



Arizona Metals Announces Proposed Spin-Out of Sugarloaf Peak Gold Project and Kay Royalties to Create Two New Companies

Toronto, January 22, 2024 – Arizona Metals Corp. (TSX:AMC, OTCQX:AZMCF) (“Arizona Metals” or the “Company”) is pleased to announce that it intends to create two new companies through the spin-out of the Sugarloaf Peak Gold Project (“**Sugarloaf**”) and two newly-created royalties on its Kay Mine Project.

The first company, expected to be named “Sugarloaf Gold Corp.,” will be transferred shares of the Company’s wholly-owned subsidiary, which holds Arizona Metals’ Sugarloaf Peak Gold Project. Sugarloaf has a historic estimate of 1,500,000 ounces of gold (defined in 1982). The deposit is open for expansion in all directions and recent metallurgical testing has demonstrated the potential for excellent recoveries in both oxide and sulphide mineralization.

The second company, expected to be named “Arizona Royalties Corp.,” will hold a newly-created 2% net smelter royalty (“NSR”) on any potential future mineral production at Arizona Metals’ Kay Mine Deposit, as well as a newly-created 2% NSR royalty on all future potential mineral production from any new deposits discovered through Arizona Metals’ ongoing exploration activities at the Kay Mine Project (collectively the “**Royalties**”).

Paul Reid, Executive Chairman, comments: *“The creation of these new companies will provide Arizona Metals’ shareholders an opportunity to be part of two new and exciting ventures. The Sugarloaf Peak Gold Project is a bulk-tonnage, open-pit target that has an historic estimate containing 1.5 million ounces of gold. This historic estimate provides a strong starting point for expansion, with only 1km of a 4km strike length having been fully drill-tested. The deposit is open in all directions with excellent potential to become substantially larger. Drilling by Arizona Metals has encountered gold mineralization at depths greater than 400 metres, well below the average depth of 70 metres defined in the historic estimate calculated in 1982. Previous and recent exploration work gives us confidence in the potential for Sugarloaf to become a multi-million ounce deposit through an aggressive drill campaign. Additionally, recently completed metallurgical testing by Arizona Metals has shown near-surface oxide material can achieve gold recoveries up to 90% using conventional leaching, and deeper sulphide material can achieve 85% recoveries, also using conventional processing methods. Sugarloaf Gold Corp. will provide our shareholders direct leverage to a pure-play gold project at a time the gold price is trading near all-time highs.*

Shareholders of Arizona Royalties Corp. will have ownership in a start-up royalty company with its initial assets consisting of a 2% royalty on the world-class Kay Mine Deposit, located on patented claims, as well as a second 2% royalty on the highly prospective surrounding Bureau of Land Management exploration claims where we have identified potential new areas of mineralization. The Kay Mine Project is currently not subject to any royalties or encumbrances.

The Board and Management believes this to be a productive path forward to surfacing additional value within Arizona Metals for our shareholders; value that we strongly believe is not currently being recognized in our share price.”



It is expected that Arizona Metals will retain a 19.9% ownership in shares of Sugarloaf Gold Corp. and Arizona Royalties Corp. (collectively the “**Spin-Outs**”) with the remaining shares being distributed to the Company’s shareholders on a pro rata basis. Arizona Metals remains focused on rapidly growing and advancing its Kay Mine Project in Arizona, while Arizona Royalties Corp. and Sugarloaf Gold Corp. will allow shareholders to capture additional long-term value with the shares received from the Spin-Outs. There will be no change in shareholders' holdings in Arizona Metals as a result of the Spin-Outs.

In connection with the Spin-Outs, Arizona Metals will make a modest cash injection into both Sugarloaf Gold Corp. and Arizona Royalties Corp. in order to provide 12-18 months of working capital for the Spin-Outs.

