this testing is of limited use in predicting the project's eventual metallurgical recoveries. Any future metallurgical testing work should be comprehensive, and representative of the Sugarloaf Peak Project's mineralization.

### **Mineral Resource and Mineral Reserve Estimates**

There are no current gold resource estimates for the Sugarloaf Peak Project that are compliant with NI 43-101 requirements. There are non-NI 43-101-compliant, conceptual potential resource opinions on the Sugarloaf Peak Project, as described below.

Geologist Norman Dausinger, who was involved with the Sugarloaf Peak Project from 1981 through 2004 or 2005, gave two non-NI 43-101-compliant, conceptual potential resource opinions of “about 100 million tons containing 1.5 million ounces gold and 25 million ounces silver”, and 60 million tons at a grade of 0.02 opt Au and 0.30-0.50 opt Ag. The historical conceptual resource opinions were reported by Westworld in 1983 (Dausinger, N.E., 1983, Phase I Drill Program and Evaluation of Gold-Silver Potential, Sugarloaf Peak Project, Quartzsite, Arizona: Report for Westworld) and 1987 (Dausinger, N.E., 1987, Sugarloaf Peak Project, La Paz County, Arizona: Report for Westworld), respectively. These potential resource opinions are not compliant with NI 43-101 standards, are conceptual in nature, and have not been verified as a current mineral resources. None of the key assumptions, parameters, and methods used to prepare the conceptual potential resource opinions were reported, and no resource categories were used. No more recent estimates or data are available as of the effective date of the Sugarloaf Peak Technical Report. The author of the Sugarloaf Peak Technical Report has not done sufficient work to classify these conceptual potential resource opinions as current mineral resources, reports them for reference only, and does not infer or assert that they were performed under current NI 43-101 guidelines nor that they are reliable or accurate. Arizona

Metals does not represent that these conceptual potential resource opinions are current mineral resources, and does not rely on them as a current mineral resources.

The deposit currently has a relatively low grade; the weighted average of all the drill intervals >0.3 g/t Au is 0.56 g/t Au. Although low, this is still in the range of potentially economic mineralization. The deposit contains significantly higher-grade portions: 95 drill intervals exceed 1 g/t Au with a peak at 6.6 g/t Au. Finding additional higher-grade mineralization will be the key to developing an economically viable resource on the Sugarloaf Peak Project.

Current data on the Sugarloaf Peak Project may be sufficient to calculate an NI 43-101-compliant resource. An independent resource consultant should be hired to review the data and make recommendations for further work, if necessary, or to proceed with the resource estimate. Generating a NI 43-101-compliant resource estimate will require thorough verification of previous drill data; this may include twinning of historical holes, or drilling nearby holes to confirm grade continuity. Any further drilling on the Sugarloaf Peak Project should be planned with the chosen resource qualified person to ensure that the appropriate data is generated for an NI 43-101-compliant resource model.

### **Mining Operations**

The Sugarloaf Peak Project is not an advanced property, and this section does not apply to an early-stage exploration project.

### **Processing and Recovery Operations**

The Sugarloaf Peak Project is not an advanced property, and this section does not apply to an early-stage exploration project. As of May 29, 2019, no mineral processing work had been performed on the Sugarloaf Peak Project. See also below under the subheading “*Exploration Work Subsequent to Completion of the Sugarloaf Peak Technical Report*”,

### **Infrastructure, Permitting and Compliance Activities**

The Sugarloaf Peak Project is situated in west-central Arizona in an area with established infrastructure. Interstate Highway 10 crosses the project. The town of Blythe, California, is located about 26 km west of the project, and Parker, Arizona, is located approximately 68 km by road north of the Sugarloaf Peak Project. Both towns have retail and service suppliers, a small airport and hospital, police and other facilities. Basic services (food, fuel, hotel accommodation) are locally available in the towns of Quartzsite (10 km east of the project), Ehrenberg (19 km west), and Blythe (26 km west).

Railroad lines and a network of Interstate highways provide excellent transportation infrastructure throughout the Sugarloaf Peak Project region. Domestic power is available in Quartzsite. A major interstate highway, Interstate 10, runs through the Sugarloaf Peak Project, as do a natural-gas pipeline, telephone lines, and other utility lines. If an economically viable deposit is outlined at the Sugarloaf Peak Project, this infrastructure may have to be addressed during production planning and design, depending on the location of ore and the resulting open-pit geometry. This is offset by the presence of utilities and infrastructure on the Sugarloaf Peak Project, which will generally reduce infrastructure costs during project development.

Arizona has a long and rich mining history, and skilled miners and mining professionals reside throughout the state and are available for employment. There are no permanent dwellings on the claims. Surface rights for mining operations, waste disposal, tailings storage, plant site, and heap leach pads may be obtainable from the BLM, and there are sufficient areas of relatively flat-lying topography to accommodate these

facilities. Permitting a mining operation in Arizona has been and continues to be a process with which local, state, and federal regulators are very familiar.

### **Exploration Work Subsequent to Completion of the Sugarloaf Peak Technical Report**

On July 6, 2020, the Company commenced its 1,300m drill program at its Sugarloaf Peak Project. Drill core from this program was sent to ALX Minerals in Reno, Nevada, for analysis, and to Kappes Cassiday and Associates of Reno, Nevada, to undergo bottle-roll and column testing of gold recoveries by leaching of oxide and sulfide material.

Two cored drill holes were also planned to be extended to a depth of 500m to test a large geophysical target that the Company believes has the potential to host a higher grade “feeder” zone that could be the source of the disseminated oxide mineralization identified by previous operators.

