

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act) (the “**U.S.**” or the “**United States**”) and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act (a “**U.S. Person**”)) except pursuant to an exemption from registration under the U.S. Securities Act and applicable U.S. state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States or to, or for the account or benefit of, U.S. Persons. See “Plan of Distribution”.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the President and Chief Executive Officer of Arizona Metals Corp, at 66 Wellington Street West, Suite 4100, Toronto, Ontario, M5K 1B7 (telephone: 416-565-7689), and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

June 28, 2021



ARIZONA METALS CORP.

10,000,000 Units Issuable upon Exercise of 10,000,000 Special Warrants

This short form prospectus (the “**Prospectus**”) qualifies the distribution of 10,000,000 units (the “**Units**”) in the capital of Arizona Metals Corp. (the “**Company**”) issuable for no additional consideration upon the exercise or deemed exercise of 10,000,000 special warrants (the “**Special Warrants**”) issued on April 22, 2021 (the “**Closing Date**”), at a price of \$2.10 per Special Warrant (the “**Offering Price**”), to purchasers resident in each of the provinces of Ontario, British Columbia and Alberta (the “**Qualifying Jurisdictions**”) and to certain purchasers outside of Canada, on a private placement basis pursuant to prospectus exemptions under applicable securities legislation, for aggregate gross proceeds to the Company of \$21,000,000 (the “**Offering**”). The Special Warrants were issued pursuant to the terms of a special warrant indenture (the “**Special Warrant Indenture**”) dated April 22, 2021 between the Company and TSX Trust Company. Pursuant to the Special Warrant Indenture, each Special Warrant entitles the holder thereof to receive one Unit at no additional cost, subject to adjustment in certain circumstances in accordance with the Special Warrant Indenture, upon the exercise or deemed exercise of the Special Warrant. Each Unit consists of one (1) Common Share (as defined herein) (a “**Unit Share**”) and one-half (0.5) of one (1) Common Share purchase warrant (each whole Common Share purchase warrant, a “**Warrant**”). **Except as otherwise stated herein, this Prospectus qualifies the distribution of the Unit Shares and Warrants.** See “Plan of Distribution”.

The Warrants are issuable pursuant to a warrant indenture dated April 22, 2021 (the “**Warrant Indenture**”) between the Company and TSX Trust Company, as warrant agent thereunder. Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Common Share (a “**Warrant Share**”), and together with the Unit Shares, the “**Underlying Shares**”) at an exercise price of \$3.00 per Warrant Share until 5:00 p.m. (Toronto time) on April 22, 2022 (the “**Expiry Date**”). See “Description of Securities Being Distributed”.

The Special Warrants were issued in accordance with the terms and conditions of an underwriting agreement dated April 22, 2021 (the “**Underwriting Agreement**”) between the Company, Stifel Nicolaus Canada Inc. and Clarus Securities Inc. (the “**Co-Lead Underwriters**”), as co-lead underwriters and joint bookrunners, together with Cormark Securities Inc., Beacon Securities Limited and Agentis Capital Markets Canada Limited Partnership (collectively, the “**Underwriters**”). Pursuant to the Underwriting Agreement, the Underwriters agreed to purchase 10,000,000 Special Warrants, subject to compliance with the terms and conditions contained in the Underwriting Agreement. The Offering

Price and the other terms of the Offering were determined by arm’s length negotiation between the Company and Co-Lead Underwriters, on behalf of the Underwriters. **The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Units upon exercise or deemed exercise of the Special Warrants.** See “Plan of Distribution”.

The common shares of the Company (the “**Common Shares**”) are listed and posted for trading on the TSX Venture Exchange (the “**TSXV**”) under the symbol “AMC” and on the OTCQX under the symbol “AZMCF”. The TSXV has approved the Offering and the listing of the Underlying Shares. On April 1, 2021, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSXV was \$2.47. On June 25, 2021, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$5.05. See “Plan of Distribution”.

	Price to the Public	Underwriters’ Fee ⁽¹⁾	Net Proceeds ⁽²⁾
Per Special Warrant.....	\$2.10	\$0.117	\$1.983
Total Offering ⁽³⁾	\$21,000,000	\$1,170,000.03	\$19,829,999.97

Notes:

- (1) Pursuant to the Underwriting Agreement, the Underwriters received an Underwriters’ fee of \$1,170,000.03, consisting of: (i) a cash commission of 6.0% of the gross proceeds of the Offering, excluding gross proceeds from the issuance of Units on a president’s list agreed upon by the Company and the Underwriters (the “**President’s List**”), for which a commission of 3.0% of such gross proceeds was paid by the Company to the Underwriters (collectively, the “**Underwriters’ Fee**”); and (ii) 525,442 non-transferable compensation warrants (the “**Compensation Warrants**”), being equal to 6.0% of the aggregate number of Units sold under the Offering, excluding those Units sold to subscribers on the President’s List, for which the Underwriters were issued Compensation Warrants equaling 3.0% of the aggregate number of Units sold to participants on the President’s List. Each Compensation Warrant is exercisable into one Unit of the Company at a price of \$2.10 per Unit until April 22, 2022. This Prospectus qualifies the distribution of the Compensation Warrants. See “Plan of Distribution”.
- (2) Before deducting the expenses in connection with the Offering, estimated to be approximately \$350,000, which, together with the Underwriters’ Fee, will be paid from the proceeds of the Offering.
- (3) The distribution of the Units upon the exercise or deemed exercise of the Special Warrants will not result in any proceeds being received by the Company.

Subject to the terms of the Special Warrant Indenture, the Special Warrants are exercisable by the holders thereof at any time for no additional consideration, and all unexercised Special Warrants will be deemed exercised and surrendered, without any further action or payment of additional consideration by the holders thereof, on the day (the “**Automatic Exercise Date**”) that 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 on behalf of the securities regulatory authorities in each of the Qualifying Jurisdictions, for a (final) short form prospectus (the “**Final Qualification Prospectus**”) qualifying for distribution of the Units underlying the Special Warrants; and (ii) 5:00 p.m. (Toronto time) on August 23, 2021. The Company has agreed to use commercially reasonable efforts to file, and obtain a receipt for, the Final Qualification Prospectus on or before July 2, 2021 (the “**Penalty Date**”). In the event that the Company fails to qualify the distribution of the Units in the Qualifying Jurisdictions on or prior to the Penalty Date, the exercise price of each Warrant shall be reduced to \$2.47 per Common Share (the “**Penalty Provision**”). See “Plan of Distribution”.

Any Units issued upon the exercise or deemed exercise of Special Warrants prior to the issuance of a final receipt for the Final Qualification Prospectus will be subject to the relevant hold periods under applicable securities legislation.

The Special Warrants issued under and governed by the Special Warrant Indenture were sold in the Qualifying Jurisdictions through the Underwriters pursuant to exemptions from applicable prospectus and registration requirements. Special Warrants were sold to, or for the account or benefit of, persons in the United States and U.S. Persons through United States registered broker-dealer affiliates of the Underwriters to “qualified institutional buyers” (as such term is defined in Rule 144A under the U.S. Securities Act) that are also “accredited investors” within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act (“**Qualified Institutional Buyers**”), pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Special Warrants were also sold in jurisdictions outside of Canada and the United States pursuant to applicable securities law exemptions therein. See “Plan of Distribution”.

There is no market through which the Special Warrants may be sold and purchasers may not be able to resell the Special Warrants acquired pursuant to the Offering. This may affect the pricing of the Special Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Special Warrants and the extent of issuer regulation. An investment in the securities of the Company is speculative and involves a significant degree of risk. See “Risk Factors”.

David S. Smith, Vice President of Exploration of the Company, and Mr. Scott Close, an expert providing a consent under Part 10 of National Instrument 41-101 – *General Prospectus Requirements* (“**NI 41-101**”) each resides outside of Canada. Mr. Smith and Mr. Close have each appointed the Company as their agent for service of process at its head office located at: 66 Wellington Street West, Suite 4100, Toronto, Ontario, M5K 1B7.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

Except in respect of certain purchasers of Special Warrants who settled directly with the Company and whose Special Warrants were evidenced by entries in the direct registration system of TSX Trust Company (the “**Special Warrant Agent**”), the Offering was conducted through the non-certificated inventory system maintained by The Canadian Depository for Securities Limited (“**CDS**”) and the Special Warrants issued pursuant to the Offering were registered and deposited with CDS on the Closing Date in electronic form. Except in respect of holders of Special Warrants whose position is entered in the direct registration system of the Special Warrant Agent or as otherwise agreed to by a holder of Special Warrants and the Company, the Units to be issued upon exercise or deemed exercise of the Special Warrants will also be registered and deposited in the non-certificated inventory system of CDS and a purchaser of the Special Warrants will not receive a definitive certificate or other evidence representing the Units.