Completion of the Spin-Outs is expected prior to the end of Q2, 2024, with the Spin-Outs being completed concurrently pursuant to a plan of arrangement under the *Canada Business Corporations Act*. Completion of the Spin-Outs will be subject to shareholder, court, stock exchange and regulatory approvals, as well as, at the board of directors of Arizona Metals’ continued discretion. Arizona Metals’ shareholders will vote on the Spin-Outs at a meeting of shareholders (the “**Meeting**”) to be held on a date to be announced. To be effective, it is expected that the Spin-Outs will require approval by (i) at least 66⅔% of the votes cast by Arizona Metals shareholders present in person or represented by proxy at the Meeting; and (ii) if required, a majority of the votes cast by shareholders other than those required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

Arizona Metals expects to include full detailed disclosure regarding the Spin-Outs in an information circular to be mailed to shareholders in advance of the Meeting. There is no certainty that Arizona Metals will proceed with either of the Spin-Outs, and may ultimately proceed with one, both, or neither of the Spin-Outs. The completion of either Spin-Out is not expected to be conditional upon the completion of the other.

After closing of the proposed Spin-Outs, Arizona Metals shares will continue trading on the Toronto Stock Exchange in Canada under the symbol “AMC”, and on the OTCQX Market in the United States under the symbol “AZMCF”. Neither Arizona Royalties Corp. nor Sugarloaf Gold Corp. will be listed on any stock exchange after closing of the Spin-Outs, but Arizona Metals anticipates that each company will apply for a public listing in due course following the Spin-Outs. Any such listing will be subject to that company’s board of directors determining that it is in the best interests of the company’s shareholders, and the respective company fulfilling all the requirements of the exchange on which it chooses to seek a public listing. Additional details regarding the Spin-Outs, including the proposed record date and effective date will be provided to shareholders in due course.

About Arizona Metals Corp

Arizona Metals Corp owns 100% of the Kay Mine Project located in in Yavapai County, Arizona and consists a combination of patented and BLM claims totaling 1,300 acres that are not subject to any royalties. An historic estimate by Exxon Minerals in 1982 reported a “proven and probable reserve of 6.4 million short tons at a grade of 2.2% copper, 2.8 g/t gold, 3.03% zinc, and 55 g/t silver.” The historic estimate at the Kay Mine Deposit was reported by Exxon Minerals in 1982. (Fellows, M.L., 1982, Kay Mine massive sulphide deposit: Internal report prepared for Exxon Minerals Company)

*The Kay Mine Deposit 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 to be a current mineral resource. 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 Deposit is a steeply dipping VMS deposit that has been defined from a depth of 60 m to at least 900 m. It is open for expansion on strike and at depth.

The Company also owns 100% of the Sugarloaf Peak Gold Project, in La Paz County, Arizona which is located on 4,400 acres of BLM claims. The Sugarloaf Peak Gold Project is a heap-leach, open-pit target and has a historic estimate of “100 million tons containing 1.5 million ounces gold” at a grade of 0.5 g/t (Dausinger, N.E., 1983, Phase 1 Drill Program and Evaluation of Gold-Silver Potential, Sugarloaf Peak Project, Quartzsite, Arizona: Report for Westworld Inc.)

The historic estimate at the Sugarloaf Peak Gold Project was reported by Westworld Resources in 1983. 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 to a current mineral resource. 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 Qualified Person who reviewed and approved the technical disclosure in this release is David Smith, CPG.

This press release contains statements that constitute “forward-looking information” (collectively, “forward-looking statements”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that discusses predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements contained in this press release include, without limitation, statements regarding the proposed Spin-Outs and regulatory and shareholder approvals to be sought prior to completion of either of the Spin-Outs. In making the forward-looking statements contained in this press release, the Company has made certain assumptions. Although the Company believes that the expectations reflected in forward-looking statements are reasonable, it can give no assurance that the expectations of any forward-looking statements will prove to be correct. Known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: delay or failure to receive required board, shareholder or regulatory approvals; mobilization of drill rigs and equipment; performance by the Company’s drilling contractor; and general business, economic, competitive, political and social uncertainties. Accordingly, readers should not place undue reliance on the



forward-looking statements and information contained in this press release. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward- looking statements or otherwise.

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For further information, please contact:

Morgan Knowles

Vice President of Investor Relations

(647) 202-3904

mknowles@arizonametalscorp.com

or

Marc Pais

President and CEO Arizona Metals Corp.

(416) 565-7689

mpais@arizonametalscorp.com

www.arizonametalscorp.com

<https://twitter.com/ArizonaCorp>