A total of four holes (totalling 1,700m) were drilled primarily to provide core for metallurgical testing, to test geophysical targets at depth, and also to provide infill data towards incorporation into an NI 43-101 resource estimate. The results were as follows:

- Drill hole SP-20-02 intersected 119.8 m of 0.34 g/t gold from surface, including 21.6 m of 0.44 g/t gold, and 34.8 m of 0.41 g/t gold.
- Drill hole SP-20-03 was extended to a depth of 547 m to test a geophysical anomaly starting at a depth of approximately 270 m. This hole encountered low grade mineralization from 11.3 m to 178 m (166.7 m of 0.12 g/t gold), but did not encounter significant mineralization at depth.
- Drill hole SP-20-04 intersected 122.4 m of 0.31 g/t gold from a depth of 3.1 m, including 18.7 m of 0.43 g/t gold and 17.9 m of 0.47 g/t gold. This interval was a part of larger mineralized halo, starting at a depth of 3.1 m and extending to 396.5 m, for a total of 393.5 m of 0.22 g/t gold.
- Drill hole SP-20-01 intersected 137 m of 0.53 g/t gold from surface, including, 99 m of 0.62 g/t gold, and 30 m of 0.90 g/t gold. From 179.7 m to the end of the hole at 218.5 m, the same hole also intersected 38.8 m of 0.32 g/t gold (Table 1). The hole ended in anomalous gold, and intersected gold mineralization approximately 45 m below holes drilled by previous operators in 1990 (Cominco) and 2011 (Choice Gold).

Detailed hydrothermal alteration analyses have been completed on all four holes, and representative samples will undergo metallurgical testing at Kappes Cassiday and Associates’ facility. Results of the metallurgical testing are expected in the second quarter of 2021.

All of Arizona Metals’ drill sample assay results have been independently monitored through a quality assurance/quality control (“QA/QC”) protocol which includes the insertion of blind standard reference materials and blanks at regular intervals. Logging and sampling were completed at Arizona Metals’ core handling facilities located in Quartzite, Arizona. Drill core was diamond sawn on site and half drill-core samples were securely transported to ALS Laboratories’ (“ALS”) sample preparation facility in Tucson, Arizona. Sample pulps were sent to ALS’s labs in Vancouver, Canada, for analysis.

Gold content was determined by fire assay of a 30-gram charge with ICP finish (ALS method Au-AA23). Silver and 47 other elements were analyzed by ICP methods with four-acid digestion (ALS method ME-MS61). ALS Laboratories is independent of Arizona Metals Corp. and its Vancouver facility is ISO 17025 accredited. ALS also performed its own internal QA/QC procedures to assure the accuracy and integrity of results. Parameters for ALS’ internal and Arizona Metals’ external blind quality control samples were

acceptable for the samples analyzed. Arizona Metals is not aware of any drilling, sampling, recovery, or other factors that could materially affect the accuracy or reliability of the data referred to herein.

## DIVIDENDS

Arizona Metals has not, since the date of its incorporation, declared or paid any cash dividends on its Common Shares and does not currently have a policy with respect to the payment of dividends. For the immediate future Arizona Metals does not envisage any earnings arising from which dividends could be paid. The payment of dividends in the future will depend on the earnings, if any, and Arizona Metals' financial condition and such other factors as the Board of Directors of Arizona Metals considers appropriate.

## CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares without par value. As at the date of this AIF, there are 78,558,738 Common Shares issued and outstanding. The holders of Common Shares are entitled to: (i) one vote per Common Share at all meetings of shareholders; (ii) receive dividends as and when declared by the directors of Arizona Metals; and (iii) receive a pro rata share of the assets of Arizona Metals available for distribution to the shareholders in the event of the liquidation, dissolution or winding-up of Arizona Metals. There are no pre-emptive, conversion or redemption rights attached to the Common Shares.

## MARKET FOR SECURITIES

The Common Shares of the Company are listed and posted for trading on the TSX-V in Canada under the symbol "AMC" and the OTCQX under the symbol "AZMCF". The following table outlines the TSX-V share price trading range and volume of shares traded by month for the following periods:

2020	TSX-V			OTC Markets		
	High (C\$)	Low (C\$)	Total Volume	High (US\$)	Low (US\$)	Total Volume
January	0.65	0.49	2,640,185	N/A	N/A	N/A
February	0.55	0.27	1,224,504	N/A	N/A	N/A
March	0.52	0.22	1,697,023	N/A	N/A	N/A
April	0.58	0.28	2,264,472	N/A	N/A	N/A
May	0.74	0.54	2,603,447	N/A	N/A	N/A
June	0.75	0.52	1,390,967	N/A	N/A	N/A
July	0.98	0.61	2,038,898	N/A	N/A	N/A
August <sup>(1)</sup>	1.04	0.64	1,312,071	0.90	0.60	4,800
September	0.91	0.61	2,307,529	0.72	0.45	20,780
October	0.70	0.58	1,990,695	0.77	0.26	22,890
November	0.75	0.55	1,421,820	0.59	0.38	8,100

December	1.02	0.68	3,262,531	0.80	0.48	2,781,146
<b>2021</b>						
January <sup>(2)</sup>	1.20	0.85	6,146,172	0.97	0.68	3,422,696
February	2.05	0.90	6,687,855	1.65	0.70	4,946,866
March	2.40	1.43	5,540,650	1.90	1.12	1,910,537
April	3.09	2.03	3,255,841	2.50	1.67	1,587,519

**Notes:**

<sup>(1)</sup> On August 6, 2020, the Company's Common Shares began trading on the OTCQB under the symbol "AZMCF".

<sup>(2)</sup> On January 25, 2021, the Company's Common Shares began trading on the OTCQX under the symbol "AZMCF".