Certain legal matters in connection with the Offering are being reviewed on behalf of the Company by WeirFoulds LLP and on behalf of the Underwriters by Miller Thomson LLP.

The registered and head office of the Company is located at 66 Wellington Street West, Suite 4100, Toronto, Ontario, M5K 1B7.

The Company has not authorized anyone to provide purchasers with information different from that contained or incorporated by reference in this Prospectus. An investment in the securities of the Company is highly speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See “Risk Factors” and “Cautionary Statement Regarding Forward Looking Information”, and the information under the heading “Risk Factors” in the Annual Information Form (as defined herein).

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ABOUT THIS PROSPECTUS

General Advisory

A holder of Special Warrants should read this entire Prospectus, including the documents incorporated by reference herein, and consult its own professional advisors to assess the income tax, legal and other risks and consequences of its investment in the Special Warrants. A holder of Special Warrants should rely only on the information contained in this Prospectus. The Company and the Underwriters have not authorized anyone to provide holders of Special Warrants with additional or different information. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of its time of delivery. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus. Neither the Company nor the Underwriters have done anything that would permit the Offering or possession or distribution of this Prospectus (other than in the Qualifying Jurisdictions) in any jurisdiction where action for that purpose is required. Holders of Special Warrants are required to inform themselves about, and to observe any restrictions relating to, the Offering and the distribution of the Units under this Prospectus.

The Company is not, and the Underwriters are not, making an offer to sell or seeking offers to buy securities in connection with this Prospectus.

Market and Industry Data

Certain information contained in this Prospectus or in documents incorporated herein by reference concerning the Company's industry and the markets in which it operates or seeks to operate may be based on information from third party sources, industry reports and publications, websites and other publicly available information and information available for purchase, and management studies and estimates using data from market research and industry analysis and on assumptions based on data and knowledge of the Company's industry which the Company believes to be reasonable. The Company's internal research and assumptions have not been verified by any independent source, and the Company has not independently verified any third party information. While the Company believes such third party information to be generally reliable, such information and estimates are inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance or the future performance of the industry and markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in this Prospectus and in the Annual Information Form (as defined herein) under "Risk Factors".

EXCHANGE RATE INFORMATION

All references to "\$", "C\$" or "Canadian dollars" included or incorporated by reference into this Prospectus refer to values denominated in Canadian dollars. All references to "US\$" or "United States dollars" are used to indicate United States dollar values.

The daily indicative average rate of exchange for one (1) United States dollar expressed in Canadian dollars on June 25, 2021 as reported by the Bank of Canada was US\$1.00 = C\$1.2294.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus and the documents incorporated by reference herein constitute forward-looking information within the meaning of applicable securities laws ("**forward-looking statements**"). In some cases, forward-looking information can be identified by such terms as "outlook", "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue", "likely", "schedule", "objectives", or the negative or grammatical variation thereof or other similar expressions concerning matters that are not historical facts. Some of the specific forward-looking statements in this Prospectus and in the documents incorporated by reference herein include, but are not limited to, statements with respect to the use of proceeds of the Offering and the timing thereof, the milestones necessary to achieve the Company's business objectives and the timing thereof, including those relating to the Sugarloaf Peak property located in La Paz County, Arizona, U.S. (the "**Sugarloaf Peak Project**") and the Kay Mine property located in Yavapai

County, U.S. (the “**Kay Mine Project**”), the Company’s business strategy including its plans with respect to the continued development of the Sugarloaf Peak Project and the Kay Mine Project, budgets, expansion plans including its plan to acquire, explore and develop such other mineral rights and properties as management or the board of directors of the Company may from time to time determine have potential, litigation, projected production, projected costs, capital expenditures, financial results, taxes, plans and objectives of or involving the Company, amounts and use of available funds, anticipated developments in operations in future periods, the adequacy of financial resources and the availability of additional financing as required, the costs and timing of development of the Company’s business, including the Sugarloaf Peak Project and the Kay Mine Project, the costs, timing and receipt of approvals, consents and permits under applicable legislation, and the ability to satisfy their terms and conditions including under environmental laws and executive compensation approaches and practices.

Although the forward-looking statements contained in this Prospectus and in the documents incorporated by reference herein are based upon assumptions that management believes are reasonable based on information currently available to management, there can be no assurance that actual results will be consistent with these forward-looking statements. In addition to those described in the Annual Information Form, specific assumptions on which material forward-looking information is based include that the market for mineral resources does not decline, that the Company is able to obtain necessary permitting, and that the Company is able to complete planned capital projects in the estimated timeframes. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond the Company’s control, that may cause the Company’s or the industry’s actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the risk factors contained in the Company’s filings with securities regulators, including the Company’s Annual Information Form and Management’s Discussion and Analysis (as defined herein) that are incorporated by reference in this Prospectus.

Some of the risks the Company faces and the uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements include, but are not limited to:

- the Company’s ability to manage its capital and balance its overall capital structure;
- the Company being subject to significant capital requirements and operating risks associated with its operations and its portfolio of growth projects;
- the Company being able to generate sufficient cash flow and/or being able to utilize available financing sources to finance its growth and sustain capital requirements, which may be dilutive to existing shareholders;
- any delays as to when the Company’s projects are completed and are producing on a commercial and consistent scale;
- any failure of production equipment, any prolonged downtime or shutdowns at the Company’s 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;
- an increase in the capital costs of the Company;
- risks specific to the mining and metals industry, including, but not limited to, 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;
- any future price decline of gold;
- mining and processing risks;
- uncertainties inherent in estimating mineral reserves and mineral resources;
- the Company’s ability to receive and maintain licenses, permits and approvals from appropriate governmental authorities with respect to operating, processing, development and exploration activities;
- the Company’s dependence on the Sugarloaf Peak Project and the Kay Mine Project;
- the Company’s operations being 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 Company’s ability to enforce its rights with respect to its projects;
- COVID-19 and its effect on the Company’s business;

- the Company not being able to achieve or maintain profitability and continuing to incur significant losses in the future.

Some of these risks and other factors are discussed in more detail in the section entitled “Risk Factors” herein. When relying on forward-looking statements to make decisions, the Company cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future results, performance, achievements, prospects and opportunities. If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in the forward-looking statements.

The risks factors incorporated by reference in this Prospectus are not an exhaustive list of the factors that may affect the actual result of any forward-looking statement made by the Company. The forward-looking statements made in this Prospectus and in the documents incorporated by reference herein relate only to events or information as of the date on which the statements are made in this Prospectus or the respective date of the applicable document incorporated by reference herein. Except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

SCIENTIFIC AND TECHNICAL INFORMATION

Certain scientific and technical information related to the Kay Mine Project is supported by the technical report entitled “NI 43-101 Technical Report, Kay Mine Project, Yavapai County, Arizona, USA”, dated June 23, 2021 (the “**Kay Mine Technical Report**”) prepared by Highlands Geoscience LLC and Ethos Geological 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. Certain scientific and technical information related to the Sugarloaf Peak Gold Project is based on the technical report entitled “NI 43-101 Technical Report on the Sugarloaf Peak Gold Project La Paz County, Arizona”, dated June 16, 2021, (the “**Sugarloaf Peak Technical Report**”) and, together with the Kay Mine Technical Report, the “**Technical Reports**”) prepared by Highlands Geoscience LLC and Ethos Geological LLC. The Qualified Persons responsible for the Sugarloaf Peak Technical Report are David S. Smith, MS, MBA, CPG, of Highlands Geoscience LLC and Vice-President, Exploration for the Company, and Scott Close, MSc, PGeo, of Ethos Geological LLC. Mr. Smith is not an “independent” “Qualified Person” as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”). Mr. Close is “independent” of the Company and a “Qualified Person” each as defined in NI 43-101. Reference should be made to the full text of the Technical Reports, which have been filed with the Canadian securities regulatory authorities pursuant to NI 43-101 and are available for review under the Company’s SEDAR profile at www.sedar.com. See “*Interests of Experts*”.