### PRIOR SALES

As of the date of this AIF, other than as disclosed below, the Company does not have any classes of securities outstanding which are not listed or quoted on a marketplace.

#### Stock Options

The following table sets forth details for all stock options of the Company that were issued under the Company's stock option plan during the year ended December 31, 2020 and thereafter until the date of this AIF, with each stock option exercisable to acquire one (1) Common Share.

Date of Issue	Number of Options Issued	Exercise Price	Expiry Date
May 7, 2020	100,000	\$0.50	May 7, 2025
June 4, 2020	1,450,000	\$0.66	June 4, 2025
August 4, 2020	100,000	\$0.80	August 4, 2022
December 2, 2020	500,000	\$0.68	November 30, 2023
February 8, 2021	200,000	\$1.00	February 8, 2026

#### Warrants

During the year ended December 31, 2020 and thereafter until the date of this AIF, the Company issued the following purchase warrants.

Date of Issue	Description	Number of Warrants Issued	Exercise/Purchase Price	Expiry Date
May 29, 2020	Private Placement <sup>(1)</sup>	4,649,999	\$0.85	November 29, 2021
May 29, 2020	Broker Warrants <sup>(2)</sup>	427,654	\$0.65	November 29, 2021
April 22, 2021	Special Warrants <sup>(3)</sup>	10,000,000	\$2.10	N/A
April 22, 2021	Broker Warrants <sup>(4)</sup>	525,442	\$2.10	April 22, 2022

**Notes:**

<sup>(1)</sup> Exercisable for one (1) Common Share at the Exercise Price

<sup>(2)</sup> Exercisable for one (1) Common Share at the Exercise Price

<sup>(3)</sup> Each Special Warrant shall be deemed to be exercised for one (1) Unit of the Company without any required action on the part of the holders (and for no additional consideration) on the Qualification Date. See "General Development of the Business – Three Year History – Recent Development".

<sup>(4)</sup> Each Compensation Warrant is exercisable into one (1) Unit at a price of \$2.10 per Unit until April 22, 2022.

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

Designation of class	Number of securities held in escrow or subject to a contractual restriction on transfer as of December 31, 2020	Percentage of Class
Common Shares	8,488,006 <sup>(1)(2)(3)</sup>	12.9% <sup>(4)</sup>
Stock Options	6,035,000 <sup>(2)</sup>	59.9% <sup>(5)</sup>

### **Notes:**

<sup>(1)</sup> As at December 31, 2020, 1,128,006 Common Shares were in escrow held pursuant to the terms of the TSX-V Form 2F CPC escrow agreement dated January 24, 2018 (the “**CPC Escrow Agreement**”) between the Company and TSX Trust Company (the “**Escrow Agent**”). The escrowed securities are held and administered by the Escrow Agent pursuant to the terms of the CPC Escrow Agreement. Pursuant to the terms of the CPC Escrow Agreement, 10% of the initial escrowed securities were released on August 29, 2019, and an additional 15% of the initial escrowed securities were, or will be, released on each of February 2, 2020, August 2, 2020, February 2, 2021, August 2, 2021, February 2, 2022 and August 2, 2022. If the Company graduates to Tier 1 of the TSXV, the release of the escrowed securities will be accelerated.

<sup>(2)</sup> As at December 31, 2020, 4,940,000 Common Shares and 6,035,000 stock options were held in escrow pursuant to the TSX-V Form 5D Surplus Security Escrow Agreement dated as of August 1, 2019 (the “**Surplus Security Escrow Agreement**”) between the Company, the Escrow Agent and certain securityholders of the Company. The escrowed securities are held and administered by the Escrow Agent pursuant to the terms of the Surplus Security Escrow Agreement. Pursuant to the terms of the Surplus Security Escrow Agreement, 5% of the initial escrowed securities were released on September 4, 2019 and February 2, 2020, 10% of the initial escrowed securities were or will be released on each of August 2, 2020 and February 2, 2021, 15% of the initial escrowed securities will be released on each of August 2, 2021 and February 2, 2022, and the remaining 40% of the escrowed securities will be released on August 2, 2022.

<sup>(3)</sup> As at December 31, 2020, an aggregate of 2,420,000 Common Shares were subject to TSX-V Seed Share Resale Restrictions pursuant to TSX-V policy 5.4. These restrictions on transfer were imposed by the TSX-V in connection with the RTO Transaction, and the Common Shares bear legends restricting transfer until February 1, 2021 (in respect of 805,000 Common Shares), and August 1, 2021 (in respect of 805,000 Common Shares), and February 1, 2022 and August 2, 2022 (each in respect of 400,000 Common Shares).

<sup>(4)</sup> As at December 31, 2020 there were 65,753,710 Common Shares issued and outstanding.

<sup>(5)</sup> As at December 31, 2020 there were 10,082,000 stock options of the Company issued and outstanding.

## DIRECTORS AND EXECUTIVE OFFICERS

The names, positions or offices held with the Company, municipality of residence, and principal occupation within the past five (5) years of the directors and executive officers of the Company as at the date of this AIF are set out below.