Scientific and technical information relating to the Kay Mine Project or the Sugarloaf Peak Project contained in this short form prospectus or incorporated by reference herein, not derived from the Technical Reports, has been reviewed and approved by David S. Smith MS, MBA, CPG, of Highlands Geoscience LLC and Vice-President, Exploration for the Company, and a Qualified Person as defined in NI 43-101.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar authority in each of the provinces of Canada are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the Company’s annual information form for the year ended December 31, 2020 dated May 11, 2021 (the “**Annual Information Form**”);
- (b) the audited consolidated financial statements of the Company for the financial years ended December 31, 2020 and December 31, 2019, and the notes thereto together with the report of the independent auditors thereon;
- (c) management’s discussion and analysis of the Company dated April 29, 2021, for the audited consolidated financial statements referred to above (the “**Management’s Discussion and Analysis**”);

- (d) the unaudited interim consolidated financial statements of the Company for the three months ended March 31, 2021, and the notes thereto;
- (e) management's discussion and analysis of the Company dated May 31, 2021, for the unaudited interim consolidated financial statements referred to above;
- (f) the Company's management information circular dated May 27, 2021 in connection with the annual and special meeting of shareholders to be held on June 28, 2021;
- (g) the Company's material change report dated April 1, 2021 in respect of the closing of a non-brokered private placement pursuant to which the Company issued 10,526,315 Common Shares at a price of \$0.95 per Common Share for aggregate gross proceeds of \$10,000,000;
- (h) the Company's material change report dated April 5, 2021 in connection with the announcement of the Offering;
- (i) the Company's material change report dated April 22, 2021 in connection with the completion of the Offering;
- (j) the Company's news release dated August 8, 2019 announcing the results of a sample program completed at the Kay Mine Project;
- (k) the Company's news release dated April 15, 2020 announcing the assay results of the first seven drill holes of the drill program at the Kay Mine Project;
- (l) the Company's news release dated August 5, 2020 announcing the results of the Phase 1 drill program at the Kay Mine Project;
- (m) the Company's news release dated November 9, 2020 announcing the results of the Kay Mine Project's metallurgical review;
- (n) the Company's news release dated January 4, 2021 announcing the entering into of a purchase option and sale agreement to acquire 100% of six parcels of patented land, located 900 metres northeast of its Kay Mine Project;
- (o) the Company's news release dated February 8, 2021 announcing the details of the Phase 2 expansion drill program for the Kay Mine Project; and
- (p) the Company's news release dated August 11, 2020 announcing the start of drilling at the Sugarloaf Peak Project.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes that prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set out in the document or statement that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Copies of the documents incorporated herein by reference may be obtained by accessing the disclosure documents through the Canadian System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at the Company's issuer

profile at www.sedar.com. Documents filed with, or furnished to, the OTCQX are available through the OTCQX. The Company's filings through SEDAR and OTCQX are not incorporated by reference in this Prospectus except as specifically set forth herein.

Any documents of the type described in Section 11.1 of Form 44-101F1 — *Short Form Prospectus Distributions* filed by the Company with the various securities commissions or similar authorities in each of the provinces of Canada pursuant to the requirements of applicable securities legislation after the date of this Prospectus and prior to the termination of the distribution of the Special Warrants and Units are deemed to be incorporated by reference in this Prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of WeirFoulds LLP, counsel to the Company, and Miller Thomson LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) as of the date hereof, the Unit Shares and Warrants to be acquired pursuant to the exercise or deemed exercise of the Special Warrants, and the Warrant Shares issuable upon the exercise of the Warrants, if issued on the date hereof, would be “qualified investments” under the Tax Act for a trust governed by a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”), registered education savings plan (“**RESP**”), registered disability savings plan (“**RDSP**”), tax-free savings account (“**TFSA**”) (collectively, “**Registered Plans**”) and a deferred profit sharing plan (“**DPSP**”), each as defined in the Tax Act, provided that at such time:

- (i) in the case of the Unit Shares and Warrant Shares, the Common Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSXV) or the Company is otherwise a “public corporation” (other than a “mortgage investment corporation”) as defined in the Tax Act; and
- (ii) in the case of the Warrants, the Warrant Shares are a qualified investment as described in (i) above and neither the Company nor any person with whom the Company does not deal at arm's length is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of the particular Registered Plan or DPSP.

Notwithstanding that a Unit Share, Warrant, or Warrant Share may be a “qualified investment” for a Registered Plan, the annuitant under an RRSP or RRIF, the holder of a TFSA or RDSP, or the subscriber of an RESP will be subject to a penalty tax if such Unit Share, Warrant or Warrant Share is a “prohibited investment” (as defined in the Tax Act) for the Registered Plan. The Unit Shares, Warrants and Warrant Shares will generally not be a “prohibited investment” for a particular Registered Plan provided that the annuitant, holder, or subscriber of the particular Registered Plan, as the case may be, deals at arm's length with the Company for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, the Unit Shares and Warrant Shares will not be a “prohibited investment” if such securities are “excluded property” (as defined in the Tax Act for purposes of these rules) for the particular Registered Plan.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular investor. Persons who intend to hold Unit Shares, Warrants, or Warrant Shares in a Registered Plan or a DPSP should consult their own tax advisors with respect to the application of these rules in their particular circumstances.

THE COMPANY

Overview

The Company was originally incorporated under the *Canada Business Corporations Act* as “Ring the Bell Capital Corp.” (“**RTB**”) on June 28, 2017. The Company operates in one industry segment; its principal business activities are the exploration and development of mineral resource properties in Arizona. On August 1, 2019, RTB completed a reverse take-over 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 (the “**RTO**”). In connection with the RTO, 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. The Company began trading on the TSXV on August 7, 2019.

As a result of the RTO, the Company has three subsidiaries, each of which it owns, directly or indirectly, a 100% interest in: Arizona Metals Holdings Corp. incorporated under the laws of Canada, Croesus Gold USA 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.

Mineral Projects

Description of the Kay Mine Project

The Kay Mine Project is located in Yavapai County, which is located on a combination of patented and Bureau of Land Management (“**BLM**”) claims totaling 1,300 acres that are not subject to any royalties. A historic estimate by Exxon Minerals Company 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. The Company commenced the 75,000 meter Phase 2 drill program at the Kay Mine Project in January 2021.

Description of the 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.

Status, Plans and Expenditures

As at the date hereof, the Kay Mine Project is at the exploration stage. The Company’s plan for approximately the following twelve months are to continue to advance the Kay Mine Project through the Company’s Phase 2 drill program, and in particular:

- Perform a 75,000-meter HQ-size core drilling program (see below). The objectives of this drill program are to comprehensively explore the mineralization on the property, including at the main Kay Mine Project area, and other targets on the project.

- Conduct additional geologic mapping and sampling on the project, in particular focused on the location and folding of the felsic/mafic schist contact, and on field checking of specific targets.
- If such targets prove promising, conduct additional geochemical and geophysical work on them in order to prepare them for drilling.
- Commission metallurgical test work on the Kay Mine Project sulfide mineralization.
- Undertake permitting work to expand the scope of drill operations beyond the 5 acres permitted under BLM Notices of Intent to Explore.
- Consult with a local environmental consultant to evaluate whether any environmental risk exists from the historic mine dumps at the No. 1, No. 2, and No. 3 shafts.

The proposed drill program consists of approximately 150 holes to an average depth of 500 meters, with aggregate length of 75,000 meters. The Company expects that drill holes will be targeted to expand mineralization in the principal Kay Mine Project deposit, and to test other targets on the project. Directional drilling will be used to reduce the total drilling required and to more effectively intersect the planned targets. The Company intends to conduct core drilling, with HQ-sized core. The Company anticipates the number of drill holes and total meters in each area of the Kay Mine Project as follows:

Target	Holes	Avg. Depth, m	Total, m
Kay deposit	80	500	40,000
West/MX-1	25	500	12,500
Central/MX-2	25	500	12,500
Additional targets	20	500	10,000
Total	150		75,000

As at the date hereof, the Sugarloaf Peak Project is at the exploration stage. The Company's current plan for the following twelve months is to continue to maintain the Sugarloaf Peak Project in good standing. The Company's focus is the advancement of the Kay Mine Project. To the extent the Company has additional cash resources it may devote some expenditures towards advancing the Sugarloaf Peak Project.

See "Statement Regarding Forward-Looking Information" and "Risk Factors".

The Company spent approximately \$4,327,458 at the Kay Mine Project in the financial year ended December 31, 2020, including exploration costs, drilling, assaying, concession fees and operating costs. Expenditures on the Kay Mine Project in the year ended December 31, 2020 resulted in the successful completion of the Company's Phase I drill program. As discussed above, the Company has begun the Phase 2 drill program at the Kay Mine Project. The Company has evaluated the cost of the above plans and has determined that it currently has sufficient financial resources to conduct these activities.