<u>Name and municipality of residence</u>	<u>Position Held with Arizona Metals</u>	<u>Director or Officer Since</u>	<u>Principal occupation during the five preceding years</u>
Marc Pais <i>Toronto, Ontario</i>	Chief Executive Officer and Director	August 1, 2019	President and Chief Executive Officer and Director, Arizona Metals (formerly Croesus) (now Arizona Metals)

Paul Reid <i>Toronto, Ontario</i>	Chairman and Director	August 1, 2019	Chairman and Director, Arizona Metals (formerly Croesus)
Rick Vernon <i>Toronto, Ontario</i>	Director	August 1, 2019	Managing Director and Head of Investment Banking, PI Financial Corp. (February 2014 to February 2018)
Colin Sutherland <i>Toronto, Ontario</i>	Director	August 1, 2019	Director, Amarillo Gold Corporation (September 2018 to October 2020); Director, NQ Minerals PLC (May 2017 to December 2020); President, McEwen Mining Inc. (January 2016 to November 2016); CEO & Managing Director, Archipelago Resources Inc. (March 2012 to December 2015), CFO & Director, Magna Gold Corp (Jan 2020 to Present), Director, Gatekeeper Systems Inc (Feb 2021 to Present).
Conor Dooley <i>Toronto, Ontario</i>	Corporate Secretary and Director	November 30, 2017	Lawyer at WeirFoulds LLP
Sung Min (Eric) Myung <i>Toronto, Ontario</i>	Chief Financial Officer	August 1, 2019	Chief Financial Officer, Broadway Gold Mining Ltd. (September 2018 to present); Chief Financial Officer, Sokoman Minerals Corp. (September 2018 to present); Chief Financial Officer, Melkior Resources Inc. (August 2018 to present); Senior Financial Analyst, Marrelli Support Services Inc. (2018 to present); Junior Manager and Senior Staff Accountant, Sone Rovet Chasson LLP (2011 to 2017)
David Smith <i>Seattle, Washington</i>	Vice President of Exploration	August 1, 2019	President, Highlands Geoscience LLC (2011 to present); Vice President, Exploration, North American Silver (December 2018 to present); Chief Executive Officer, Bristlecone Mining Company (September 2017 to present); President, Highlands Metals (February 2016 to April 2019); Director and Vice President, Exploration, Ausgold Resources (September 2016 to February 2018); Director and Vice President, Exploration, Centennial Mining Limited (October 2014 to December 2017); Manager of Business Development, Resource Capital Gold Corp. (April 2016 to September 2017); Geologist and Director of Sustainability, North

The directors of Arizona Metals are elected at each annual general meeting to hold office until the next annual general meeting or until their successors are elected or appointed. As at the date of this AIF, the Board of Directors consists of five directors, two of whom (Colin Sutherland, and Rick Vernon) are independent.

Marc Pais, Paul Reid and Conor Dooley are considered non-independent directors because, in addition to their position as directors, they are officers of Arizona Metals.

The Board of Directors has established two committees: (i) the Audit Committee and (ii) the Compensation, Corporate Governance and Nominating Committee. Detailed information regarding the duties and obligations of the Audit Committee is annexed as Appendix “A” to this AIF. The Board of Directors does not have an Executive Committee. The composition of the various committees as at the date of this AIF is set out in the following table.

<b>Board Committee</b>	<b>Committee Members</b>	<b>Status</b>
Audit Committee	Rick Vernon	Independent
	Colin Sutherland	Independent
	Paul Reid	Non-Independent
Compensation, Corporate Governance and Nominating Committee	Marc Pais	Non-Independent
	Rick Vernon	Independent
	Conor Dooley	Non-Independent

### ***Security Holdings***

As of the date of this AIF, the directors and executive officers of Arizona Metals named above as a group exercised control or direction or beneficially owned, directly or indirectly, 7,818,500 Common Shares, equivalent to approximately 9.952% of the issued and outstanding Common Shares.

### ***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

None of Arizona Metals’ directors or executive officers, or a shareholder holding a sufficient number of securities of Arizona Metals to materially affect the control of the Company:

- (a) is, as at the date of the AIF, or has been, within 10 years before the date of the AIF, a director, CEO or CFO of any company (including the Company) that:
  - i. was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - ii. was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect

for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or

- (b) is, as at the date of this AIF, or has been within 10 years before the date of the AIF, 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
- (c) has, within the ten (10) years before the date of this AIF, 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 the director, executive officer of the shareholder; or
- (d) has been subject to 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
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to make an investment decision.

### **Audit Committee**

The Audit Committee of Arizona Metals is comprised of three (3) directors as follows: Colin Sutherland (Chair), Rick Vernon and Paul Reid. Colin Sutherland and Rick Vernon are each “independent” within the meaning of NI 52-110. As the Company is considered a “venture issuer” for the purpose of NI 52-110, it is relying on the exemption found in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of National Instrument 52-110. In addition, each Audit Committee member is “financially literate”, within the meaning of NI 52-110 and possesses education or experience that is relevant for the performance of their responsibilities as Audit Committee members.

The Audit Committee oversees the accounting and financial reporting practices and procedures of the Arizona Metals and the audits of Arizona Metals’ consolidated financial statements. The principal responsibilities of the Audit Committee include: (i) overseeing the quality and integrity of the internal controls and accounting procedures of Arizona Metals, including reviewing Arizona Metals’ procedures for internal control with Arizona Metals’ auditor and chief financial officer; (ii) reviewing and assessing the quality and integrity of Arizona Metals’ annual and quarterly financial statements and related management discussion and analysis, as well as all other material continuous disclosure documents, such as the Company’s annual information form; (iii) monitoring compliance with legal and regulatory requirements related to financial reporting; (iv) reviewing and approving the engagement of the auditor of the Company and independent audit fees; (v) reviewing the qualifications, performance and independence of the auditor of the Company, considering the auditor’s recommendations and managing the relationship with the auditor, including meeting with the auditor as required in connection with the audit services provided to the Company; (vi) assessing the Company’s financial and accounting personnel; (vii) reviewing the Company’s risk management procedures; (viii) reviewing any significant transactions outside the Company’s ordinary course of business and any pending litigation involving the Company; and (ix)

examining improprieties or suspected improprieties with respect to accounting and other matters that affect financial reporting.