The Company spent approximately \$819,290 at the Sugarloaf Peak Project in the financial year ended December 31, 2020, including exploration costs, concession fees and operating costs.

The table below sets out the Company's previously disclosed planned use of net proceeds of financing (other than working capital) as originally disclosed in the Company's filing statement filed in connection with the RTO on July 22, 2019, and the actual expenditures as at the year-ended December 31, 2020.

Principal Use of Funds	Expected Expenditure (July 2019)	Actual Expenditures (year-ended December 31, 2020)
Recommended exploration program for Kay Mine Project	\$1,500,000	\$4,327,458
Sugarloaf Peak Gold Project Maintenance	\$50,000	-
Exploration program for the Sugarloaf Peak Project	-	\$819,290

At the time of the RTO, the Company intended to use the proceeds from the financing completed concurrently with the RTO to complete the Phase 1 exploration program at the Kay Mine Project, and until such exploration program was completed, the Company intended to maintain the Sugarloaf Peak Project in good standing. The Company was able to raise additional financing in January 2020, May 2020 and January 2021. Accordingly, the Company was able to incur significantly additional exploration expenditures on the Kay Mine Project and complete the Phase 1 drill program and commence the Phase 2 drill program at the Kay Mine Project. Furthermore, the additional financing allowed the Company to complete additional exploration work on the Sugarloaf Peak Project during the year-ended December 31, 2020.

On January 26, 2021, the Company closed a non-brokered private placement offering of 10,526,315 Common Shares of the Company at a purchase price of \$0.95 per Common Share, for gross proceeds of \$10,000,000 (net proceeds of \$9,728,520) (the “**January 2021 Financing**”). Net proceeds of the January 2021 Financing were to be used to fund the acquisition of 107 acres of private land near the Kay Mine Project, for exploration and drilling at the Kay Mine Project, as well as general corporate and working capital purposes. The Company did not disclose a specific allocation of the use of proceeds from the January 2021 Financing. The table below sets out the previously disclosed planned use of proceeds from the January 2021 Financing and the actual expenditures of the Company for the three months ended March 31, 2021.

<u>Principal Use of Funds</u>	<u>Actual Expenditures (three- months ended March 31, 2021)</u>
Exploration program for Kay Mine Project	\$2,432,525
Acquisition of 107 acres of private land near the Kay Mine Project	\$2,207,036
General corporate and working capital purposes	345,432

Further information regarding the Company and its business is set out in the Annual Information Form, which is incorporated herein by reference.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the consolidated capitalization of the Company since the date of the Interim Financial Statements that have not been disclosed in this Prospectus or the documents incorporated by reference herein. See “Prior Sales”.

On January 26, 2021, the Company closed the January 2021 Financing. As at the close of business on June 25, 2021, the Company had 79,077,874 Common Shares issued and outstanding, 768,000 options to acquire Common Shares outstanding, 213,827 compensation options to acquire Common Shares outstanding, 8,286,799 Warrants outstanding, 10,000,000 Special Warrants outstanding, and 525,442 Compensation Warrants. Upon the exercise or deemed exercise of the Special Warrants (assuming no other options or warrants of the Company are exercised during such time), there will be an aggregate of 89,077,874 Common Shares issued and outstanding and 13,286,799 Warrants outstanding.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Special Warrants

The Special Warrants were created pursuant to, and are governed by, the terms and conditions set forth in the Special Warrant Indenture. An aggregate of 10,000,000 Special Warrants are outstanding as of the date of this Prospectus. Subject to adjustment in certain instances as set out in the Special Warrant Indenture, each Special Warrant entitles its holder to receive, upon exercise or deemed exercise, one Unit. Each Special Warrant shall be deemed exercised and surrendered, without any further action or payment of additional consideration by the holder thereof on the Automatic Exercise Date, unless previously exercised by the holder.

The Company has agreed to use commercially reasonable efforts to file, and obtain a receipt for, the Final Qualification Prospectus on or before the Penalty Date. If the Company fails to qualify the distribution of the Units in the Qualifying Jurisdictions on or prior to the Penalty Date, the holders of Special Warrants will be entitled to exercise the Warrants at a reduced exercise price of \$2.47 per Common Share.

The Special Warrants rank *pari passu*, whatever may be the actual dates of issuance. The Special Warrant Indenture contains provisions for adjustment to the number of Units issuable upon the exercise of the Special Warrants, including the amount and kind of securities or other property issuable upon exercise, upon the occurrence of certain stated events, including but not limited to any subdivision or consolidation of the Common Shares, certain distributions of Common Shares or securities exchangeable for or convertible into Common Shares, certain offerings of rights, options or warrants and certain capital reorganizations. The adjustments provided for in the Special Warrant Indenture are cumulative and must be made successively whenever an event that triggers such adjustments occurs, subject to certain conditions.

The Special Warrant Indenture provides that the rights of holders of Special Warrants arising pursuant to the Special Warrant Indenture or otherwise may be modified by “**Extraordinary Resolution**” at a meeting of Special Warrant holders. The Special Warrant Indenture defines an “Extraordinary Resolution” as a resolution proposed to be passed as an extraordinary resolution at a meeting of the Special Warrant holders duly convened for that purpose and held in accordance with the provisions of the Special Warrant Indenture, and carried by not less than 66^{2/3}% of the votes cast on such resolution. A quorum at a meeting of Special Warrant holders must consist of at least two or more persons present in person and owning or representing by proxy not less than 25% of the aggregate number of the then outstanding Special Warrants. The resolutions and Extraordinary Resolutions duly passed by such holders of Special Warrant are binding on all holders of Special Warrants.

The Special Warrant Indenture provides that, from time to time, the Company and the Special Warrant Agent may, without the consent of the holders of Special Warrants, supplement the Special Warrant Indenture for certain purposes, including but not limited to: (i) giving effect to any Extraordinary Resolution; (ii) modifying the Special Warrant Indenture for any purpose not inconsistent with the provisions of the Special Warrant Indenture, provided that, in the opinion of counsel to the Special Warrant Agent, the rights of the holders of Special Warrants are in no way prejudiced thereby; and (iii) rectifying any ambiguities, defective provisions, errors, mistakes or omissions therein, provided that, in the opinion of the Special Warrant Agent, relying on the advice of counsel, the rights of the holders of Special Warrants are not prejudiced thereby.

The Special Warrant Agent, at its principal offices in Toronto, Ontario, serves as Special Warrant Agent pursuant to the Special Warrant Indenture.

The Company has granted to each holder of Special Warrants a contractual right of rescission. See “Statutory and Contractual Right of Rescission”.

The foregoing is a summary description of certain material provisions of the Special Warrant Indenture; it does not purport to be a comprehensive summary and is qualified in its entirety by reference to the more detailed provisions of the Special Warrant Indenture. A copy of the Special Warrant Indenture may be obtained without charge from the President and Chief Executive Officer of the Company by sending a written request to 66 Wellington Street West, Suite 4100, Toronto, Ontario, M5K 1B7 (telephone: 416-565-7689) or electronically under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com.

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value, of which 79,077,874 Common Shares are issued and outstanding as at the close of business on June 25, 2021. 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 the Company; and (iii) receive a pro rata share of the assets of the Company available for distribution to the shareholders in the event of the liquidation, dissolution or winding-up of the Company. There are no pre-emptive, conversion or redemption rights attached to the Common Shares.

Warrants

The Warrants will be governed by the terms and conditions of the Warrant Indenture. The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants which was filed by the Company under its corporate profile on SEDAR following the closing of the Offering. A register of holders is maintained at the principal offices of TSX Trust Company in Toronto, Ontario.

Each Warrant will entitle the holder to acquire one Warrant Share at an exercise price of \$3.00 (or \$2.47 if the Penalty Provision applies) until the Expiry Date, after which time the Warrants will be void and of no value.

The Warrant Indenture provides for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable or exercisable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of any outstanding warrants or options of the Company);
- (ii) the subdivision, division or change of the Common Shares into a greater number of Common Shares; and
- (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of Common Shares;
- (iv) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable or exercisable for or convertible into Common Shares, at a price per Common Share to the holder (or at an exchange, exercise or conversion price per Common Share) of less than 95% of the "current market price", as defined in the Warrant Indenture, for the Common Shares on such record date; and
- (v) the issuance or distribution to all or substantially all of the holders of Common Shares of (i) securities of the Company including shares, rights, options or warrants to acquire shares of any class or securities exchangeable for or convertible into or exchangeable into any such shares or cash, property or assets and including evidences of its indebtedness; or (ii) any cash, property or other assets.

The Warrant Indenture also provides for adjustments in the class and/or number of securities issuable upon exercise of the Warrants and/or exercise price per security in the event of the following additional events: (a) reclassifications of the Common Shares or exchange or change of the Common Shares into other shares, or capital reorganization of the Company (other than as described in clauses (ii) or (iii) above); (b) consolidations, amalgamations, arrangements, mergers of the Company with or into another entity (other than a consolidation, amalgamation, arrangement, merger or other business combination which does not result in any reclassification of the Company's outstanding Common Shares or an exchange or change of the Common Shares into other shares); or (c) any sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, in which case each holder of a Warrant which is thereafter exercised will receive, in lieu of Common Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such holder had exercised the Warrants prior to the event.

The Company has covenanted in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, not less than 10 business days prior to such applicable record date or effective date, as the case may be, of such events.

No fractional Common Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional shares. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrants except as expressly provided in the Warrant Indenture. Holders of Warrants will not have any voting or any other rights of a holder of Common Shares.

The Warrant Indenture provides that, from time to time, TSX Trust Company, as warrant agent, and the Company, without the consent of the holders of Warrants, may be able to amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture provided that, in the opinion of TSX Trust Company, relying on the opinion of legal counsel, the rights of the holders of Warrants, as a group, are not prejudiced thereby.

The Warrant Indenture contains provisions making binding upon all holders of Warrants resolutions passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by holders of Warrants holding a specified percentage of the Warrants. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, as a group, and certain other amendments or other actions, will be subject to approval by an "Extraordinary Resolution", which is defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66^{2/3}% of the aggregate number of Warrants represented at the meeting in person or by proxy and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66^{2/3}% of the number of all of the then outstanding Warrants.

The Warrants and the Warrant Shares have not been, and will not be, registered under the U.S. Securities Act, or the securities laws of any state of the United States. The Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person, unless the holder: (i) is a Qualified Institutional Buyer that first purchased Special Warrants on the date of original issuance of the Special Warrants by the Company and that signs and delivers an exercise form in the form attached to the Warrant Indenture confirming that the representations, warranties and covenants of the holder set forth in the original subscription agreement with the Company continue to be true and correct; or (ii) delivers an opinion of counsel or other evidence reasonably satisfactory to the Company to the effect that the exercise of the Warrants and the issuance of the Warrant Shares are exempt from registration under the U.S. Securities Act and any applicable U.S. state securities laws. The Warrants issued to, or for the account or benefit of, persons in the United States and U.S. Persons upon exercise of the Special Warrants will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and may be offered, sold, pledged or otherwise transferred only pursuant to an applicable exemption or exclusion from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws (and in compliance with the provisions of the Warrant Indenture and the terms of the original subscription agreement with the Company, if applicable).

The principal transfer office of TSX Trust Company in Toronto, Ontario is the location at which Warrants may be surrendered for exercise or transfer.

PLAN OF DISTRIBUTION

This Prospectus qualifies the distribution of 10,000,000 Units issuable for no additional consideration upon exercise or deemed exercise of 10,000,000 Special Warrants issued on April 22, 2021, at the Offering Price of \$2.10 per Special Warrant, to purchasers in the Qualifying Jurisdictions pursuant to prospectus exemptions under applicable securities legislation. The Special Warrants were issued in accordance with the terms of the Special Warrant Indenture and the terms of the Underwriting Agreement.

The Special Warrants are not available for purchase pursuant to this Prospectus. No additional consideration will be received by the Company and no fee or commission will be payable by the Company in connection with the distribution of the Units upon the exercise or deemed exercise of the Special Warrants.

Pursuant to the Special Warrant Indenture, each Special Warrant entitles the holder thereof to receive one Unit, subject to adjustment in certain circumstances in accordance with the Special Warrant Indenture, for no additional consideration upon the exercise or deemed exercise of the Special Warrants. All unexercised Special Warrants will be deemed exercised and surrendered, without any further action or payment of additional consideration by the holder thereof on the Automatic Exercise Date. Each Unit consists of one Unit Share and one-half of one Warrant. The Warrants are issuable pursuant to the Warrant Indenture. Each Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of \$3.00 (or \$2.47 if the Penalty Provision applies) until the Expiry Date. This Prospectus qualifies the distribution of the Unit Shares and Warrants. Agentis Capital Markets Canada Limited Partnership (“Agentis”) is registered as an Exempt Market Dealer in certain jurisdictions in Canada, but is not registered as an Investment Dealer in any jurisdiction in Canada. As such, this Prospectus would not qualify Units underlying Special Warrants that would have been distributed by or through Agentis. However, no Special Warrants were distributed by or through Agentis, and all of the Special Warrants were distributed by or through the other Underwriters. Accordingly, this Prospectus qualifies all 10,000,000 Units issuable upon the exercise or deemed exercise of the 10,000,000 Special Warrants.

Pursuant to the Underwriting Agreement, the Company agreed to sell, and the Underwriters agreed to purchase on the Closing Date, 10,000,000 Special Warrants at the Offering Price. The Offering Price and the other terms of the Offering were determined by arm’s length negotiation between the Company and Co-Lead Underwriters, on behalf of the Underwriters. Pursuant to the Underwriting Agreement, the Company paid to the Underwriters the Underwriters’ Fee. In addition, the Company reimbursed the Underwriters for certain expenses related to the Offering. The Underwriters will receive no other fees in connection with the distribution of the Units under this Prospectus. As additional compensation, the Company also issued to the Underwriters an aggregate of 525,442 Compensation Warrants. Each Compensation Warrant is exercisable into one Unit of the Company at an exercise price of \$2.10 per Unit until April 22, 2022. This Prospectus qualifies the distribution of the Compensation Warrants. There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering other than the payments to be made to the Underwriters in accordance with the terms of the Underwriting Agreement.

The Company has covenanted to use commercially reasonable efforts to (i) prepare and file this preliminary short form prospectus qualifying the distribution of the Units with the securities regulatory authorities in the Qualifying Jurisdictions, (ii) settle all comments of the securities regulatory authorities in the Qualifying Jurisdictions after receipt of such comments, and (iii) prepare and file the Final Qualification Prospectus and obtain a final receipt in respect thereof, as soon as reasonably practicable following the Closing Date, and in any event prior to the Automatic Exercise Date.

In the event that the Company fails to qualify the distribution of the Units in the Qualifying Jurisdictions on or prior to the Penalty Date, the exercise price of each Warrant shall be reduced to \$2.47 per Common Share.

Any Units issued upon the exercise or deemed exercise of Special Warrants prior to the issuance of a final receipt for the Final Qualification Prospectus will be subject to the relevant hold periods under applicable securities legislation.

The TSXV has approved the Offering and the listing of the Underlying Shares and Compensation Warrants.

The Special Warrants issued under and governed by the Special Warrant Indenture were sold in the Qualifying Jurisdictions through the Underwriters pursuant to exemptions from applicable prospectus and registration requirements. Special Warrants were sold to, or for the account or benefit of, persons in the United States and U.S. Persons through United States registered broker-dealer affiliates of the Underwriters to Qualified Institutional Buyers pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. Special Warrants were also sold in jurisdictions outside of Canada and the United States pursuant to applicable securities law exemptions therein.

The Special Warrants and the Units have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws, and accordingly may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Special Warrants or Units in the United States or to, or

for the account or benefit of, U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Special Warrants and the Units in the United States or to, or for the account or benefit of, U.S. Persons by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made other than in accordance with an exemption from such registration requirements. Any Special Warrants and the Units offered or sold in the United States or to, or for the account or benefit of, a U.S. Person will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Special Warrants and the Warrants may not be exercised by or on behalf of a U.S. Person or a person in the United States unless an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws is available.

There is no market through which the Special Warrants may be sold, and purchasers may not be able to resell the Special Warrants acquired pursuant to the Offering. This may affect the pricing of the Special Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Special Warrants and the extent of issuer regulation. See “Risk Factors”.