<b>Name of Member</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(1)</sup></b>
Paul Reid	Non-Independent	Financially literate
Colin Sutherland	Independent	Financially literate
Rick Vernon	Independent	Financially literate

<sup>(1)</sup> As defined in NI 52-110.

### **Relevant Education and Experience of Audit Committee Members**

The following summarizes the education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating 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, or experience actively supervising one or more persons engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

**Colin Sutherland** – Mr. Sutherland is a Certified Professional Accountant with more than 20 years of operational and financial experience with exploration and development stage mining companies. Mr. Sutherland is Chief Financial Officer and a director of Magna Gold Corp. (January 2020 to Present) and a director of Gatekeeper Systems Inc. (February 2021 to Present). Recently, Mr. Sutherland served as a director of NQ Minerals Plc (May 2017 to December 2020) and a director of Amarillo Gold Corporation (September 2018 to October 2020). Mr. Sutherland also served as President of McEwen Mining Inc. (January 2016 to November 2016) and as Chief Executive Officer and Managing Director of Archipelago Resources Pte. Ltd. (March 2012 to December 2015), where he grew production to 200,000 ounces per year. Mr. Sutherland has held senior financial and executive roles with Timmins Gold Corp. (2011 to 2012), Capital Gold Corp. (2010 to 2011), Nayarit Gold Inc. (2007 to 2010) and Aurico Gold Inc. (2004 to 2007). Mr. Sutherland has a Bachelor of Business Administration, Accounting, from Saint Francis Xavier University.

**Rick Vernon** – Mr. Vernon has thirty years of experience as a mining finance professional, having previously been Managing Director and Head of Investment Banking at PI Financial Corp. (February 2014 to February 2018), Head of Investment Banking at Stonecap Securities Inc. (2010 to 2014) and Managing Director at Blackmont Capital. Mr. Vernon holds a Bachelor of Science in Geological Sciences from Queen's University and a Master of Business Administration from University of Southern California.

**Paul Reid** – Mr. Reid was the Chairman of Croesus from April 2011, and continued in this role for Arizona Metals, devoting approximately 100% of his time to the Company. Mr. Reid is responsible for the

management and oversight of the Company's Board of Directors. He has 15 years of experience in financing mineral exploration, development and production assets, and was a founder and former Chairman of Telegraph Gold Inc., now Equinox Gold Corp., a TSX-listed mining company. Mr. Reid is an investment banking professional with extensive experience in raising capital, going-public transactions and advisory services and has strong relationships in the capital markets, investment and mining communities. Mr. Reid holds a Master of Business Administration from Wilfrid Laurier University and a Bachelor of Economics (Honours) from Queen's University.

### External Auditor Service Fees (By Category)

The following table sets forth, by category, the fees for all services rendered by the Company's current external auditor, McGovern Hurley LLP, for the financial years ended December 31, 2020 and 2019:

	<b>Fiscal Year Ended December 31, 2020 (\$)</b>	<b>Fiscal Year Ended December 31, 2019 (\$)</b>
Audit Fees <sup>(1)</sup>	29,070	34,200
Audit-related Fees <sup>(2)</sup>	22,440	12,800
Tax Fees <sup>(3)</sup>	32,500	Nil
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total<sup>(5)</sup></b>	<b>84,010</b>	<b>47,000</b>

#### Notes:

(1) Audit fees were for professional services rendered by the auditors for the audit of the Corporation's annual consolidated financial statements as well as services provided in connection with statutory and regulatory filings.

(2) Audit-related fees are for services related to performance of limited procedures performed by the Corporation's auditors.

(3) Tax fees are for tax compliance, tax planning and tax advice outside of "Audit Fees" and "Audit Related Fees".

(4) All other fees for services performed by the Corporation's auditors

(5) These fees only represent professional services rendered and do not include any out-of-pocket disbursements or fees associated with filings made on the Corporation's behalf. These additional costs are not material as compared to the total professional services fees for each year.

### Conflicts of Interest

The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interests which they may have in any project or opportunity of the Corporation.

Certain of the directors and/or officers of Arizona Metals also serve as directors and/or officers of other companies involved in natural resource exploration, development and mining operations and consequently there exists the possibility for such directors to be in a position of conflict. There are no known existing or potential conflicts of interest among the Company, its directors and officers or other members of management of the Company as a result of their outside business interests except that, as disclosed herein, certain of the directors and officers serve as directors and officers of other companies and therefore, it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

Any decision made by such directors or officers involving the Company will be made in accordance with his duties and obligations to deal fairly and in good faith with a view to the best interests of Arizona Metals and Arizona Metals' shareholders. In addition, each director is required to declare and refrain from voting on any matter in which such director may have a conflict of interest in accordance with the procedures set forth in the *CBCA* and other applicable laws.

## **PROMOTERS**

Marc Pais and Paul Reid are considered to be current Promoters of Arizona Metals. Marc Pais currently holds 2,800,000 Common Shares, representing 3.56% of the issued and outstanding shares of Arizona Metals, options to purchase an additional 3,900,000 Common Shares and warrants to purchase an additional 500,000 Common Shares. Paul Reid currently holds 3,000,000 Common Share, representing 3.82% of the issued and outstanding Common Shares, and options to purchase an additional 3,900,000 Common Shares and warrants to purchase an additional 500,000 Common Shares.