The Company has agreed that until the date which is 120 days after the Closing Date, it will not, without the prior written consent of the Co-Lead Underwriters (on behalf of the Underwriters), which consent shall not be unreasonably withheld, delayed or conditioned, directly or indirectly, issue, sell, offer, grant an option or right in respect of (or otherwise dispose of or agree to, or announce any intention to do any of the foregoing), any Common Shares or any securities convertible into or exchangeable into Common Shares, other than: (A) pursuant to the Offering; (B) the grant or exercise of stock options and other similar issuances pursuant to any stock option plan or similar share compensation arrangements in place prior to April 22, 2021; (C) the grant of restricted share units; or (D) the issuance of Common Shares upon the exercise of convertible securities, warrants, options or other commitment or agreement outstanding prior to April 5, 2021.

Pursuant to the Underwriting Agreement, the Company’s executive officers and directors have entered into lock-up agreements in favour of the Underwriters pursuant to which they have agreed that until the date which is 120 days after the Closing Date, they will not sell, contract to sell, grant any option to purchase, make any short sale, transfer, assign, pledge or otherwise dispose of, or enter into any transaction or arrangement that has the effect of transferring any of the economic consequence of any securities of the Company owned, directly or indirectly (or announce any intention to do any of the foregoing).

The Company has agreed, pursuant to the Underwriting Agreement, to indemnify the Underwriters and each of their affiliates, directors, officers, employees and agents against certain liabilities, including liabilities under Canadian securities legislation in certain circumstances or to contribute to payments the Underwriters may have to make because of such liabilities.

Except in respect of certain purchasers of Special Warrants who settled directly with the Company and whose position was entered in the direct registration system of the Special Warrant Agent, the Offering was conducted through the non-certificated inventory system maintained by CDS and the Special Warrants issued pursuant to the Offering were registered and deposited with CDS on the Closing Date in electronic form. Except in respect of holders of Special Warrants whose Special Warrants are entered in the direct registration system of the Special Warrant Agent, or as may otherwise be agreed to by a holder of Special Warrants and the Company, the Units to be issued upon exercise or deemed exercise of the Special Warrants will also be registered and deposited in the non-certificated inventory system of CDS and a purchaser of the Special Warrants will not receive a definitive certificate representing the Units.

USE OF PROCEEDS

The net proceeds to the Company from the Offering, after deducting the Underwriters’ Fee and the estimated expenses of the Offering of \$350,000 (including the anticipated expenses in connection with the preparation and filing of this Prospectus) will be approximately \$19,479,999.97.

As of June 25, 2021, the Company had cash on hand (including funds on deposit with the Company’s drilling contractor and the BLM) of approximately \$27,900,000 (inclusive of the net proceeds of the Offering). The use of the net proceeds of the Offering, along with the Company’s other cash resources, are discussed in more detail below, and

will be used primarily to fund the Kay Mine Phase 2 drill program (commenced January 2021) which is planned to total approximately 75,000 metres and anticipated to take place over the next fifteen months.

The Company currently intends to use its cash resources (including net proceeds of the Offering) through to the end of September 2022 as follows:

Activity of Nature of Expenditure	Approximate Use of Net Proceeds
Exploration Expenditures at the Kay Mine Project	
- HQ core drilling (all-in cost)	\$25,560,000
- Geological mapping	\$100,000
- Geochemical and geophysical work on additional targets	\$250,000
- Metallurgical test work	\$250,000
- Permitting	\$100,000
- Environmental costs	\$50,000
Total Exploration Expenditures at the Kay Mine Project	\$26,310,000
Exploration Expenditures at the Sugarloaf Peak Project	
- Care and maintenance on the Sugarloaf Peak Project	\$50,000
Total Exploration Expenditures at the Sugarloaf Peak Project	\$50,000
General, Corporate and Administrative Expenses⁽¹⁾	\$1,000,000
Unallocated Working Capital	\$540,000
TOTAL	\$27,900,000

Note:

(1) The Company's estimate of the 12-month general, corporate and administrative expenses which include but are not limited to salaries and consulting fees, insurance and professional fees.

David S. Smith, MS, MBA, CPG., Vice President of Exploration of the Company, a qualified person for the purposes of NI 43-101, has reviewed the contemplated uses of the net proceeds of the Offering, confirmed they are reasonable and recommends the above noted use of proceeds with respect to the Kay Mine Project.

Although the Company intends to use the net proceeds from the Offering as set forth above, the actual allocation of the net proceeds may vary from those allocations set out above, depending on future developments in relation to the Kay Mine Project and the Sugarloaf Peak Project or unforeseen events, including those listed under "Risk Factors" of this Prospectus and the Annual Information Form. A description of the Kay Mine Project and the Sugarloaf Peak Project are set out below under the subheading "*Mineral Projects*". Potential investors are cautioned that notwithstanding the Company's current intentions regarding the use of the net proceeds of the Offering, there may be circumstances where a reallocation of the net proceeds may be advisable for reasons that management believes, in its discretion, are in the Company's best interests.

Unallocated funds are intended to be for acquisition and exploration of mineral ancillary projects and contingency purposes. Unallocated funds will be deposited in the Company's bank account and added to the working capital of the Company. The Chief Executive Officer of the Company is responsible for the supervision of all financial assets of the Company. Based on the Company's requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary.

The Company had negative operating cash flow of \$6,299,693 for the financial year ended December 31, 2020 and \$4,110,019 for the three-month period ended March 31, 2021. The Company generates no operating revenue from the exploration activities on its property interests and has negative cash flow from operating activities. The Company

anticipates that it will continue to have negative cash flow until such time, if at all, that commercial production is achieved at a particular project. To the extent that the Company has negative operating cash flows in future periods in excess of amounts disclosed above in the Use of Proceeds table, it may need to deploy a portion of cash reserves to fund such negative cash flow. There can be no assurances that the additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company. See “Risk Factors” in this Prospectus and the Annual Information Form.

Business Objectives and Milestones

Further to recommendations as set out in the Technical Reports, the Company has conducted exploration activity on both the Kay Mine Project and the Sugarloaf Peak Project during the 2019 and 2020 calendar years. The Company’s current plan for the following twelve months is to focus on the advancement of the Kay Mine Project, while maintaining the Sugarloaf Peak Project in good standing. The net proceeds of the Offering will allow the Company to progress with the exploration at the Kay Mine Project, as well as further studies thereon and will be sufficient to complete the business objectives and milestones as detailed below. These are as follows:

- 1) **Kay Mine Project Phase 2 Drill Program.** Continue with the Company’s 75,000-meter “HQ”-size core drilling program at the Kay Mine Project, with the objective of comprehensively exploring the mineralization on the property, including at the main Kay Mine area, and other targets on the project. With three drill rigs in operation, the Company expects the Phase 2 drill program to be completed by September 2022, with an estimated cost of \$26,250,000.
- 2) **Kay Mine Project Mapping.** Conduct additional geologic mapping and sampling on the Kay Mine Project, in particular focused on the location and folding of the felsic/mafic schist contact, and on field checking the VTEM 1 and 2, Gravity 1 and 2, and Rayrock targets. The Company expects this work to be completed within the next twelve months with an estimated cost of \$100,000.
- 3) **Additional Geochemical and Geophysical Work.** Should the additional geological mapping and sampling on the Kay Mine Project prove promising in management’s judgment, the Company shall conduct additional geochemical and geophysical work in order to prepare the targets for drilling. The Company expects this work to be completed within the next twelve months with an estimated cost of \$250,000.
- 4) **Metallurgic Test Work.** Commission metallurgic test work on the Kay sulfide mineralization. The Company expects this work to be completed within the next twelve months with an estimated cost of \$250,000.
- 5) **Permitting.** Comprises of permitting work to expand the scope of drill operations beyond what is currently permitted under existing permits. The Company expects this work to be completed within the next twelve months with an estimated cost of \$100,000.
- 6) **Environmental.** The Company expects to retain an environmental consultant to assess and evaluate the existence of any environmental risks from the historic mine dumps in three of the historic mine shafts at the Kay Mine Project. The Company expects this work to be completed within the next twelve months with an estimated cost of \$50,000.
- 7) **Sugarloaf Peak Project Maintenance.** Comprises care and maintenance of the Sugarloaf Peak Project, including payment of BLM claim fees. Estimated cost through July 2022 is \$50,000.

PRIOR SALES

The Company has not completed any sales of Common Shares, or securities convertible or exchangeable into Common Shares, during the 12-month period preceding the date of this Prospectus, except as described below:

Date of Issuance	Number of Securities Issued	Type of Securities	Price Per Security
June 22, 2020	19,557	Common Shares ⁽¹⁾	\$0.40
July 22, 2020	75,000	Common Shares ⁽¹⁾	\$0.50
July 31, 2020	368,000	Common Shares ⁽¹⁾	\$0.25
August 4, 2020	100,000	Options ⁽²⁾	\$0.80
September 2, 2020	40,000	Common Shares ⁽¹⁾	\$0.50
September 3, 2020	20,000	Common Shares ⁽¹⁾	\$0.50
September 17, 2020	10,000	Common Shares ⁽¹⁾	\$0.50
September 22, 2020	250,000	Common Shares ⁽¹⁾	\$0.50
October 6, 2020	388,007	Common Shares ⁽¹⁾	\$0.40
December 2, 2020	500,000	Options ⁽³⁾	\$0.68
December 7, 2020	125,000	Common Shares ⁽¹⁾	\$0.50
December 11, 2020	145,000	Common Shares ⁽¹⁾	\$0.50
December 15, 2020	10,000	Common Shares ⁽¹⁾	\$0.50
December 16, 2020	125,000	Common Shares ⁽¹⁾	\$0.50
December 31, 2020	150,000	Common Shares ⁽¹⁾	\$0.50
January 6, 2021	125,000	Common Shares ⁽¹⁾	\$0.50
January 7, 2021	10,000	Common Shares ⁽¹⁾	\$0.50
January 8, 2021	12,500	Common Shares ⁽¹⁾	\$0.50
January 12, 2021	19,000	Common Shares ⁽¹⁾	\$0.85
January 14, 2021	75,000	Common Shares ⁽¹⁾	\$0.50
January 26, 2021	10,526,315	Common Shares ⁽¹⁾	\$0.95
January 29, 2021	100,000	Common Shares ⁽¹⁾	\$0.50
January 29, 2021	44,803	Common Shares ⁽¹⁾	\$0.40
February 1, 2021	91,000	Common Shares ⁽¹⁾	\$0.60
February 18, 2021	200,000	Options ⁽⁴⁾	\$1.00
February 18, 2021	250,000	Common Shares ⁽¹⁾	\$0.85
February 19, 2021	39,250	Common Shares ⁽¹⁾	\$0.85
February 22, 2021	17,500	Common Shares ⁽¹⁾	\$0.50
February 23, 2021	50,000	Common Shares ⁽¹⁾	\$0.85
February 24, 2021	19,000	Common Shares ⁽¹⁾	\$0.85
March 3, 2021	50,000	Common Shares ⁽¹⁾	\$0.85
March 4, 2021	63,497	Common Shares ⁽¹⁾	\$0.40
March 5, 2021	50,000	Common Shares ⁽¹⁾	\$0.66
March 10, 2021	50,000	Common Shares ⁽¹⁾	\$0.85
March 15, 2021	50,000	Common Shares ⁽¹⁾	\$0.85

March 15, 2021	213,827	Common Shares ⁽¹⁾	\$0.65
March 16, 2021	307,700	Common Shares ⁽¹⁾	\$0.85
March 18, 2021	205,334	Common Shares ⁽¹⁾	\$0.40
March 26, 2021	10,000	Common Shares ⁽¹⁾	\$0.85
April 7, 2021	162,500	Common Shares ⁽¹⁾	\$0.50
April 7, 2021	3,556	Common Shares ⁽¹⁾	\$0.40
April 20, 2021	62,500	Common Shares ⁽¹⁾	\$0.50
April 22, 2021	10,000,000	Special Warrants ⁽⁵⁾	\$2.10
April 22, 2021	525,442	Compensation Warrants ⁽⁶⁾	\$2.10
April 26, 2021	115,000	Common Shares ⁽¹⁾	\$0.85
April 30, 2021	25,000	Common Shares ⁽¹⁾	\$0.85
May 4, 2021	8,523	Common Shares ⁽¹⁾	\$0.40
May 6, 2021	50,000	Common Shares ⁽¹⁾	\$0.85
May 12, 2021	77,000	Common Shares ⁽¹⁾	\$0.85
May 18, 2021	9,800	Common Shares ⁽¹⁾	\$0.85
May 21, 2021	10,000	Common Shares ⁽¹⁾	\$0.50
May 21, 2021	6,240	Common Shares ⁽¹⁾	\$0.40
May 26, 2021	50,000	Common Shares ⁽¹⁾	\$0.85
May 28, 2021	14,000	Common Shares ⁽¹⁾	\$0.85
May 31, 2021	200,000	Common Shares ⁽¹⁾	\$0.85
June 1, 2021	50,000	Common Shares ⁽¹⁾	\$0.80
June 12, 2021	889	Common Shares ⁽¹⁾	\$0.40
June 14, 2021	12,200	Common Shares ⁽¹⁾	\$0.85
June 15, 2021	19,250	Common Shares ⁽¹⁾	\$0.85
June 16, 2021	30,000	Common Shares ⁽¹⁾	\$0.85
June 17, 2021	14,757	Common Shares ⁽¹⁾	\$0.40
June 25, 2021	25,000	Common Shares ⁽¹⁾	\$0.85

Notes:

- (1) Issued pursuant to the exercise of stock options/common share purchase warrants.
- (2) 8,333 options vest each month beginning September 1, 2020, except for the months of November 2020, February 2021, May 2021, and August 2021, when 8,334 options vest. All of these options expire August 4, 2022.
- (3) 150,000 of these options vested immediately on the date of grant, 150,000 vested on April 30, 2021, and 200,000 vest on November 30, 2021. All of these options vest upon the occurrence of a change of control of the Company and have an expiry date of November 30, 2023.
- (4) All options vested immediately on the date of grant and have an expiry date of February 8, 2026.
- (5) Issued pursuant to the Offering.
- (6) Issued pursuant to the Offering. Each Compensation Warrant is exercisable at an exercise price of \$2.10 until April 22, 2022 for one (1) Common Share and one-half (0.5) of one (1) Warrant entitling the holder thereof to purchase one (1) Common Share.

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSXV under the symbol “AMC” and on the OTCQX under the symbol “AZMCF”. The following table sets forth the price range and trading volumes of the Common Shares on the TSXV on a monthly basis for the 12-month period prior to the date of this Prospectus, as reported by the TSXV:

2020	TSXV			OTC Markets		
	High (\$)	Low (\$)	Total Volume	High (US\$)	Low (US\$)	Total Volume
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 ⁽¹⁾	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	0.25	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
2021						
January ⁽¹⁾	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
May	5.06	2.69	7,320,421	4.50	2.15	2,699,599
June 1- 25	5.55	4.47	4,670,700	4.53	3.70	697,226

Notes:

- (1) On August 6, 2020, the Common Shares began trading on the OTCQB under the symbol "AZMCF".
- (2) On January 25, 2021, the Common Shares began trading on the OTCQX under the symbol "AZMCF".

RISK FACTORS

An investment in the Company is subject to a number of risks, including those set forth herein and in the Annual Information Form and Management’s Discussion and Analysis incorporated by reference herein. Holders of Special Warrants should carefully consider these risks, in addition to information contained in this Prospectus and the information incorporated by reference herein. If any of these or other risks occur, the Company’s business, prospects, financial condition, results of operations and cash flows could be materially and adversely impacted. In that case, the trading price of the Common Shares could decline and investors could lose all or part of their investment in the Special Warrants and the Units. There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company’s business prospects, financial condition, results of operations or cash flows.

Risk Related to Permitting at the Kay Mine Project

Permitting would be governed by Arizona State agencies and the BLM. The Kay Mine Project’s mining claims are patented mining claims (private land) or BLM unpatented mining claims, which have a well-regulated permitting

process. Many underground mines in Arizona are in operation or construction on similar types of claims under BLM permitting jurisdiction. Importantly, permitting for the project would not be governed by the U.S. Forest Service nor Indigenous peoples, which have caused permitting issues for other Arizona mining operations. The Company has had extensive consultations with the relevant regulatory bodies with respect to obtaining the requisite government permits for the development of the Kay Mine Project, all indicating a clear path to mine permitting provided that all requisite permitting standards are met.

As well, the Company has commissioned and completed independent biological and archaeological reports for the Kay Mine Project, to show that there are no endangered plants or animals, or cultural artifacts in the vicinity of the Company's drill operations. The Company has received significant political support for the Kay Mine Project. The Company has been in contact with local, County, and State political representatives since the beginning of drilling in January, 2020, with resulting letters of support from state Congressmen, Co-Chair of the Arizona State Legislature Mining Caucus, and the President of the Arizona State Senate for both drilling operations and future construction of a mine. The Company has not experienced local opposition, and occasional contacts with local residents have been largely positive.