Except as otherwise disclosed in this AIF, and other than Marc Pais and Paul Reid each receiving a salary of \$225,000 plus an eligible annual bonus at the discretion of the Board of Directors, per year from Arizona Metals. Marc Pais and Paul Reid will not receive from or provide to Arizona Metals anything of value, including money, property, contracts, options or rights of any kind directly or indirectly.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

Arizona Metals (a) is not party to any legal proceedings or regulatory actions during the last financial year and as of the date of this AIF; and (b) is not aware of any contemplated legal proceedings involving it or its operations.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than transactions carried out in the ordinary course of business of Arizona Metals or any of its subsidiaries, to the knowledge of the Company, except as set out below, none of the directors or executive officers of the Company or a subsidiary at any time during Arizona Metals' last completed financial year or within the three most recently completed financial years, any person or company who beneficially owns, or who exercises control or direction over (or a combination of both), directly or indirectly, more than 10% of the issued and outstanding Common Shares, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect Arizona Metals:

- Certain directors of the Company participated in the Concurrent Financings: Mr. Marc Pais purchased an aggregate of 500,000 Subscription Receipts in the Concurrent Financings; Mr. Paul Reid purchased an aggregate of 500,000 Subscription Receipts in the Concurrent Financings; Mr. Rick Vernon purchased an aggregate of 125,000 Subscription Receipts in the Concurrent Financings; Mr. Colin Sutherland purchased an aggregate of 187,500 Subscription Receipts in the Concurrent Financings. See "*General Development of the Business – Three Year History – 2019*".
- Certain directors of the Company participated in the February 2020 Financing: Mr. Rick Vernon purchased an aggregate of 100,000 Common Shares in the February 2020 Financing; Mr. Colin Sutherland purchased an aggregate of 100,000 Common Shares in the February 2020 Financing. See "*General Development of the Business – Three Year History – 2020*".

## TRANSFER AGENTS AND REGISTRAR

The transfer agent and registrar for the Common Shares is the TSX Trust Company. The register of transfers of the Common Shares is maintained by the TSX Trust Company at its offices in Toronto.

## MATERIAL CONTRACTS

Arizona Metals is party to the following material contracts, all of which were entered into since January 1, 2020 or which are otherwise currently in effect (contracts that the Company has entered into in the ordinary course of business are not described):

- The CPC Escrow Agreement. See “*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*”;
- The Surplus Securities Escrow Agreement. See “*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*”;
- The Concurrent Financings Warrant Indenture. See “*General Development of the Business – Three Year History – 2019*”;
- The supplemental indenture between the Company and TSX Trust Company effective February 24, 2020. See “*General Development of the Business – Three Year History – 2020*”;
- Underwriting agreement dated May 29, 2020 between Stifel Nicolaus Canada Inc., Canaccord Genuity Corp. and the Company in connection with the May 2020 Financing. See “*General Development of the Business – Three Year History – 2020*”;
- The May 2020 Warrant Indenture. See “*General Development of the Business – Three Year History – 2020*”;
- The underwriting agreement dated April 22, 2021 between Stifel GMP, Clarus Securities Inc., Cormark Securities Inc., Beacon Securities Limited and Agentis Capital Markets Canada Limited Partnership and the Company in connection with the Special Warrant Financing. See “*General Development of the Business – Three Year History – Recent Developments*”;
- The Special Warrant Indenture. See “*General Development of the Business – Three Year History – Recent Developments*”; and
- The Special Warrant Financing Warrant Indenture. See “*General Development of the Business – Three Year History – Recent Developments*”.

## INTERESTS OF EXPERTS

The following are the names of persons or companies (a) that are named as having prepared or certified a report, valuation, statement or opinion included in or included by reference in this AIF; and (b) whose profession or business gives authority to the statement, report or valuation made by the person or Arizona Metals.

- McGovern Hurley provided an auditors’ report dated April 29, 2021 in respect of Arizona Metals’ financial statements for the years ended December 31, 2020 and 2019;
- David S. Smith, MS, MBA, CPG of Highlands Geoscience LLC prepared the Sugarloaf Peak Technical Report and the Kay Mine Technical Report and was an independent “qualified person” as at the effective date and the filing dates of each of the Sugarloaf Peak Technical Report and the Kay Mine Technical Report; and
- David S. Smith, MS, MBA, CPG of Highlands Geoscience LLC is the “qualified person: under NI 43-101 in respect of the preparation of certain scientific and technical information in the Company’s news releases, this AIF and other disclosure documents. Mr. Smith is no longer

independent of the Company has he is a consultant and Vice-President, Exploration of the Company.

As at the date of this AIF, to the best knowledge of Arizona Metals, the aforementioned persons each held less than one percent of the securities of Arizona Metals when they prepared or certified a report, valuation, statement or opinion, as applicable, referred to above and as at the date hereof, and they did not receive any direct or indirect interest in any securities of Arizona Metals or of any associate or affiliate of Arizona Metals in connection with the preparation or certification of such report, valuation, statement or opinion, as applicable.

McGovern Hurley, LLP, Chartered Professional Accountants, Arizona Metals' current auditor, is independent from Arizona Metals within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

### **ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Arizona Metals' securities, and securities authorized for issuance under equity compensation plans, is contained in our management information circular for the most recent annual meeting of shareholders. Additional financial information is also provided in our audited consolidated financial statements for the years ended December 31, 2020 and 2019, and MD&A for the year ended December 31, 2020. The foregoing disclosure documents, along with additional information relating to Arizona Metals, may be found on SEDAR at [www.sedar.com](http://www.sedar.com), or on the Company's website at [www.arizonametalscorp.com](http://www.arizonametalscorp.com).

## APPENDIX A

### AUDIT COMMITTEE CHARTER

#### I. CONSTITUTION AND PURPOSE

The audit committee (the “**Committee**”) has been established by resolution of the Board of Directors (the “**Board**”) of Arizona Metals Corp. (the “**Company**”) for the purpose of assisting the Board in fulfilling its oversight responsibilities in relation to the accounting and financial reporting processes of the Company, audits of the financial statements of the Company, review of the Company’s systems of internal controls and in relation to risk management matters including:

- (a) the review of the annual and interim financial statements of the Company;
- (b) the integrity and quality of the Company’s financial reporting and systems of internal control, and financial risk management;
- (c) the Company’s compliance with legal and regulatory requirements;
- (d) the qualifications, independence, engagement, compensation and performance of the Company’s external auditors (the “**Company’s Auditors**”); and
- (e) the exercise of the responsibilities and duties set out in this charter (the “**Charter**”).

#### II. COMPOSITION

The members of the Committee shall be appointed by the Board from amongst the directors of the Company (the “**Directors**”) and shall be comprised of not less than three members. A majority of the members of the Committee shall be “independent”, as that term is defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”).

All members of the Committee shall be “financially literate”, as such term is defined in NI 52-110 or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present the 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 Company’s financial statements.

Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed or ceases to be a member of the Board. The Board shall fill vacancies in the Committee by appointment from among the members of the Board. If a vacancy exists on the Committee, the remaining members shall exercise all its powers so long as a quorum remains in office. The Board shall appoint a chair for the Committee from its members (the “**Chair**”). If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

No Director who serves as board member of any other company shall be eligible to serve as a member of the Committee unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. Determinations as to whether a particular Director satisfies the requirements for membership on the Committee shall be made by the corporate governance committee of the Board. No member of the Committee shall receive from the Company or any of its affiliates any compensation other than the fees to which he or she is entitled as a Director of the Company

or a member of a committee of the Board. Such fees may be paid in cash and/or shares, options or other in-kind consideration ordinarily available to Directors.

### **III. MEETING PROTOCOLS**

The Committee shall meet at least once every quarter and shall meet at such other times during each year as the Chair of the Committee deems appropriate. The Chair of the Committee, any member of the Committee, the Company's Auditors, the Chairman of the Board, the Chief Executive Officer ("CEO") or the Chief Financial Officer ("CFO") may call a meeting of the Committee by notifying the Company's corporate secretary, who will notify the members of the Committee. A majority of members of the Committee shall constitute a quorum.

At least five days' notice of any meeting of the Committee shall be given in writing to each member of the Committee by any means of transmitted or recorded communication that produces a written copy, including by email. Notice may be waived or shortened with the consent of all the members of the Committee. Attendance by a member at a meeting notwithstanding any failure to give notice in accordance with this Charter shall be deemed to constitute waiver of notice of such meeting by such member. Notice of each meeting of the Committee shall also be given to the Chairman of the Board, the CEO, and CFO of the Company, and the Company's Auditors.

The Chairman of the Board, the CEO and CFO of the Company, if invited by the Chair of the Committee, attend and speak at meetings of the Committee. Other Board members shall also, if invited by the Chair of the Committee, have the right of attendance. A representative of the Company's Auditors shall have the right to attend and speak at any meeting of the Committee, and may attend if invited by the Chair of the Committee, in either case at the expense of the Company.

The Committee may also invite any other officers or employees of the Company, legal counsel, the Company's financial advisors and any other persons to attend meetings and give presentations with respect to their area of responsibility, as considered necessary by the Committee.

At least quarterly, representatives of the Company's Auditors shall meet the Committee without any of the executive Directors or other members of management in attendance, except by invitation of the Committee.

The Committee shall at each meeting appoint one of its members or any other attendee to be the secretary of the Committee.

Every question at a Committee meeting shall, if necessary, be decided by a majority of the votes cast.

Subject to any statutory or regulatory requirements or the articles and by-laws of the Company, the Committee shall fix its own procedures at meetings, maintain minutes or other records of its proceedings in sufficient detail to convey the substance of all discussions held and report to the Board at the next meeting of the Board. The minutes of the Committee's meetings shall be tabled at the next meeting of the Board.

The Committee shall prepare a report to shareholders or others, concerning the Committee's activities in the discharge of its responsibilities, when and as required by the by-laws of the Company or applicable laws or regulations.

The Chair of the Committee shall be available at the annual general meeting of the Company to respond to any shareholder questions on the activities and responsibilities of the Committee.

#### **IV. AUTHORITY**

The Committee is authorized by the Board to:

- (a) investigate any matter within its Charter;
- (b) have direct communication with the Company's Auditors;
- (c) seek any information it requires from any employee of the Company; and
- (d) retain, at its discretion, outside legal, accounting or other advisors, at the expense of the Company, to obtain advice and assistance in respect of any matters relating to its duties, responsibilities and powers as provided for or imposed by this Charter or otherwise by law or the by-laws of the Company.

#### **V. ROLES & RESPONSIBILITIES**

The Committee shall have the roles and responsibilities set out below, as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these roles and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company.

##### **A. Review of Accounting and Financial Reporting Matters**

1. Review the Company's interim and annual financial statements and management's discussion & analysis of operations (the "MD&A"); annual information forms and earnings press releases prior to their public disclosure and Board approval, where required, and ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.
2. Following such review with management and the Company's Auditors, recommend to the Board whether to approve the annual or interim financial statements and MD&A and any other filings with the securities commissions.
3. Monitor in discussion with the Company's Auditors the integrity of the financial statements of the Company before submission to the Board, focusing particularly on:
  - (a) significant accounting policies and practices and any changes in such accounting policies and practices.
  - (b) major judgment areas including significant estimates and key assumptions;
  - (c) significant adjustments resulting from the audit;
  - (d) the going concern assumption;
  - (e) compliance with accounting standards including the effects on the financial statements of alternative methods within generally accepted accounting principles;

- (f) the Company's Auditors' judgment about the quality, not just the acceptability, of the accounting principles applied in the Company's financial reporting;
  - (g) compliance with stock exchange and legal requirements;
  - (h) the extent to which the financial statements are affected by any unusual transactions;
  - (i) significant off-balance sheet and contingent asset and liabilities and the related disclosures;
  - (j) significant interim review audit findings during the year, including the status of previous audit recommendations; and
  - (k) all related party transactions with the required disclosures in the financial statements.
4. On at least an annual basis, review with the Company's legal counsel and management, all legal and regulatory matters and litigation, claims or contingencies, including tax assessments, that could have a material effect upon the financial position of the Company, and the manner in which these matters may be, or have been, disclosed in the financial statements.