Based on these factors, the Company currently does not anticipate problems with obtaining the requisite regulatory permits, nevertheless permitting is subject to the approval of the relevant regulatory bodies and due to the proximity of the Kay Mine Project to Black Canyon City in Yavapai County, Arizona, and as with most mining projects, there is the potential for public opposition to the Kay Mine Project, which could delay or affect the Company's ability to obtain such permits.

Risk Related to COVID-19

On March 27, 2020, in response to the COVID-19 pandemic, the Company announced the temporary suspension of its drill program at the Kay Mine Project, in order to protect the safety of employees, contractors, and the local community and as a result of a "stay-at-home" order issued by the State of Arizona. On May 15, 2020, the date upon which the State of Arizona "stay-at-home" order expired, the Company announced that its drill program would resume May 21, 2020. The Company contacted two drill rigs from drill contractor Board Longyear to resume drilling. Board Longyear instituted precautionary measures to COVID-19, including COVID-19 monitoring procedures for all drill crew members, including daily temperature and symptom checks. The Company was provided with daily health tracking updates for the drill crews and instituted its own social distancing policies for employees at site.

Although the Company believes that the pandemic will not impact the Company's ability to maintain its operations, the future impacts of the pandemic on its operations cannot be predicted as many of the factors are not within the control of the Company. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the geographic spread of the disease, the duration of an outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada, the United States of America and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their impact at this time.

The Company may face future disruption to operations, supply chain delays, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these pandemics. In addition, the COVID-19 pandemic created a slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets that may reduce commodity prices, share prices and financial liquidity and thereby that may severely limit the financing capital available to the Company.

Risks Related to the Offering

Use of Proceeds

The Company intends to use the net proceeds from the Offering as described under “Use of Proceeds”. However, management will have discretion in the actual application of the proceeds, and may elect to allocate proceeds differently from that described under “Use of Proceeds” if it believes that it would be in the best interests of the Company to do so or if circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Company.

Potential Volatility of Share Price

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company’s control, including the following: (i) actual or anticipated fluctuations in the Company’s quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Company; (iv) addition or departure of the Company’s executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Common Shares; (vi) sales or perceived sales of additional Common Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company’s industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Common Shares may decline even if the Company’s operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company’s environmental, governance and social practices and performance against such institutions’ respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, the Company’s operations and the trading price of the Common Shares may be materially adversely affected.

Return on Investment is Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the Company. The Units are equity securities of the Company and are not fixed income securities. Unlike fixed income securities, there is no obligation of the Company to distribute to shareholders a fixed amount or any amount at all, or to return the initial purchase price of a Common Share on any date in the future. The market value of the Common Shares may deteriorate if the Company is unable to generate sufficient positive returns, and that deterioration may be significant.

Dilution

The number of Common Shares that the Company is authorized to issue is unlimited. The Company may, in its sole discretion, issue additional Common Shares from time to time subject to the rules of any applicable stock exchange on which the Common Shares are then listed and applicable securities law. The issuance of any additional Common Shares may have a dilutive effect on the interests of holders of Units. To the extent that any of the net proceeds of the Offering remain un-invested pending their use, or are used to pay down existing indebtedness with a low interest rate, the Offering may result in substantial dilution on a per Common Share basis to the Company’s net income and certain other financial measures used by the Company.

Holders of Special Warrants Have no Rights as a Shareholder

Until a holder of Special Warrants acquires Units upon the exercise or deemed exercise of such Special Warrants, such holder will have no rights with respect to the Units underlying such Special Warrants. Upon the exercise or deemed exercise of such Special Warrants, such holder will be entitled to exercise the rights of a holder of Common Shares only as to matters for which the record date occurs after the exercise date.

Market Discount

The price of the Common Shares will fluctuate with market conditions and other factors. If a holder of Common Shares sells its Common Shares, the price received may be more or less than their original investment. The Common Shares may trade at a discount from their book value. The Common Shares may trade at a price that is less than the Offering Price. This risk may be greater for investors who sell their Common Shares relatively shortly after closing of the Offering.

Negative Operating Cash Flow

The Company has no history of generating revenue, and during the years ended December 31, 2020 and December 31, 2019, the Company had negative cash flow from operating activities. The Company anticipates it will continue to have negative cash flow from operating activities and net losses in future periods unless and until the Company achieves production and sales from the Kay Mine Project or Sugarloaf Peak Project. A portion of the net proceeds from the Offering will be used to fund negative cash flow from operating activities in future periods.

LEGAL MATTERS

Certain legal matters in connection with the Offering and the distribution of the Units qualified by this Prospectus will be passed upon on behalf of the Company by WeirFoulds LLP and on behalf of the Underwriters by Miller Thomson LLP. As of the date hereof, WeirFoulds LLP, as a group, and Miller Thomson LLP, as a group, respectively beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

AUDITORS AND TRANSFER AGENT AND REGISTRAR

McGovern Hurley LLP is the auditor of the Company and has confirmed that it is independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

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

INTERESTS OF EXPERTS

Mr. Scott Close, M.Sc., P.Geo, a consulting exploration geologist with Ethos Geological LLC, is the “qualified person” as defined in NI 43-101 who authored certain sections of the Sugarloaf Peak Technical Report. To the knowledge of the Company, neither Mr. Close nor the firm he works with, had an interest in any securities or other properties of the Company as at the date hereof.

Mr. David S. Smith, MS, MBA, CPG, of Highlands Geoscience LLC and Vice-President, Exploration of the Company, is the “qualified person” who authored the Kay Mine Technical Report and certain sections of the Sugarloaf Peak Technical Report, and who reviewed and approved the scientific and technical information, including the estimated budgets, under the heading “Use of Proceeds” disclosed in this prospectus and the scientific and technical information in the documents incorporated by reference herein. Mr. Smith is a consultant and Vice President of Exploration of the Company, owns 50,000 Common Shares and holds 100,000 options to purchase Common Shares.

AGENT FOR SERVICE OF PROCESS

Mr. David S. Smith is an officer of the Company who resides outside of Canada. Mr. Scott Close lives outside of Canada and is required to provide consent under Part 10 of NI 41-101. Mr. Smith and Mr. Scott have each appointed the Company as their agent for service of process. The Company's address for service of process is 66 Wellington Street West, Suite 4100, Toronto, Ontario, M5K 1B7.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

The Company has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires another security of the issuer on exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of this Prospectus or an amendment to this Prospectus containing a misrepresentation, (a) the holder is entitled to rescission of both the holder's exercise of its Special Warrant and the Offering under which the Special Warrant was initially acquired; (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Underwriters or the Company, as the case may be, on the acquisition of the Special Warrant; and (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

The Company and the Underwriters hereby confirm that purchasers who acquired Special Warrants through the Company have the same rights and remedies for rescission and/or damages against Company and the Underwriters, as the case may be, as purchasers who acquired Special Warrants through the Underwriters.

The contractual rights of action described above are in addition to, and without derogation from, any other right or remedy that a purchaser of Special Warrants may have at law.

CERTIFICATE OF THE COMPANY

Dated: June 28, 2021

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the Qualifying Jurisdictions.

“Marc Pais”

By: MARC PAIS
President and Chief Executive Officer

“Sung Min Myung”

By: SUNG MIN MYUNG
Chief Financial Officer

On behalf of the Board of Directors

“Rick Vernon”

By: RICK VERNON
Director

“Colin Sutherland”

By: COLIN SUTHERLAND
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: June 28, 2021

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the Qualifying Jurisdictions.

STIFEL NICOLAUS CANADA INC.

“Matthew Gaasenbeek”

By: MATTHEW GAASENBEEK
Vice-Chairman, Managing Director, Co-Head of Investment Banking Canada

CLARUS SECURITIES INC.

“Robert Orviss”

By: ROBERT ORVISS
Managing Director, Investment Banking

CORMARK SECURITIES INC.

“Tyron Breytenbach”

By: TYRON BREYTENBACH
Managing Director, Investment Banking

BEACON SECURITIES LIMITED

“Daniel Belchers”

By: DANIEL BELCHERS
Managing Director, Investment Banking

CERTIFICATE OF THE PROMOTERS

Dated: June 28, 2021

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the Qualifying Jurisdictions.

“Marc Pais”

By: MARC PAIS
Promoter

“Paul Reid”

By: PAUL REID
Promoter