**B. Relationship with the Company's Auditors**

1. Consider and make recommendations to the Board, for it to put to the shareholders for their approval in a general or special meeting, in relation to the appointment, re-appointment and removal of the Company's Auditors and to approve the compensation and terms of engagement of the Company's Auditors for the annual audit, interim reviews and any other audit related services.
2. Require the Company's Auditors to report directly to the Committee.
3. Discuss with the Company's Auditors, before an audit commences, the nature and scope of the audit, and other relevant matters.
4. Review and monitor the independence, objectivity and performance of the Company's Auditors and the effectiveness of the audit process taking into consideration relevant professional and regulatory requirements.
5. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Company.
6. Discuss problems and reservations arising from an audit, and any matters the Company's Auditors may wish to discuss (in the absence of management where necessary).
7. Review the Company's Auditors' management letter and management's response.
8. Develop and implement a pre-approval policy on the engagement of the Company's Auditors to supply non-audit services to the Company and its subsidiaries, taking into

account relevant ethical guidance regarding the provision of non-audit services by the Company's Auditors and the preservation of their independence.

9. Consider the major findings of the Company's Auditors and management's response, including the resolution of disagreements between management and the Company's Auditors regarding financial reporting.

**C. Review of Disclosure Controls & Procedures ("DC&P") and Internal Controls Over Financial Reporting ("ICFR")**

1. Monitor and review the Company's disclosure policy on an annual basis.
2. In conjunction with each fiscal year end, review management's assessment of the design and effectiveness of Company's DC&P including any control deficiencies identified and the related remediation plans for any significant or material deficiencies.
3. In conjunction with each fiscal year end, review management's assessment of the design and effectiveness of the Company's ICFR including any control deficiencies identified and the related remediation plans for any significant or material deficiencies.
4. Review and discuss any fraud or alleged fraud involving management or other employees who have a role in the Company's ICFR and the related corrective and disciplinary action to be taken.
5. Discuss with management any significant changes in the ICFR that are disclosed, or considered for disclosure, in the MD&A, on a quarterly basis.
6. Review and discuss with the CEO and the CFO the procedures undertaken in connection with CEO and CFO certifications for the annual and interim filings with the securities commissions.
7. Review the adequacy of internal controls and procedures related to any corporate transactions in which directors or officers of the Company have a personal interest, including the expense accounts of senior officers of the Company and officers' use of corporate assets.

**D. Review of the Company's Financing and Insurance**

1. Review the adequacy of the Company's insurance policies.
2. Review all major financings of the Company and its subsidiaries and annually review the Company's financing plans and strategies.

**E. Financial Risk Management**

1. Review with the CEO and CFO and the Company's Auditors their assessment of the significant financial risks and exposures of the Company and discuss with management the steps which the Company has taken to monitor and control such exposures.
2. Review current and expected future compliance with covenants under any financing agreements.

3. Review any other significant financial exposures including such things as tax audits, government audits or any other activities that expose the Company to the risk of a material financial loss.
4. Report the results of such reviews to the Board for the purpose of assisting the Board in identifying the principal business risks associated with the businesses of the Company.

**F. Establishment of Procedures for the Receipt and Treatment of Complaints regarding Accounting, Internal Accounting Controls, or Auditing Matters**

1. Establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
  - (c) the investigation of such matters with appropriate follow-up action.

**G. Corporate Governance**

2. The Committee may, if requested:
  - (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to insurance, accounting, management reporting and risk management; and
  - (b) review with management and the external auditor their assessment of the significant financial risks and exposures of the Company and discuss with management the steps which the Company has taken to monitor and control such exposures.

**H. Complaints and Employee Submissions**

3. The Committee shall establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

**VI. COMMITTEE EFFECTIVENESS PROCEDURES**

The Committee shall review its Charter on an annual basis, or more often as required, to ensure that they remain adequate and relevant, and incorporate any material changes in statutory and regulatory requirements and the Company's business environment.

The procedures outlined in this Charter are meant to serve as guidelines, and the Committee may adopt such different or additional procedures as it deems necessary from time to time.

In setting the agenda for a meeting, the Chair of the Committee shall encourage the Committee members, management, the Company's Auditors and other members of the Board to provide input in order to address emerging issues.

Prior to the beginning of a fiscal year, the Committee shall submit an annual planner for the meetings to be held during the upcoming fiscal year, for review and approval by the Board to ensure compliance with the requirements of the Committee's Charter.

Any written material provided to the Committee shall be appropriately balanced (i.e. relevant and concise) and shall be distributed at least five business days in advance of the respective meeting to allow Committee members sufficient time to review and understand the information.

The Committee shall conduct an annual self-assessment of its performance and this charter, and shall make recommendations to the Board with respect thereto.

Members of the Committee shall be provided with appropriate and timely training to enhance their understanding of auditing, accounting, regulatory and industry issues applicable to the Company.

New Committee members shall be provided with an orientation program to educate them on the Company, their responsibilities and the Company's financial reporting and accounting practices.

## **VII. ADOPTION AND EFFECTIVENESS**

This Charter was first adopted March 6, 2018.